



Sede legale
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To the attention of:
U.S. Securities & Exchange Commission

Rome, 12 June 2021

U.S. SEC Public input request on climate-related disclosures

Eni Response – PREAMBLE

Eni SpA appreciates the opportunity to comment on climate change disclosures in response to the U.S. Security & Exchange Commission's (SEC) request for information. We commend the Commission's objective to work on disclosures, which we consider an essential pillar for advancing climate action and the other ESG priorities amongst corporate actors. In this field, gathering views and perspectives from stakeholders is an important step, allowing us to build consistently on existing frameworks, standards and good practices and to define effective and efficient paths forward.

Eni is an SEC registered multinational energy company, listed on the NYSE: E, domiciled in Italy with beyond 31,000 employees throughout 68 countries. We have committed to the full decarbonization of all our products and processes by 2050 with reduction targets for our absolute direct and indirect greenhouse gas emissions of -25% at 2030 vs 2018 and -65% at 2040. As such, we leverage integration, diversification and expansion of retail and renewables businesses, bio-products and circular economy to provide our customers with access to completely decarbonized energy products. In the United States alone, we aim to deploy 1GW of renewable energy by 2023; and, we invest through our Boston venture capital office in the US vibrant innovation space and the development of breakthrough technology, like magnetic fusion, hydrogen production and long-duration battery storage.

As a global energy company dually committed to sustainable finance and the United Nations' Sustainable Development Goals, including the promotion of efficient and sustainable access to energy for all, we strongly believe that climate action and the environmental, social and governance (ESG) movement require access to reliable and decision-useful information established upon a foundation of transparent reporting. We have a long history in climate-related disclosure, joining the CDP's (former Carbon Disclosure Project) voluntary reporting from the beginning, strengthened in the recent years by our participation in key initiatives such as the TCFD and the WBCSD. Building on this engagement, we developed a comprehensive approach to non-financial disclosures, based on existing regulations applicable in the European Union and in Italy, which can offer examples of combining the need for thorough and comparable carbon disclosure with an open, participative approach to capture specificities in each region, sector, and corporate approach to sustainable development. Therefore, we also attach the Executive Summary of our latest edition of Eni for, our yearly publication reporting on non-financial disclosures and sustainability initiatives and the special report of Eni for Carbon Neutrality by 2050, focusing on Eni's pathway to full decarbonization of all our products and processes, in line with TCFD recommendations.

We remain at the disposal of the Commission and look forward to continuing a fruitful dialogue.

Eni SpA

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DETAILED ANSWERS ON SPECIFIC QUESTIONS

1. How can the Commission best regulate, monitor, review, and guide climate change disclosures in order to provide more consistent, comparable, and reliable information for investors while also providing greater clarity to registrants as to what is expected of them? Where and how should such disclosures be provided? Should any such disclosures be included in annual reports, other periodic filings, or otherwise be furnished?

It is our belief that climate change and climate-related issues have become a crucial driver in designing industrial companies' strategies and plans, allocating resources, setting compensation schemes for top executives, establishing emission targets, and identifying and managing market risks and opportunities. Investors, fund managers, banks, lenders, and other financing institutions have been increasingly incorporating climate-related considerations in making their investment decisions. States, civil society, local communities, supranational institutions, equity-holders, and other stakeholders are to be informed about companies' progress on climate targets and how they evolve their business models and industrial structure to meet the over goal of emission neutrality.

Transparent, comprehensive, relevant climate-related disclosure by companies would greatly enhance the ability of investors, states, the public and stakeholders to understand and assess companies' responses and adaptations to a low-carbon society.

Moreover, we believe that it is urgent to increase the transparency of climate-related disclosure through a flexible approach to standardization, thus enhancing both comparability among companies and ensuring reliable benchmarks by data users within and across sectors.

For this purpose, we envisage three priority areas for improvement in climate-related disclosures on which the SEC contribution would be valuable:

- 1. Pursuing a Cross-industry and Globally Consistent Baseline Framework** for worldwide application of a minimum common standard for climate-related disclosure. This shared framework should include cross-industry minimum disclosure requirements coherent with the international debate on standard setting, to avoid duplication of information (and efforts) and non-comparability for companies with reporting requirements in multiple jurisdictions.
- 2. Developing Sector-specific Guidance** to leave companies the choice of which information is material and needs to be disclosed, while also leveraging on existing sector-specific principles and guidance (TCFD, SASB, CDP). In addition, the sectorial guidance should include a list of **clear** and **insightful metrics**, based on clear calculation methodology, providing companies' climate-related reporting with common and comparable indicators.
- 3. Focusing on value creation for all the stakeholders**, promoting closer integration of financial and non-financial aspects of reporting and facilitating independent assurance of companies' disclosures. In our view, the most relevant climate disclosure should be integrated in the Annual Reports filed with the SEC.



2. What information related to climate risks can be quantified and measured? How are markets currently using quantified information? Are there specific metrics on which all registrants should report (such as, for example, scopes 1, 2, and 3 greenhouse gas emissions, and greenhouse gas reduction goals)? What quantified and measured information or metrics should be disclosed because it may be material to an investment or voting decision? Should disclosures be tiered or scaled based on the size and/or type of registrant)? If so, how? Should disclosures be phased in over time? If so, how? How are markets evaluating and pricing externalities of contributions to climate change? Do climate change related impacts affect the cost of capital, and if so, how and in what ways? How have registrants or investors analyzed risks and costs associated with climate change? What are registrants doing internally to evaluate or project climate scenarios, and what information from or about such internal evaluations should be disclosed to investors to inform investment and voting decisions? How does the absence or presence of robust carbon markets impact firms' analysis of the risks and costs associated with climate change?

Currently, there are various disclosure frameworks asking companies to report quantitative information regarding transition and physical risks (e.g. CDP and other ESG ratings). However, there is still a lack of shared methodologies for calculating these risks and their impact on companies' strategies and performances, which is a requisite to communicate reliable, transparent and comparable information. For example, there is practically a minimum requirement to disclose Scope 1, 2, 3, GHG emissions; however, disclosed data are not comparable due to different methodologies for the estimation. Other "must have" metrics include, GHG targets and business transition targets (e.g. renewable generation capacity installed, CO2 offsets).

Shared metrics to quantify the climate-related risks and opportunities should be developed and agreed upon for each economic sector, considering the impacts of all the material issues for the specific industry and leaving the flexibility in the implementation according to company assessment. Such an approach should regard both the impacts on the company of the climate-related aspects and the company's impact on climate change, following the **double materiality principle**.

Concerning material information disclosed to inform decisions and voting, Eni suggests choosing an indicator aimed at communicating to stakeholders the company's **"total carbon footprint along the product value chains" calculated through a lifecycle approach, tracking the progress toward public targets of the company aligned with international climate objectives**.

Moreover, companies should at least cover the following areas of what we believe to be of most interest to investors and stakeholders. For a practical simplification, we have referenced key disclosure areas to their potential collocation in the items of Form 20-F in accordance with the Commission form rules:



ITEM 3

- Risk factors: identify the risks posed by climate change and climate-related issues to the company's business model, products and services, competitive position, results of operations, cash flow and profitability prospects. The discussion should address emerging risks both with a short-term and long-term perspective.

ITEM 4

- Company's strategy: discuss how the company has designed its strategy to adapt the business model to a low-carbon economy and consequent modification to industrial processes and allocation of resources to capital investments.
- Discuss the methodology used to ensure each new material capital expenditure is consistent with the goals of the Paris Agreement and the company's own emission targets.
- Companies are encouraged to provide forward-looking statements, information about future capital expenditures plans and targets to help investors understand how they intend to comply with the goals of the Paris Agreement.
- Address the extent to which the company's assets, products or services, and industrial processes are likely to be impacted by climate change or stricter worldwide regulations designated to curb CO2 emissions.
- Technology: describe which technologies the company intends to rely upon to adapt its business, products and industrial processes to the climate change requirements.
- Disclose three-years of suitable quantitative indicators to characterize the company's carbon footprint in accordance with internationally accepted and well recognized methodologies. Companies should be encouraged to disclose the whole set of indicators periodically monitored by management to assess companies' progress on targets.

ITEM 5

- Disclose the extent to which revenues, expenses, operating results, and cash flow for the year have been impacted by climate-related issues on a company and segment basis. Disclose whether the company recorded any impairment loss, restructuring cost, provision, liabilities driven by changes in the operating environment in connection with climate-related developments or due to management's changed assumptions about the velocity of economy transition to a low-carbon society.
- Critical accounting estimates: describe how the company's own assumptions and forecast have been made consistent with observable, expected or possible trends in the external environment due to changes in the regulations or in the competitive landscape due to climate change, including: consistency between



management' internal assumptions on future prices of commodities, operating costs, future sales or production volumes, assets depletions rates, assets retirement obligations, discount rates with the goals of the Paris Agreement in evaluating the recoverability of carrying amounts of properties, plants and equipment, decommissioning and other provisions.

- Provide information about the extent to which the company's cost of capital or cost of borrowings has been impacted by climate-change issues.
- Provide trend information about any known trends, demands, uncertainties, commitments or events that are reasonably likely to have material impacts on the company's future profitability and growth prospects in dependence of likely or possible evolution of the regulatory or competitive environment in response to the global need to achieve the goals of the Paris Agreement – for example: structural changes in the demand for the company's products which could materially reduce revenues, operating results and cash flows, expected changes in commodity prices, taxation of carbon emissions, material capital expenditures required to upgrade the company's assets to make them resilient in a low-carbon economy or to enter new markets, material expenses budgeted to reduce any possible impacts associated with extreme meteorological events on the company's properties and plants, growth plans, dividend plans, etcetera.
- Companies should be encouraged to provide sensitivity analyses of the variability of operating results and cash flows to changes in the operating environment (commodity prices, costs, sales volumes, other variables) due to adoption of alternative decarbonization scenarios of the economy, including possible anticipation of a scenario of net zero emissions by mid-century.

We consider such innovation in the reporting landscape as transformational and so we recommend a phased approach to ensure the progressive diffusion of the new framework among companies, also considering the differences in terms of size and sector. The framework definition process should be as inclusive and transparent as possible, foreseeing the consultation of all stakeholders, before the finalization of the framework, and a road test period after its release.

Eni is targeting to deliver sustainable value while progressively decarbonizing our products and operations, setting some of the strongest targets in the sector covering full life-cycle emissions. For this purpose, Eni has clearly defined its target to reach net zero emissions by 2050, aligning with the most ambitious goal of the Paris Agreement.

Eni is committed to providing a full comprehensive climate-related disclosure, aligned with the most prominent standards and reporting framework. Indeed, each year Eni publishes a dedicated report **aligned with TCFD recommendations** (Eni for Carbon Neutrality by 2050) that includes statement on GHG accounting and reporting, subject to a dedicated **third-party assurance** to ensure even greater robustness of these data of strategic importance to Eni.



In line with our commitment to transparency, we ensure that material climate risks associated with the transition on a 2050 net-zero pathway are fully incorporated into the financial statements. Specifically, in line with our decarbonization strategy, our long-term price assumptions for hydrocarbons - key inputs to capital allocation decisions and recoverability asset evaluation according to the International Reporting Standard IAS36 - are subject to regular review (at least yearly) to verify their consistency with the external environment and current and future decarbonization trends in the economy. Our price deck estimates are benchmarked against the latest forecast by leading investment banks reaching a reasonable degree of consistency.

These are some examples of metrics that are material for the Oil&Gas industry. As such, we think both the lifecycle approach to GHG emissions accounting, as well as the well-structured process for scenario analysis, should be embraced as sectorial best practice and that the results of this framework should be disclosed in official reporting documents to ensure transparency, comparability and credibility of companies' communications regarding decarbonization performance and targets.

3. What are the advantages and disadvantages of permitting investors, registrants, and other industry participants to develop disclosure standards mutually agreed by them? Should those standards satisfy minimum disclosure requirements established by the Commission? How should such a system work? What minimum disclosure requirements should the Commission establish if it were to allow industry-led disclosure standards? What level of granularity should be used to define industries (e.g., two-digit SIC, four-digit SIC, etc.)?

The **multi-stakeholder dialogue between data users, data preparers, institutions and supervisory bodies** is essential to valorize what has been built so far and to develop a common framework that can be incorporated into existing legislation in different jurisdiction, according to the "building blocks approach". In our opinion, it would be useful for the SEC to consider close coordination with some of the most relevant ongoing standard-setting initiatives for sustainability and climate reporting, namely:

- **TCFD** forthcoming consultation on Forward-Looking Metrics and Portfolio Alignment disclosure;
- **IFRS** consultation on Global Standard for Sustainability Reporting;
- **European Union** Corporate Sustainability Reporting Directive;

as well as the work of leading organizations in sustainability and integrated reporting (i.e. CDP, CDSB, SASB, GRI, IIRC) that created a prototype for climate disclosure shared across multiple jurisdictions and minimize the burden on companies reporting on climate topics.



4. What are the advantages and disadvantages of establishing different climate change reporting standards for different industries, such as the financial sector, oil and gas, transportation, etc.? How should any such industry-focused standards be developed and implemented?

We believe that a minimum set of cross-sector requirements should be developed to provide a **common economy-wide baseline for climate-related disclosure**. This baseline should be supplemented by a set of sector-specific guidance on which the SEC should strongly recommend companies to report, to boost comparability among peers, but leaving to data preparers the final decisions on the materiality of climate-related impacts for their companies.

Indeed, we do believe that **each business has its own peculiarities** that only specific KPIs can properly highlight. This sectorial approach could enhance the materiality of information released, since the requirements will be tailored around the industry's most relevant climate-related impacts, which in turn boost comparability of results among peers and credibility of reported progress toward decarbonization goals.

5. What are the advantages and disadvantages of rules that incorporate or draw on existing frameworks, such as, for example, those developed by the Task Force on Climate-Related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), and the Climate Disclosure Standards Board (CDSB)? Are there any specific frameworks that the Commission should consider? If so, which frameworks and why?

Eni has long been committed to promoting full and effective disclosure on climate issues, in line with Task Force on Climate-related Financial Disclosure (TCFD) recommendations. Since early 2016, we played a **pioneering role as a founding member of the TCFD**, which has now become the voluntary reference for reporting on climate change-related aspects. Today more than 2,000 companies (market cap >\$19.8 trillion) support TCFD recommendations and in 2020 over 1,700 reported information aligned with the framework, thanks to the **voluntary, flexibly adopted and sector-specific guidance**.

However, these successful characteristics led to a fast-growing disclosures movement, temporarily **leaving aside the issues of comparability and consistency** of the information reported. This fragmentation of data was fostered by the proliferation of reporting frameworks, often multiplying the efforts of companies in satisfying all their requirements.

We believe that this standard-setting momentum should be integrated into the forthcoming minimum standard for climate-related disclosure.

Moreover, mandatory standards on climate-related impacts – and in general on sustainability – need to be defined with a **multi-stakeholder approach**, not only focused on investors' perspectives. This process should include **strong collaboration with existing** leading organizations in sustainability and integrated reporting, aiming at integrating the most remarkable work advanced by such organizations, such as the **"Prototype of climate-related financial disclosure standard"** developed jointly by CDP, CDSB, SASB, IIRC and GRI.



The SEC's authority and expertise in standard-setting, and its high-level network of relationships with global regulators and decision-makers, fostered also through international bodies such as the IOSCO, as well as most prominent investors and multinational companies, will be needed to set globally consistent climate-related reporting standards.

6. How should any disclosure requirements be updated, improved, augmented, or otherwise changed over time? Should the Commission itself carry out these tasks, or should it adopt or identify criteria for identifying other organization(s) to do so? If the latter, what organization(s) should be responsible for doing so, and what role should the Commission play in governance or funding? Should the Commission designate a climate or ESG disclosure standard setter? If so, what should the characteristics of such a standard-setter be? Is there an existing climate disclosure standard-setter that the Commission should consider?

As highlighted, a multi-stakeholder dialogue is essential to reach a successful definition of standard. In particular, we believe an expert committee within the IFRS Foundation (i.e. ISSB – International Sustainability Standard Board) would be crucial. The SEC should continue to play an active role as a partner of IFRS in the definition of the baseline standard and the following sector guidance. Such a collaboration and coordination will enhance the credibility of the regulative project and gather the global support needed to facilitate the convergence on a unique standard. It will also be important to align with other global standard-setters and international frameworks (the TCFD, as well as the European Commission and other jurisdictional efforts). In addition, the SEC will play a decisive role in the incorporation and advancement of the global minimum standard in the US regulation.

7. What is the best approach for requiring climate-related disclosures? For example, should any such disclosures be incorporated into existing rules such as Regulation S-K or Regulation S-X, or should a new regulation devoted entirely to climate risks, opportunities, and impacts be promulgated? Should any such disclosures be filed with or furnished to the Commission?

Based on our experience and knowledge of investors' and other stakeholders' expectations, we believe that mandatory disclosure should be provided in annual reports filed with the Commission (10-K or 20-F). This is because companies' disclosures about strategy, targets, results of operations, risks and uncertainties made in regulatory filings bear the appropriate level of management's commitment and acknowledgment.

We believe that the Commission could mandate a minimum set of disclosure by updating current disclosure requirements under Reg. S-K or under instructions to the Form Items. We do not believe it would be necessary to add a new item to Form 20-F. We believe that appropriate disclosures could be furnished in Item 3, Item 4 and Item 5 by inserting appropriate wording about climate change.



8. How, if at all, should registrants disclose their internal governance and oversight of climate-related issues? For example, what are the advantages and disadvantages of requiring disclosure concerning the connection between executive or employee compensation and climate change risks and impacts?

Over the past few years, the company's Board and Management responsibilities to manage the risks and opportunities arising from climate change have emerged as a cornerstone of the voluntary reporting framework, representing one of the four main areas of disclosure identified by the TCFD Recommendations on Climate-related Financial Disclosure, which requires companies to communicate to stakeholders in detail their governance mechanisms for oversight climate risk and opportunities.

Recently, various standard-setting organizations asked for an increased level of granularity in the information disclosed by companies on the Board's role and its expertise in climate change issues. These frameworks, for example, are now increasingly demanding for disclosure of the proportion of Board members with prior knowledge and experience in climate change. Many stakeholders are positively evaluating the presence of personalities with specific skills on climate change, within or in close relation with the decision-making bodies of the company, since this presence could give a decisive impulse to the firms' commitment towards a rapid transition to a low-carbon economy and increase the companies' ability to adapt to a decarbonized context.

Eni already reported extensively on governance issues, in coherence with TCFD Recommendations; and, we consider positively the introduction of such information in the new mandatory minimum standard for climate-related disclosure, including specific disclosures concerning the link between employee and executive compensation and climate change risks and impacts.

9. What are the advantages and disadvantages of developing a single set of global standards applicable to companies around the world, including registrants under the Commission's rules, versus multiple standard setters and standards? If there were to be a single standard setter and set of standards, which one should it be? What are the advantages and disadvantages of establishing a minimum global set of standards as a baseline that individual jurisdictions could build on versus a comprehensive set of standards? If there are multiple standard setters, how can standards be aligned to enhance comparability and reliability? What should be the interaction between any global standard and Commission requirements? If the Commission were to endorse or incorporate a global standard, what are the advantages and disadvantages of having mandatory compliance?

Eni agrees on the need to set **globally consistent minimum standards** that would enhance the comparability of non-financial performances among companies. The creation of this framework should be considered a bold initiative to overcome the fragmentation of information due to numerous disclosure requirements. This globally consistent and economy-wide disclosure standard will represent the baseline for



international climate-related disclosure, which will be complemented by subsequent sector-specific guidance.

Moreover, we can envision that national decision-makers will further fine-tune the climate-related disclosure standard during the process of incorporation in the national regulation, tailoring the requirements according to the country's situation, ensuring the materiality and decision-usefulness of the information disclosed by companies in their jurisdictions.

10. How should disclosures under any such standards be enforced or assessed? For example, what are the advantages and disadvantages of making disclosures subject to audit or another form of assurance? If there is an audit or assurance process or requirement, what organization(s) should perform such tasks? What relationship should the Commission or other existing bodies have to such tasks? What assurance framework should the Commission consider requiring or permitting?

In our view, it is of the foremost importance not only to define a minimum climate-related disclosure framework, but also to establish rigorous methodologies on how to calculate specific indicators, and to ask for enforcement of such methodologies by data preparers, which will submit their official reporting documents to the verification of a third party. In addition, a common assurance standard (i.e. ISAE3000) should be adopted to ensure comparability of information. If this process is not outlined, we risk the adoption of various company-specific criteria and methodologies, reiterating the lack of comparable information.

Eni's long-lasting commitment to transparent and thorough disclosure will benefit from the development of a clear and internationally recognized set of criteria and methodologies for climate-related disclosure, supplemented by indications on the process of third-party verification, which Eni has already incorporated in its voluntary reporting process.

We also note that given the expertise about and knowledge of the Company's strategy, business, control framework and assets accumulated by the independent registered public accounting firm in auditing the financial statements, this entity would be best equipped to perform an assurance of climate-related disclosures. The relevant assurance could be furnished to the Commission as an exhibit to the filing.

11. Should the Commission consider other measures to ensure the reliability of climate-related disclosures? Should the Commission, for example, consider whether management's annual report on internal control over financial reporting and related requirements should be updated to ensure sufficient analysis of controls around climate reporting? Should the Commission consider requiring a certification by the CEO, CFO, or other corporate officer relating to climate disclosures?

In the past few years, we experienced fast growth in the demand for timely, reliable, consistent, and comparable climate-related information. On the contrary, the voluntary reported disclosures were not always easily integrated with financial reporting. Firms are expending significant resources on producing sustainability and



climate reports, facing a vast array of reporting frameworks and competing investor demands.

Currently, the main shortcoming that climate disclosure faces is not the lack of requests for documents and information, but the uncoordinated and ineffective multitude of demands coming from different stakeholders striving to gain recognition from the investors and companies. Considering this status-quo, we do not deem it necessary to demand additional information from companies to avoid the risk of multiplying the compliance efforts and costs, but the priority should be converging toward an international standard.

Please note that should the climate-related disclosures be published as part of the annual filing with the Commission, they would be covered by the ongoing certifications provided by the CEO/CFO relating to the establishment and maintenance of disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e).

Finally, we deem it unnecessary to enlarge the scope of the annual report on internal control over financial reporting because the need to obtain an independent third-party assurance of climate-related disclosures will drive registrants to adopt suitable internal controls over climate-related disclosures.

12. What are the advantages and disadvantages of a “comply or explain” framework for climate change that would permit registrants to either comply with, or if they do not comply, explain why they have not complied with the disclosure rules? How should this work? Should “comply or explain” apply to all climate change disclosures or just select ones, and why?

The current voluntary reporting frameworks often miss the objective of providing decision-useful information to investors and other stakeholders; yet, at the same time, companies fear the potential costs of mandatory disclosure rules. Eni believes that the approach to climate-related information should go beyond a simplistic voluntary-mandatory choice to overcome such hurdles.

The “comply or explain” mechanism can be an effective approach to improve companies' best practices in terms of climate-related disclosure while keeping a certain degree of flexibility and allowing diversified applications of the rules depending on the materiality of risks and impacts of climate issues in different jurisdictions/industries. In conclusion, we deem it necessary to define the minimum global baseline standard for climate-related disclosure with the “comply or explain” approach to maximize the returns in terms of the time of adoption of the new standard and level of the materiality of the information released, while minimizing the adaptation and reporting costs for companies.

13. How should the Commission craft rules that elicit meaningful discussion of the registrant’s views on its climate-related risks and opportunities? What are the advantages and disadvantages of requiring disclosed metrics to be accompanied with a sustainability disclosure and analysis section similar to the current Management’s Discussion and Analysis of Financial Condition and Results of Operations?

See our response to question 7.



14. In addition to climate-related disclosure, the staff is evaluating a range of disclosure issues under the heading of environmental, social, and governance, or ESG, matters. Should climate-related requirements be one component of a broader ESG disclosure framework? How should the Commission craft climate-related disclosure requirements that would complement a broader ESG disclosure standard? How do climate-related disclosure issues relate to the broader spectrum of ESG disclosure issues?

We believe that a sustainability standard should be developed on all non-financial information, in order to be assured by a third Party to enable the use of the standard in compliance with existing law. Given the context of heightened pressure from stakeholders for companies' mitigation actions to counter climate change, Eni understands the SEC approach to prioritize climate-related disclosure in the wider context of sustainability reporting standard development. We believe such a standard should consider both the company's impact on the external environment and society and the impacts of climate-related issues on the companies' business models and assets, following the double materiality principle. However, it is also important to take into consideration that depending on the sector, climate change may not be the most material topic in terms of internal and external impacts. In conclusion, we believe it is essential for a climate-related minimum disclosure standard to be compatible with a broader ESG disclosure approach by the SEC, to enable regulators to integrate such a climate disclosure framework into a future comprehensive ESG framework, avoiding the risk of increasing disclosure complexity.

Executive Summary

Eni For 2020





Mission

We are an energy company.

- 13 15** We concretely support a just energy transition, with the objective of preserving our planet
- 7 12** and promoting an efficient and sustainable access to energy for all.
- 9** Our work is based on passion and innovation, on our unique strengths and skills,
- 5 10** on the equal dignity of each person, recognizing diversity as a key value for human development, on the responsibility, integrity and transparency of our actions.
- 17** We believe in the value of long-term partnerships with the Countries and communities where we operate, bringing long-lasting prosperity for all.

The mission represents more explicitly the Eni's path to face the global challenges, contributing to achieve the SDGs determined by the UN in order to clearly address the actions to be implemented by all the involved players.

Global goals for a sustainable development

The 2030 Agenda for Sustainable Development, presented in September 2015, identifies the 17 Sustainable Development Goals (SDGs) which represent the common targets of sustainable development on the current complex social problems. These goals are an important reference for the international community and Eni in managing activities in those Countries in which it operates.



Disclaimer

Eni for 2020 is a document published on a yearly basis which contains certain forward-looking statements related to the different topics covered therein. Forward-looking statements are based on Eni management's reasonable assumptions and belief in light of the information available to them at the time the statements are made. Nevertheless, by their nature, forward-looking statements involve a component of uncertainty as they relate to events and depend on circumstances that may or may not occur in the future and which are, in whole or in part, out of Eni's control. Actual results, also with reference to the targets and objectives identified in the strategic planning or those of Corporate Governance, may differ from those expressed in such statements, depending on a variety of factors, including without limitation: the impact of the pandemic disease (COVID-19); the fluctuation of the demand, the offer and the pricing of oil and natural gas and other oil products; the actual operational performances; the general macroeconomic conditions; geopolitical factors and changes in the economic and regulatory framework in many of the Countries in which Eni operates; the achievements reached in the development and use of new technologies; changes in the stakeholders' expectations and other changes to the business conditions. The readers of the document are therefore invited to take into account a possible discrepancy between the estimates reported and the results that may be achieved as a consequence of the occurrence of the above. Eni for 2020 also contains terms such as, for instance, "partnership" or "public/private partnership" used for convenience only, without a technical-legal implication. "Eni" means the parent company Eni SpA and its consolidated subsidiaries.

ENI FOR 2020 - A JUST TRANSITION

Committed in the present to build the future

In this document, Eni wants to describe its contribution to a just transition, an energy transition that allows to give access to energy for all and to protect the environment, while being socially fair. Eni for 2020 recounts Eni's path to meet these challenges, which are now even harder following the health emergency that began in 2020. Eni for explores Eni's business model and in particular Operational Excellence, i.e. the enabling factors for achieving strategic objectives, as well as the importance of our Alliances for Development for creating value in the Countries where Eni operates. Eni for also includes two annexes, one detailing the path towards "Carbon Neutrality by 2050" and one dedicated to the Sustainability performance over the last 5 years, with related comments.



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Each of us is called upon to play an active part in the transition process, to build a more sustainable future for tomorrow's generations. Businesses are organisations of economic, financial and technical resources, but also and above all of human resources. Values such as respect for human rights, transparency, entrepreneurial spirit, a drive for innovation and the courage to go against the grain have characterised our company and are still the basis for our growth as a business. Our company is making a crossing, exposing ourselves to waves that we are now able to navigate safely. In this journey ahead, we are all called to act responsibly. Each of us plays an important role and must be at the service of others, working with and for others, creating a virtuous circle that unites all stakeholders and therefore achieves the just energy transition that we desire.

Claudio Descalzi
Chief Executive Officer

Claudio Descalzi

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30,775

People

21,170

Italy

9,605

Abroad



68

Countries of presence

106

Nationalities

TOWARDS A JUST TRANSITION: ENI'S BUSINESS MODEL

Eni's business model is aimed at creating value for all stakeholders, through a strong presence along the entire energy value chain. Eni aims to contribute, directly or indirectly, to the achievement of the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, supporting a just energy transition, which responds with concrete and economically sustainable solutions to the challenges of combating climate change and giving access to energy in an efficient and sustainable way, for all. Eni organically combines its business plan with the principles of environmental and social sustainability, extending its range of action along three lines: 1. operational excellence; 2. carbon neutrality by 2050; 3. Alliances for development.

VALUE CREATION FOR STAKEHOLDERS

Through an integrated presence all along the energy value chain



2020 MAIN RESULTS

GHG EMISSIONS

-26%

Upstream Ghg Emission intensity index vs. 2014

-39%

Volume of hydrocarbons sent for process flaring vs. 2014

-90%

Upstream fugitive methane emissions vs. 2014 (target achieved)

11,4

 MtonCO₂eq.

Net carbon footprint Upstream (GHG emissions Scope 1+2)
-23% vs. 2019

439

 MtonCO₂eq.

Net GHG lifecycle emissions (GHG emissions Scope 1+2+3 - on equity basis): -13% vs. 2019

68

 gCO₂eq./MJ

Carbon intensity (GHG Scope 1+2+3 emissions-on equity basis): ~ 2019

RESEARCH & DEVELOPMENT

€157

 Millions

Spese totali in ricerca e sviluppo nel 2020

of which

74

 Millions
in decarbonisation

CARBON NEUTRALITY BY 2050

Eni's business model provides for a pathway towards carbon neutrality based on an approach that looks at emissions generated throughout the life cycle of the energy products sold and on a set of actions that will lead to total decarbonisation of processes and products by 2050. Based on these principles,, in 2021, the new strategy was defined to relaunch the operational objectives in the short, medium and long term, which outline the evolutionary and integrated path of the individual businesses and which will lead Eni to carbon neutrality by 2050, in line with the provisions of the scenarios compatible with keeping global warming within the 1.5 °C threshold. The speed of evolution and the relative contribution of the businesses will depend on market trends, the technological scenario and the relevant legislation. In particular Eni will pursue a strategy that aims to achieve by 2050 the net-zero target on GHG Scope 1+2+3 emissions (Net GHG Lifecycle Emissions), and the elimination of related emission intensity (Net Carbon Intensity), referred to the entire life cycle of energy products sold.



SOME TARGET IDENTIFIED IN 2020

2020 PROGRESS

GHG EMISSIONS (SCOPE 1 - data referring to 100% of operated assets)

i) -26% upstream GHG emission intensity index vs. 2014;
ii) -39% volume of hydrocarbons sent for routine flaring vs. 2014; iii) -90% upstream fugitive methane emissions vs. 2014 (TARGET ACHIEVED); iv) Substantially stable carbon efficiency index.

SHORT- AND MEDIUM-TERM TARGETS BY 2025

i) -43% of upstream GHG emission intensity index to 2025 vs. 2014; ii) Zero routine gas flaring to 2025; iii) -80% of upstream fugitive methane emissions to 2025 vs. 2014; iv) Average improvement of 2% per year to 2021 compared to 2014 carbon index.

2020 PROGRESS

SHORT- AND MEDIUM-TERM TARGETS BY 2025

LONG-TERM TARGETS (2030 AND BEYOND)

BY 2030

BY 2040

BY 2050

NET CARBON FOOTPRINT (GHG SCOPE 1+2 EMISSIONS - on equity basis)

Net Carbon Footprint (GHG emissions Scope 1+2) upstream: 11.4 MtonCO₂eq. (-23% vs. 2019).

Halving the Net Carbon Footprint for Scope 1+2 upstream emissions by 2024 vs. 2018.

Net Zero Carbon Footprint for Scope 1+2 emissions of upstream activities by 2030.

Net Zero Carbon Footprint for Scope 1+2 emissions from all group activities by 2040.

NET GHG LIFECYCLE EMISSIONS (GHG SCOPE 1+2+3 EMISSIONS - on equity basis)

439 MtonCO₂eq. (-13% vs. 2019)

-25% vs. 2018

-65% by 2040

Net-zero by 2050

CARBON INTENSITY (GHG SCOPE 1+2+3 EMISSIONS - on equity basis)

68 gCO₂eq./MJ (~ 2019)

-15% vs. 2018

-40% vs. 2018

Net-zero by 2050

2020 MAIN RESULTS

OPERATIONAL EXCELLENCE

PEOPLE

7,559

Women

33%

Ceo's direct reports are women

HEALTH

354,192

Health services provided

SAFETY

0.36

Ttr of the workforce

ENVIRONMENT

91%

Freshwater reused

HUMAN RIGHTS

97%

Security contracts containing clauses on human rights

33,112

Hours of human rights training (+28% vs 2019)

TRANSPARENCY AND ANTI-CORRUPTION

9

Countries where Eni supports the Eiti Multi Stakeholder Groups at local level

Eni's business is constantly focused on operational excellence. This translates into ongoing commitment to the development of people through consolidation and evolution of skills to support the transformation process, to the protection of the health and safety of both people and asset integrity, and to the protection of the environment by promoting the efficient use of natural resources and the safeguard of protected areas relevant to biodiversity. Furthermore, Eni is committed to respecting and promoting integrity and respect for human rights in its activities and with the involvement of its stakeholders, with a focus on transparency and the anti-corruption in all its forms. These elements allow the company to seize the opportunities related to the possible evolutions of the energy market and to continue on the path of transformation.



SOME TARGET IDENTIFIED IN 2020

SHORT-TERM TARGETS (2021)	MEDIUM-TERM TARGETS (2022-2024)	LONG-TERM TARGETS (2030 AND BEYOND)
PEOPLE - GENDER DIVERSITY		
Commitment to keeping turnover of female staff higher than that of male staff.	Enhancement of female employment in all professional fields.	Increase in female employment by at least 3 percentage points by 2030.
HEALTH		
€73 million investments in health activities in 2021.	€161 million investments in health activities over the period 2022-2024.	Continuation of health promotion for all Eni's people and interventions in favor of local communities.
SAFETY		
Extension of Digital Safety initiatives worldwide and introduction of new digital technologies (i.e. HSE processes).	Application of digital Technologies, to intercept potentially dangerous situations and introduce preventive measures at operational sites.	Full digitisation of all operational processes through digital technologies that make business processes safer.
ENVIRONMENT - WATER RESOURCES		
Increase in the share of reclaimed water from the current 6.1 Mm³ to 12.6 Mm³ by 2024; Increase in the share of re-injected produced water to 64% of total produced water by 2024.		Commitment to achieve an efficient, collective and sustainable management of water resources at the river basin level.
HUMAN RIGHTS - TRAINING		
Continuation of human rights training campaign on the 4 specialist modules.	Updating training modules and launching new awareness campaigns.	Continuous updating of employees on human rights according to company strategies and needs.
TRANSPARENCY AND ANTI-CORRUPTION		
Successful passing of the surveillance audit required to maintain the ISO 37001:2016 "Anti bribery management systems" certification.	Continuous updating and improvement of the Anti Corruption Compliance Program; Maintenance of the ISO 37001:2016 "Anti bribery management systems" certification.	

2020 MAIN RESULTS

INVESTMENTS IN LOCAL DEVELOPMENT

€96.1 Millions

Investments in local development

PARTNERSHIP FOR DEVELOPMENT

COOPERATION AGREEMENTS

Signed with world bank, usaid and civil society organizations

ACCESS TO ENERGY

57 Billions of Sm³

Gas sold to domestic markets in 16 countries

100%

Gas sold to the domestic markets of 12 out of 16 countries

LOCAL DEVELOPMENT PROJECTS

9,445

Households accessing clean cooking technology

4,526

Students attending schools that were renovated and with services improved by Eni

ALLIANCES FOR DEVELOPMENT

The outbreak of the health emergency triggered an unprecedented crisis, affecting the poorest and most vulnerable people in the world the most, and hindering progress towards the SDGs. In 2020, Eni has increased its efforts towards a just energy transition that combines the need to reduce carbon footprint with the need for community development by enhancing resources in the Countries where it operates, allocating gas production to the local market, promoting access to energy and supporting the definition of Local Development Programmes (LDPs). To address the health emergency, Eni has taken immediate action, in collaboration with local authorities, to reorient local development projects to better meet primary needs of the most vulnerable populations. In order to meet development challenges, partnerships with international development cooperation agencies and organisations have become increasingly important as an effective lever to mobilize resources that are not exclusively economic and to contribute to the development of Countries



SOME TARGET IDENTIFIED IN 2020

SHORT-TERM TARGETS (2021)

Access to energy: 4,100 households accessing clean cooking technology
 Education: 6,180 students attending schools that were renovated and with services improved by Eni

MEDIUM-TERM TARGETS (2022-2024)

Access to energy: 11,300 households accessing clean cooking technology
 Education: 61,125 students attending schools that were renovated and with services improved by Eni

LONG-TERM TARGETS (2030 AND BEYOND)

Access to energy: Ensuring access to modern energy, in particular clean cooking, for local communities
 Education: Ensuring access to quality and inclusive education for students from local communities.

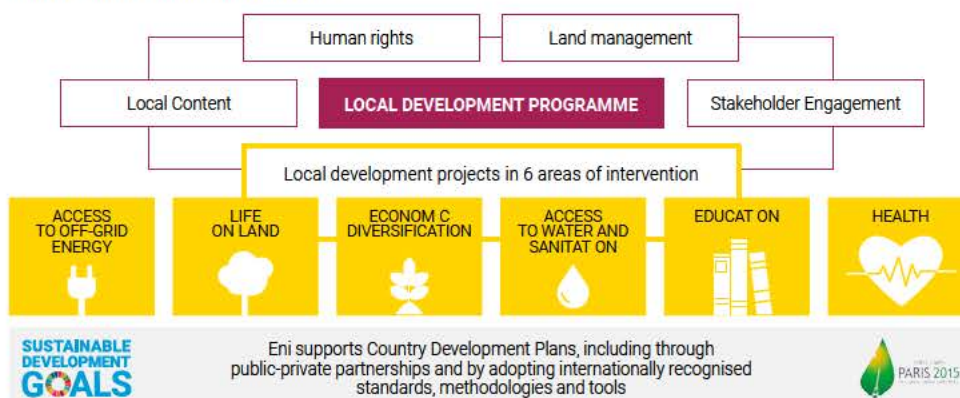
INVESTMENTS IN LOCAL DEVELOPMENT

€ 109.4 million invested in local development.

€ 243.9 million invested in local development.

Contributing to the promotion of development interventions for local communities.

Structure of the Local Development Programme



Eni's non-financial reporting

Through its non-financial reporting, Eni wants to proactively describe its role in the energy transition, sharing its values, corporate strategies, objectives and results achieved to date. For this reason, also aware of the increasing centrality of non-financial information, over the years Eni has developed an articulated reporting system with the aim of satisfying the information needs of its stakeholders in a complete and timely manner in terms of both variety and of level of deepening.

The **2020 Consolidated Disclosure of Non-Financial Information (NFI)**, prepared in accordance with the requirements of Legislative Decree 254/2016 (transposing European Directive 95/2014) and published in the Annual Report 2020, has the aim of clearly and concisely meeting the information needs of Eni's stakeholders, further promoting the integration of financial and non financials information. The NFI provides integrated reporting on the management model, policies applied, main risks and results related to environmental, social, personnel, human rights and anti-corruption issues.

■ **For more information: Annual Report 2020**



Your feedback is important to us. If you have any comments, suggestions or questions, please write an email to sostenibilita@eni.com

Eni for 2020 - A just transition

Report that describes how, through the integrated business model, Eni creates long-term value, through the operational excellence model, alliances for local development and carbon neutrality by 2050.

Eni For 2020 - Carbon neutrality by 2050

In-depth analysis of governance, risk management activities, strategy and main Eni metrics and targets on climate change.

Eni for 2020 - Sustainability performance

This report, available only online, provides an overview of non-financial performance indicators along the three pillars of Eni's business model.

Other reports

By June 2021 Eni will publish **Eni for Human rights**. Report describing Eni's strategy on promoting and respecting human rights and reporting the main activities and performance indicators. In addition to these documents, Eni publishes **other local sustainability reports** on an annual basis, which will be available in the course of 2021 on the site ■ **For more information: eni.com**

REPORTING PRINCIPLES AND CRITERIA

Eni for 2020 is prepared in accordance with the "Sustainability Reporting Standards" of the Global Reporting Initiative (GRI Standards) with an "in accordance Core" level of adherence and taking into account the 10 principles of the Global Compact. Eni for 2020 - Carbon Neutrality by 2050 is prepared in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Moreover, for the first time, in line with the commitment to promote a complete and comparable disclosure, the metrics related to the Sustainability Accounting Standards Board (SASB) standard and the "core" metrics defined by the World Economic Forum (WEF) in the White Paper "Measuring Stakeholder Capitalism - Towards Common Metrics and Consistent Reporting of Sustainable Value Creation" were published (the latter already included in the Non-Financial Information). The reference tables related to the GRI standards, the TCFD recommendations, the SASB standards and the WEF metrics are available in Eni for 2020 - Sustainability Performance and on eni.com. ■ **For more information: Eni for 2020 - Sustainability performance (pp. 57-58)**

EXTERNAL ASSURANCE

Eni for 2020 was also subjected to limited assurance this year by the same independent auditors who also audited the Consolidated Financial Statements and the NFI ■ **For more information: Eni for 2020 - A just transition (pp. 97-99)** In addition, GHG Scope 1 and Scope 2 emissions are also subject to a reasonable assurance by the same external auditing company (PwC), with the aim of guaranteeing an even greater solidity of these data having strategic relevance for Eni.

■ **For more information: Eni for 2020 - Carbon neutrality by 2050 (pp. 56-59)**