

Eni S.p.A.**Submission to the Call for inputs: Extractive sector, just transition and human rights
issued by the Working Group on Business and Human Rights**

The UN Working Group on Business and Human Rights has launched a call for contribution from all stakeholders (including States, international organisations, national human rights institutions, civil society organisations, research centres, policy makers, academia, lawyers, law firms, arbitrators, investors, industry associations, trade unions, human rights defenders, and Indigenous Peoples) asking for inputs on specific questions. The questions aim at investigating, researching, and analysing how to achieve a human rights-based and just transition, i.e., a transition to a green and climate-neutral economy which is fair, inclusive, creates decent working opportunities, and upholds human rights through social dialogue and stakeholder engagement. Following this consultation, the Working Group will elaborate a practical guidance to States, business enterprises and other key stakeholders on how best to design and implement just, inclusive, and rights-based energy transition programs, investments and projects that advance the UNGPs.

Against this background, Eni is willing to contribute to this call by responding to the selected questions below: the aim is to share some examples of its approaches and activities to just transition and human rights which may be useful for the multi-stakeholder dialogue and exchange of industry practices.

- **What roles should business enterprises in the extractive sector play to integrate human rights into ongoing energy transition plans and programs to address adverse human rights impacts? Please provide examples if possible.**

Eni is aware of the relevance of the social dimension of the ambitious transition path towards carbon neutrality. To this purpose, Eni works to convert existing activities and to develop new value chains with relevant opportunities for workers, economies and communities of the Countries where the Company operates, and it is committed to manage any potential negative impacts on workers, communities, consumers, and business partners, by leveraging on a solid approach to respect for human rights, diversity & inclusion and women empowerment

This ambition necessarily requires the engagement with relevant stakeholders, in particular those who can play a relevant role in the Just Transition such as Unions and workers representatives, Institutions, communities' representatives, industry organizations. Also, in promoting a Just Transition, it is essential to adopt a different approach between Countries with advanced economies and Countries with emerging economies. In countries with developed economies, there are two aspects of a Just Transition that need to be managed adequately: the "Transition-Out" - i.e., the need to progressively (?) convert and/or close certain sites or business sectors - and the "Transition-In" - i.e., the development of new businesses, infrastructures, and products.

The people potentially negatively impacted by the "Transition-Out" may in fact not be the same people who benefit from the "Transition-In". Similarly, it is necessary to ensure that the new "low carbon" sectors are characterized by decent jobs and positive impacts for communities. In Countries with emerging economies, however, the need to reconcile the right to development and access to energy with the global need to reduce emissions must remain a priority, taking into account the principle of "common but differentiated responsibilities". The very concept of "Transition-Out" is difficult to apply in Countries that have always experienced energy poverty and low per capita emission levels. The Just Transition in these areas will therefore primarily concern overcoming energy poverty, also through the maximum development of the production of renewable energy. Furthermore, it will be important to manage the effects of the energy transition of developed Countries on emerging Countries. For example, the potential redistributive effects

on a global scale related to the expansion of new sectors - such as the production of plant energy feedstocks or the extraction of minerals used in the low-carbon energy supply chain - will have to be assessed and managed, so that they do not translate into a further expansion of existing inequalities.

Further, in line with its human rights management structure¹, respect for human rights is at the basis of a Just Transition. For the human rights in the workplace Eni has adopted a specific model whose pillars are linked to the main risk areas as indicated by the ILO conventions (discrimination, child labor, freedom of association and collective bargaining, working conditions).

To manage issues related to the respect for human rights along its supply chain, 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.

In line with a more structured approach to the risks associated with the energy transition, particular attention is also paid to the supply chains linked to the extraction and transformation of “transition minerals” which reveal potential critical issues relating to human rights.

For more detailed information about Eni’s approach to just transition, please refer to our focus report: [“Eni and the people-centred transition”](#); it includes also six specific case studies.

- **Please provide examples of good practices regarding the integration of human rights issues in the extractive sector in the context of the energy transition.**

The example of Agri-business projects

The looming threat of climate change and the commitments made by national Governments in the Paris Agreement require a strong impetus in the conversion of industrial processes in specific sectors, such as transport and agriculture, promoting new technologies capable of generating clean energy and creating new jobs.

Agri-business is an example that embodies the fundamental pillars of Eni sustainability: an energy transition with a strong innovative component combined with a strong focus for the social dimension. With this in mind, Eni is working to ensure that the decarbonization process offers opportunities to convert existing activities and develop new production supply chains with significant opportunities in the Countries where it operates. In 2021, Eni launched a series of joint initiatives in various Countries to develop the high-quality biofuel supply chain, based on new circular economy models.

The integrated vertical supply chain of vegetable oils is strategic to mitigate several risks mainly associated to feedstock availability, price and sustainability, also considering a medium and long-term scenario of increasing demand from biofuel producers: in some sectors where it’s difficult decarbonizing through electrification (e.g. heavy transport and aviation), a general strong growth in biofuels demand is conceivable, with a consequent increasing need for bio-feedstock for bio refineries. Eni model for vertical integration is pivoting on making investments in aggregation and agro-processing facilities, the so called agrihubs, that can convert locally produced raw materials into industrial oil and valuable vegetable proteins for animal feed and biofertilizers.

These biofuels are produced from raw materials developed on marginal land, which are not in direct competition with food and forage crops, such as agricultural residues and non-food crops (e.g. castor and low ILUC cover crops). The goal is to supply the raw material for Eni’s biorefining system in Italy (35% of the supply by 2025), building agrihubs that will produce vegetable oil from the squeezing of seeds of oil crops (such as castor seeds, croton or cotton seeds).

Agricultural production will not be made by Eni, but by rural communities who live and cultivate their land. Eni aims at guaranteeing them access to market to the products intended for oil extraction by ensuring their

¹ For more detailed information about Eni’s approach to human rights, please refer to our commitment and focus report, [Eni’s Statement on respect for human rights](#) and [Eni for Human Rights](#).

collection at a fair price and creating an agrihubs network. This model is open to both large and small farmers. In the Agri-hubs, farmers deliver their agricultural products that are processed into the oil extraction lines, whose size and technology are chosen according to the territories' needs, to maximize industrial efficiency and to optimize socio-economic development in rural areas. Following the oil extraction of the seeds, two products are obtained: the oil, that is sent to the ports to reach Eni's bio refineries as agri-feedstock, and a series of high value co-products, such as vegetable flour suitable to produce animal feed and fertilizers. The agri-hubs provide multiple services to local communities, such as purchasing the local production; storage and processing facilities; supporting services and products, such as mechanization, improved seeds, fertilizers and trainings. To reach the objectives of vertical integration by 2030, Eni is planning to collect productions of over a million hectares, in Kenya, Congo, Angola, Mozambique, Ivory Coast, Benin besides Kazakhstan and Italy.

These projects will provide a decisive contribution to the development of the communities of the territories involved: they will contribute to the creation of new jobs; they will support the development of agricultural activities (without negatively affecting existing ones and the food chain) and access to the market of small farmers. They will promote economic diversification and the generation of additional sources of income. The impact on communities is considerable, in light of the thousands of farmers involved and the large number of agri-hubs that will be created. In fact, Eni estimates that the benefits will concern over one million families living in difficult contexts in the continent Africa, in degraded areas where agriculture is pure subsistence due to low productivity, or in areas that could be cultivated but are not so farused and, therefore, abandoned. The positive impact on territories is greater than that of the traditional business of oil or gas extraction, not a labour-intensive activity, unlike agriculture. In the Countries where Eni has signed agreements for the development of these projects, a long-term commitment has been made to carry out these activities and Eni believed that proceeding with the involvement of farmers and local communities represented a great development opportunity for the territory itself. Despite the potential positive impacts, it is necessary that in the development of the projects, from the outset, some elements capable of generating criticalities and negative impacts have to be managed: to name a few, the potential competition with food production, the working conditions of farmers involved, the correct management of the entire value chain, the reputational risk due to the lack of adequate involvement of farmers, workers and all stakeholders. With the aim of adequately managing these aspects, and the other potentially critical elements, Eni will proceed to apply for the certification according to the Standard of the International Sustainability & Carbon Certification (ISCC) dedicated to biomass and, on the two projects launched in Kenya and Congo, specific Human Rights and Social Impact Assessments have been conducted.

These assessments allowed Eni to identify potential negative impacts on human rights linked to project activities and to adopt adequate measures aimed at preventing such impacts, especially in relation to land rights and labour rights along the entire supply chain. Furthermore, the socio-economic impacts of the projects will be monitored over time against specific KPIs in order to verify the level of living standards that this program introduces in farmer households. The approach described above is in line with Eni's Statement on respect for human rights and is a fundamental dimension of these projects, starting from the assumption that respect for human rights is a necessary condition to make a just and equitable energy transition.

The example of Gela's Refinery transformation

The transformation of the former petrochemical plant in is an example of a regenerative circular economy. The project for the conversion of the Gela refinery into a biorefinery was born with the aim of supporting the Group's decarbonisation process and diversification of its productions, but at the same time to continue to support an area in which Eni has been present for over 70 years and where the Refinery represents a solid economic and social reference for the community.

This important industrial transformation has brought with it a series of interventions that have had significant repercussions on the Gela's territory. Eni's activities in Gela have always had a profound link with the community, from an employment point of view and, more generally, from an economic and social perspective. The transition from traditional refining to biorefining was accompanied by discussions with the Italian Government, the Sicily Region, the Municipality of Gela, the Trade Unions, Confindustria and all the

social partners, which led to the signing of a Memorandum of Understanding for the territory of Gela in 2014 by Eni with the Ministry of Economic Development, the Sicilian Region, the Municipality of Gela and the relevant trade union organizations. The Protocol had the objective of relaunching and developing the industrial and economic activities of Gela in a wider context, where the biorefinery is only one of the projects, with an overall investment of 2.2 billion euros.

Preserving employment and skills conversion. The transformation of the refining process was managed according to the paradigm of leaving no one behind; for this reason, every possible effort has been made to mitigate the downsizing of employment through the reskilling of people, incentives to change jobs for professional diversification and incentives for early retirement.

The signed Protocol provided for a commitment by Eni to relocate various employees of the refinery to other Group production plants in the neighbouring areas, thus guaranteeing the safeguarding of employment levels (including indirect employees). Today, almost 400 people work in the Biorefinery, around 600 fewer than in 2014: more than 450 workers have been relocated to support the development of the new activities of Eni and other Group companies in the Gela area; around 200 people were permanently relocated to other Eni plants outside Sicily or supported with retirement solutions.

The creation of the Safety Competence Center (SCC) played a key role in supporting the employment levels preservation and promoting the requalification program in a very important field for Eni such as that of health and safety. In January 2015, the first SCC was inaugurated to ensure better HSE specialist to support in activities at Eni plants where our contractors are involved. Over the years, around 160 specialists have been trained to be capable of operating in the HSE supervision and control of Eni's operational activities both in Italy and abroad. Most of these HSE specialists still work at the SCC, providing their professional services on more than 270 construction sites and plants in Italy. From the experience of the SCC, in 2017 the "Safety Training Center" (STC) was created in Gela to provide training courses on HSE by taking advantage of specific infrastructures suitably designed and built on the Gela site, in addition to the professionalism and competence of highly specialized personnel who constantly works in synergy with Eni Corporate University. Further, the Protocol also provided for an investment of around 32 million euros to promote local development initiatives to support the Gela community. Local development projects were carried out along two intervention lines: making communities protagonists and identifying innovative opportunities together with local stakeholders based on identified needs. According to this perspective, some training initiatives have already been launched in collaboration with academic institutions aimed at training new skills for young people.