



Eni UK Limited

PROJECT HYNET T&S CO

Summary of Project Human Rights Risk
Assessment





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CONTENTS

1.	SUMMARY OF PROJECT HUMAN RIGHTS RISK ASSESSMENT	2
1.1.	PURPOSE OF THIS DOCUMENT	2
1.2.	INTRODUCTION	2
1.3.	PROJECT DESCRIPTION & SUMMARY	3
1.4.	PROJECT COMPONENTS	3
1.5.	METHODOLOGY AND APPROACH	4
1.6.	HUMAN RIGHTS BASELINE	5
1.7.	PUBLIC DISCLOSURE AND STAKEHOLDER ENGAGEMENT	6
1.8.	ISSUES RAISED BY STAKEHOLDERS RELEVANT TO THE HUMAN RIGHTS ASSESSMENT	7
1.9.	HUMAN RIGHTS INITIAL SCAN FINDINGS	8
1.10.	CONCLUSION	8

FIGURES

No table of figures entries found.



1. SUMMARY OF PROJECT HUMAN RIGHTS RISK ASSESSMENT

1.1. PURPOSE OF THIS DOCUMENT

As an energy tech company, ENI UK Limited (hereinafter “Eni”) aims to produce and sell increasingly decarbonized and customer-oriented energy products and services. Eni is committed to protecting the environment through a variety of initiatives, including (but not limited to) carbon capture and storage, offshore wind power and environmental remediation.

Eni has comprehensive policies and procedures in place relating to human rights that are cascaded down to its subsidiaries and projects.

Eni has contracted WSP to conduct a Human Rights Risk Assessment (HRRRA) to determine the impacts of the Liverpool Bay Carbon Capture and Storage (CCS) Project (the ‘Project’) on internationally recognised human rights. This document provides a summary of the HRRRA in line with the Equator Principles 4 (July 2020) and Equator Principles Guidance Note on Implementation of Human Rights Assessment under the Equator Principles, September 2020 (HRA Guidance Note).

1.2. INTRODUCTION

The HRRRA has been undertaken to ensure compliance with the Equator Principles 4 (July 2020) (EP4) and Equator Principles Guidance Note on Implementation of Human Rights Assessment under the Equator Principles, September 2020 (HRA Guidance Note). The scope of the HRRRA has been defined using the Equator Principle’s guidance on human rights assessment.

The Equator Principles Association recognises that financial institutions and their clients have a responsibility to respect human rights. Equator Principles Financial Institutions (“EPFIs”) demonstrate this in line with the United Nations Guiding Principles on Business and Human Rights (“UNGPs”) by carrying out human rights due diligence on the Projects EPFIs finance.

The UNGPs serve as the global authoritative framework for defining the corporate responsibility to respect human rights and for carrying out due diligence to prevent and address abuses. The UNGPs state that governments have the duty to protect human rights, including from harm committed by private-sector actors, and companies have the responsibility to respect human rights, no matter where or how they operate and regardless of their size. The responsibility to respect is operationalised by companies carrying out human rights due diligence to assess their actual and potential adverse human rights impacts to understand what their human rights risks are based on their severity and likelihood.

The HRRRA provides an initial scan of actual/potential project-level adverse human rights risks and impacts and associated affected rightsholders that may be adversely impacted. The scan identifies potential human rights risks within 11 topic areas, which are relevant to the project and taken from the EP4 Guidance Note. Importantly, the inherent human rights risk level based upon the level of severity and likelihood is presented alongside information on Eni’s management controls, existing country context (UK), and subsequent residual risk and proposed mitigations.

This document provides a summary of the HRRRA that has been completed for the Project.

1.3. PROJECT DESCRIPTION & SUMMARY

The UK Government has selected the HyNet North West Industrial Cluster ('HyNet NW') as one of the first two industrial clusters to receive government financial support to de-carbonise hard-to-abate industries and help the UK achieve its Net Zero Targets.

HyNet NW is a complete system of hydrogen production, storage, transportation, and utilisation and carbon capture, transport, and offshore storage in the Liverpool Bay Area.

A part of HyNet NW is the development of the HyNet carbon dioxide (CO₂) Transport and Storage Company Project ('HyNet T&S Co', or the 'Project') which is being developed by Eni. The Project comprises the transport of CO₂ generated by five third-party injector plants (selected by the UK government) through onshore pipeline to a compressor station at the Point of Ayr, from where the CO₂ is transported via offshore pipeline to depleted oil and gas reservoirs in Liverpool Bay for offshore storage. The Project is partly a 'brownfield' Project with existing infrastructure, including onshore and offshore pipelines, parts of the existing offshore installations, and the site of the Point of Ayr Terminal being repurposed for the Project.

The Project will be developed by Eni and initially operated with the close support of Eni Group through a Services Agreement, with operations transitioning to HyNet T&S Co over time. HyNet T&S Co will enable the participants of HyNet NW to produce low carbon hydrogen and to decarbonise their processes and produce low carbon products. HyNet NW comprises members across many sectors, including Eni UK, Progressive Energy, Essar Oil UK, Hanson Cement, Viridor, University of Chester, Tarmac Lhoist, Breedon, EET Hydrogen, and Encyclis.

Eni, an affiliate of the integrated energy company Eni Group, is the leading partner of the consortium delivering HyNet T&S Co.

1.4. PROJECT COMPONENTS

The Project includes both new and repurposed existing infrastructure. The Project has been designed with the aim of repurposing existing facilities wherever possible as part of the Project's environmentally responsible CO₂ management.

Several existing pipelines will be re-purposed and new below ground, and sub-sea pipeline connections will be constructed to complete the network needed to transport the CO₂. Additionally, several spur lines will be constructed linking the CO₂ producing industrial facilities to the pipeline transportation network.

A new compression facility will be constructed at the Port of Ayr (PoA) Terminal, which will also include construction of a new substation and the refurbishment of the existing administration / control building, laboratory / utilities building, main substation, electrical & instrumentation building and the workshop / warehouse.

Various associated facilities, such as power utilities, Above Ground Installations ('AGIs') and cathodic protection infrastructure will be constructed.

During the onshore construction activities, temporary construction compounds and access roads will be utilised at various points along the pipeline route.

For the offshore part of the Project, the Douglas offshore platform will be decommissioned, and a replacement platform installed. The existing topsides of the Hamilton, Hamilton North, and Lennox Normally Unmanned Installations ('NUIs') will be replaced.

The key components of the Project include:

Onshore

- New-build onshore pipeline and AGIs from emitters to Connah's Quay.
- Repurposed existing onshore natural gas pipeline from Connah's Quay to PoA Terminal with Block Valve Stations ('BVS') installed at specific locations along the pipeline length.
- Redevelopment at PoA Terminal for CO₂ compression and transportation.

Offshore

- Installation of New Douglas CO₂ platform.
- Repurposing and life extension of existing offshore satellite structures (similar to existing satellites) and pipelines.
- Installation of new electrical cables from PoA Terminal to New Douglas and onward to each of the satellites.
- Drilling geological sidetracks from existing production wells for CO₂ injection.
- Sub-surface studies to secure CO₂ storage permit.
- Operational monitoring of storage sites.

The proposed development is situated in the CS004 (licence reference number) CO₂ Appraisal and Storage Licence area and Eni development area, around 12 km north off the Welsh coast and 2 km west off the English coast. The area covers about 576.82 km² and includes depleted hydrocarbon reservoirs such as the Hamilton, Hamilton North, and Lennox fields. The proposed development is defined by the pipeline-cable corridor connecting PoA Terminal to Douglas Offshore Platform (OP), mainly in water depths ranging from 0.72 m below Lowest Astronomical Tide (LAT) to 35 m LAT, with average depth of about 20 m LAT.

The Eni development area contains existing offshore platforms (Douglas OP Complex, Lennox OP, Hamilton Main OP, and Hamilton North OP) to be repurposed for CO₂ service, with plans for decommissioning, subject to regulatory approval. Eni's infrastructure is part of a larger network of projects within Liverpool Bay that includes wind farms, electrical cables, future wind projects, aggregate dredging and spoil dumping areas, and shipping lanes.

The Project is being delivered as four work packages (WP). Four preferred engineering, procurement and construction (EPC) contractors have been identified by Eni but not yet engaged. They are all European based contractors that have been approved via Eni's comprehensive supplier qualification process.

1.5. METHODOLOGY AND APPROACH

The scope of the initial scan covers the human rights risks that are pertinent to the area of influence of the Project. The scope of the assessment considers the key Project components and takes into consideration the business relationships and stakeholders that may actually or potentially be impacted by Project activities. The assessment outlines the nature and level of risks and impacts at different key stages of the Project life cycle. An initial scan of potential or actual Project-level adverse human rights impacts has been undertaken through a desktop review using UNGPs methodology as

described in the EP4 guidance note. This has been undertaken to determine initial risk levels and mitigation measures. Through desktop studies and review of existing data, potential impacts have been identified and analysed via a risk assessment matrix to demonstrate the impact magnitude and likelihood. The assessment aims to provide mitigation measures and corrective actions to prevent and/or minimize the level of impact anticipated through Project activities.

The assessment adheres to national legislation and internationally accepted standards and best practices, whichever more stringent in its application.

A review of information associated with the Project was undertaken, to understand the proposed activities associated with the Project within the context of the local area. The objectives, history and development of the Project to date was also examined along with existing policies and procedures of relevance to human rights risk management. A social and demographic profile of the local area in which the Project is located was collated using publicly available data and drawing on the baseline analyses undertaken to inform the Project's Environmental Assessments. In addition, interviews were conducted with Eni representatives.

The assessment is structured against certain human rights context topics described in the HRRRA. For each topic it considers the full range of potential human rights impacts, assessing:

- Whether the human rights context topic is connected with the Project and identifying potential or actual human rights issues related to these; and
- For human rights issues, identifying affected stakeholder groups (communities, workers, users, landowners, women, people with disabilities etc), with a Project-specific vulnerability analysis of these groups undertaken.

The human rights risk assessment matrix consists of two dimensions: severity and likelihood. Overall impact severity of the identified human rights risks can be considered based on three characteristics: scale (seriousness of the impact, including vulnerability), scope (number of people affected) and irremediability (ability for an impacted person to be restored to their pre-impact human rights status).

Upon identification of high human rights risks, mitigation measures are identified to reduce the likelihood of adverse human rights risk occurring. The actions to be considered shall include ongoing monitoring, performance tracking of how Eni will monitor and/or audit, reporting of the outcome, etc. The focus should be on mitigating the potential negative impacts to as low as reasonably practicable and enhancing the potential positive impacts.

1.6. HUMAN RIGHTS BASELINE

The UK has ratified many international human rights treaties, issued by the United Nations and all eight treaties of the ILO Fundamental Conventions. The UK has also signed the European Convention on Human Rights and incorporated it into national laws. The Equator Principles categorises the UK as a Designated Country, defined as “those countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment.”

The construction sector is diverse and covers a wide range of jobs including engineering, surveying and specialist trades. The sector is characterised by the transient nature of the jobs, high workforce mobility and tight timescales, and is also heavily dependent on sub-contracting and use of supply chains to deliver the projects. This complexity and the widespread use of sub-contractors makes it

difficult to achieve transparency across the entirety of a Project's supply chain. The key human rights issues associated with the UK Construction industry include diversity challenges and modern slavery.

Internally, Eni has comprehensive policies and procedures in place relating to human rights that are cascaded down to its subsidiaries and projects. The Sustainability and Scenarios Committee (SSC), composed of mostly independent directors, provides guidance advisory and propositional functions on human rights vis-à-vis the Board of Directors (BoD). Eni has developed and adopted an Integrated Risk Management Model (IRM) aimed at ensuring that management makes risk-informed decisions, through the assessment and analysis of risks, including short, medium and long-term risks, carried out with an integrated, comprehensive and forward-looking vision. There is also a Code of Ethics and Ethics, Compliance and Governance Policy that covers human rights and violence and harassment in the workplace.

1.7. PUBLIC DISCLOSURE AND STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a requirement of the Petroleum Act 1998 as amended by the Energy Act 2008. The stakeholder engagement process shall be proportionate to the level of interest from stakeholders (OPRED, 2018). The Liverpool Bay CCS Project has undertaken engagement focused on a wide range of stakeholders interested in the Project, whose interests cover a few specific issues, in particular host community and the safety of other landowners and users of the sea, conservation and coastal aspects etc. To actively manage its stakeholders the Liverpool Bay Area CCS Project team have identified and classified its stakeholders in a Stakeholder Register and represented the output in a stakeholder relevance/disposition map. The Project commenced with an informal consultation process (the Non-Statutory Development Consent Order).

Based on interviews with Eni staff involved in engagement activities, we found that engagement was split between a development consent order (DCO) with specific engagement requirements for the HyNet Carbon Dioxide Pipeline, and additional spur pipelines (Protos, Runcorn and Padeswood) that are non-DCO and fall under the Town and Country Planning Act of 1990. Initial engagement and consultation have been carried out on the broader HyNet Project since 2020 through online webinars and briefings due to COVID. These were conducted with both local authorities and the public. Feedback has informed the ongoing design process of the associated spur pipelines.

For the non-DCO process, there were a variety of engagements, including: public consultations; public notices in the press; an online consultation portal; stakeholder briefings; additional meetings with local authorities, Parish Councils, local MPs and various other groups; community engagement events; and non-statutory consultations. As this Project did not have the option for compulsory purchase power, additional consultations were held with landowners and early engagement was used to build trust and goodwill with impacted stakeholders.

For the DCO process, consultation was required with people living in the vicinity of the Proposed Development, including those affected by the construction and operation of the Project. Consultations were held to introduce the DCO Project to local people and communities; raise awareness about the Project; understand and take account of the public's view on the Project and explain the rationale behind the Project.

As part of the DCO, compulsory purchase powers were granted, which had the possibility to upset landowners. Where possible, the Project avoided residential landowners and focused on a mix of business and agricultural land. Project team members went to mandatory purchase hearings and

negotiated with 105 impacted landowners, some of which are represented by land agents paid for by Eni.

The Project started with a stakeholder management system and a Project database to capture stakeholders. There was a contact database to map stakeholders based on sentiment and impact, which feeds into the stakeholder management plan. This is a live document that should be updated once a year but has been updated 3-4 times since the beginning of 2024.

1.8. ISSUES RAISED BY STAKEHOLDERS RELEVANT TO THE HUMAN RIGHTS ASSESSMENT

Based on stakeholder engagements, main community concerns and questions throughout the engagement process included:

- Impact of the construction period on residents – for example, construction traffic, length of construction period, village disruption, lack of road signage;
- Safety concerns about the pipeline and hydrogen – for example, what would happen in the event of a leak;
- Proximity and techniques used to build in certain areas;
- Noise, concern over pipeline causing vibrations or ground movement;
- How the Project will look visually;
- Community Benefit Fund; and
- Specifics about the pipeline and Project – for example, clarification on the product, storage of carbon dioxide and hydrogen, how the carbon dioxide is transported, how/where carbon dioxide is captured, how the existing pipeline will be repurposed.

The offshore Project area is located within the Port of Liverpool and Liverpool Bay, which impacts fisheries and fishermen. UK, Irish and European vessels all operate in the area and potential impacts due to the construction, operations and maintenance of the Project were identified:

- Loss or restricted access to fishing grounds;
- Impacts on commercial valuable fish and shellfish species/resources;
- Interference with fishing activity;
- Temporary increases in steaming distances to fishing grounds;
- Supply chain opportunities for local fishing vessels; and
- Loss or damage to fishing gear due to snagging gear on Project infrastructure.

Currently only survey works have been done so there have been no impacts on fisheries. When cables and lines are placed, that will need to be assessed for impact. Assessments will be done once the final design is completed.

According to Eni's Human Rights Policy, Eni has developed grievance mechanism to handle and manage grievances. Subsidiaries are responsible for developing the Grievance Mechanism management process, analysing and agreeing the solution with complainants, whether individuals or communities, by virtue of their improved context knowledge, allowing for appropriate channels of access, and specific modes of dialogue and management of any conflict. In the design of the mechanism, Eni companies conduct consultations with local communities. All subsidiaries' grievances received, analysed and managed are tracked in the Eni "Stakeholder Management System" (SMS) application. In addition, as part of its Management System, Eni has a policy covering Whistleblowing reports received, including anonymously, by Eni SpA and by its subsidiaries in Italy and abroad. The

whistleblowing process enables anyone – whether Eni’s people, stakeholders or other third parties – to send reports on issues pertaining to the internal control and risk management system or other violations of the Code of Ethics, including possible violations of human rights. For this Project, Eni has an internal grievance tracker/log for complaints that can be escalated as needed. This is reported monthly to district management. Stakeholders with complaints are encouraged to call or email or submit comments on an online interactive map. Based on interviews, it is not clear if all community stakeholders are aware of grievance mechanism processes.

1.9. HUMAN RIGHTS INITIAL SCAN FINDINGS

The HRRRA includes a full scoping of applicable human rights. This scan looks at affected rights holders, inherent risk levels, existing mitigation and controls, residual risk levels and proposed mitigation measures.

From the initial human rights scanning, 23 human rights are identified as being at risk based on the Project. Examples include child labour, collective bargaining and freedom of association, modern slavery, grievance mechanism and remedy, right to work, wages, working hours, freedom of expression, etc. Of the 23 human rights, only one, occupational health and safety, was identified as having an inherent high risk, and an associated residual risk level considered to be medium. The high inherent risk ranking is based on a high severity level combined with a high likelihood. The residual risk ranking is medium, based upon Eni’s stringent supplier qualification processes and expectations placed on all contractors to adhere to Eni’s extensive health, safety and environment (HSE) requirements.

While the HRRRA designates 14 human rights as having an inherent medium risk and 8 having an inherent low risk, all 22 human rights are considered as having a residual low risk. This is based upon Eni’s comprehensive environment and social policies, procedures, management plans and processes, its commitment to adhering to international and national human rights laws and standards, as well as UK being categorised as a Designated Country.

1.10. CONCLUSION

The initial scan conducted for human rights impacts of the Project demonstrates that the potential risks defined are of low to medium scale, mitigated by Eni’s existing comprehensive policies, procedures and management plans and processes, along with a commitment to adhere to the UK national legislation.

The analysis reveals that the most salient risks revolve around issues such as Labour and Working Conditions, and Occupational and Community Health and Safety. This particularly relates to Eni’s supply chain, which will comprise of four main contractors delivering four work packages, with sub-contractors and suppliers providing goods, services and labour to each.

Therefore, according to EP4 guidance, the Project is considered to fall into the category of ‘lower risk’.

A summary of actions and recommendations are provided, to support effective mitigation of human rights risks and impacts and compliance with international standards. These relate to contractor / supplier due diligence, monitoring and auditing, organisational capacity, grievance mechanisms, fisheries impact, workforce management and stakeholder engagement.

A Human Rights Action Plan has been developed which ties responsibility and Key Performance Indicators (KPIs) to each of the mitigation measures identified.



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