

Eni and the people-centred transition

Focus report on Just Transition initiatives for workers, suppliers, communities and consumers



Suppliers

Eni involves its own supply chain by promoting development initiatives that favour a fair and inclusive transition. The involvement of suppliers takes place, with particular regard to local and medium-small enterprises, by communicating and sharing plans and projects aimed at improving the ESG profile in its social components. This is to ensure respect for hu-

man rights along the value chain and to support suppliers in managing the impact on people deriving from the implementation of decarbonisation strategies.

Human Rights. To manage issues related to the respect for human rights, Eni has defined and implemented a model, structured with measurable indicators and control measures inspired by

the SA 8000 international standard, to prevent and mitigate risks along the supply chain. The risk level associated with the Country and the market segment determine the type of controls to be applied, in order to exclude all forms of slavery, forced labour, child labour and to promote healthy and safe working conditions, freedom of association and adequate wages.

By accepting the [Supplier Code of Conduct](#), suppliers are required to comply with Eni's principles and policies on human rights to become or maintain the status of Group's supplier. Furthermore, all suppliers are subject to a continuous monitoring process through:

- i) due diligence checks
- ii) enhanced feedback processes with focus analysis on respect for human rights
- iii) periodic checks with dedicated questionnaires - in the qualification phase
- iv) audits on site - during the execution of the contract, according to requirements and enhanced clauses on the protection of human rights in all contractual terms & conditions.

Furthermore, **in the tender process as the risk to human rights increases, a series of minimum requirements are adopted, evaluated and monitored throughout the duration of the contract** with reference to the direct activities of suppliers, including subcontractors, with the aim to prevent any form of modern slavery such as forced labour, child labour, discrimination or wage inequality.

When entering into contractual agreements with suppliers, as well as for other third parties (e.g. customers and partners), **Eni inserts standard clauses on respect for human rights aimed at preventing and managing risks of negative impacts on human rights.** These clauses - drawn up according to a risk-based approach - require, among other, that the supplier takes note of Eni's Statement on Respect for Human Rights and itself respects human rights in the conduct of its business and in the execution of the contract.

In addition, **depending on the level of human rights risk, other specific requirements may be adopted along the tender process and during the execution of the contract, such as enhanced contractual clauses.** Should any critical issues arise, suppliers are called upon to implement improvement actions or, if they do not comply with the minimum standards of acceptability, are inhibited from participating in tenders or in the operation phase under a contract, and consequently excluded from Eni's vendor lists.

According to the risk-based model, the assessment and monitoring of suppliers' performance in terms of respect for human rights can be carried out with on-site audits or, when it is not possible, with a virtual audit.

The result is a comprehensive approach to identifying, preventing and mitigating risks at every phase of the procurement process, from supplier selection to tender evaluation and performance monitoring across the entire supply chain.

In 2022, with the aim of enhancing the evaluation of the respect for human rights along the supply chain by strategic suppliers, a sample of about 50 leading companies in strategic market sectors for Eni's businesses was selected.

Such companies carry out high-labour intensive activities and with articulated and complex supply chains. They have been evaluated in relation to the action taken to their supply chain, with the aim of identifying any opportunities

for improvement, such as the definition of models for monitoring and evaluating tier 1 and even subsequent levels of suppliers of their supply chain, with an increasing level of analysis according to the identified risk levels.



In line with a more structured approach to the risks associated with the energy transition, particular attention is paid to the supply chains linked to the extraction and transformation of “transition minerals” which reveal potential critical issues relating to human rights. The photovoltaic sector, for example, has been deeply analyzed, to understand the characteristics of both the market and the value chain, and to compare the main suppliers of the market, both qualified and unqualified, to initiate an assessment of the potential human rights implications along the value chain. The presidium of this specific supply chain is strengthened by the active participation in the Solar Power Europe “Supply Chain Transparency Working” group.

Social impact of the decarbonisation strategy. Eni is committed to supporting companies on the aspects of social responsibility, necessary to manage the impacts deriving from the implementation of decarbonisation strategies. With this goal, Eni conceived Open-es, a digital platform open to all companies involved in the energy transition and useful for evaluating and measuring, with simple and practical tools, the improvement of the ESG profile, also in the social aspects, and to stimulate collaboration between the supply chains on issues connected to a Just Transition. Open-es represents a

call for action of significant and strategic dimension companies to proactively play the role of supply chain leader, also on social aspects, to strengthen the resilience of companies, especially medium-small ones, along the value chain. The companies participating in the initiative are encouraged to carry out checks, on respect for human rights and to monitor critical reports, as well as investing in the development of skills for the future and in monitoring the distribution of the generated value (along the supply chain).

In addition, **Open-es offers training sessions useful for inclusion in the transition process and to enhance the contribution of local communities.**

To date, the companies registered on the platform are 8,208, of which 3,214 are Eni suppliers.

In synergy, to disseminate the strategy underlying the Just Transition and the initiatives promoted in favour of the supply chain, Eni uses digital tools such as eniSpace, the Communication and Collaboration Portal with Suppliers, which includes a specific session on human rights. **Eni organizes periodic structured moments of dialogue and discussion with suppliers (JUST workshops), to share best practices and innovative technologies functional to the low carbon transition with an impact on people** (e.g. assisted driving methods in the modernization of the transport sector with

the benefit of greater safety for people, training of new skills, digitalization and automation of processes to achieve efficiency). **Eni invites suppliers to participate in training sessions, led by internal and external professionals, to increase skills on social issues, such as issues relating to workers’ rights.** Eni promotes social dialogue initiatives, also through meetings with Business Associations, both nationally and locally, and sector events to promote innovation and industrial transformation, underlining the centrality of training and development of local human capital in Countries in which it operates, and support the supply chain through alliances and collaborations. To anticipate regulatory changes and be able to support the supply chain in the compliance process, Eni is also committed to participating in Government and European consultations.

To further support the energy supply chain, Eni created, with Elite and Illimity Bank, the Basket Bond-Sustainable Energy program, an innovative tool which direct and indirect suppliers of the entire supply chain can use to finance sustainable development initiatives, also related to the training of new skills and the provision of useful solutions and technologies, for example, to strengthen safety for people and to stimulate the inclusion of new skills in the company.