ASSESSMENT OF ENI’S CLIMATE STRATEGY
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**INTRODUCTION**

Eni ranked as the 19th biggest oil and gas producer worldwide in 2021 and as the 20th biggest oil and gas upstream developers globally. The company is the 44th biggest Liquified Natural Gas (LNG) terminal developer worldwide.  

As one of the largest greenhouse gas emitters worldwide, and one of the six oil and gas majors, Eni is one of the few companies in the world whose climate transition (or lack thereof) in the coming years will have a determining impact on our collective ability to limit global warming to 1.5°C. In 2020, the company pledged to achieve carbon neutrality across its entire operations on an absolute basis by 2050 or sooner.

Eni's investors and other financial stakeholders have both a key interest and a crucial responsibility to ensure that the company swiftly aligns on a 1.5°C-compatible pathway. In addition to targeted restriction policies, shareholder engagement is an important tool to reach this objective.

The key findings of this briefing are:

• Eni does not provide sufficient information about its decarbonization plan to allow investors and other financial stakeholders to correctly assess its capacity to align with a 1.5°C pathway. Insufficient information is given on the company's CAPEX plan, its 2030 targeted energy mix and production volumes, as well as on the scenario it uses to establish its climate plan.

• Taking into account Eni's oil and gas production from currently producing fields, and its fields that are under development and under field evaluation, its production level in 2030 will be 29% higher than what is required to align with the International Energy Agency's 1.5°C-aligned Net Zero Emissions (NZE) scenario.

• Eni plans an increase of its oil and gas production to 1,900 kboe per day, composed of 40% of oil and 60% of gas, and to maintain its production at plateau to 2030. If it meets this target, its production will be 70% higher than the level required to align with the NZE.

• Eni has not committed to stop developing new oil and gas projects beyond those already in development and around a tenth of its current expansion plans are in ultradeep water activities.

• For every euro invested in its "Plenitude" business – its low carbon division – in 2022, Eni invested more than 15 euros in oil and gas. Taking into account that Eni's "Plenitude" division includes non-renewable energy activities, such as gas marketing and retail that are still its main activities, for every euro invested in fossil fuels, less than seven cents were invested in sustainable renewable energies.

• For every euro invested in "Plenitude" in 2022, more than 11 euros were distributed to shareholders through dividends and share buyback.

• Eni's "Plenitude" division annual organic CAPEX is set to increase three to four-fold. However, it still represents less than 20% of its investments planned.

Eni's targeted carbon intensity by 2030 is 22% higher than in the NZE, and 9% more than in the IEA’s below 2°C Announced Pledges Scenario (APS). If it meets these targets and reduces its energy supply as per the IEA scenarios, Eni will have overshot its share of the 2023-2030 carbon budget by 22% under the NZE, and by 5% under the APS.
1. ENI IN A NUTSHELL TODAY

Eni accounts for 1.3% of global oil and gas production and 1.0% of short-term expansion plans.\(^2\)

As of March 1st, 2023:\(^3\)

- Eni currently has 6,516 million barrels of oil equivalent (mmboe) of resources under production, with 3,794 million barrels (mmbbl) of oil and 2,722 mmboe of fossil gas. This represents the equivalent of 12.1 years of production at 2022 levels.
- Eni also has 2,705 mmboe of resources under development or field evaluation, including 1,066 mmbbl of oil and 1,639 mmboe of fossil gas. This represents 5 years of production at 2022 levels.
- Eni owns 3,880 mmboe of oil and fossil gas discoveries, including 1,635 mmbbl of oil and 2,245 mmboe of fossil gas. This represents 7.2 years of production at 2022 levels.

In 2022, Eni extracted 274 mmbbl of oil and 314 mmboe of fossil gas. Beyond exploration and production, Eni is also active in other segments such as midstream and downstream, particularly in LNG, oil refining, renewable and gas power generation, retail, electricity distribution through “Plenitude” business.

Eni’s renewable portfolio is composed of solar energy, wind energy, and storage. Installed capacities reach 2.2 Gigawatt (GW), with a strategic focus on solar energy and on Europe. It also has more than 10 GW of forecasted capacities in project pipeline and plans to reach 15 GW of total installed capacity in 2030 with renewable projects located in Southern Europe, offshore wind projects in the United Kingdom, solar and storage projects in the United States.\(^5\)

\(^1\) Source: Rystad Energy, accessed in March 2023

2. TRANSPARENCY OF ENI’S CLIMATE PLAN

The adoption and publication of sufficiently detailed targets and indicators are a prerequisite to assessing how a company’s transition plan aligns with a 1.5°C trajectory.

Eni published a climate plan and indicators regarding its climate strategy in the “Eni for 2021” publications.\(^3\) Eni published a climate plan and indicators regarding its climate strategy in its “Eni for 2021” publications and slightly reviewed its methane pledge in the 2023 market day.\(^8\)

While Eni provides information about its decarbonization targets, it does not include significant indicators, and the information provided lack the granularity needed to allow investors and other financial stakeholders to correctly assess its capacity to align with a 1.5°C pathway. The information given does not allow investors to understand the company’s trajectory for GHG emissions and its production model through 2030, or the risks associated with financial exposure to the company.

For example, Eni does not disclose the split between growth and maintenance capital expenditure (CAPEX) for upstream as well as for renewable business lines. Moreover, CAPEX is aggregated at Plenitude level, that includes renewable as well as retail and electric vehicles charging network.

The table below summarizes the disclosure or lack of disclosure of a few key transition indicators by Eni. It does not provide a global assessment of the transparency and completeness of Eni’s transition plan, but rather focuses on basic indicators that should be at the foundations of any oil and gas major transition plan.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under production oil resources</td>
<td>Shown in mmboe of oil under production</td>
</tr>
<tr>
<td>Under production gas resources</td>
<td>Shown in mmboe of gas under production</td>
</tr>
<tr>
<td>Under development oil resources</td>
<td>Shown in mmbbl of oil under development or field evaluation</td>
</tr>
<tr>
<td>Under development gas resources</td>
<td>Shown in mmboe of gas under development or field evaluation</td>
</tr>
<tr>
<td>Oil discoveries resources</td>
<td>Shown in mmboe of oil discoveries</td>
</tr>
<tr>
<td>Gas discoveries resources</td>
<td>Shown in mmboe of gas discoveries</td>
</tr>
</tbody>
</table>

Source: Rystad Energy, accessed in March 2023
## Assessment of the transparency of Eni’s climate plan

<table>
<thead>
<tr>
<th>Does ENI publish detailed information about the following indicators up to 2030?</th>
<th>Yes - No Partially</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute &amp; relative GHG emissions reduction targets covering scope 1, 2 and 3</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Contribution of carbon capture along the company’s value chain to emission reduction targets</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Contribution of offsets to the emission reduction targets, and offsetting approaches</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>
| Capital expenditure (CAPEX) breakdown by activity, and by production maintenance and growth | No | - Eni details its 2023 to 2026 average CAPEX range target with upstream activities and its CAPEX target dedicated specifically to oil and gas CAPEX targets.
- Eni details its 2023 to 2026 CAPEX target dedicated to renewable energy.
- Eni’s CAPEX targets are not split between maintenance and growth CAPEX neither for oil and gas nor for renewable energy. |
| 2030 targeted energy mix and production volumes | Partially | - Eni reports its total energy produced projections by 2026. Eni’s 2030 total energy produced and the 2030 energy mix is not fully disclosed.
- Eni communicates on its 2025 oil and gas production level projection and informs that it will reach a plateau until 2030. Eni forecasts its 2030 fossil gas to oil ratio.
- Eni reports its current renewable capacities installed and discloses its 2030 minimum installed capacity projection. |
| Reference scenario used to define the climate targets | Partially | - Eni does not explicitly indicate which scenario was used to define its targets.11
- Within the Annual Report and resilience tests, Eni applies the IEA Sustainable Development Scenario (SDS) and NZE low carbon scenarios. |

Source: 2022 FY Financial statements and 2021 20-F, 2022 and 2023 Investor presentations, Eni for 2021 report
3. QUALITY OF ENI’S CLIMATE PLAN

a. Oil and gas trajectory

In May 2021, the IEA published its “Net Zero Emissions (NZE)” scenario. This provides a pathway to meet global energy needs while having a 50% chance of keeping global warming below 1.5°C. It was used as the reference scenario in the World Energy Outlook (WEO) 2021 and was updated in the WEO 2022 published in October 2022. It projected a reduction in oil and gas production of 22 and 23% respectively by 2030 compared to 2021 levels and an end to the development of new oil and gas production projects and LNG terminals.

According to the Global Oil and Gas Exit List (GOGEL), Eni is the 20th top global oil and gas upstream developer. 76% of its expansion plans did not obtain their Final Investment Decision (FID) before 2022 and then are overshooting the IEA NZE scenario. Eni is tapping into ultradeep water resources that account for 9.7% of the oil and gas resources currently being developed by the Italian major, despite the high risk it represents for the environment. Among the main projects under development today are fields located in the Cabo Delgado basin in Mozambique, and in the Barents Sea in Northern Europe. Eni is continuing exploration for oil in Mexico, for gas in Southeast Asia and Middle East, for oil and gas in Northern Europe, Africa and central Asia.

Despite the disrupted energy environment caused by Russia’s invasion of Ukraine, the need to halt oil and gas expansion as soon as possible remains a key feature of the IEA NZE scenario. The May 2021 NZE scenario already projected to halt the development of new oil and gas fields, beyond those for which the FID was approved before January 1st, 2022. Considering 2022’s LNG capacity additions, the WEO 2022 version of the NZE highlights the need to also end the development of new LNG terminals, beyond those approved by January 1st, 2023.

The completion of some projects that can

Eni’s oil and gas resources
(based on current resources and 2022 level of production)

Source: Rystad Energy, accessed in March 2023

“...I am also calling on CEOs of all oil and gas companies to be part of the solution. They should present credible, comprehensive and detailed transition plans in line with the recommendations of my High-Level Expert Group on net-zero pledges. These plans must clearly detail actual emission cuts for 2025 and 2030, and efforts to change business models to phase out fossil fuels and scale up renewable energy.”

Antonio Guterres, Secretary-General of the United Nations, March 2023
swiftly enter production and operate for a limited time only – mainly i & gas projects – is not expressly forbidden in the WEO 2022 version of the NZE. The IEA notably stresses that the invasion of Ukraine cannot justify a “new wave of oil and gas infrastructure”, and that any new oil and gas fields will make it “even more challenging” to meet carbon neutrality targets and “creates the clear risk that [the 1.5°C] target moves out of reach”. Concretely, any such project will require even greater reduction efforts in other sectors and activities.

The IPCC also highlights the risks associated with the development of any new fossil fuel projects.17 This concurs with a large and growing body of scientific evidence showing the need to immediately end fossil fuel development and a growing consensus in major net-zero related initiatives.

Oil and gas production should decrease by 21% and 6% respectively during the decade according to the NZE scenario.18 However, without developing any new oil and gas fields and extracting only its resources that are already under production, Eni has enough resources to produce the equivalent of 12.1 years of oil and gas production at its 2022 level. Eni’s resources under development and field evaluation will provide Eni the equivalent of another 5 years of production at its 2022 production level. If Eni exploits all its oil and gas discoveries, Eni will have enough resources to produce the equivalent of a further 7.2 years of production at its 2022 level.

In the NZE scenario, the oil and gas production rate declines due to the combination of the natural depletion of existing oil and gas fields and the absence of new fields to fill the gap. This decline happens even though the NZE relies on material levels of negative emissions, including through the deployment of technologies unproven at scale, and would be much faster without such a reliance. Other prominent 1.5°C scenarios with no or low overshoot also show oil and gas production declining by 2030. These, include the One Earth Climate Model (OECM),19 the Network for Greening the Financial System (NGFS)’ Net-Zero scenarios,20 and IPCC 1.5°C with no or low overshoot scenarios filtered to limit the reliance on negative emissions (CCS, NBS…) to reasonable volumes.21

The following chart compares Eni’s planned oil and gas production level in 2030 (indicated with a black cross – Eni plans an increase of its oil and gas production to 1,900 kboe per day (kboepd) of oil and gas with a peak in 2026, composed of 40% of oil and 60% of gas with the level that would be considered aligned with the NZE scenario. That level aggregates production from its producing fields and its under-development fields that obtained FID before 2022.

In 2030, with Eni’s oil and gas production from currently producing fields, under development and under evaluation fields, its production will be 29% higher than what is required to align with the NZE scenario.

In 2030, with Eni’s current oil and gas production target, its production will be 70% higher than the level required to align with the NZE.

Eni has not committed to stop developing new oil and gas projects beyond those already in development and could review its production targets, up or down. Consequently, the level of field-based production indicated in the chart could be conservative and less than Eni’s own forecasts. Eni owns 3,880 mmboe of discovered hydrocarbon resources that have not yet entered the field evaluation or development stage. From 2020 to 2022, Eni spent on average US$787 million per year on exploration which makes it the 17th biggest investor in exploration over that period.24 From 2023 to 2026 €2.1 billion exploration CAPEX are planned.25

Regarding oil and gas midstream infrastructure, Eni is also developing 8.7 Mtpa of LNG terminal capacity.26
b. Cash-flow allocation

The future energy mix of a company is determined by its current investment strategy. In the NZE, total energy investment needs to more than double by 2030, with a shift from high carbon energy to clean alternatives. Investment in clean energy, end-use and efficiency more than triple, and nine dollars are spent on clean energy for each dollar spent on fossil fuels by 2030. In its 2022 unaudited financial statement released in February 2023, Eni provides some information that show us how the cash flows generated from its operational activities were spent in 2022:

1. Eni invested €481 million in “Plenitude” business - its low carbon division – that includes solar and wind energy, nuclear research, retail and e-mobility such as electric vehicle charging.

2. Eni allocated €7.3 billion to oil and gas, including €6.4 billion to oil and gas exploration and production, and €0.9 billion to other oil and gas activities, that include LNG, refining and petrochemical activities.

In total, for every euro invested in Plenitude, more than 11 euros are distributed to shareholders through dividends and share buyback.

From 2023 to 2026, Eni forecasts €37 billion capital expenditure, slightly more than €9 billion per year. On this period, €2 billion per year will be spent in “Plenitude” business, including €1.65 billion per year in renewable energy and €150 million in e-mobility that include electric vehicle charging network. In the same time, Eni will invest €6 billion to €6.5 billion per year in its upstream activities, including €2.1 billion in exploration. These targets represent a three to four-fold increase of its “Plenitude” organic capital expenditures by 2026, however it still represents less than 20% of its investments planned.

In 2023, Eni’s CAPEX plan has been updated, from €28 billion from 2022 to 2025 to €37 billion from 2023 to 2026. However, this update is mainly due to higher investments in incremental gas that include gas and LNG projects in Algeria, Congo, Qatar, Libya, Mozambique, Egypt, Indonesia and Italy.

### Breakdown of Eni’s 2022 Cash-flows

<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURES</th>
<th>8,056</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low carbon</td>
<td>2,690</td>
</tr>
<tr>
<td>Oil &amp; gas</td>
<td>4,826</td>
</tr>
<tr>
<td>Other</td>
<td>540</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>€ 30,000 Mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ 25,000 Mn</td>
</tr>
<tr>
<td>€ 20,000 Mn</td>
</tr>
<tr>
<td>€ 15,000 Mn</td>
</tr>
<tr>
<td>€ 10,000 Mn</td>
</tr>
<tr>
<td>€ 5,000 Mn</td>
</tr>
</tbody>
</table>

Source: Eni 2022 unaudited financial results

Source: Rystad Energy for oil and gas production and expansion, accessed in March 2023; Eni’s reportings and investor presentations for the company production plans
Due to its capital expenditure strategy, Eni aims to develop renewable energy, whose capacity will increase from 2.2 GW today to more than 7 GW in 2026 and double to 15 GW by 2030. Assuming the company meets its targets, Eni’s maximum renewable share of its energy supply mix would remain under 7% in 2030.

c. Decarbonization targets and climate trajectory

Eni pledged mitigation targets for 2025 and 2030, compared to its 2018 and 2020 levels, measured in absolute and intensity terms, including scope 1, 2 and 3. Using the IEA energy supply data from the 1.5°C NZE scenario and the below 2°C “Announced Pledges Scenario” (APS) from the World Energy Outlook 2022, Reclaim Finance has calculated Eni’s greenhouse gas emissions overshoot.

We assumed that Eni will follow the IEA scenario pathways for total global energy supply. In the NZE scenario total energy supply decreases by 9.1% between 2022 and 2030 and in the APS scenario, it increases by 1.6% in the same period. Our analysis is likely to be conservative: Eni does provide indications regarding its projection for its 2030 energy supply, aiming for an oil and gas production target significantly higher than what is forecasted in the NZE scenario.

In our hypothesis, we assume that Eni reaches its targets with a decrease of both its scope 1 and 2 absolute emissions of upstream production by 65% by 2025 and its scope 1, 2 and 3 carbon intensity of sold energy products by 35% by 2030.

Eni relies on CCS and offsets: it will capture 10 Mtpa and offset an extra 15 Mtpa in 2030. These technologies have a significative place in the company’s decarbonization plan: 14.1% of the company absolute emission reduction by 2030 would be achieved using them. As highlighted by the IPCC, CCS in the energy sector still have limitation to overcome before it can be scaled up and come with limited potential and prohibiting costs. Too high a reliance on such mitigation approaches represents a material risk factor for the company’s ability to reach its decarbonization targets.

Eni’s targeted carbon intensity would remain respectively 22.3% and 9.4% higher than in the NZE and APS by 2023. If it meets these targets and reduces its energy supply as per the IEA scenarios, Eni will have overshot its share of the 2023-2030 carbon budget by 22.4% under the NZE, and by 5.0% under the APS.

<table>
<thead>
<tr>
<th>Base year</th>
<th>Target year</th>
<th>Reduction target</th>
<th>Net target</th>
<th>Geographical scope</th>
<th>Emission scope</th>
<th>Emission Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2025</td>
<td>-65%</td>
<td>Yes</td>
<td>World</td>
<td>1 &amp; 2, upstream operationnal control</td>
<td>Absolute</td>
</tr>
<tr>
<td>2018</td>
<td>2025</td>
<td>-40%</td>
<td>Yes</td>
<td>World</td>
<td>1 &amp; 2, group level</td>
<td>Absolute</td>
</tr>
<tr>
<td>2020</td>
<td>2030</td>
<td>-100%</td>
<td>Yes</td>
<td>World</td>
<td>1 &amp; 2, upstream operationnal control</td>
<td>Intensity</td>
</tr>
<tr>
<td>2018</td>
<td>2030</td>
<td>-35%</td>
<td>Yes</td>
<td>World</td>
<td>1 &amp; 2 &amp; 3</td>
<td>Absolute</td>
</tr>
<tr>
<td>2018</td>
<td>2030</td>
<td>-15%</td>
<td>Yes</td>
<td>World</td>
<td>1 &amp; 2 &amp; 3, carbon intensity of sold energy products</td>
<td>Intensity</td>
</tr>
</tbody>
</table>

Source: Eni’s website and reports, as of end of 2022
Calculations based on data from company’s disclosed data and scenario data taken from IEA’s NZE and APS scenarios. See the methodology section below for more details on these calculations.
activities (like CCS) that could lead to some environmental harm and/or raise sustainability questions. Relying on a different scope of clean energy investment, BloombergNEF estimates that $4 must be spent on clean energy for every dollar spent on fossil fuels by 2030, based on energy supply only.

1. Using Urgewald 2022 Global Oil & Gas Exit List. The list was constructed based on September 2022 Rystad data.
2. Using Urgewald 2022 Global Oil & Gas Exit List. The list was constructed based on September 2022 Rystad data.
9. IPCC estimates between 500 and 3,600 million metric tons of CO₂ could be removed annually through planting new forests by 2050. See Greenpeace, Net expectations - Assessing the role of carbon dioxide removal in companies’ climate plans, 2021.
10. To meet this criterion, the company must disclose the publicly available 1.5°C no or low overshoot pathway it uses to set its targets. While all oil and gas companies somewhat rely on 1.5°C pathways to conduct analysis and inform their decision making, this does not mean that the targets set are coherent with such a pathway.
11. Eni declared that the company “has relaunched its GHG emission reduction targets, with new short and medium-term targets that accelerate the path towards carbon neutrality in 2050, confirming Eni’s commitment to further align its reduction trajectory with low carbon scenarios,” IEA low carbon scenarios used being the SDS and NZE scenarios
15. More details on the area detailed by Urgewald on the Cabo Delgado and Barents sea webpages.
17. IPCC, Climate Change 2022 – Mitigation of Climate Change, 2022
18. IEA, Net Zero by 2050 Data Explorer, 2021
19. OECM, Limit global warming to 1.5°C, 2022
20. NGFS, Climate scenarios
21. The International Institute for Sustainable Development (IISD) filtered the various 1.5°C scenarios provided by the IPCC to ensure they do not rely on volumes of negative emission that are not coherent with the IPCC's own realistic potentials. These "limited negative emissions" pathways are analyzed in the report Lighting the Path.
22. To model IEA NZE production trajectory and replicate it by company, we did not integrate merger and acquisition operations as it may increase the production rate due to acquisition of fields that have obtained their FID before 2022.
23. Urgewald, Global Oil and Gas Exit List, November 2022.
24. Urgewald, Global Oil and Gas Exit List, November 2022.
26. Urgewald, Global Oil and Gas Exit List, November 2022.
27. The IEA 9 for 1 ratio includes renewable energy, efficiency and end-use but also biomass and other
29. Eni allocated €7.263 billion to oil and gas, including €6.362 billion to oil and gas exploration and production, and €901 million to other oil and gas activities, that include LNG, refining and petrochemical activities
30. Eni provided its shareholders with €5.377 billion, through dividend payment (€3.069 billion) and share buybacks (€2.308 billion).
33. IPCC, Climate Change 2022, Mitigation of Climate Change, Summary for Policymakers, page 40, 2022.
Reclaim Finance is an NGO affiliated with Friends of the Earth France. It was founded in 2020 and is 100% dedicated to issues linking finance with social and climate justice. In the context of the climate emergency and biodiversity losses, one of Reclaim Finance’s priorities is to accelerate the decarbonization of financial flows. Reclaim Finance exposes the climate impacts of financial players, denounces the most harmful practices and puts its expertise at the service of public authorities and financial stakeholders who desire to bend existing practices to ecological imperatives.