Eni: a review of its SLBs

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Eni SpA (ticker ENIIM), an Italian energy company, has four outstanding EUR Sustainability-Linked Bonds (SLBs). While the issuance of ESG-labelled debt by oil majors is controversial,[1] SLBs have the potential to enhance transparency and accountability for all issuers. However, the KPIs used in Eni's bonds may be limited in their sustainability ambitions.

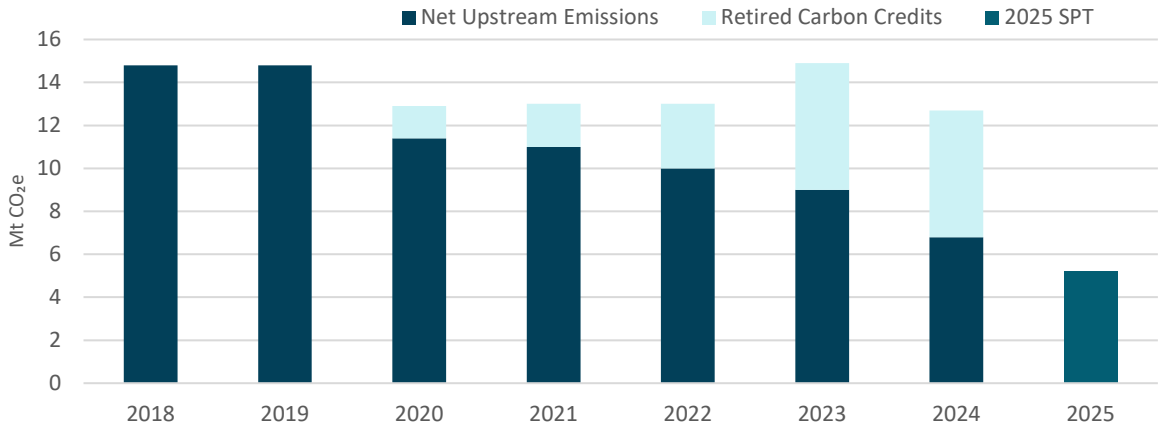
Eni's SLBs use two of the four KPIs from its Sustainability-Linked Financing Framework (see Table 2 in appendix), with Sustainability Performance Target (SPT) observation dates in 2024 and 2025, despite longer dated targets being available.

Our earlier analysis of the 2024 emissions target classified it as 50:50.[2] The KPI, being a net emissions indicator, could always be achieved through the use of carbon offsets, but we estimated this would cost the issuer more than the step-up coupon. Ultimately, Eni retired sufficient carbon credits in 2024 to meet its net carbon footprint upstream emissions SPT (as shown in Figure 1, where the total box is unadjusted emissions split into net emissions and carbon credits).[3]

In 2025 Eni has both a lower emissions target and also a target on renewable installed capacity. Sufficient projects are in development to meet the latter target, and Eni's decision to achieve the 2024 emission targets through use of carbon credits suggests it may again in 2025, especially given a higher materiality of the potential step-up. We therefore rate the Eni bonds as Likely MEET.

Since all of Eni's SLBs have target observations by the end of 2025, the company has an opportunity to incorporate some of its longer-dated SPTs in future SLB issuances.

Figure 1. Eni implied total unadjusted upstream emissions. Source: Eni, AFII.



[1] "How Italy's Largest Fossil Fuel Company Uses 'Green' Bonds as a Loophole to Keep Financing Hydrocarbons", desmog.com, 16 Sep 2024 and "Eni issues the world's first Sustainability Linked Bond in the Oil & Gas sector", Crédit Agricole CIB, 16 Jun 2021.

[2] For earlier analysis including the classification methodology please see "SLBs: a summary of 2024 targets", AFII, 9 Jul 2024.

[3] "Eni Annual Report 2024", Eni, 4 Apr 2025.

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SLB Issuances

Eni has €4.75bn outstanding across four SLBs. All are linked to two SPTs and pay coupons on an annual basis. Further details on the individual bonds are shown in Table 1.[4]

Table 1. Eni Outstanding SLB details in Euros. Sources: AFII, Bloomberg.

Description	ISIN	Issue Date	Maturity	Amt (EUR mn)	Step-up (bps)	Potential Step-up Amt (EUR mn)	SPT 1 (rewenable capacity)	SPT 2 (net upstream emissions)
€4.3 28s	IT0005521171	10-Feb-23	10-Feb-28	2,000	50	20	2025 - 5 GW	2025 - 5.2 Mt CO_2e
€2.9 30s	XS2637952610	14-Sep-23	14-Sep-30	1,000	50	20	2025 - 5 GW	2025 - 5.2 Mt CO_2e
€3.625 27s	XS2623957078	19-May-23	19-May-27	750	50	3.75	2025 - 5 GW	2025 - 5.2 Mt CO_2e
€0.375 28s	XS2344735811	14-Jun-21	14-Jun-28	1,000	25	5	2025 - 5 GW	2024 - 7.4 Mt CO_2e

The €0.375 28s have a 25bps step-up, while the other three have a 50bps step-up. If one of the SPTs is missed, all the bonds will step up means both SPTs must be achieved if the bonds are to avoid a step-up.[5,6]

The two KPIs used by the bonds are as follows. KPI 1: Renewable Installed Capacity (GW); KPI 2: Net carbon footprint scope 1 + 2 Upstream emissions (Mt CO_2e).

All four bonds use the same SPT from KPI 1: 5 GW of renewable installed capacity by end-2025. As for KPI 2, three of the bonds have an SPT of 5.2 Mt CO_2 by end-2025. The €3.625 27s have already achieved their SPT of 7.4 Mt CO_2e by end-2024.[3]

The remaining SPTs for the other bonds all have 2025 SPTs, meaning there is a potential €48.75mn of non-discounted cumulative step-up dependent on 2025 reporting, significantly higher than the €7.5mn exposed to the 2024 target.[7]

It is also worth noting that all Eni's SLBs will hit their observation dates at the end of this year, meaning after that time the bonds will have no exposure to any other targets. The company's Sustainability-Linked Financing Framework has two un-used KPIs, both of which include Scope 3 emissions. All four KPIs have targets in 2030 and beyond, though these have never been referenced in an SLB. As Eni's funding maturity lengthens, there is an opportunity to embed longer-term sustainability objectives into future SLBs.

SPT analysis: Methodology

AFII classifies the SPTs of analysed SLBs as either: 50:50, Likely MEET, Likely MISS, MET, and Currently MET. These ratings are based on publicly available information. For full details please see our 2024 report.[2]

[4] "Sustainability-Linked Financing Framework", Eni, Apr 2023.
[5] "Eni-EMTN-Update-2022-Base-Prospectus", Eni, 6 Oct 2022.
[6] "Base Prospectus dated 12 October 2021", Eni, 12 Oct 2021.
[7] We have taken the effective date of step-up were provided by Bloomberg. When dates are missing, we have assumed the step-up applies from the first full coupon after the observation date. The step-up is paid if either target is missed, and represents the maximum across all bonds.

2024 SPT

In our report on 2024 SLB observations we classified the target as 50:50 on the basis of 2023 reporting.[2] Although net carbon footprint upstream emissions had been trending downward, extrapolation of KPI data on a linear basis to 2023 suggested that the SPT would be narrowly missed. Eni reported retiring 5.9 Mt CO_2e of carbon credits in 2023, equivalent to roughly 40% of its total scope 1 + 2 upstream emissions, indicating that the company could use carbon credits to meet its 2024 SPT.[8] However, based on our estimation at the time, this would cost Eni more than the potential step-up coupon on the bond.

Ultimately, Eni proceeded to retire an additional 5.9 Mt CO_2e of carbon credits in 2024, allowing it to meet its 2024 SPT of 7.4 Mt CO_2e.[3] This demonstrates Eni's willingness to use credits to achieve its targets.

2025 SPT 1

Progress towards SPT 1 is more straightforward to assess. Eni must either have projects or acquisitions of renewable energy plants lined up for completion by year-end.

The company forecasts that it will reach a renewable installed capacity of at least 5.5 GW this year, with much of this capacity coming from its renewable energy subsidiary, Plenitude.[9]

Since the start of this year, Plenitude has announced completion of one renewable energy project and the acquisition of five renewable power plants with a combined capacity of 512 MW.[10,11,12] Seven other projects, with a capacity of 973 MW, are slated for completion by the end of this year.[13]

Additionally, two other projects are due to be completed in 2027: Mangystau and Dogger Bank. These have capacities of 65 and 470 MW, respectively, and could have parts of their capacity installed by the end of this year.[14]

Assuming the projects are completed on time, Eni would have a renewable installed capacity of at least 5.5 GW by end-2025, exceeding the SPT of 5 GW. Therefore, we classify this SPT as Likely MEET.

2025 SPT 2

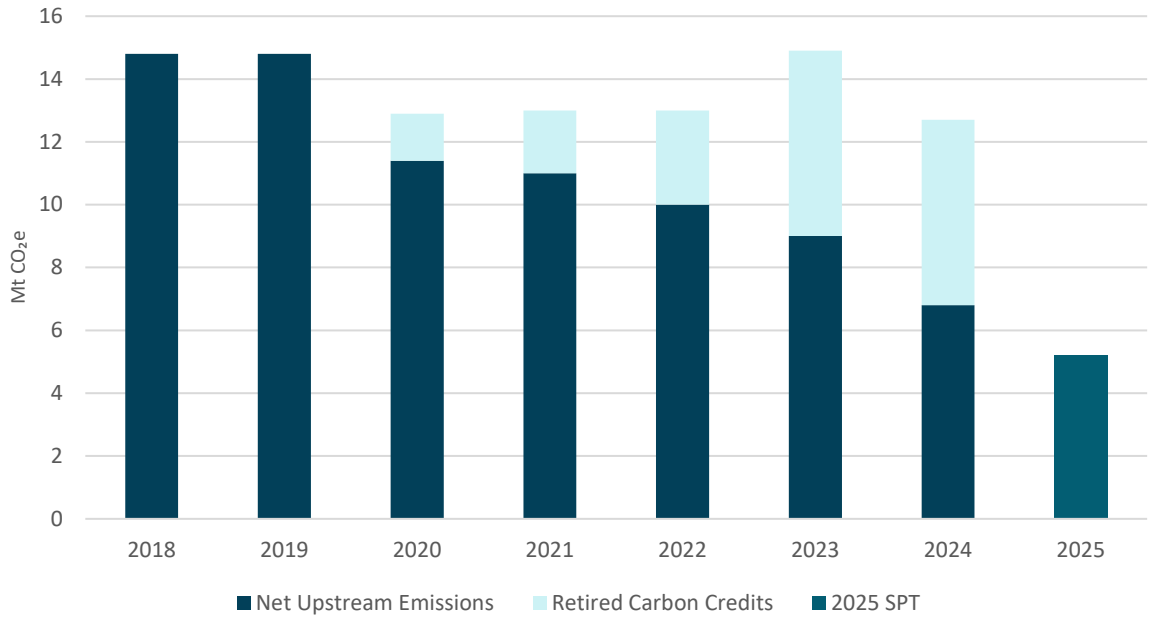
In contrast, progress towards SPT 2 is less clear. Figure 2 shows Eni's reported net emissions, retired carbon credits, and implied total unadjusted emissions (represented in the figure as the total height of the boxes). As this illustrates, unadjusted emissions have reduced very little over this total period, and the majority of the reduction to net emissions has come from the use of carbon credits.

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[8] "Eni Annual Report 2023", Eni, 31 Dec 2023.
[9] "Eni: results for the first quarter 2025", 24 Apr 2025.
[10] "Plenitude signs agreement with EDP Renewables to acquire two photovoltaic plants and a storage facility in the United States for a capacity of 245 MWdc", Eni, 16 Jan 2025.
[11] "Plenitude signs agreement with EDPR to acquire three photovoltaic parks in the U.S. for a capacity of 272 MWac", Eni 10 Jan 2025.
[12] "Plenitude and Infrastrutture S.p.A. announce the start of production of a 37 MW agri-voltaic plant in Montalto di Castro", Eni, 4 Mar 2025.
[13] See Appendix for details on projects.
[14] "Plenitude FY24 Results", Plenitude, 27 Feb 2025.

From 2023 to 2024 there was some reduction in unadjusted emissions, of 2.2 MT CO_2e, which were attributed to *"optimization actions in operational management"*.[15] Separately 0.82 MT is attributed to energy efficiency savings (which is a maximum figure as this is not restricted to upstream energy usage),[16] and it is possible that divestment also played a role in emissions reduction.

Figure 2. Eni implied total unadjusted upstream emissions. Source: Eni, AFII.



We conclude that achieving SPT 2 is possible, at a cost, through purchasing and retiring large amounts of carbon credits, as Eni has done in the past and so demonstrated is part of its strategy. In addition, the financial materiality of the 2025 target is over 6x that of the 2024 target, which increases the motiviation to achieve it. Therefore, we consider this target as Likely MEET.

Conclusions

Eni is a multinational Italian energy company with four SLBs, each with SPTs being observed at the end of 2025. This event is material for Eni; these bonds have a potential cumulative non-discounted step-up of €48.75mn, contingent on the company's 2025 reporting.

All the bonds have an SPT of 5 GW of Renewable Installed Capacity, and three of the bonds have an SPT of 5.2 Mt CO_2 net carbon footprint upstream emissions (Scope 1 + 2).

We classify the bonds as Likely MEET based on Eni's purchasing of carbon credits to meet the 2024 carbon footprint SPT, and the renewable energy projects slated for completion by the end of the year.

As Eni extends the maturity of its funding, it has an opportunity to embed longer-term sustainability objectives, with more ambitious KPIs as per its Sustainability-Linked Financing Framework, into its SLBs.

[15] P153 "Eni Annual Report 2024", Eni, 4 Apr 2025.
[16] P160 "Eni Annual Report 2024", Eni, 4 Apr 2025.

Appendix 1

Table 2. Eni latest Sustainability-Linked Financing Framework SPTs: Source: Eni.

KPI	2025 SPT	2026 SPT	2030 SPT	2035 SPT	2040 SPT	2050 SPT
Renewable Installed Capacity (Eni share) (GW)	5	5.25	11			
Net Carbon Footprint Upstream (Scope 1 + 2) (MtCO2eq)	7.4	5.2				0
Net GHG Lifecycle Emissions (Scope 1, 2, 3) (MtCO2eq)			328.3	227.3	101	0
Net Carbon Intensity (Scope 1, 2, 3) (gCO2eq/MJ)			57.8		34	0

Appendix 2

Table 3. Plenitude projects projected to be completed by 2025: Source: Plenitude, Eni.

Project Name	Type of Plant	Power (MW)
La Flota	Solar PV	90
Villarino Solar Plant	Solar PV	220
Guillena	Solar PV	64
Renopool Park	Solar PV	244
Grijota	Solar PV	105
Montalto di Castro (completed)	Agri-Volatic	37
Toumba	Solar PV	200
Basilicata 1, Tarsia, Assemini	Solar PV, Onshore Wind	50

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