



# SUSTAINABILITY-LINKED FINANCING FRAMEWORK

May 2021





**Contents:**

- 1. Introduction** ..... 3
  - Energy Transition Strategy ..... 3
  - GHG Lifecycle emissions reduction across Eni’s value chain..... 4
  - Assessing Eni’s GHG emissions ..... 6
- 2. Rationale for establishing a Sustainability-Linked Financing Framework** ..... 7
- 3. Governance of the Sustainability-Linked Financing Framework** ..... 7
- 4. Alignment with Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2020** ..... 9
- 5. Eni’s Sustainability-Linked Financing Framework** ..... 10
  - 5.1 Key Performance Indicators (KPIs) ..... 10
  - 5.2 Calibration of Sustainability Performance Target (SPTs)..... 15
  - 5.3 Financial Characteristics ..... 17
  - 5.4 Reporting ..... 17
  - 5.5 Verification ..... 18
- Appendix I: Methodology for the assessment of GHG emissions along the value chains of Eni products ..... 19

## 1. Introduction

Eni and its subsidiaries (“Eni” or the “Group”) is a global energy company with a long-term vision to play a key role in the energy transition towards a low-carbon future, supporting social and economic development in all its activities, operating in 68 Countries with more than 31,000 employees.

Eni develops its activities in a sustainable manner focusing mainly on operational and energy efficiency including carbon capture and storage projects. The implementation of projects for forests conservation (REDD+) complements Eni’s activities. Further information on the company is available at [www.eni.com](http://www.eni.com).

As highlighted in its corporate mission, which integrates a clear reference to the UN Sustainable Development Goals (“SDGs”), Eni’s commitment aims to respond, with concrete, rapid and economically sustainable solutions, to the challenge of improving access to reliable and clean energy, whilst fighting climate change.

Eni’s mission expressly represents the transformation path taken by the company to play a defining role in the global “just transition” process towards a low carbon future.

Collaboration between companies, through new responsible business models, is necessary and fundamental to contribute through a holistic approach to a development able to combine economic growth with the protection of the environment and respect for principles of social equity. Eni is aware of these scenarios and sees providing the global population with efficient and sustainable access to energy resources, while simultaneously fighting climate change, as the main challenge facing its sector. Eni has adopted an integrated strategy that combines financial stability with social and environmental sustainability.

Eni is targeting to deliver sustainable value whilst decarbonising the business, setting some of the strongest targets in the sector across all activities and full life-cycle emissions. Eni’s transformation to a competitive energy supplier through a comprehensive transition strategy encompasses the commitment to be fully carbon neutral by 2050, becoming a leader in producing clean energy and offering its customers a full set of decarbonized products. A low-cost conventional portfolio to financially sustain the transition plan, Technology, Research & Development, governance and integration along the energy value chain will be the enablers to deliver on our roadmap to 2050.

### Energy Transition Strategy

Eni, aware of the climate emergency in progress, wants to be an active part of a virtuous path of the energy sector to contribute to carbon neutrality by 2050, in order to keep average global warming within the threshold of 1.5 ° C at the end of the century, in line with the most ambitious objectives of Paris Agreement.

In 2020, Eni was the first major oil&gas company to launch a comprehensive, radical strategy for the next 30 years with description of all the levers to be activated with the aim to significantly cut (-80%) its carbon footprint by 2050 in absolute and intensity terms, as well as to participate sustainably and maximise its opportunities in a fast-changing energy market.

**In 2021, Eni took another step forward in boosting its transformation by committing to 100% decarbonization of all its products and processes** (scope 1, 2 and 3) **by 2050**, while growing low-cost conventional upstream in the short / medium term, increasing exposure to gas (from the current 50% of production to 60% by 2030 and over 90% by 2050, to support the energy transition as a back-up of intermittent sources) and further enhancing energy efficiency measures and carbon offsets in order to prevent stranded reserves. As part of its roadmap, Eni also reaffirmed its target to **net zero** (scope 1 and 2) **upstream by 2030** - with **zero process flaring by 2025** on operated assets - and **net zero overall** (up and downstream) **by 2040**. To set the pace of its transformation, new intermediate accelerated targets

for absolute emissions scope 1, 2 and 3 (of -25% at 2030 and -65% at 2040 versus 2018) and intensity emissions were also introduced (of -15% at 2030 and -40% at 2040 versus 2018).

**Eni has also announced updated business plans** on Carbon Capture Usage and Storage and nature-based solutions, as well as an increased focus of its Energy Evolution business on renewable energies and biofuels. The Energy Evolution business encompasses Refining & Marketing and Retail Gas & Power, which since 2021 has been merged with Renewables with the aim of addressing the existing customer base of 10 million clients while fully exploiting synergies to reach 15 million clients and 15 GW of renewable installed capacity (Eni share), all by 2030. Eni remains **committed** to becoming a leader in producing **clean energy** and **offering its customers** a full set of decarbonized products by leveraging integration, diversification and expansion of retail and renewables businesses, bio-products and circular economy.

Eni's commitment is **further confirmed** by the **inclusion of decarbonization targets** in the short and long term **management's remuneration policy**.

## GHG Lifecycle emissions reduction across Eni's value chain

Eni has defined specific indicators to track energy transition of its business units:

### Natural Resources

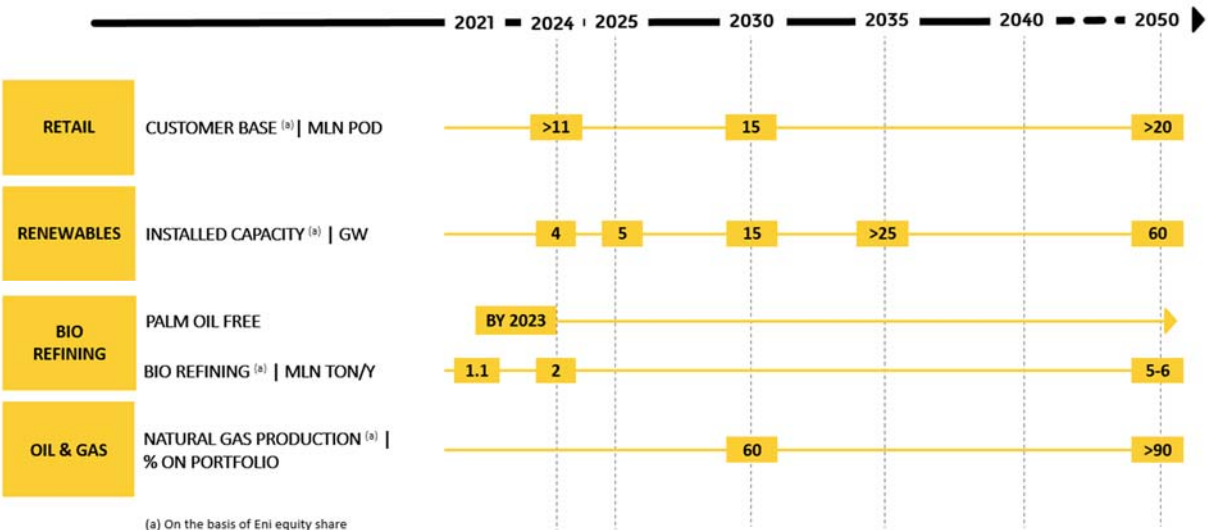
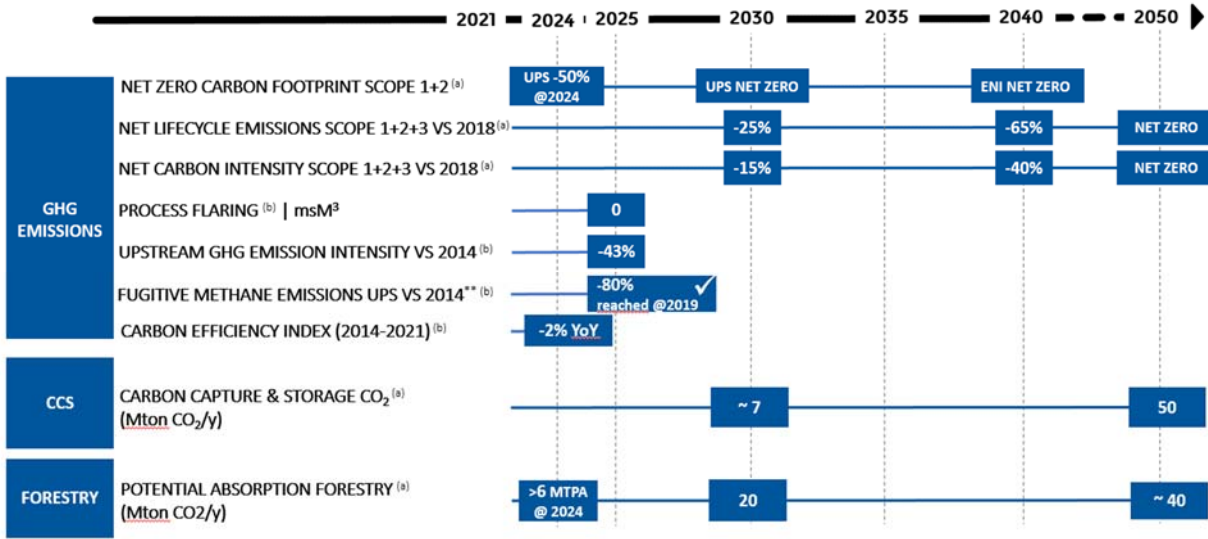
- Optimization of the flexibility of the portfolio with progressive exposure to gas in both exploration and production to reach a **gas share production of 60% by 2030 and more than 90% by 2050**.
- **Net zero carbon footprint by 2030 for Scope 1 and 2** from upstream activities.
- **Confirmation of the GHG reduction targets on operated assets at 2025 consisting in:**
  - Zero process flaring.
  - Reduction by 43% vs 2014 of the carbon intensity of upstream hydrocarbon production.
  - **Reduction by 80% vs 2014 of upstream fugitive methane emissions, achieved six years in advance of the 2025 target date.**
- On top of the above targets, **natural and artificial carbon capture** will absorb residual hard-to-abate emissions in terms of **forestry conservation projects** through UN REDD+ schemes worth more than 6 MTPA of CO<sub>2</sub> by 2024 and approximately 40 MTPA by 2050; as well as around 7 MTPA of CO<sub>2</sub> Captured and Sequestered (CCS) by 2030.

### Energy Evolution

From the 0.3 GW capacity installed at the end of 2020, renewable installed capacity (Eni share) is expected to increase to 5 GW by 2025, 15 GW by 2030 and 60 GW by 2050, and to be fully integrated with Eni's product offering.

- Eni's renewable generation by 2024 is expected to be **60% solar** and **40% onshore and offshore wind**.
- Eni is growing fast to become a **major global green power operator** in many **OECD countries**, in most of which it already has a large retail base, and **in other areas in which it is present** such as North Africa, Australia and the Middle East.
- Eni will leverage on its existing **10 million customer base**, expected to increase to over **11 million** by **2024**, and accelerating its growth to **15 million by 2030 and over 20 million by 2050**, that will be increasingly supplied with **equity renewable energy** and **bio-methane**. This **business combination** makes Eni one of the **main green retail operators** in the **European market**.

- **Expansion of bio-refining capacity:** Eni is targeting to double its bio-refinery capacity to **2 million ton by 2024**, targeting also the bio-jet-fuel market with a share in excess of **10%**, and increasing capacity five times by 2050.
- Progressive conversion of traditional Italian refining sites into new plants for production of **hydrogen, methanol, bio-methane** and products from **recycling of waste materials**.
- **Marketing** activity will deliver a steady and material contribution through the offer of additional high margin services including **e-mobility services**. Our **bio-refineries** will continue to **contribute positively, becoming palm oil-free in 2023** and with a **growing contribution of feedstock coming from waste and residues**, accounting for around **80%** of the total by the end of the plan, versus today's **20%**.
- In **chemicals**, Eni is **expanding the use of vegetable biomasses to create high growth and value chain** as second generation bio-ethanol, advanced bio-fuels, and bio-monomers for several applications, such as intermediates for bio-plastics, electronics, cosmetics and agro-chemicals.
- Eni is already commercializing **high quality products from mechanical recycling** of post-consumer plastic waste, with a level of recycled content of up to 75%.
- **Eni is developing pyrolysis technology to recycle mixed plastic waste.**

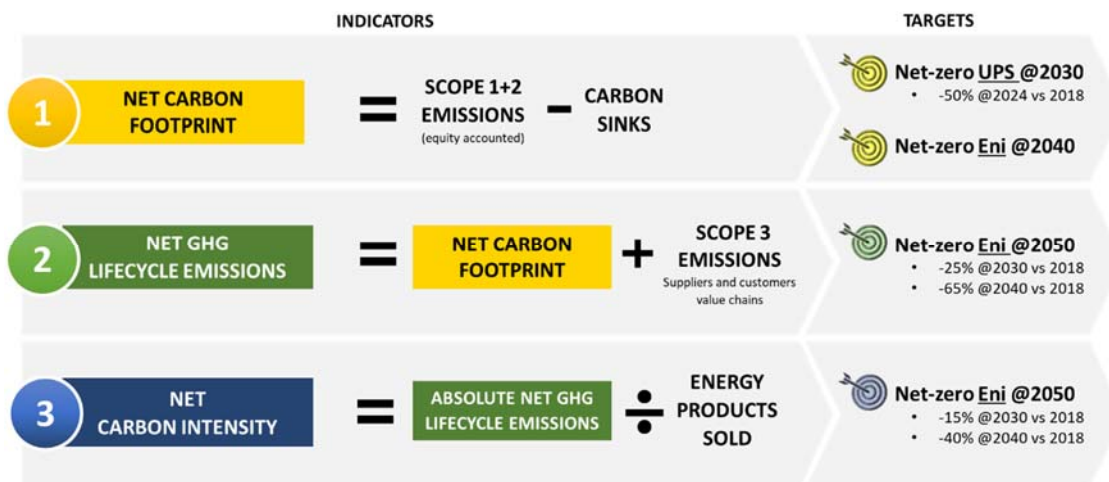


(a) On the basis of Eni equity share  
 (b) 100% on operatorship basis

## Assessing Eni's GHG emissions

Eni has defined three indicators to quantify and measure its progress towards its decarbonisation targets:

1. **Net Carbon Footprint** (MtCO<sub>2</sub>eq): Overall Scope 1 and 2 GHG emissions associated with operations, net of carbon sinks.
2. **Net GHG Lifecycle Emissions** (MtCO<sub>2</sub>eq): Net GHG emissions in the life cycle, including all Scope 1, 2 and 3 emissions associated with Eni's activities and products, along the value chain, net of carbon sinks.
3. **Net Carbon Intensity** (gCO<sub>2</sub>eq/MJ): Expressed as the ratio between net GHG emissions in the life cycle and the energy content of the products sold.



In this context, Eni has adopted a new methodology based on international standards on GHG accounting and **life cycle analysis**. As such, the methodology includes all **GHG Scope 1, 2 and 3 emissions**, in absolute and relative terms, linked to the energy products sold, whether they derive from equity or third party productions. This therefore includes all energy products managed by the various Eni businesses and all the emissions generated along the whole value chain such as conventional oil products and electricity, but also new bio products originating from new businesses developed with a view to circularity. For each of these products, all material sources of GHG emissions generated along the value chain are considered, according to a **well-to-wheel approach**.

The volumes of energy products considered are quantified based on an extended perimeter, which includes both equity productions and volumes purchased from third parties.

This methodology<sup>1</sup> has been **reviewed by independent experts from Academia**.

<sup>1</sup> Appendix I: Methodology for the assessment of GHG emissions along the value chains of Eni products.



## 2. Rationale for establishing a Sustainability-Linked Financing Framework

Eni has embarked on a decarbonisation path to rise to the crucial challenge of the energy sector: transition towards a low carbon future and access to energy for a growing world population.

As one of the main energy company, the Group has the duty to address environmental issues by furthering its ESG commitments and outlying them through meaningful and challenging targets.

As such, Eni intends to issue Sustainability-Linked Securities (“SLSs”), which may include Sustainability-Linked Bonds (“SLBs”), Sustainability-Linked Loans (“SLLs”) or any other Sustainability-Linked instruments (e.g. Commercial Paper, derivatives instruments or any other form of financial instrument available).

The approach adopted consists in linking Eni’s sustainability strategy with its funding policy, by incentivizing the achievement of pre-determined, relevant Sustainability Performance Targets (SPTs) to improve its sustainability performance, that are relevant, core and material to its business.

This **Sustainability-Linked Financing Framework** (the “**Framework**”) provides a high-level approach to Eni’s Sustainability-Linked Securities and investors should refer to the relevant documentation of each transaction for further details. Eni wishes that the issuance of Sustainability-Linked Securities will inspire other similar energy companies to adopt similar instruments.

## 3. Governance of the Sustainability-Linked Financing Framework

Eni pursues principles of integrity and transparency in defining its system of corporate governance, incorporating relevant general and special norms, the By-laws, the Code of Ethics, the recommendations outlined in the Corporate Governance Code for listed companies to which Eni adheres, internal regulations and established best practice.

The central role played by Eni’s Board of Directors in the management of the main issues relating to climate change, sustainability and corporate debate on strategic issues is evidence of sound, cutting-edge governance.

The Board of Directors of Eni established the **Sustainability and Scenarios Committee (SSC)** on May 9, 2014. Among its tasks, the SSC periodically examines issues concerning the integration of strategy, development scenarios and the long-term sustainability of the business, analysing scenarios for the preparation of the strategic plan.

The Board is supported by other committees with specific roles and responsibilities on sustainability issues.

On December 23, 2020, Eni’s Board of Directors decided to adopt the new Corporate Governance Code 2020, with recommendations applying from January 1, 2021. The new Code identifies "sustainable success" as the objective that must guide the action of the management body and which takes the form of creating long-term value for shareholders, taking into account the interests of other relevant stakeholders. Since 2006 Eni has been considering the interest of stakeholders other than shareholders as one of the necessary elements Directors must evaluate in making their decisions.



Eni intends to set up a dedicated **Sustainability-Linked Finance Committee (SFC)** for the overall governance of its Framework and related instruments.

The role of the SFC will be to:

- i. Supervise the integration of the core principles of sustainability in Eni's financial policy
- ii. Select and monitor the KPIs and relative Targets included in the Framework
- iii. Oversee the correct implementation of the Framework in any relevant transaction
- iv. Monitor the publication of the annual reporting as defined in the Framework and in the outstanding Sustainability linked financings' legal documentation
- v. Monitor the on-going evolution in sustainable finance markets and funding instruments, in order to be in-line with market best practices
- vi. Manage any future updates of the Framework, including supervising the engagement of the independent provider to deliver the consequent update of the Second Party Opinion
- vii. Report at least on an annual basis to the Sustainability and Scenarios Committee (SSC) on the outstanding Sustainability-Linked Financings and on the activities listed above.

The SFC will meet at least on an annual basis or earlier when required.

The SFC will be comprised of the Chief Financial Officer (Chair), the Head of Finance and Insurance, the Head of Sustainable Development and other representatives of the CFO function.

On specific topics, representatives of any other teams may also be included as deemed appropriate.



## 4. Alignment with Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2020

This Framework has been established in accordance with the Sustainability-Linked Bond Principles (SLBP) 2020 as administered by ICMA<sup>2</sup>.

The following five components form the basis of Eni's Framework:

- 1) selection of Key Performance Indicators (KPIs)
- 2) calibration of Sustainability Performance Targets (SPTs)
- 3) financial characteristics
- 4) reporting on the above, and
- 5) independent verification of the components listed in points 1-4.

Substantially similar core components are outlined under the Sustainability Linked Loan Principles 2020, published by the LMA in connection with sustainability linked loans<sup>3</sup>.

Sustainability-Linked Bonds are any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined SPTs. In that sense, issuers are thereby committing explicitly (including in bond documentation) to future improvements in sustainability outcome(s) within a predefined timeline that are relevant, core and material to their overall business. SLBs are forward-looking performance-based instruments. The proceeds of SLBs are intended to be used for general purposes.

Eni is committed to the United Nations Sustainable Development Goals (SDGs) as it understands that the engagement of the private sector is essential to accelerate the fulfilment of the UN's 2030 Agenda for Sustainable Development. The selected KPIs contribute to the priority SDG 7 – Affordable Clean Energy and SDG 13 – Climate Action of Eni sustainability strategy.

Furthermore, Eni is willing to issue Sustainability-Linked Bonds that will comply with the eligibility criteria as collateral for Eurosystem credit operations, and also for outright purchases by the Eurosystem for monetary policy purposes, as defined at the time of the issuance<sup>4</sup>.

This Framework covers Sustainability-Linked Bonds, Sustainability-Linked Loans and any other debt instruments whose financial characteristics are linked to sustainability performance targets.

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<sup>2</sup> International Capital Market Association SLB 2020 : <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

<sup>3</sup> Loan Market Association SLLP 2020: [https://www.lma.eu.com/application/files/5115/8866/8901/Sustainability\\_Linked\\_Loan\\_Principles\\_V032.pdf](https://www.lma.eu.com/application/files/5115/8866/8901/Sustainability_Linked_Loan_Principles_V032.pdf)

<sup>4</sup> <https://www.ecb.europa.eu/paym/coll/standards/marketable/html/ecb.slb-ga.en.html>

## 5. Eni's Sustainability-Linked Financing Framework

### 5.1 Key Performance Indicators (KPIs)

Under this Framework, Eni has decided to focus on four KPIs, described below. These KPIs were chosen because they are core, relevant, and material to Eni's business and measure the sustainability improvements of the Group, and were therefore deemed the most suitable to match the requirement of the Sustainability-Linked Bond Principles administered by ICMA:

1. Renewable Installed Capacity (Eni share)
2. Net Carbon Footprint Upstream (Scope 1 and 2)
3. Net GHG Lifecycle Emissions (Scope 1, 2 and 3)
4. Net Carbon Intensity (Scope 1, 2 and 3).

Eni has selected these 4 KPIs as the Group believes they are perfectly aligned with Eni's strategy to reach the full carbon neutrality on its GHG emissions scope 1, 2 and 3 by 2050 – this could be achieved by:

- further increasing the share of low carbon products in its portfolio (KPI#1) and
- reducing the GHG emissions of its own upstream operations (KPI#2).

The main environmental impact of the industry is driven by the consumption of the fossil fuels and their related products.

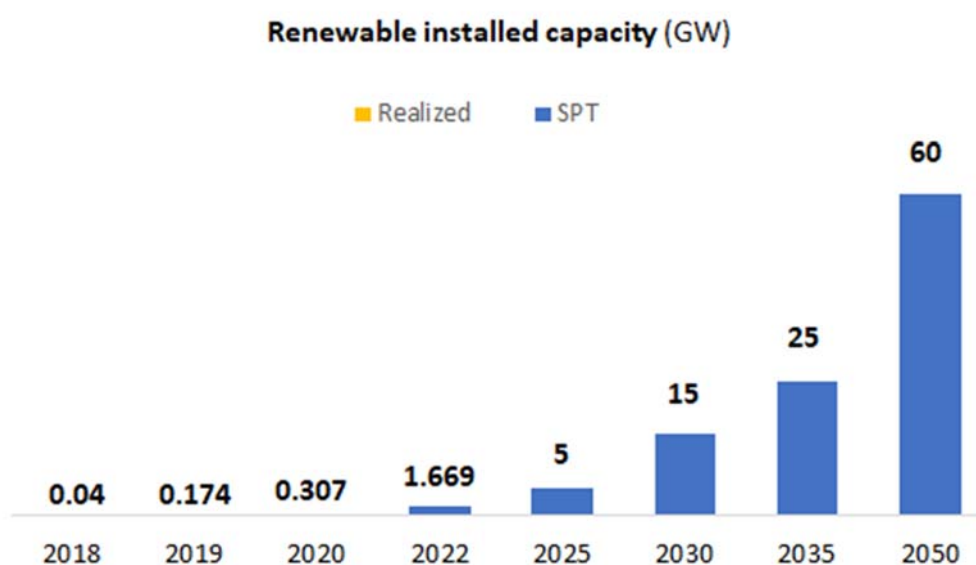
Therefore, reducing Scope 3 emissions is a paramount priority for the Group and that is why Eni added KPI#3 and KPI#4. These last two KPIs are key to measure Eni's path towards its full decarbonization by 2050 and to mitigate climate change and address the climate crisis.

These four KPIs contribute to SDG 7 (Ensure access to affordable, reliable, sustainable and modern energy for all) and SDG 13 (Take urgent action to combat climate change and its impacts), both relating to climate change or environmental degradation, which are - amongst others - acceptable environmental goals to which coupon structures may be linked in order for sustainability-linked bonds to be considered potentially eligible by the European Central Bank as collateral for Eurosystem credit operations and for outright purchases in Euro system monetary policy operations, provided that all other eligibility criteria are also met.

### KPI #1: Renewable Installed Capacity

**KPI:** Renewable Installed Capacity (expressed in GW, Eni share, worldwide) is measured as the total amount of the Group' share of maximum generating capacity of power generation facilities that use renewable energy sources (wind, solar and wave, and any other non-fossil fuel source of generation deriving from natural resources, excluding, from the avoidance of doubt, energy from nuclear fission) to produce electricity. The capacity is considered "Installed" once the power plants are in operation or the mechanical completion phase has been reached. The mechanical completion represents the final construction stage excluding the grid connection.

**Intermediate and long-term goal:** Eni is committed to reach over 25 GW and 60 GW of Renewable Installed Capacity (Eni share) by the end of 2035 and 2050 respectively, from a Renewable Installed Capacity (Eni share) of 307 MW in 2020.



**Strategy:** Eni intends to become a major global integrated operator with an installed capacity of 15 GW and over 25 GW by the end of 2030 and 2035 respectively and 60 GW by 2050. This growth will be financed organically and through M&A activities.

Eni has the required geographical scale and the skills to simultaneously manage complex projects worldwide. Eni will extract additional value by the merger of its renewables and retail business, which will leverage its already significant presence in retail. In particular, Eni assumes to install around 70% of capacity in OECD countries, where the expansion will be linked with its retail and industrial clients growth, whilst the remaining 30% will be installed in non-OECD countries where Eni is already operating.

Eni will also leverage on its global presence and diverse portfolio of industrial assets, as well as its long track record of research and development, which is strengthened by its partnerships with respected universities. Finally, Eni will also keep investing in its own R&D, including new generation organic PV and marine wave energy.

**7** AFFORDABLE AND CLEAN ENERGY



**KPI #1 contributes to the following SDGs:**

7.2 By 2030, substantially increase the share of renewable energy in the global energy mix.



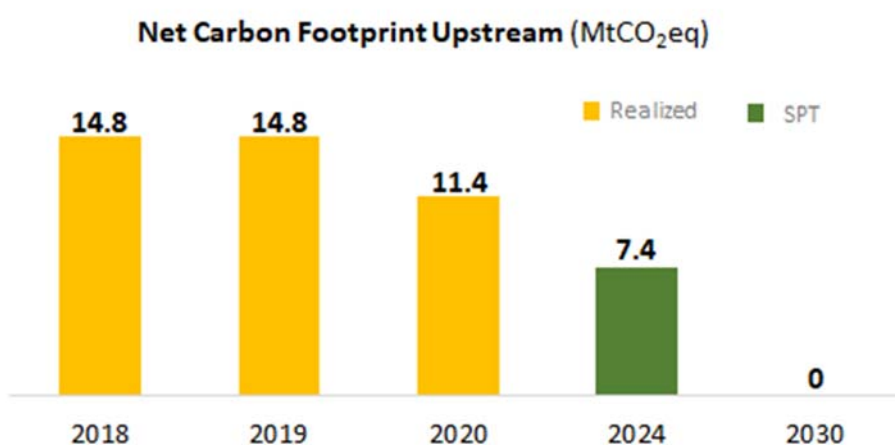
**KPI #2: Net Carbon Footprint Upstream (Scope 1 and 2)**

**KPI:** Scope 1 and 2 GHG emissions, associated with Upstream business net of carbon sinks accounted on an equity boundary.

**Rationale:** Reaching Net zero carbon footprint Scope 1 and 2 from the Upstream hydrocarbons production portfolio by 2030 is the first step in Eni decarbonization roadmap towards the net-zero carbon footprint Scope 1 and 2 for all Eni activities by 2040 and the complete decarbonization of energy products in the long term (net-zero scope 1, 2 and 3 by 2050 both in absolute and intensity terms).

**Intermediate and long-term goals:**

-50% net carbon footprint Upstream by 2024 for Scope 1 and 2 emissions from 2018 baseline upstream activities, and -100% by 2030.




**Scope:** The indicator represents the net impact of Upstream assets (operated and not operated) in terms of scope 1 and 2 GHG emissions accounted in equity share, after deduction of carbon offset compensation. It includes all the material greenhouse gases from operations (CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O).

**Methodology:** Gross scope 1 and 2 Upstream emissions from hydrocarbon production are accounted according to Eni’s own GHG reporting methodology<sup>5</sup>, that refers to main international standards for GHG accounting. Net scope 1 and 2 emissions are calculated deducting the contribution of offsetting during the reporting year.

**Strategy:** Eni is committed to reach net zero carbon footprint for Upstream emissions through the implementation of emissions’ mitigation initiatives and by the residual compensation of hard-to-abate emissions with current technologies through high quality carbon offset.

**13** CLIMATE ACTION



**KPI #2 contributes to the following SDGs:**

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

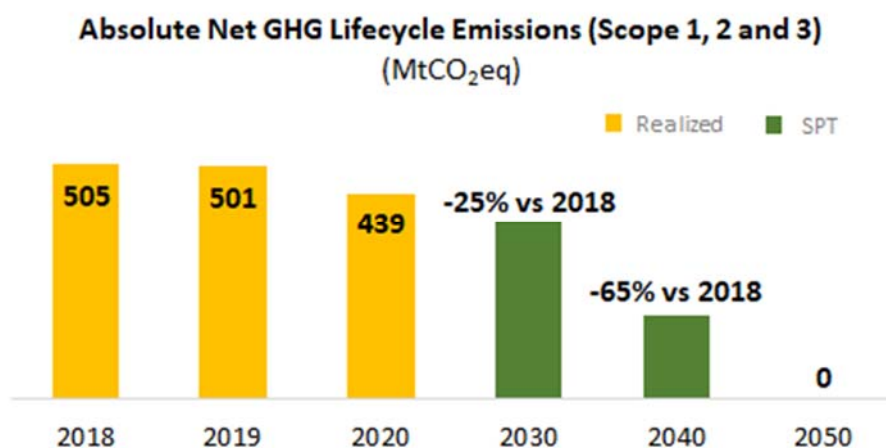
<sup>5</sup> For details please refer to Annex I.

### KPI #3: Net GHG Lifecycle Emissions (Scope 1, 2 and 3)

**KPI:** Net GHG emissions in the life cycle. Overall Scope 1, 2 and 3 emissions associated with Eni's activities and products, along their value chains, net of carbon sinks.

**Rationale:** Net GHG Lifecycle Emissions (Scope 1, 2 and 3) measure Eni's overall net impact in terms of GHG emissions coming from Eni activities. The reduction pathway towards net-zero by 2050 is in line with the full decarbonization of all products and processes.

**Intermediate and long-term goals:** Eni is committed to decrease its Net GHG Lifecycle Emissions (Scope 1, 2 and 3) by 25% in 2030 and by 65% in 2040 from a 2018 baseline, in order to reach the net zero carbon neutrality by 2050.



**Scope:** It includes all the emissions coming from energy product produced and bought from 3<sup>rd</sup> parties, across their value chains.

**Methodology:** Gross Scope 1, 2 and 3 emissions are accounted according to Eni's own GHG reporting methodology<sup>6</sup>, which refers to main international standards for GHG accounting. Net value is calculated deducting the contribution of Carbon Capture and Storage and carbon offsetting during the reporting year. The methodology implemented has been inspired by a "well-to-wheel" lifecycle approach, engaging with a major independent scientific advisor.

**Strategy:** The full decarbonization of our products and operations is achievable through technologies that already exist and that have already been proven, such as: bio-refineries, whose capacity will increase by 5 times by 2050; circular economy, with a larger use of biogas and the recycling of organic and inorganic waste material; efficiency and digital solutions in our operations and in our customer services; renewable capacity fully integrated with our clients; and blue and green hydrogen to lower CO<sub>2</sub> emissions in our bio-refineries and in other hard to abate activities.

**13** CLIMATE ACTION



**KPI #3 contributes to the following SDGs:**

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

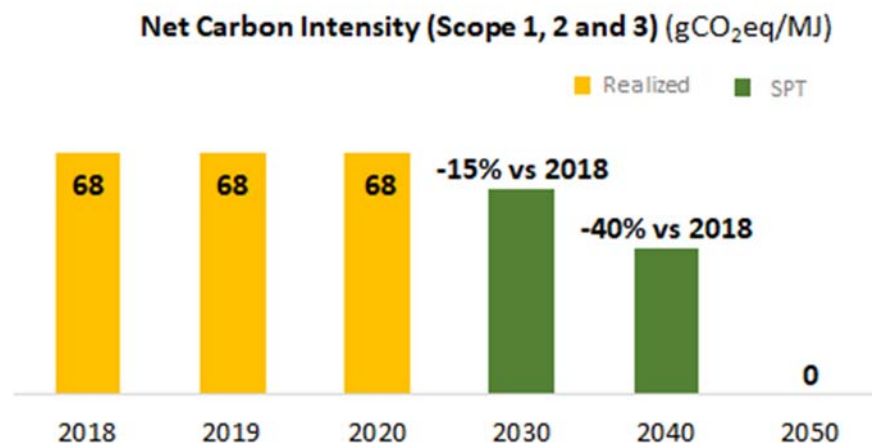
<sup>6</sup> For details please refer to Annex I.

#### KPI #4: Net Carbon Intensity (Scope 1, 2 and 3)

**KPI:** Ratio between net GHG emissions in the life cycle, and the energy content of sold products. All Scope 1, 2 and 3 emissions associated with Eni activities and products, along the value chain, net of carbon sinks, are considered.

**Rationale:** Net Carbon Intensity (Scope 1, 2 and 3) is key to measure Eni's path towards full decarbonization by 2050 also considering the progressive evolution of energy portfolio towards green, blue and bio products.

**Intermediate and long-term goals:** Eni is committed to decrease its Net Carbon Intensity (Scope 1, 2 and 3) by 15% in 2030 and by 40% in 2040 from a 2018 baseline, in order to reach the net zero carbon neutrality by 2050.



**Scope:** It includes all material emissions coming from energy sold products both produced and bought from 3<sup>rd</sup> parties, across their value chains.

**Methodology:** Net Carbon Intensity is expressed in gCO<sub>2</sub>eq/MJ and is calculated by dividing the Net GHG lifecycle emissions by the energy content of sold products, which represents the overall amount of energy delivered to final customers, considering all volumes managed by Eni. For the calculation of the energy sold, all energy products are converted and homogenised on an energy basis according to the respective net calorific values. For renewable electricity, the reference unit for energy sold is the physical energy content of the electricity generated in the plant, as opposed to the use of the Partial Substitution Factor, where the reference unit is the amount of energy that would be necessary to generate an identical amount of electricity in conventional thermal power plants.

**Strategy:** The full decarbonization of our products and operations is achievable through technologies that already exist and that have already been proven, such as: bio-refineries, whose capacity will increase by 5 times; circular economy, with a larger use of biogas and the recycling of organic and inorganic waste material; efficiency and digital solutions in our operations and in our customer services; renewable capacity fully integrated with our clients; and blue and green hydrogen to lower CO<sub>2</sub> emissions in our bio-refineries and in other hard to abate activities.

**13** CLIMATE ACTION



**KPI #4 contributes to the following SDGs:**

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries



## 5.2 Calibration of Sustainability Performance Target (SPTs)

All Sustainability Performance Targets are perfectly aligned with the Group's strategy to reach a carbon neutrality (Scope 1, 2 and 3) by 2050.

Also, all applicable SPTs will be detailed in the relevant documentation of the specific transaction, as applicable (e.g. Final Terms of any Sustainability Linked Bond or Facility Agreement of any Sustainability-Linked Loan).

Factors that support and/or might put at risk the achievement of the SPTs will be disclosed in the documentation of the relevant sustainability-linked transactions, according to applicable regulation and market practice.

### SPT #1: Renewable Installed Capacity

Renewable Installed Capacity (as of the Sustainability Performance Target #1 Observation Date) is equal to or exceeds the relevant Renewable Installed Capacity Threshold in each test date.

Final Year	2022	2025	2030	2035	2050
SPT	1.669 GW	5 GW	15 GW	25 GW	60 GW

**Sustainability Performance Target #1 Observation Dates:** December 31<sup>st</sup>, 2022, December 31<sup>st</sup>, 2025, December 31<sup>st</sup>, 2030, December 31<sup>st</sup>, 2035 and December 31<sup>st</sup> 2050.

**2020 Baseline:** 307 MW installed.

**Alignment of the Sustainable Performance Target with Eni's Strategic Plan:** SPT #1 is perfectly aligned with the Group's strategy to reach a carbon neutrality (scope 1, 2 and 3) by 2050, steepening the carbon intensity reduction curve.

### SPT #2: Net Carbon Footprint Upstream (Scope 1 and 2)

Net Carbon Footprint Upstream (Scope 1 and 2) (as of the Sustainability Performance Target #2 Observation Date) is equal to or lower than the relevant Net Carbon Footprint Upstream (Scope 1 and 2) Threshold, as applicable.

Final Year	2024	2030
SPT	7.4 MtCO <sub>2</sub> eq	0 tCO <sub>2</sub> eq

**Sustainability Performance Target #2 Observation Dates:** December 31<sup>st</sup> 2024 and December 31<sup>st</sup> 2030.

**Baseline:** 14.8 MtCO<sub>2</sub>eq in 2018.

**SPT #3: Net GHG Lifecycle Emissions (Scope 1, 2 and 3)**

Net GHG Lifecycle Emissions (Scope 1, 2 and 3) (as of the Sustainability Performance Target #3 Observation Date) is equal to or lower than the relevant Net GHG Lifecycle Emissions (Scope 1, 2 and 3) Threshold, as applicable.

Final Year	2030	2040	2050
SPT	-25% vs 2018	-65% vs 2018	-100% vs 2018

**Sustainability Performance Target #3 Observation Dates:** December 31<sup>st</sup> 2030, December 31<sup>st</sup> 2040 and December 31<sup>st</sup> 2050, respectively.

**2018 Baseline:** 505 MtCO<sub>2</sub>eq

**SPT #4: Net Carbon Intensity (Scope 1, 2 and 3)**

Net Carbon Intensity (Scope 1, 2 and 3) (as of the Sustainability Performance Target #4 Observation Date) is equal to or lower than the relevant Net Carbon Intensity (Scope 1, 2 and 3) Threshold, as applicable.

Final Year	2030	2040	2050
SPT	-15% vs 2018	-40% vs 2018	-100% vs 2018

**Sustainability Performance Target #4 Observation Dates:** December 31<sup>st</sup> 2030, December 31<sup>st</sup> 2040 and December 31<sup>st</sup> 2050 respectively.

**2018 Baseline:** 68 gCO<sub>2</sub>eq/MJ

### 5.3 Financial Characteristics

This section of the Framework only applies to Sustainability-Linked Bonds and Sustainability-Linked Loans.

The proceeds of Eni's Sustainability-Linked instruments will be used for general corporate purposes.

The failure by Eni to satisfy the chosen SPT(s) as of the relevant Sustainability Performance Target Observation Date will trigger a step-up margin or margin adjustment, as applicable, bringing to an increase in the interest rate applicable to interest periods following such reference date.

The achievement by Eni of the chosen SPT(s) as of the relevant Sustainability Performance Target Observation Date might trigger a margin adjustment applicable to interest periods following such reference date.

The step-up margin or margin adjustment, as applicable, will be specified in the relevant documentation of the specific transaction (e.g. Final Terms of any Sustainability Linked Bond or the Facility Agreement of any Sustainability-Linked Loan).

For the avoidance of doubt, no more than one step-up margin or margin adjustment, as applicable, can be applied over the life of a given Sustainability-Linked Bond.

### 5.4 Reporting

Eni's various SPTs will be reported by Eni at least on an annual basis on its website and/or in its Annual Reports.

Reporting may include:

- i. Up-to-date information on the performance of the selected KPI, including the baseline where relevant;
- ii. Up-to-date information on the SPT outlining the performance against the SPT and the related impact, and timing of such impact, on a financial instrument performance;
- iii. Any relevant information enabling investors to monitor the progress of the SPT; and
- iv. A verification assurance report relative to the reporting including the above points.

Information may also include when reasonably feasible and available:

- i. Qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis;
- ii. Illustration of the positive sustainability impacts of the performance improvement; and/or
- iii. Any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope, if relevant.



## 5.5 Verification

Eni's performance of its various KPIs, according to the relevant SPTs at the relevant reference date, will be verified by an **External Verifier**<sup>7</sup>.

"External Verifier" means current audit firm PricewaterhouseCoopers SpA or any such other qualified provider of third party assurance or attestation services appointed by Eni, to review Eni's Consolidated Disclosure of non-financial information (NFI) that includes information on Renewable Installed Capacity, Net Carbon Footprint Upstream (Scope 1 and 2), Net GHG Lifecycle Emissions (Scope 1, 2 and 3) and Net Carbon Intensity (Scope 1, 2 and 3).

Eni's Framework has been reviewed by V.E. who provided a **Second Party Opinion**, confirming the alignment with the Sustainability-Linked Bond Principles (SLBP) administered by the ICMA, and Sustainability-Linked Loan Principles (SLLP), administered by LMA.

Additional KPIs/SPTs may be added over time and other SPTs, for the various KPIs mentioned above, may be added over time.

Both Framework and Second Party Opinion are available on Eni's website.

### Amendments to this Framework

Eni will review this Framework from time to time, including its alignment to updated versions of the relevant principles as and when they are released, with the aim of adhering to best practices in the market. Eni will also review this Framework in case of material changes in the perimeter, methodology, and in particular KPIs and/or the SPT's calibration.

Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of V.E. or any such other qualified provider of Second Party Opinion. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an External Verifier. The updated Framework, if any, will be published on Eni's website and will replace this Framework.

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<sup>7</sup> In line with the Loan Market Association SLLP 2020, in the context of loans and credit facilities, the need for external review is negotiated and agreed between the Eni and lenders on a transaction-by-transaction basis.

## Appendix I: Methodology for the assessment of GHG emissions along the value chains of Eni products

Eni has developed a rigorous methodology for the comprehensive estimation of the GHG emissions. This methodology accounts for GHG emissions from all energy products and hydrocarbons traded by Eni, namely total emissions (scope 1+2+3) including end use:

- covering all hydrocarbons traded by businesses within Eni's portfolio, regardless of whether they are self-produced or bought in from third parties;
- calculated on an absolute basis and in terms of intensity per sale of energy product.

Eni's methodology provides an output of three main metrics:

- **Net Carbon Footprint** expressed in terms of million tons of CO<sub>2</sub> equivalent (MtCO<sub>2</sub>eq) and including scope 1 and scope 2 emissions of asset portfolio, net of carbon sinks
- **Net GHG Lifecycle Emissions** expressed in terms of million tons of CO<sub>2</sub> equivalent (MtCO<sub>2</sub>eq) and include direct (Scope 1) and indirect (Scope 2 and 3) contributions, net of carbon sinks.
- **Net Carbon Intensity** is expressed in gCO<sub>2</sub>eq/MJ and is calculated by dividing the Net GHG lifecycle emissions with the energy content of sold products, which represent the overall amount of energy delivered to final customers, considering all volumes managed by Eni.

Data input for the GHG emission calculation include, for each value chain:

- Activity data (volumes): produced and sold volumes by single value chain, for each segment considered (well-to-wheel)
- Emission factors and other calculation parameters:
  - GHG emissions per unit of product (or representative of a set of products)
  - Calculation parameters: these are used to estimate the production/consumption volumes within the value chain segments managed by both Eni and third parties (e.g. self-consumption/extraction, transport, refining losses, etc.)

A specific emission factor is defined for each segment of the value chains for each product, distinguishing between:

- Eni operations (e.g. production of oil&gas, processing in own refineries, etc.)
  - emission factors used are directly derived from our operations and based on an annual GHG emissions inventory (Scope 1 and 2 on an operated basis)
- 3<sup>rd</sup> party operations (e.g. production of oil&gas purchased by 3<sup>rd</sup> parties, end use of products by customers, etc.)
  - Scope 3 GHG emissions from the end-use of sold products, emission factors from literature are applied (source API/IPCC); for crude oil an average composition of the final barrel is assumed (from IEA sources) to convert it into final products.
  - For products other than oil & gas, the following criteria are applied:
    - Biofuels: emissions are estimated applying specific emission factors associated with feedstock production, as per feedstock sustainability certificates and with refining process. The biofuel's end use is assumed to have no significant GHG emissions.
    - Electricity from the grid: emissions are estimated through emission factor based on the fuel mix representative of the EU area (location-based approach).
    - Renewable energy is considered to have zero GHG emissions across all the segments of the value chain.

This methodology has been reviewed by independent experts from Academia and every year the results are verified by an independent certification company.

For further details, please refer to:

<https://www.eni.com/assets/documents/investor/2020/eng/GHG-Emissions-along-the-value-chain-of-Eni-energy-product.pdf>

*Disclaimer*

This Sustainability-Linked Financing Framework (the “Framework”) contains certain forward-looking statements that reflect the Eni’s management’s current views with respect to future events and financial and operational performance of Eni and its subsidiaries. These forward-looking statements are based on Eni’s current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of Eni to control or estimate precisely including but not limited to , future market development, changes in the regulatory environment. You are cautioned not to place undue reliance on the forward-looking statements as well as information and opinions contained herein, which are made only as of the date of this Framework and could be subject to change. Eni does not undertake any obligation or responsibility to release any updates or revisions to any forward-looking statements and/or information contained herein to reflect events or circumstances after the date of publication of this Framework and does not give any guarantee as to the continuing correctness and completeness of such information. The information contained in this Framework does not purport to be comprehensive and, unless differently specified in this Framework, has not been independently verified by any independent third party.

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