

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 to achieve net zero by 2050.
2. Identifies the role of natural gas in the energy transition.
3. Backs carbon pricing mechanisms.
4. Embraces increasing energy efficiency and deploys low and zero carbon technologies.
5. Promotes the role of natural climate solutions.
6. Gives support to climate transparency and disclosure.

In 2020, Eni published the result of the first 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.

This report shows the second assessment carried out by Eni and includes the evaluation of the position of business associations which Eni and its affiliates were member of as of 31 December 2021.

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 2022, we made a first selection of 40 business associations, of which 26 were already included in previous assessment. 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 the stakeholders¹ based on their impact and reputation. These associations are based mainly in Italy, Europe, USA and Australia.

The review of positions was performed considering publicly 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 main topics of the Eni's climate advocacy 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 contrast with any of the main topics of the Eni's climate-related advocacy from two to six as set out in Annex A.

Partially Aligned

The association does not explicitly support the Paris Agreement goals. Rather, it supports at least one of the main topics of the Eni's climate-related advocacy from two to six as set out in Annex A and it is not in contrast with any of such main topics.

Alternatively, the association explicitly supports the Paris Agreement goals, but it has a minor misalignment on at least one of the main topics of the Eni's climate-related advocacy from two to six as set out in Annex A and it is not in contrast with any of such main topics.

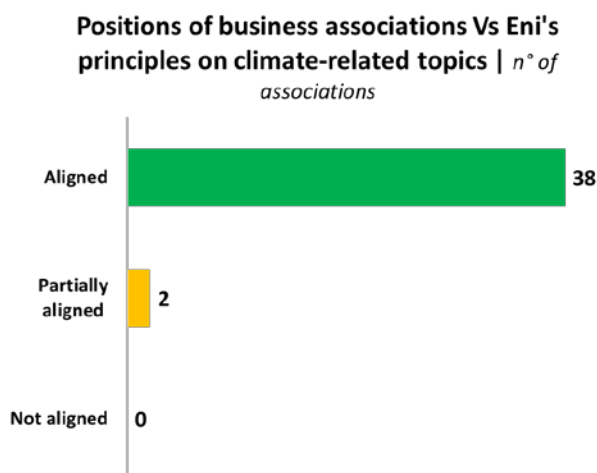
Not Aligned

The association does not support the Paris Agreement goals or the public positions of the association is in contrast with at least one of the main topics of the Eni's climate-related advocacy from two to six as set out in Annex A.

¹ The relevance of the associations is evaluated on the base of the quantity and the size of the members and the ability to influence the debate on the climate-related policies.

Assessment's results

Out of 40 business associations assessed, we found that 38 are aligned with the main topics of the Eni's climate-related advocacy and two, the National Biodiesel Board and the Wind Europe, are partially 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 positions stated in Annex A.

In the Annex B there is a complete list of the assessed business associations, while in the Annex C there is a table about the payments and memberships of governing bodies of the 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 meeting the world's growing energy needs, while respecting the objectives of the Paris Agreement.

Eni intends to play an active role in the energy sector's virtuous path to contribute to carbon neutrality by 2050, in order to limit global warming within the 1.5°C threshold by the end of the century. In this regard, Eni has defined a climate strategy that foresees an integrated energy transition plan, comprising a series of short, medium and long-term targets which outline the evolutionary and integrated path of the individual businesses and will lead Eni to carbon neutrality by 2050.

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

Eni acknowledges the value of the active participation in the work of business associations and its membership of various organisations is driven by Eni's position on the main topics of the climate-related advocacy alongside the willingness to support the achievement of the goals of the Paris Agreement.

Eni recognises the need to be clear, consistent and transparent in its advocacy activities addressing climate change and the energy transition, as well as in the company's climate-related financial disclosure and internal processes, practices and company performances reporting. Eni has long been committed to promoting comprehensive and effective disclosure on climate change and confirms full implementation of the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) of the Financial Stability Board, which Eni adopts since 2017.

This document describes the main principles that inspire Eni's climate strategy and guide Eni's membership and participation in business associations and think tanks in regard to climate-related matters.

The value of business associations

Eni takes part in several business associations at domestic and international level. Our membership and participation in these organisations allow 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.

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 the main topics 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, is in contrast with any of the main topics of the Eni's climate-related advocacy, we will disassociate ourselves from said views and any associated campaigns, we will endeavour to bring our view in the association and, if the contrast remains, we will seriously consider withdrawing from the association. The results of any assessment will be presented to our board and will be publicly disclosed.

The main topics of Eni's climate-related advocacy and the Eni's position

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

- Support the goals of the Paris Agreement to achieve net zero by 2050.
- Identify the role of natural gas in the energy transition.
- Back carbon pricing mechanisms.
- Embrace increasing energy efficiency and deploy low and zero carbon technologies.
- Support the role of a natural climate solutions.
- Support climate transparency and disclosure.

Our position on each of the main topics of the Eni's climate-related advocacy is:

1. Support to the goals of the Paris Agreement to achieve net zero by 2050

Eni supports the goals of the Paris Agreement to limit the increase in the global average temperature to well below 2°C above pre-industrial levels, pursuing efforts to limit the temperature increase to 1.5°C. Eni recognises the Intergovernmental Panel on Climate Change (IPCC) as the most prominent scientific body on climate change and agrees with the IPCC's view that the impacts of climate change will be much lower at the temperature increase of 1.5°C compared with 2°C. Eni is keen to contribute to the global mitigation efforts by specifically pursuing a strategy that aims to achieve the Net Zero emissions target by 2050, in line with the scenarios compatible with keeping global warming within 1.5°C. Eni's Net Zero commitment includes the company's Scope 1, 2 and 3 GHG emissions (Net GHG lifecycle emissions), and the associated emission intensity (Net Carbon Intensity), referred to the entire life cycle of the energy products sold by Eni. To be effective also in the near term and keep stakeholders aligned on progresses, Eni also set interim targets in 2030 and 2040, both in terms of absolute and carbon intensity.

In this path towards carbon neutrality, Eni supports a Just Energy Transition that also pays attention to the social dimension of the transformation. Eni' commitment in pursuing a just energy transition is also stated in the corporate mission, which is inspired by the 17 SDGs.

2. The role of natural gas in the energy transition

Eni believes that, among fossil energy sources, natural gas will continue to play a central role in the energy transition, as also showed in the scenarios elaborated by the most accredited international institutions, such as IPCC. Indeed, natural gas is expected to act as a bridging solution to urgently

replace coal and ensure the security and balance of electricity system required to support the penetration of increasing volumes of intermittent renewable generation on a global scale. Gas should also be the preferable source where fossil fuel replacement (by electrification, hydrogen, etc.) is not technologically or economically viable. Therefore, policymakers should continue to recognise the opportunities that natural gas can provide in displacing more carbon-intensive fuels, improving air quality and supporting the uptake of renewable energy. In line also with the European decarbonisation strategy, gas technologies such as natural gas-to-hydrogen, power-to-gas, and CCUS (Carbon Capture, Utilization and Storage), beside increasing integration with biomethane, will further contribute towards the substantial decarbonisation of the energy systems. As an integrated energy provider, to decrease its own GHG emissions, Eni is targeting a significant increase in the share of natural gas in its upstream production to help the transition to a progressively decarbonised portfolio.

Eni recognises the importance and the urgency of curtailing methane emissions from the oil&gas industry for achieving the goals of the Paris Agreement and supports the implementation of direct regulations and targets for reducing methane emissions along the natural gas supply chain.

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, emissions trading mechanisms or other market-based measures, should be set by governments. The level at which they are 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.
- 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. Financial resources that are collected by means of carbon pricing should be used to support the development at scale of zero and low carbon technologies, also breakthrough, production processes or fuels which are still not mature, but essential in the long term to pursue the decarbonization of the whole economy as well as to alleviate the impact of the energy transition on low-income households.
- Achieving government policy changes for effective carbon pricing requires a transparent dialogue and the active engagement of the energy sector, the investment community, political leaders, civil society, and energy consumers.

4. Increasing energy efficiency and deployment of low and zero carbon technologies

Eni welcomes policies, actions and tools to foster innovation in low and zero carbon technologies or fuels and clean processes in energy intensive industries.

Eni believes that the governments support is essential for the industry in enabling decarbonization technologies. The type of support they can offer will depend on the level of technological and commercial maturity of each available solution and eligible innovation should be selected on the base of the GHG emissions abatement potential and the sustainability of the entire value chain.

Among the low carbon processes, as also recognized by the most accredited international institutions, Eni believes that Carbon Capture Utilisation and Storage (CCUS) is one of the few proven solutions to tackle emissions in some of the highest emitting-sectors and it could play a major role in decarbonizing Hard-to-Abate sectors (e.g. cement, steels), where there are limited technologically and economically viable alternatives to abate emissions. The permanent storage of CO₂ in geological formation can furthermore enable the accounting of negative emissions, when applied to bioenergy production processes. In the long term, the activity process related to carbon removal from the atmosphere (Direct Air Capture) and permanently storing it, will be essential to balance emissions that cannot be directly abated or avoided. Even in this case, a dedicated CO₂ transport and storage infrastructure will be required.

Among the low carbon fuels, hydrogen is expected to play a key role in a future climate-neutral economy, enabling emission-free transport, heating and industrial processes. In particular, CCUS can represent an efficient solution to underpin the start-up of the blue hydrogen economy as long as the green hydrogen production will not be cost-effective and available at scale.

In the transport sector, Eni believes Sustainable Biofuels, biomethane, Recycled Carbon Fuels and renewable and low carbon hydrogen may effectively complement electrification by enabling decarbonisation of road heavy transport, shipping and aviation and of the existing vehicle fleet.

5. The role of the Natural Climate Solutions

Eni recognises the important role of Natural Climate Solutions (NCS) to limit global warming and achieving the Net zero GHG emissions by 2050 and the additional benefits that these measures can provide for the protection and restoration of biodiversity and ecosystems and in fostering sustainable economic growth.

Eni adopts and applies the approach supported by the international best practices, where the avoidance and the reduction of the GHG emissions is the first priority, while only residual GHG emissions, which can't be reduced with the currently available technologies, should be eligible for offsetting, through carbon credits. In this regard, NCS activities, if developed adopting strict environmental and social safeguards, can be rapidly deployed and bring immediate contribution to the fight against climate change, also generating high quality carbon credits. However, to unlock carbon finance for NCS projects, it is crucial to attract investments from private sector.

Consistently with this vision, considering that deforestation causes every year the release in the atmosphere of high quantities of GHG emissions, Eni has selected the protection of primary and secondary forests as the first NCS to develop, in order to reduce emissions from deforestation and forest degradation and to enhance the capacity of natural ecosystems to sequester and store carbon. Eni works with both domestic and international institutions to enforce the national REDD+ framework² and with key local communities to foster sustainable economic growth, providing them with alternatives to the drivers for deforestation. Moreover, Eni has built several partnerships with recognized international developers of REDD+ Projects and Eni NCS activities are also aligned with the highest international standards for certification of the carbon reduction and of the co-benefits achieved.

6. Climate Transparency and Disclosure

Eni has long been committed to support and contribute to develop best practices on comprehensive and effective climate change disclosure and, in this respect, confirms its commitment to implement the TCFD's Recommendations published in 2017.

Eni's disclosure on climate-related issues is integrated in the company annual report and detailed in a dedicated report that outlines Eni's decarbonization path and address the climate and energy transitions challenges. This report is structured around the four pillars indicated by the TCFD recommendations: governance, risk management, strategy and metrics and targets. Climate change is analysed, assessed, and managed by considering the 5 key drivers, identified by the TCFD, relating to both transition risks – market scenario, regulatory and technological development, reputational issues – and physical risks, such as extreme or chronic weather events. Climate change risk is one of Eni's top strategic risks and it is monitored by the CEO as part of the Integrated Risk Management process.

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

Annex B

Results of our review

<p>Asociacion de Operadores Petroliferos Associazione Nazionale Industriali Gas (ANIGAS) Assorisorse Assosharing Australian Petroleum Production & Exploration Association (APPEA) Avenergy Suisse Cluster Tecnologico Nazionale Blue Italian Growth Cluster Tecnologico Nazionale Energia Confindustria Confindustria Energia Bio-based Industries Consortium (BIC) Business Europe Carbon Capture and Storage Association (CCSA) EFuels Alliance Elettricit� Futura European Biodiesel Board (EBB) European Chemical Industry Council (CEFIC) 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) Global CCS Institute Ghana Upstream Petroleum Chamber Hydrogen Europe International Association of Oil & Gas Producers (IOGP) International Emissions Trading Association (IETA) International Petroleum Industry Environmental Conservation Ass. (IPIECA) Methanol Institute* Natural Gas Vehicle Association Europe (NGVA Europe) Ocean Energy Europe (OEE) Oil and Gas Climate Initiative (OGCI) Oil & Gas UK Unione Energie per la Mobilit� (UNEM) Union Fran�aise des Industries P�troli�res (UFIP) World Energy Council (WEC) World Economic Forum (WEF) World Business Council for Sustainable Development (WBCSD) Zero Emissions Platform (ZEP)</p>	<p>Aligned Our analysis indicates the public positions of these associations are aligned with the Paris Agreement goals and are not in disagreement with the main topics of Eni's climate-related advocacy 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>The National Biodiesel Board (NBB)** Wind Europe</p>	<p>Partially Aligned Our analysis indicates that the National Biodiesel Board (NBB) does not explicitly support the Paris Agreement goals, but it supports at least one of the main topics of Eni's climate-related advocacy from 2 to 6 as set out in Annex A. While Wind Europe has some misalignment about the role of the Carbon Capture and Storage and of the natural carbon sinks as a necessary solution along the pathway towards the net zero³.</p> <p>Eni will work for a positive lobbying activity and we will have a proactive engagement:</p>

³ "The focus of the analysis should be on wind and solar PV deployment and not on other unproven technologies such as CCS – nor should the modelling try to reduce the cumulative emissions by introducing strong assumptions for LULUCF or other carbon sinks." (ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12265-2030-Climate-Target-Plan/F511902). "The Climate Law strives for net-zero emissions, opening a backdoor for controversial and underdeveloped technologies such as carbon capture and storage (CCS)." (https://windeurope.org/newsroom/press-releases/eu-climate-law-europe-must-chart-a-path-to-a-100-percent-renewables-future/).

	<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>
--	--

* In the previous "Eni Assessment of industry association's climate policy positions", the Methanol Institute (MI) resulted partially aligned because it did not explicitly support the Paris Agreement goal. Thanks also to our consistent and fruitful collaboration with the association, in 2020 the MI stated its explicit support to the Paris Agreement and to the UN Sustainable Development Goals.

** The National Biodiesel Board (NBB) resulted partially aligned also in the previous "Eni Assessment of industry association's climate policy positions" as it did not explicitly support the Paris Agreement. Since then, we have asked to the association to advocate in this sense. Although it has still not released an explicit support to the Paris Agreement, in 2021 NBB expressed publicly its support for the inclusion of biofuels in the US Nationally Determined Contribution to the Paris Agreement and stressed the importance of biodiesel and renewable diesel in the US goals related to climate change. As we noticed some progress in the climate position of the NBB, we decide to remain member and continue our positive lobbying activity.

Annex C

Eni's payments and memberships of governing bodies of the business associations

Eni's payments in 2021 [€ range]	Business Associations*	Member of board or equivalent governing body	
800 k€ - 2 M€	FEDERCHIMICA - Federazione Nazionale dell'Industria Chimica	Board or equivalent governing body	
	OGCI - Oil and Gas Climate Initiative	Board or equivalent governing body	
400 k€ - 800 k€	UNEM - Unione Energie per la Mobilità	Board or equivalent governing body	
	EPRA European Petroleum Refiners Association	Board or equivalent governing body	
	ANIGAS - Associazione Nazionale Industriali Gas	Board or equivalent governing body	
	CEFIC - European Chemical Industry Council	Board or equivalent governing body	
	Confindustria energia	Board or equivalent governing body	
	WEF - World Economic Forum	Board or equivalent governing body	
	IOGP - International Association of Oil & Gas Producers	Board or equivalent governing body	
	AOP - Asociacion de Operadores Petroliferos	Board or equivalent governing body	
	Elettricità futura	Board or equivalent governing body	
	Assorisorse	Board or equivalent governing body	
100 k€ - 400 k€	EUROGAS - European Union natural Gas Industry	Board or equivalent governing body	
	Oil & Gas UK	None	
	EBB - European Biodiesel Board	None	
	UFIP - Union Française des Industries Pétrolières	Board or equivalent governing body	
	IPIECA - International Petroleum Industry Environmental Conservation Association	Board or equivalent governing body	
	WBCSD - World Business Council for Sustainable Development	Board or equivalent governing body	
	GLOBAL CCS INSTITUTE	None	
	EFuels Alliance	Board or equivalent governing body	
	APPEA - Australian Petroleum Production & Exploration Association Limited	None	
	M.I. - American Methanol Institute	Board or equivalent governing body	
50 k€ - 100 k€	BIC - Bio-based Industries Consortium	None	
	Business Europe	None	
	ZEP - Zero Emissions Platform	Board or equivalent governing body	
	Avenergy Suisse	Board or equivalent governing body	
	IETA - The International Emission Trading Association	None	
	OEE - Ocean Energy Europe	Board or equivalent governing body	
	20 k€ - 50 k€	Carbon Capture and Storage Association	None
		Hydrogen Europe	None
		NGVA Europe - Natural Gas Vehicle Association Europe	Board or equivalent governing body
		WEC - World Energy Council	Board or equivalent governing body
WIND EUROPE		None	
GUPC Ghana Upstream Petroleum Chamber		None	
ERCST - European roundtable on climate change and sustainable transition		None	
The National Biodiesel Board		None	
ASSOSHARING		Board or equivalent governing body	
Cluster Tecnologico Nazionale Blue Italian Growth CTN BIG		Board or equivalent governing body	
0 k€ - 20 k€	Cluster Tecnologico Nazionale Energia	Board or equivalent governing body	

* Confindustria is not included in the table, as it receives financial contribution directly from other business associations.

