



Sustainability Report 2009



Sustainability Report 2009

message from the Chief Executive Officer

In 2009, by strengthening and increasing confidence from its stakeholders, Eni succeeded in mitigating the downturns of the economic crisis that heavily affected markets.

In 2009, Eni was confirmed as the first oil and natural gas producer in Africa, taking on yet another important role at the global level.

These results stem not only from a strategy that increasingly promotes research and the exploitation of the Continent reservoirs but also and above all from our approach: Eni historically aims at developing resources primarily to the benefit of the producing Countries and then to its own benefit.

This role gives the company a great responsibility towards its stakeholders: Governments and citizens of its operation countries, civil society and international institutions.

First and foremost, Eni is responsible for contributing to sustainable development through concrete actions and shared projects that are an integral part of its business activities.

Safeguarding people's rights and helping them to achieve professional and personal growth, contributing to the conservation of the environment and natural resources for the generations to come, cooperating with the Governments in their commitment to transparency, are both the goals and the means of a the long-term covenant between the company and each of the Countries where it operates.

These choices lead to tangible results in different areas and in a multitude of African communities, as we illustrate in every section of this Sustainability Report including through the acknowledgments of those who work side by side with us.

Those are the same choices that inspire us to participating, promoting and actively applying the principles of the Global Compact, a United Nations initiative that gathers companies, institutions and civil society organizations in cooperating for sustainable development.

It is our responsibility to help build the future of Africa and of the rest of the world.



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References to the 10 Principles of the Global Compact (GC) are included.

The quotes at the beginning of the Sustainability Report sections are from the CEO of Eni, Paolo Scaroni. The photos show the El Borma oilfield in Tunisia: an homage to the 50th Anniversary of SITEP, the National Oil Company in joint venture with Eni.

Sustainability Indicators (separate detailed section)

a global cooperation for sustainable development

Conversation between Paolo Scaroni and Jeffrey D. Sachs (Columbia University, 8th March 2010)



Jeffrey D. Sachs,
The Earth Institute Director,
Columbia University

We are living an intensely interconnected world: production, energy, technology systems are linked, but also the risks related to them are global phenomena now. This does not mean that we can forget about local realities – one of the aspects of an interconnected world is that even local problems spread everywhere – but unless we take these problems on a global scale and cooperate globally we can't solve them.

An international company such as Eni is global by definition: the product we make – essentially oil and gas – has a global market and it has been so for many years. Now the issue is how do we cope with the new threats of the world today looking globally at them. Of course we cannot make choices that belong to politics or to international organization, but certainly we can play a role in facing major issues like poverty, like climate change, like sustainable development of the Countries we work in. We consider these issues at the center of our strategy, in order to give answers from a global point of view. I have read an

article of Professor Sachs a few days ago in which he suggests that the crisis shows that we should re-write the macroeconomic theory in which we live. I am not sure that we really have to re-write all of it, but certainly a large part must be rethought. Just an example related to what we do: last summer at the G8 we suggested a mechanism to control oil prices. To keep oil prices ranging between 60 and 80 dollars means that prices are high enough for the oil producing companies to survive, low enough for the economies of the world to start again being prosperous. At the same time, this range is high enough to allow renewable energies to be developed, stabilizing investments on them. This is just one area in which we need a global intervention, because certainly nobody can decide alone on it. This kind of mechanism and this is just one example of how we should be thinking globally if we want to find complex and concrete solutions for major problems.



Paolo Scaroni
Eni Chief Executive Officer

It's sure that this crisis, which spread globally with extraordinary speed from Wall Street, is a good example of the negative effect of globalization phenomenon. What I wrote in the article is that there are other aspects to this crisis that we should take note of and that are not considered enough by traditional economic theories. This is actually a crisis of finances, but also of energy market, of environment, of food supplies – all wrapped into one. In this interconnected world where we have a resource crisis, we have a global social crisis. We are focusing on finance to try to stabilize every aspect of it, but in fact unless we take a holistic view we are not really going to get out of it in a reliable way, as the example of oil prices stabilization shows. If we want to solve problems for the longer term an integrated global view that goes from finance to energy, to food, to climate is required.

Actually the major companies in the world, like Eni, are more global than the Governments of the world. I think this kind of players are not just necessary to make business more sustainable, they are a sine qua non for the world, before and after the crisis.

I really believe that companies justify their existence only if they are looking for the long-term benefit of the society which they operate. Everything we do in terms of Sustainability is aimed at giving to the Countries where we operate more than what we take. This means keeping an adequate level of spending in good times and in bad times.

Eni is a relatively young company – it has been founded after the second world war – and it had to find its way into the oil market in which other giants were already operating. The founder of the Company, Enrico Mattei, thought that the best way to enter into new Countries, particularly in Africa, was to find a different approach, in which we have been sitting to the side of the Governments, trying to find solutions for the Country in many different areas which have nothing to do with oil, including infrastructure, agriculture, electricity. This has been extremely successful, because we have been the fastest growing oil company of the world by far and we still are. We are now the number one oil and gas producer in Africa. In my view, this is due to that approach that today we call sustainability, but at that time was just a simple way of approaching Governments and Countries. We continue that path because we are convinced that the survival of our business depends on these capabilities to work for the long term of the world and of the Countries we operate in.

I call this approach leadership role. A serious leading company says: "We are going to make investments in Africa, because we don't want to be thrown out from this Continent tomorrow, we don't want social instability to make it impossible for our workers to go to an oil site, or live there with their families".

If business pursues narrow objectives we are going to have a wrecked world system. If business is conscious of being the repository of hundreds of thousands of workers in dozens of Countries, owning leading technology and investments we are going to have key solutions.

However, none can do it alone. We need partnership with the global community, among companies, Governments and civil society.

This is the meaning of the Millennium Development Goals. Simply the fact they were set on a specific basis and with a time commitment can be considered as a remarkable result, even if they are not going to be met by 2015. It's a set of eight big goals defined at the beginning of the Millennium to drive the change.

I think they have been very useful, for example, to rise the attention on the need to get children in schools, to make sure that there are functioning health

systems everywhere in the world, to give farmers help to make their cultivations more productive. Because it must be clear that the poorest of the poor need technology, know-how, equipment, good seeds, fertilizers, energy, not handled money.

And here come another lesson we can learn from the actual stage of Millennium Development Goals. If development were run on a business bases with bottom lines and accountability on all sides, we would be meeting the millennium development goals. This is why I think partnerships must be reinforced between public and private sectors to make the difference in a context like Africa, because companies – and managerial approaches – can really make the difference.

What we do in developing Countries is quite simple, in my view. Inside a framework like the one provided by Millennium Development Goals, we set our own objectives, we decide exactly what we can do and we follow our methodology: bottom line, goals measurement and precise responsibilities. I give you just an example: flaring is a major issue and Governments all over Africa are trying to set a deadline for it. They make declarations about the need to stop flaring by – for example – 2010, but they don't follow through with actions to reduce this practice, so that they are forced to postpone the deadline. As a Company, we fixed ourselves a limit for flaring and we started a fairly simple action: we produce electricity from flaring in the Country we operate in. This way we do not waste gas, that is a precious hydrocarbon, we avoid local pollution, we reduce CO₂ emission and we give a major contribution to the development of the Country because electricity is the key for development. This is why we are by far the biggest producer of electricity in Africa. Normally oil companies don't like to produce electricity, because you get paid in local currency while oil is paid in dollars and this is a regulated business and the price can be changed overnight. Anyway, we started in Nigeria in 2001 and we're now thinking of doubling our plants, we continued in Congo, we are going to work this way in Angola and we might do this in Ghana in the future. We found that power generation is the most concrete way to match the fight against pollution and CO₂ emissions, industrial development and, by the way, giving also a reasonable return on investment.

As for women condition and children health is even more complicated, even in producing Countries, which are fairly rich and normally have small population. In those oil Countries all talents of the Country are attracted by the professions concerning oil, because it's easier to get good earnings in dollars. This means that all the rest, from agriculture to infrastructures to healthcare are spoiled by the best people and competencies of the Country. This is way there are fields that seems quite far away from oil where an international company can play a major role in helping people. This is what we do particularly in health, building hospitals, running hospitals or vaccination campaigns as the ones in Africa against the major childhood diseases. All this is relatively inexpensive, but the kind of returns that you can have carrying out a vaccination program for hundreds of thousands of children is a phenomenal result. We need a relatively small amount of money, but a big organizational effort. We, as international companies, have the right people to do this and the project management capabilities that make it possible.

This is a good example of why I say that matching private and public approach is so important. The Copenhagen process was an example of just the opposite. It was not a well run negotiation because it was operating at a very ethereal, abstract level. Business was not really invited to be part of the discussion, even if it's the one that can provide technology and know how to lead the change. This is why I have been discussing with the Government of Mexico – which will host the next round – ways to get much more practical, to focus on particular sectors, to engage technology, to start talking specifically about which are viable strategies and how much they would cost. We must admit this is an extraordinary complicated issue, that involves technology, political choices, production, daily life of everyone.

I am living in a Country where more than half the people don't even believe human-made climate change is real. The science is absolutely powerful on it, but the public is absolutely confused as well. And we must admit that Company's lobbying is playing a role in creating this confusion. This is why I would like to see technologists, companies, civil society and not only diplomats negotiating on it.

I have a very strong opinion on this point – that is that we should not even start debating climate change if we do not embrace energy saving as the major issue. Energy saving can be convincing even for people who do not believe in climate change, because even the ones who don't believe in it can be convinced that energy saving avoids pollution, benefits everyone's personal finance and extends the life of hydrocarbons, in the meanwhile we find a right way to employ renewable energies on a large scale. Just an example: if the US citizens would replace their cars with the same cars that Europeans have, this would save 4 million barrels a day of oil, which is roughly the whole production of Iran.

This is why I agree that the only way to find solutions to complex global issues like climate change, poverty, energy needs is to adopt a more practical approach, involving all the actors that want and can play a role. Eni is proud to be one of them.

*The dialogue was conducted by Molly Moore from Washington Post. She signs the interview that is published on Oil.
The video of the conversation is on eni.com or can be visualized through the QR code on the right.*



Eni's activities

Eni is an integrated company committed to growth in the activities of finding, producing, transporting, transforming and marketing oil and gas. The Company has global operations in 77 Countries and employs approximately 78,417 people. In 2009 Eni reported revenues from core business of € 83.23 billion, with an adjusted net profit of € 5.207 billion. Investments and acquisitions amounted to € 16.02 billion.

● Exploration & Production

The E&P business employs 10,261 people and its operations include the exploration, development and production of oil and natural gas worldwide. Many of these activities are carried out through joint ventures with domestic oil companies. On the basis of its Cooperation and Development Model, Eni enters into agreements that provide for the support and promotion of initiatives to advance independent development in producing Countries by listening to the local players. In 2009, Eni's investments to reach the most inaccessible Countries and environments with extreme climate conditions amounted to € 9,486 million (69.26% of Eni's total investments). In the same year, hydrocarbon production reached 1.769 million barrels per day.

On the basis of crude oil year-end market values, proven reserves amount to 6,571 million boe, with an all-source replacement rate of 96% and a reserve life index of 10.2 years.

● Gas & Power

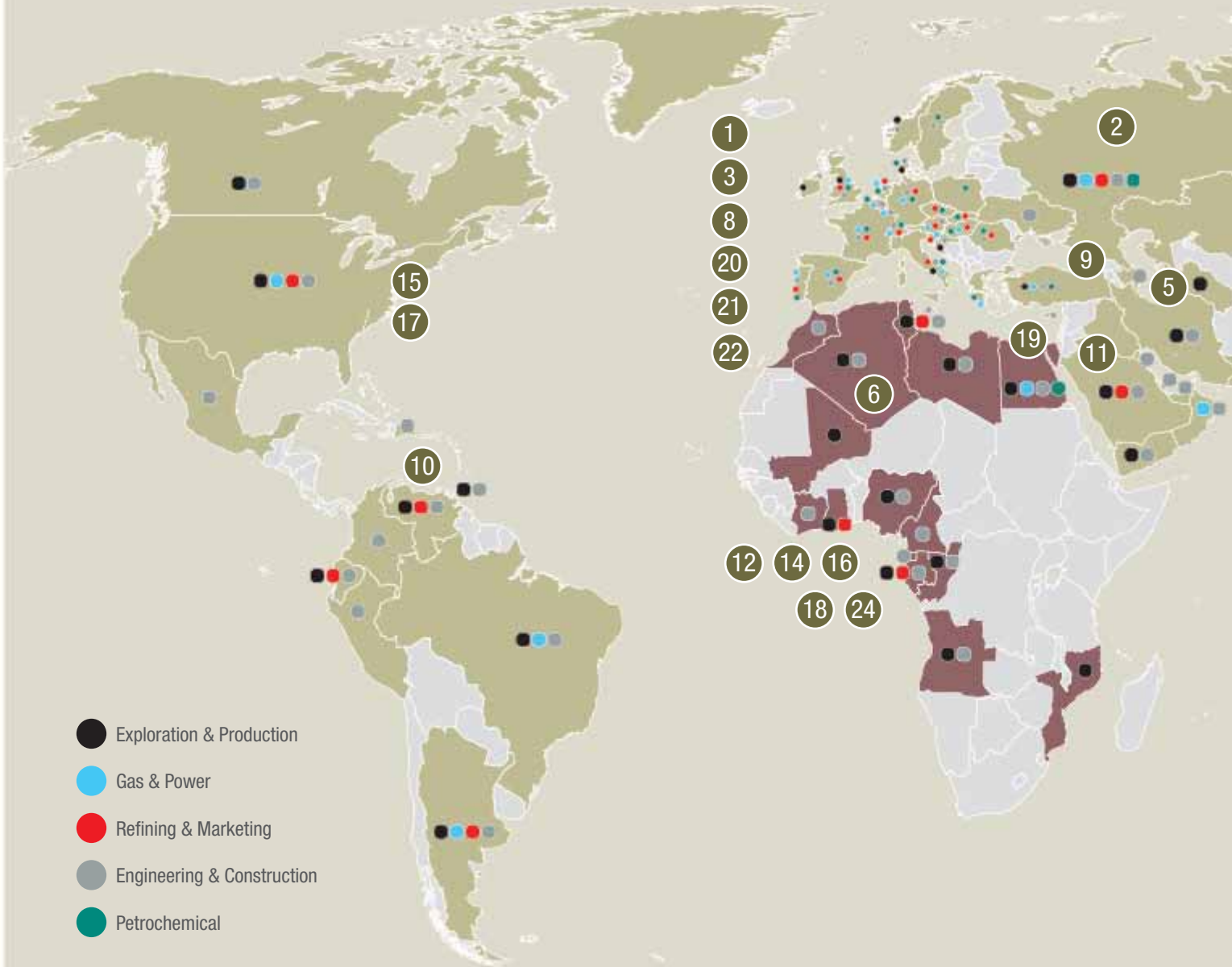
The G&P business employs 11,410 people and covers all phases of the gas value chain: supply, transmission, distribution, sale and LNG, through a unique integrated business model. Eni is the leading supplier of gas in terms of sales in the European market. Its strong market positioning is underpinned by extensive gas supplies, both produced and imported under long-term agreements, access to infrastructure, and a broad customer portfolio. Eni also has significant power generation capabilities. Eni has historically contributed to Italy's energy security, covering domestic demand through the construction of large-scale import infrastructure and the negotiation of long-term import deals.

In 2009 Eni sold 103.72 billion cubic meters of natural gas, and the volume of gas transported in Italy was 76.9 billion cubic meters. Power sales amounted to 33.96 TWh (+13.46%).

● Refining & Marketing

The R&M business employs 8,186 people. Eni is Italy's leading oil refining company, and is competitively positioned in the European market.

Throughout its history, Eni has been committed to producing fuels that enhance motor performance and power, cut consumption, and reduce polluting emissions. Its refining system has an overall balanced capacity



- Exploration & Production
- Gas & Power
- Refining & Marketing
- Engineering & Construction
- Petrochemical

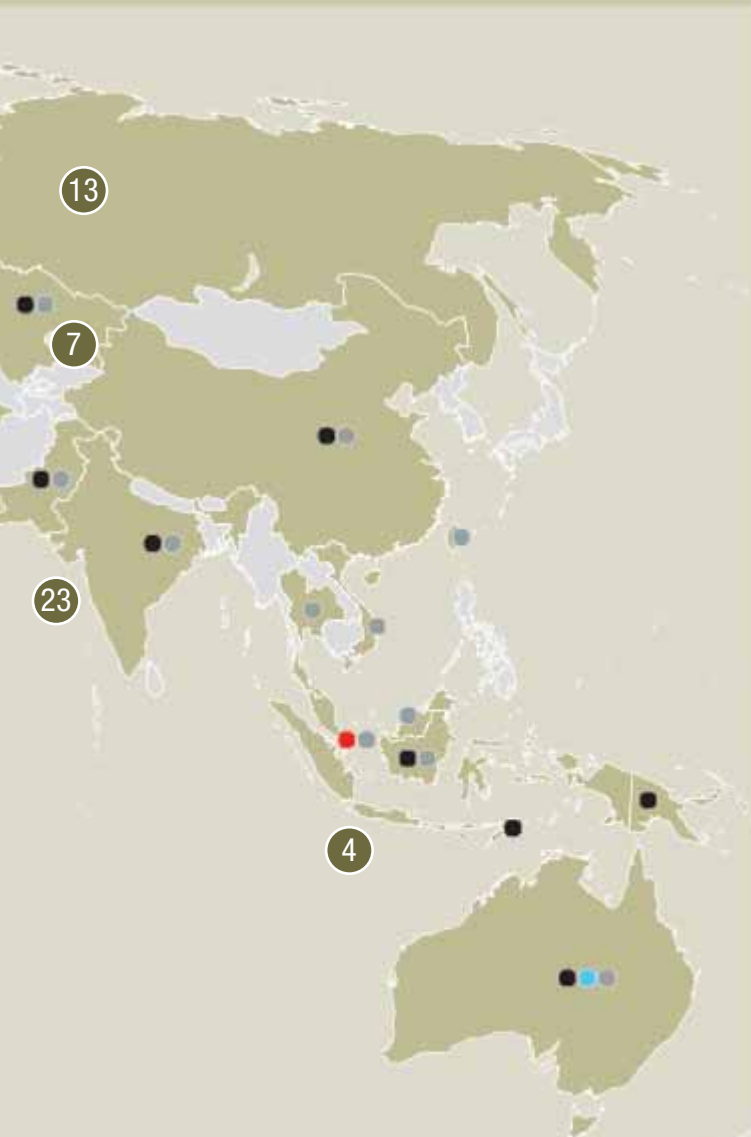
of approximately 747,000 barrels per day. Eni is also Italy's leading network distributor. In 2009 oil product sales through the European network amounted to 12.02 million tons.

● Petrochemical

The segment employs 6,074 people. Through Polimeri Europa, Eni is engaged in the production and sale of a broad portfolio of petrochemical products, backed by its range of proprietary technologies, next-generation plants, and an extensive and efficient distribution network. Eni's strategic business areas in the petrochemical sector are basic chemicals, plastics, and synthetic rubbers. 6.52 million tons of petrochemical products were manufactured in 2009.

● Engineering & Construction

This business employs 36,016 people. Eni's major operations in oil field engineering and services are performed through its subsidiary Saipem. The distinctive technologies and expertise which Saipem provides to Eni in the engineering and implementation of complex projects are a key element in Eni's growth and innovation strategies. In 2009, the value of Saipem's total purchase orders was € 18,730 million, with projects mainly concentrated in North Africa (30%), Western Africa (15%) and Rest of Europe (13%).



2009 highlights

- 1 **Italy > 21st December** signing of a Master Agreement for scientific collaboration with Italian National Research Council (CNR)
- 2 **Russia > 11th December** Eni and Gazprom celebrate 40 years of cooperation
- 3 **Italy > 9th December** Consumers' Associations: set up of a nationwide online service for peer-to-peer amicable settlement of disputes
- 4 **Indonesia > 30th November** Eni secures a license for the production of gas from Indonesian coal fields
- 5 **Turkmenistan > 25th November** Cooperation agreement with the Republic of Turkmenistan
- 6 **Algeria > 8th November** the Indian Triumph of Dionysos mosaic is unveiled in Algeria after restoration and reconstruction of the border
- 7 **Kazakhstan > 5th November** Cooperation agreement with the Kazakh state oil company KazMunayGas
- 8 **Italy > 4th November** Eni earns the CSR Online Award Global Leaders 2009 for best Web communication on Corporate Social Responsibility
- 9 **Russia-Turkey > 19th October** Italy, Russia and Turkey sign Samsun-Ceyhan pipeline agreement
- 10 **Venezuela > 16th October** large gas field discovery in Venezuelan offshore
- 11 **Iraq > 13th October** Eni secures the giant field of Zubair, in Iraq
- 12 **Congo > 3rd October** Eni delivers relief to the Republic of the Congo
- 13 **Moscow > 29th September** Paolo Scaroni meets Alexey Miller
- 14 **Ghana > 28th September** Eni enters Ghana through the acquisition of two offshore exploration blocks
- 15 **USA, NY > 22nd September** Paolo Scaroni is a keynote speaker at the United Nations Leadership Forum on Climate Change held at the UN in the presence of Secretary General Ban Ki-moon
- 16 **Congo > 12th August** Eni signs a strategic agreement with the Democratic Republic of the Congo
- 17 **USA, NY > 17th July** Paolo Scaroni receives the Foreign Policy Association's Corporate Social Responsibility Award
- 18 **Congo > 12th June** Eni delivers relief to the Democratic Republic of the Congo
- 19 **Egypt > 12th May** Eni and the Egyptian Ministry of Oil sign a cooperation agreement for new initiatives in hydrocarbon development
- 20 **Abruzzo > 8th May** the project *Un Ponte per l'Innovazione* (A Bridge to Innovation) is launched in Abruzzo
- 21 **Belgium > 6th May** Eni completes the Distrigas acquisition
- 22 **Italy > 2nd April** International Conference entitled *Anche il sole fa la sua rivoluzione* (Even the sun has its own revolution)
- 23 **Pakistan > 18th March** Eni signs a Protocol for Cooperation with the Government of Pakistan
- 24 **Angola > 9th February** Eni signs three agreements with the Angolan company Sonangol

AFRICA

Eni operates in 15 Countries of the African continent, with a hydrocarbon production of 933 thousand barrels/day (or 53% of the total production). It has made technical investments for 4.51 billion euro, equal to 43% of total technical investments. The number of people employed in Africa is 11,851, of which 9,148 in the Engineering & Construction business.

commitments, results and objectives

Commitments	2009 Results	Objectives for 2010-2013
Governance		
Maintain and strengthen a governance system capable of managing the complex economic and social environments where Eni operates and the challenges of sustainable development	<ul style="list-style-type: none"> ● Implemented methods to involve minority shareholders ● Conducted training activities for members of the Board of Directors and the Board of Statutory Auditors, with a special focus on business themes ● Completed the process for a shared Code of Ethics ● Updated Eni's Model 231 and started a process to optimize the structures of the subsidiaries' control bodies 	<ul style="list-style-type: none"> - Continue the commitment to involving minority shareholders - Extend the training activities through initiatives for the study and promotion of governance best practices - Continue to monitor Eni companies for the promotion of an adequate representation of diversity (particularly gender diversity) in the governing bodies
People		
Ensure the safety of all Eni's people and of the local communities	<ul style="list-style-type: none"> ● Reduced injury severity (-21% employees, -7% contractors) and frequency (-31.5% emp., -17% contr.) ● Continued the Asset Integrity, Process safety and Leadership in safety projects in the E&P, R&M, and E&C sectors ● Completed the realization phase of the injury and near-miss database, start-up and implementation ● Completed the Communicate safety project to over 60,000 people in 100 sites 	<ul style="list-style-type: none"> - Continue of Asset Integrity process to all E&P operation sites - Extend process safety inspections to the Refining and Petrochemical sectors - Carry on the Leadership in safety projects in the Engineering & Construction and in the Refining sectors - Reduce contractor injuries through incentivizing contractual schemes - Implement a safety training plan addressed to middle and senior managers responsible for management and operations - Complete an OHSAS 18001 certification plan in all divisions by 2013 - Implementation of healthcare databases (GIPSI) at foreign E&P subsidiaries - Replace X-ray diagnostic technologies with digital equipment for use in telemedicine - Extend the <i>Eni in Forma</i> project through correct lifestyle training/ education programmes for employees
Ensure and promote the health of Eni's people also through the dissemination of best practices	<ul style="list-style-type: none"> ● Obtained OHSAS 18001 certification in 17 subsidiaries out of 37 (45% vs. 40% in 2008) in E&P ● Completed the certification process of 100% of Polimeri Europa plants in accordance with the OHSAS 18001 standard ● Defined occupational medicine and industrial hygiene standards for risk assessment and control ● Started initiatives related to the website for the promotion of health ● Launched healthcare database (GIPSI) rollout in Italy 	<ul style="list-style-type: none"> - Develop new welfare services - Plan a new survey - Build on actions undertaken as a result of the climate analysis
Create a corporate culture of collaboration and participation in the Company's objectives, also through the improvement of organizational well-being	<ul style="list-style-type: none"> ● Continued the programmes started as a result of the climate analysis: leadership development and training, internal communication initiatives ● Continued the human resource well-being action plan 	<ul style="list-style-type: none"> - Develop new welfare services - Plan a new survey - Build on actions undertaken as a result of the climate analysis
Attract, manage and motivate the best resources at the national and international level, by building consistent professional growth paths, developing our people's potential, and valuing diversity	<ul style="list-style-type: none"> ● Initiatives for the internationalization of human resources ● Human resources development in the Countries of operation ● In the remuneration area, Global Grading System and Total Reward Package ● Extended knowledge management tools to other business areas ● Planning, Researching and Mapping of Industrial Relations at the international level 	<ul style="list-style-type: none"> - Continue initiatives to promote the internationalization of human resources - Continue development and training programmes for local resources - Update management and development tools with a focus on feedback processes - Protect and develop corporate know-how in support of business strategies - Implement Mapping of Industrial Relations at the international level - Planning and research on the Diversity Monitoring and impact on development projects
Climate change and energy efficiency		
Contribute to EU and international commitments and pursue a global CO ₂ emission reduction policy	<ul style="list-style-type: none"> ● Reduced CO₂eq emissions by 8% from 2008 also through a 20% gas flaring emission reduction ● Continued flaring down projects in Africa in line with set goals ● Reduced refining energy consumption by 17 ktoe. Started an energy savings plan in the petrochemical sector ● Installed two new high-efficiency compression plants for gas transmission in Italy ● Completed one phase of the Eni building energy saving project (reduction of 0.2 mln ton p.a. of CO₂) 	<ul style="list-style-type: none"> - Complete 70% flared gas reduction by 2012 compared to 2007 (with an additional 1.1 billion euro expenditure) - Continue with our energy saving plan in R&M (-180 kton of CO₂ p.a.) and in Petrochemicals (-200 kton p.a.) - Complete turbogas power plant construction; maintain the performance index < 415 g CO₂/KWh_{eq} - Continue the Eni building energy saving project for total savings of 11 kton p.a. of CO₂ - Develop indirect emission control systems - Build photovoltaic and biomass plants to supply energy to turbogas plant auxiliary systems
Technological innovation and renewable sources		
Develop technologies to increase hydrocarbon availability while protecting the environment and safety. Constantly increase end product quality. R&D on renewable sources, biofuels, and geological storage of CO ₂	<ul style="list-style-type: none"> ● Implemented several technological innovations in the upstream sector ● Developed a proprietary technology to monitor the efficiency and integrity of offshore gas transport pipelines ● Completed expandable polystyrene manufacturing tests using a new proprietary process ● Obtained new types of elastomers to improve tyre performance ● Developed new Blu line products ● Developed new devices for the use of solar energy ● Continued R&D on renewable energies in conjunction with the MIT ● Signed agreements with universities ● Presented the subsoil CO₂ storage project to the resident populations at the Cortemaggiore site ● Completed the research phase on EOR with CO₂ for field application 	<ul style="list-style-type: none"> - Investments of about 1.4 billion euro in Research & Development activities - Develop technologies to increase hydrocarbon recovery (EOR) and experimental CO₂ geological storage (CCS) projects - Confirm our commitment to researching alternative sources (biofuels/ biomasses/solar energy); continue solar energy research and oil&gas themes in partnership with institutions of excellence and national/ international scientific universities - Develop a technology for the transmission of natural gas via a pipeline with higher pressures than those currently used; evaluate the construction of steel pipelines for the transport of supercritical CO₂

Environment

<p>Improve the effectiveness of management, control and reporting systems</p>	<ul style="list-style-type: none"> ● Completed ISO 14001 certification for 23 out of 37 E&P Countries ● Obtained the certificate of excellence in the petrochemical sites of Ferrara, Ravenna, Ragusa, Settimo Milanese and Hythe ● The new environmental information system for the monitoring of environmental parameters (water, air, soil and waste) in compliance with PRTR regulations is fully operational 	<ul style="list-style-type: none"> - Obtain certification of 36 out of 37 E&P subsidiaries according to ISO standard 14001 by 2013 and OHSAS certification for Italian subsidiaries - Obtain ISO 14001 certification of 2 gas distribution companies in the Gas & Power sector by 2012 - EMAS coverage for all power plants within 2011 - Implement an integrate HSE management system for the refining sector, and obtain OHSAS certification in addition to already achieved EMAS certification
<p>Reduce the environmental impact of operations, improving environmental performance and implementing resource recovery and reuse initiatives</p>	<ul style="list-style-type: none"> ● Reduced water consumption by 5%. Increased use of recycled water by 4% ● Reduced SO₂ (-5.3%) and NO_x (-3%) emissions ● Completed water injection projects in Libya, Nigeria, and Egypt ● Monitored over 84,000 fugitive emission inspection points in petrochemicals ● Completed the <i>Cantiere Rifiuti</i> project for the identification of savings in the management of refinery waste ● Syndial: completed clean-up activities in 5 sites (Villadossola, Cesano Maderno, S. Giuseppe, Terni, Ferrandina) 	<ul style="list-style-type: none"> - Complete water injection projects in the E&P sector to achieve 65% re-injected production water (181 mln €). Complete implementation of the Water and Waste Management Plan - Reduce fresh water consumption by 20% by 2012 in petrochemicals - Water Reuse: 15% fresh water consumption reduction over 2008 by 2013, and 35% increase in recycled water - Implement oil spill prevention actions in Egypt and Turkmenistan (5 mln €) - Implement sustainable clean-up projects wherever possible and in agreement with the authorities - Reduce petrochemical waste by 10% within 2010 (from 2007) - Adopt next-generation burners in the power sector by 2012 to reduce NO_x

Human Rights

<p>Implement a system to assess the risk of human rights (H.R.) violations and to plan adequate preventive actions</p>	<ul style="list-style-type: none"> ● Completed 3 additional HRCAs in Algeria, Egypt and the Congo, and planned improvement actions ● Engineering & Construction sector: issued a Social Impact Assessment (SIA) standard procedure, containing express reference to H.R. ● Introduced Human Rights protection provisions in 100% of Eni Corporate security contracts, and completed the first stage of a training programme for security personnel; started a process to revise the Security system in accordance with the Voluntary Principles on Human Rights 	<ul style="list-style-type: none"> - Conduct new HRCAs in other Countries and start improvement actions in Countries where the assessment has already been performed - Plan and test an integrated SIA methodology incorporating Human Rights issues - Continue Human Rights training for security personnel in two foreign Countries - Incorporate Human Rights issues into 100% of our security procurement contracts
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Territories and Communities

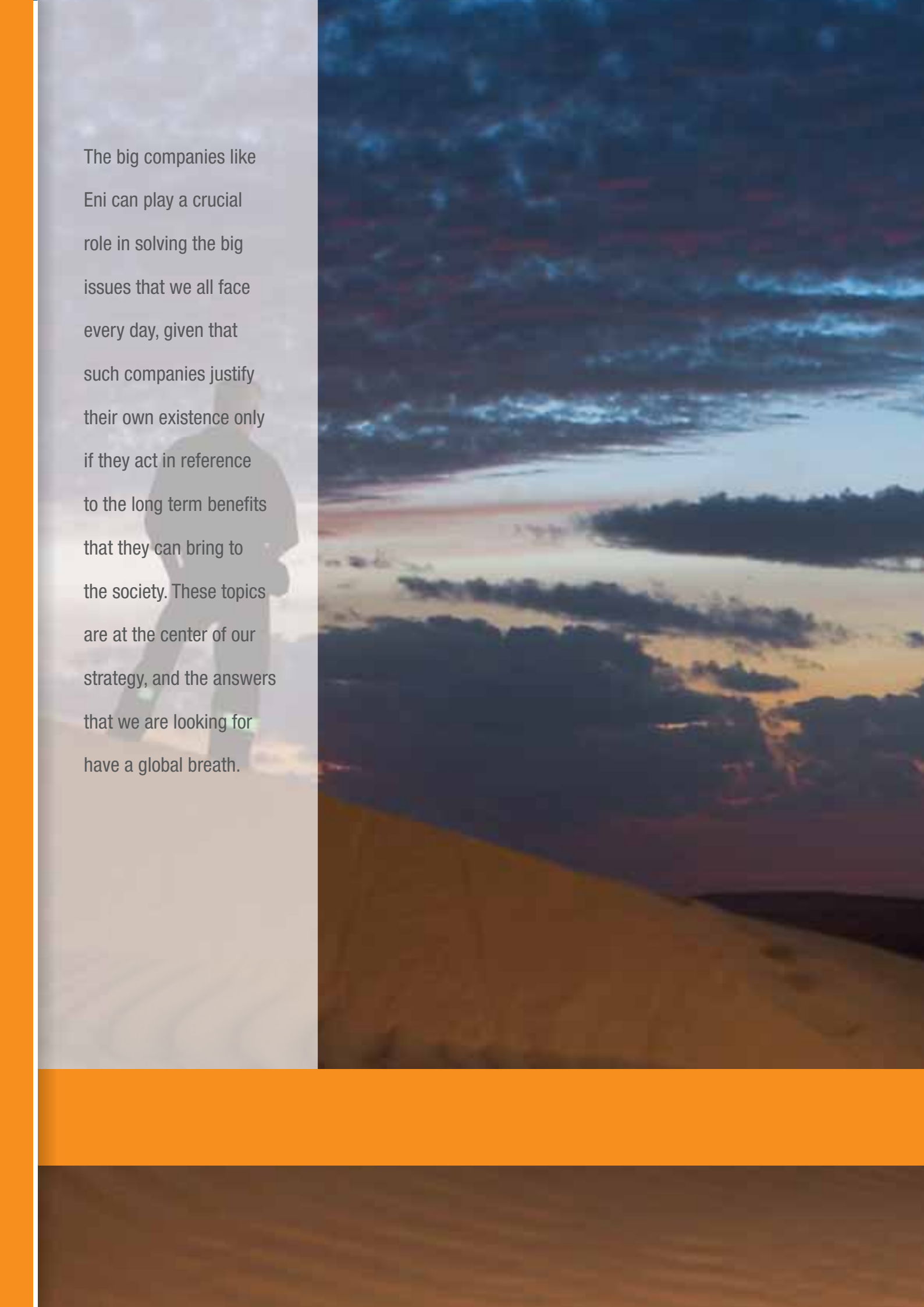
<p>Improve and consolidate stakeholder relations</p>	<ul style="list-style-type: none"> ● Bolstered our Operation Transparency to promote interaction and discussion on themes of interest to the stakeholders ● Mapped and monitored stakeholder expectations as part of our operating projects 	<ul style="list-style-type: none"> - Define a relation management system through the creation and updating of site-specific databases - Continue Operation Transparency - Strengthen relations with the United Nations system
<p>Develop and apply the Cooperation and Territory Development Model</p>	<ul style="list-style-type: none"> ● Signed cooperation and development agreements in Angola, Kazakhstan, Democratic Republic of the Congo, Egypt, Pakistan, and Turkmenistan ● Extended Environmental & Social Impact Assessment (ESIA) to all new projects ● Partnered with IBLF to incorporate Human Rights into the ESIA ● Applied on an experimental basis the E&P Community Investment Best Practice in Australia, East Timor, Pakistan and India 	<ul style="list-style-type: none"> - Extend our Cooperation Model to the areas of operating presence - Identify and analyse systems for the assessment and monitoring of initiatives - Establish a practice community on a Cooperation and Development Model
<p>Contribute to local development</p>	<ul style="list-style-type: none"> ● Made 70.44 million euro investments for the communities ● Completed projects for the social and economic development of local supply chains in Italy, Nigeria, East Timor, Pakistan, and Indonesia ● Enhanced local content in Kazakhstan, Nigeria, Angola, Australia, Libya and East Timor 	<ul style="list-style-type: none"> - Expand projects for the social and economic development of local supply chains, and implement microcredit and local empowerment initiatives - Continue to evaluate the impacts of local content strategies in the E&C sector
<p>Protect the ecosystems and conserve biodiversity</p>	<ul style="list-style-type: none"> ● Participated in UNEP-WCMC's Proteus initiative for the mapping of environmentally sensitive areas ● Completed the BIOSEA II biodiversity study project in Norway, started Phase 2 of the biodiversity project in Val D'agri, and continued biodiversity study and monitoring projects in Australia, Kazakhstan, Ecuador, Norway, Italy and offshore environments 	<ul style="list-style-type: none"> - Define policies and tools to assess and manage impacts on biodiversity and ecosystem services (0.5 mln €) - Mapping of onshore and offshore operating sites compared to high biodiversity and ecosystemic services areas (1.3 mln €) - Continue to conduct operating projects to investigate, assess and mitigate impacts on onshore and offshore biodiversity and ecosystems (13.3 mln €)

Suppliers

<p>Extend control over key Sustainability issues</p>	<ul style="list-style-type: none"> ● Implemented Vendor Management Systems in China, Congo and Russia ● Human Rights awareness process: held 2 training sessions for Eni corporate people ● Continued the Supply Chain audits in China ● Conducted SA8000 audits at 2 local suppliers and sub-suppliers in Congo and in China (12) ● Developed subcontractor databases 	<ul style="list-style-type: none"> - Continue to implement structured supplier management systems in critical areas and/or emerging Countries - Continue the internal awareness process - Extend SA8000 audits at supplier and sub-supplier sites - Issue, distribute and enforce new contract standards containing Sustainability principles
<p>Develop local procurements</p>	<ul style="list-style-type: none"> ● Increased local procurement in Norway, Nigeria, Indonesia, and Brazil 	<ul style="list-style-type: none"> - Continue to review and increase local procurements

Customers and Consumers

<p>Involve customers and consumers and improve our listening and communication activities, also through the promotion of sustainable behaviours</p>	<ul style="list-style-type: none"> ● Implemented projects to measure customer satisfaction ● Retail G&P Project ● Established a Sustainability work team for sales activities 	<ul style="list-style-type: none"> - Launch projects to improve the quality and breadth of services to customers - Complete Retail project - Distribute and promote the use of the amicable settlement protocol - Promote sustainable customer behaviour - Expand the range of services to customers
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The image features a person walking on a beach at sunset. The sky is filled with dark, dramatic clouds, and the sun is low on the horizon, casting a warm glow over the scene. The person is seen from behind, walking away from the viewer. The overall mood is contemplative and serene. A large, solid orange bar is positioned at the bottom of the page, partially overlapping the beach scene.

The big companies like Eni can play a crucial role in solving the big issues that we all face every day, given that such companies justify their own existence only if they act in reference to the long term benefits that they can bring to the society. These topics are at the center of our strategy, and the answers that we are looking for have a global breath.



building the future of energy

the context and the energy scenarios

the heritage of a crisis

Following the deep economic crisis that originated in the United States at the beginning of 2008 and spread to the rest of the world, the global economy is currently showing weak signs of recovery thanks to public intervention, which has supported demand while reducing systemic risk in the financial markets. The effectiveness of these policies seems to be demonstrated by the fact that, during the second half of 2009, gross domestic product stopped falling and there was a general improvement in economic conditions.

The crisis is not over, however, and its effects may continue to affect the world economy over the next three quarters.

The general situation is characterized by fragile financial systems, continued lack of stability in household savings and the need for Governments to restore normality to fiscal and monetary policies, which are still strongly expansive.

The modest signs of recovery might in fact be thwarted by the continuing increase in the rate of unemployment and the delayed impact that this may have on any growth in household consumption. Furthermore, the financial crisis may continue to make it difficult and expensive to obtain credit.

Another unknown factor is the difficulty of predicting the right moment to withdraw expansive fiscal and monetary policies.

A hurried withdrawal of liquidity would run the risk of hindering the weak recovery we are currently experiencing, but if liquidity is withdrawn from the market too late there is a risk of fuelling high inflation in the future.

Despite the uncertain economic scenario, the prices of commodities and oil have increased considerably from the minimum levels reached at the beginning of 2009, driven by operator confidence in the prospects for growth.

Recent experience suggests we should err on the side of caution when assessing trends in commodity prices. Driven by what are often misplaced market expectations, they can deviate substantially from market fundamentals, creating the premises for new and sudden adjustments. The timing and speed of the recovery are therefore uncertain. Furthermore, a spread and a build-up of expectation might lead to a much faster increase in the price of raw materials and oil, with the risk of compromising the economic growth.

Conditions may therefore remain that promote great instability in the price of crude, which is damaging not only for the oil industry – which would find it difficult to take investment decisions – but also for the whole energy system, the economy, energy and environmental policies.

The recent economic crisis has also drawn the attention of society to a number of issues that have been ignored in the past. At a time when unemployment is rising to a worryingly high level and there is less stability of employment, the crisis runs the risk of reducing cohesion and solidarity between social classes and making it difficult for the positive social role played by companies to be recognised.

There is now an established conviction that the crisis stems from an economic and entrepreneurial culture aimed at achieving short-term goals, ignoring the need for longer term economic and financial solidity.

At a time when sustainable development is being brought to the attention of public opinion, the Sustainability of the economic model that highly financially developed Countries have adopted in recent years has faded into the background.

Running a business involves risk and requires hard work and decision-making skills. Profit can only be pursued in the context of rules that guarantee honesty and transparency. There has therefore been an increasing demand on the part of many civil society groups for companies to contribute to developing business ethics based on more transparent processes and economic relationships, with the ability to develop new kinds of leadership and to integrate new requirements arising from the fulfillment of social demands into the decision-making processes. There is also an increasing awareness that access to energy, the responsible use of shared resources, the transfer of skills and new technologies in developing Countries are essential for the achievement of a new global economic balance. The expectation of multinational companies is that they should contribute to growth in the poorest Countries, not through subsidiary processes, but experimenting with new models of cooperation that promote growth, progress and achievement of their potential. The premise for achieving effective cooperation projects that provide an ongoing boost to local development is the establishment of wide-ranging partnerships among the various local operators and investments that commit and empower local actors.

the green economy

It is now widely accepted that global economic development cannot be achieved on the basis of the existing models of consumption.

Developing Countries will continue to grow economically, which will hopefully lift millions of people out of poverty. The need has arisen for a new energy model that is able to cope with greater energy consumption and increasing greenhouse gas emissions. The debate about

reducing these gases and about environmental policies in general is destined to last for a long time and involves both the scientific world and the international political world.

An economy characterized by the more efficient use of resources and low carbon intensity can open up new development opportunities, such as a green economy, transforming demands for environmental protection into new opportunities for economic growth.

The so-called Green New Deal introduced by Barack Obama in his government program, the steps taken by China at the UN and the efforts made by developing Countries to "re-start" the economy in a way that respects the environment, are all signs of the centrality of this issue. The Copenhagen summit may have failed to fulfill European expectations and to produce a binding agreement on a global reduction target, but it did establish a willingness to engage in a joint fight against climate change.

A significant sign that the process has begun was the massive presence of major international figures at the conference, during which a number of conclusions were nonetheless reached: in particular, the aim of limiting the maximum increase in the average land temperature of the Earth to within 2 degrees centigrade compared to pre-industrial levels, and a financial commitment to supporting developing Countries.

Work aimed at establishing a globally shared international structure is due to resume during 2010.

In this context, the green economy can be a component of the new economic model, reconciling these trends with global growth, with applications in various different areas. One of these is the development of technological solutions to reduce the impact of the production and use of fossil fuels, which is part of the renewable energy industry.

AFRICA



challenges to sustainable development

The recession has not spared Africa, but the crisis has not manifested itself at the same time and in the same way as in the western capitalist economies and its features have differed even within the same continent.

Africa has experienced the global crisis later than the rest of the world. In 2008, in fact, many African Countries (particularly in the Great Lakes region) achieved some very promising levels of economic performance: a significant flow of foreign capital, a growing demand for raw materials and significant internal reforms to the business environment created the foundations for potential growth in some local contexts, with increases in GDP similar to those recorded in China and South East Asia. However, the advent of the crisis – which was delayed in particular by the poor integration of African national banks with the global financial system – and the subsequent countermeasures taken by western Governments to limit its effects, highlighted the weaknesses of the African economic system, which is particularly vulnerable to global economic strategies.

In the business sector, the fall in demand and raw material prices is leading to growing unemployment (particularly in the mining sector), which is worsened by the lack of integrated supra-regional markets and, at the same time, by the protectionist barriers set up by various western governments. This is particularly serious for various Countries whose economies rely heavily on the trade in agricultural products, such as Côte d'Ivoire.

Gas and oil exporting Countries (particularly North African ones) appear to be more resistant to the recession, although this

makes the local economic systems dependent on fluctuations in oil prices.

These problems are additional to the serious problems that already exist (malnutrition, illiteracy, political instability, spread of endemic diseases) which, despite the considerable efforts made and the slight progress made recently, seem to further delay any real socio-economic development, particularly in the Sub-Saharan area.

If it is managed appropriately, however, the global economic crisis can turn out to be a major turning point. The availability of abundant natural resources and cultivable land, the widespread presence of a young workforce and an emerging middle class are the ingredients needed for gradual development in the more dynamic economic environments.

In this respect, during the World Economic Forum held in Cape Town in June 2009, African political and economic leaders made a number of important points on how to relaunch economic competitiveness.

Firstly, they highlighted the need to protect local financial markets by means of appropriate reforms, which some African Countries had already introduced before the crisis.

Furthermore, they pointed to the need to revitalize trade, both internationally, by strengthening and regulating growing ties with emerging Countries (China and India), and regionally, by reducing customs duties and creating the premises for greater political and economic integration between African States.

Inter-regional trade can only be improved, however, if international investments and aid continue to flow. Used efficiently, they are an important tool that can be used to build the infrastructure which is still lacking throughout the African continent.

Both of these have the ability to generate major growth opportunities in terms of new employment. In particular, improved energy efficiency, which is the most cost-effective option for reducing greenhouse gases in the short/medium-term, can become the basis for a service economy based on a new business fabric rooted in the local economy.

When recourse is made to mature technologies in the renewable resources sector, incentivization in a specific national market can fail to translate into new jobs at local level because manufacturing activities are relocated to markets offering low production cost. This is another reason why it is so important to continue focusing on research and innovation. For the green economy fully to achieve its potential, an organic approach is required that is based on an analysis of the economic and environmental benefits actually achievable as a result of each initiative (energy efficiency, renewable sources, CO₂ capture and sequestration), providing the operators involved with the right guidance and tools, through incentivization measures and training and information initiatives for companies and consumers.

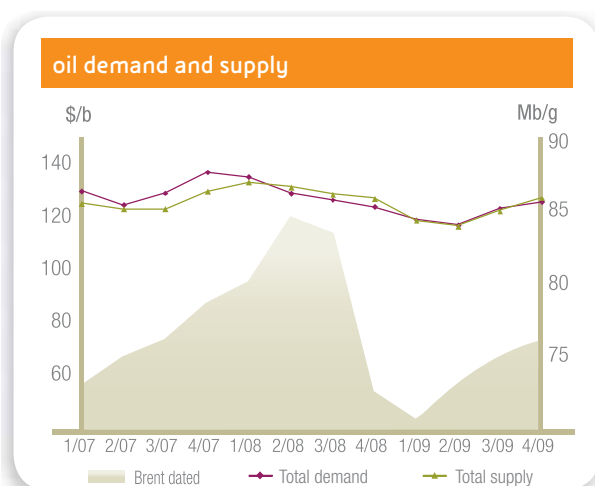
current and future energy scenarios

World demand for oil fell significantly in 2009. Industrialized Countries were the ones most seriously affected by the crisis and experienced a fall in demand of around 4%. Emerging Countries only experienced a slowdown in growth. The crisis is likely to have two effects on oil consumption in the coming years. The first is a fall in future demand compared to the level expected in the past. The second is a lower long-term growth rate than the one recorded over the past twenty years.

In the United States, the economic crisis and stricter energy and environmental policies are leading to a review of the development model

based on increasing oil and energy consumption, promoting the use of biofuels and more efficient cars. Europe also experienced a fall in the demand for oil products in 2009 (-5% approximately compared to 2008) which may continue in the long-term as a result of increasingly strict policies on limiting greenhouse gas emissions.

Demand in non-OECD Countries, however, has continued to grow, albeit more slowly than in the past. This area – where per capita energy consumption is traditionally low and population growth rates are high – continues to present the greatest potential for medium to long-term development in the oil market. However, even in these Countries, the rate of growth in the demand for oil may be lower than expected in the past because of measures taken to moderate the growth in energy requirements and limit increases in greenhouse gases and atmospheric pollution.



Asian Countries, particularly China and India, aim to ensure the continuous and steady development of their economies by securing oil supplies, given that neither of them has sufficient oil reserves within its own national boundaries. In 2008, China and India ranked second and fourth among the 10 biggest oil consumers in the world, respectively consuming 375.7 and 135 million tonnes (equal to 8.3 and 2.9 millions of barrels per day respectively).

The demand for imported oil in China and India is expected to triple by 2030. Their strategy, however, is not aimed solely at buying supplies from the big producers like Saudi Arabia and Russia, but also at mining reservoirs such as those on the African continent.

Chinese and Indian companies are increasingly competing for extraction rights with international oil companies and are able to offer African Governments appropriate technical support as well as financial willingness to invest in the development of oil resources. Over 35 African Countries (led by Angola, Nigeria, Sudan and Ethiopia) currently have financial agreements with China for the building of infrastructure.

On the supply side, the climate of uncertainty and political and economic factors might slow down the development of new oil production capacity, generating expectations of a supply shortage.

As of the second half of 2008, the combined effect of a lower growth in the demand for electricity and a fall in industrial consumption in Western Countries has also led to a sudden fall in the demand for natural gas, the consequences of which will last for years to come, particularly in Europe. The effects of the crisis could become structural in industrialized Countries, encouraging consumers towards more virtuous forms of behavior and business to close or relocate more gas-intensive industries.

Compared to other fossil sources, natural gas could however be less affected by the economic crisis and emission reduction policies, because of its better environmental qualities, and its high efficiency and flexibility in thermal energy applications.

Despite the uncertainties that exist about the effects of the current economic crisis, the impact of environmental policies on the mix of energy consumption and the consequences of energy efficiency policies and the incentivization of renewable sources, it is likely that fossil fuels will

continue to fulfill most of the world energy consumption requirements over the next fifteen years, although their share of the energy mix might fall. In percentage terms, oil will continue to fulfill the greatest share of total world energy demand, followed by coal and natural gas.

The role of coal might only be partly penalized by policies aimed at reducing CO₂ emissions. In the thermal energy sector, which is currently responsible for 40% of global emissions, the part played by coal will however remain considerable, mainly because of its widespread use in Countries now growing strongly, like China and India, which have vast and competitively priced reserves of this resource.

Coal consumption will also be supported by the introduction of technologies like Carbon Capture & Storage (CCS), which is not widely used at present because of the technical and financial obstacles that prevent it from being used on an industrial scale. Its widespread use is only expected to become possible in the long-term, after 2020.

The share of nuclear energy in the world energy mix will have difficulty growing in the short-term, both because of the long time it is taking to construct new sites in industrialized Countries and because of unresolved problems like waste disposal, high initial costs, complicated authorization procedures and public opposition.

Great uncertainty also remains as regards phase-out policies for existing power stations. In view of the lower propensity to build new plants, some Countries are postponing closure plans for existing power stations. Even if on a world scale it is difficult to envisage nuclear energy increasing its share of the energy mix, in some Asian Countries this form of energy will be decisive and will allow the objective of containing energy dependency and reducing CO₂ consumption to be pursued.

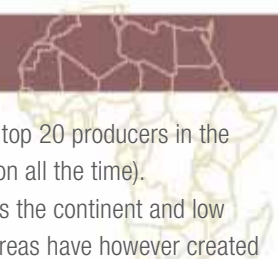
Finally, as regards the large scale use of renewable sources, it is reasonable to assume that, at least in the medium-term, the cost of these plants will continue to be high. This will require widescale recourse to Government incentives in the future as well.

The limits on the land that can be occupied to produce significant quantities of power from non-renewables and problems associated with the intermittence of these sources also need to be overcome. For this reason, even if the development of renewables should reduce the contribution of fossil fuels to the generation mix, the discontinuous nature of these sources will require the existence of backup plants.

Because of its technical and economic flexibility, and the short time within which plants can be built, gas is the most appropriate source for this purpose.

Therefore, despite a high increase in renewable sources, given the low starting point, their contribution to the total world power supply will continue to be small in the coming years.

AFRICA



the energy scenario: risks and opportunities

In recent decades, rapid population growth and the increasing openness of local economies to international markets have highlighted a number of serious shortcomings in the African energy sector, particularly as regards power generation, which is fundamentally important for creating infrastructure and, consequently, for economic development.

According to the World Energy Outlook 2009 data, only the Mediterranean Countries of Africa enjoy a high rate of electrification, with over 98% of the population covered.

In Sub-Saharan Africa, however, almost 600 million people have no electricity (71.5% of the total), particularly in rural areas of the Countries most affected by poverty, such as Ethiopia, the Democratic Republic of the Congo, and Malawi. In terms of resources, however, Africa has enormous potential, as a result of the huge availability of both traditional and renewable energy sources. As regards the former, several African Countries are currently among the biggest oil producers in the world, not only in the north (Egypt, Libya, Tunisia), but also in the Sub-Saharan area, particularly Nigeria

and Angola (which are among the top 20 producers in the world and are increasing production all the time).

The low rate of urbanization across the continent and low population density in many rural areas have however created an opportunity to make efficient use of local renewable resources as well. At the moment, the use of these resources covers almost half (49%) of the energy requirements of the local population, although much of the supply comes from the use of biomass (particularly high in Mozambique, Nigeria, and the Democratic Republic of Congo).

Other renewable sources (solar, wind, geothermal) present great potential for the future, thanks to the geographical and environmental characteristics of the African continent.

The use of these resources is still small but major industrial projects have been launched in some Countries which have had a significant effect on the amount of energy produced locally, as it has happened in Mozambique and Nigeria (with over 10% of total energy coming from renewable sources not obtained from biomass).

securing supplies

the security of supplies

In order to satisfy the growing demand for energy, Eni's procurement strategy is based on ensuring cost savings and Sustainability, paying particular attention to respect for the environment and economic growth in the Countries in which it operates.

One of the distinctive aspects of Eni's operations is diversification in terms of the quality, type, and origin of energy sources, while continuing to prioritize oil&gas activities.

In order to guarantee an increase in hydrocarbons production over time in an increasingly competitive environment, Eni intends to promote a program of new production startups, resulting from recent prospecting successes, as well as to develop and extend strategic partnerships with producer Countries to expand into new areas, offering integrated design solutions and applying distinctive technologies. The gradual maturing of western deposits and reduction in access areas are pushing Eni to invest in human and technological resources aimed at opening up new oil frontiers. Examples of these are Arctic regions (such as Alaska, the Barents Sea, and Western Siberia), deep and ultradeep waters (such as the Gulf of Mexico, Angola, India, and Brazil), non-conventional hydrocarbons in Venezuela (extra heavy crude oil), the US (non-conventional gas), Indonesia (Coal Bed Methane) and Congo (bituminous sand).

For the future, the greatest contribution to hydrocarbons production is expected to be made by Africa – where Eni aims to consolidate its presence – Kazakhstan and Iraq, a country which is expected to become strategic. In 2009, Eni in fact reached an agreement for the development of Zubair, one of the largest oil field in the Iraqi area.

Locally, Eni offers host Governments targeted technological solutions that contribute to satisfying the country's energy demand by making the best use of its mineral resources and promoting the rational use of energy sources. The use of the gas that would otherwise be flared off in order to increase the supply of energy to the country and the large integrated projects are examples of Eni's commitment to making a substantial contribution to the economic development of Countries in which it has an operational presence.

Eni also often acts as an "ambassador" in strengthening economic and commercial ties between the Governments of producer and consumer Countries. This allows alternative energy corridors to be created and developed.

Unlike oil, the natural gas market is not global and interconnected, although the current world recession has accelerated the process of interconnection between regional systems, with significant quantities of liquefied gas previously destined for the USA and the Far East being diverted. Gas is primarily traded in regional markets (North America, Europe, Asia) which have developed with some of the main producer Countries. In the case of Europe, the gas market has grown in concentric circles around the main production areas, connected to consumer markets primarily by gas pipelines.

Continental Europe, which is for the most part dependent on gas imports, has identified the Russian Federation, North Africa and Norway as its preferred suppliers. These Countries have large resources and are connected or connectable to the main markets by the installation of a major infrastructure network which still guarantees most of the continent's gas supplies.

This means that, despite the lack of a global gas market, Europe has achieved a balance between suppliers and consumers which has guaranteed stable supplies to consumer countries and income for producer Countries based on a complex system of rules that has withstood the test of time. However, given the importance of gas in the energy mix, and therefore in the continent's economy, there is an increasing desire in the European Union to diversify the sources of gas. In reality, even though diversifying the Countries that supply this highly important energy source is desirable, Europe cannot disengage totally from its dependence on the leading gas producers. This means that it will continue to maintain firm relations and partnerships with suppliers who will retain a key role, like the Russian Federation.

However, it is undoubtedly appropriate to diversify as much as possible by using the Liquefied Natural Gas supply channel, for example, which guarantees greater flexibility of supply. In this respect, over the next four years, Eni will be focusing appropriately on developing its liquefaction and regas capacity, with a view to making the most of gas reserves that are far from consumer markets.

In order to guarantee the security and flexibility of the Italian and European supply system, Eni is continuing to invest in gas pipeline development, providing available capacity to other market operators as well, and in expanding gas storage facilities. Finally, Eni is considering new importation projects (South Stream), applying the excellent technical skills of its E&C sector and its expertise as a Europe-wide operator.

the support to non-profit

The distinctive feature of Eni is its ability to establish a privileged dialog with the contexts in which it operates, establishing long-lasting partnerships that give space, besides the objectives of the enterprise, also to the legitimate expectations of the producer Countries to

reach high standards of socio-economic development. This goal is made possible by the permanent and productive interlocution with various subjects: first and foremost the Governments and the institutions, but also the actors of the civil society and among them, of special relevance, the not-for-profit organizations.

Eni interacts with the non-profit world through the network of relationships and the initiatives it promotes in the territories where it operates, and by supporting specific associations and initiatives, and thanks also to the active role of its foundations.

The supporting activities for the non-profit carried out by Eni are regulated by a set of procedures that guarantee the transparency and the tracking of the selection process of the economic initiatives supported, which must meet a predetermined set of requirements in order to access the Company's financing. Furthermore, the process guarantees a constant feedback to the non-profit organizations that submit their projects to Eni, so as to ensure dialog and sharing beyond the disbursement of the financial support.

Eni's philanthropic strategy is further achieved through the activities of the two foundations created for this purpose. The first is Eni Foundation, whose mission is to promote the protection of the rights of the children and the elders, by carrying out initiatives of solidarity that support their full welfare and development. The choice of focusing the Foundation's interventions on health, essential for the Sustainability of growth as established by the Millennium Development Goals, and of concentrating the interventions in the territories where Eni is present marks the close correlation between the business and the philanthropic strategies.

AFRICA

Cooperation and Development Model

Eni's strategy in Africa is to consolidate and expand its position by engaging in sustainable projects aimed at creating value for its stakeholders and for the Countries involved.

Eni is currently present in 15 African Countries and is the main oil major in terms of production, with approximately one million barrels of oil a day. Thanks to its vast investment program planned for the next four years, production is destined to grow significantly in the near future. In North Africa, Eni is the leading foreign producer in all the Countries where it currently operates (Egypt, Libya, Algeria and Tunisia), while in Sub-Saharan Africa, a region where it has been active since the early 1960s, the Company is established in the main producing Countries, such as Angola, Nigeria, and the Republic of the Congo, as well as having exploratory interests in Gabon, Ghana, Mali, and Mozambique. Approximately 20,000 Eni people work throughout the continent.

Eni's commitment to Africa stems from a long history of relations and cooperation agreements built up over more than fifty years of presence in the continent, which have made the Company a solid and credible partner of the local stakeholders. With the anti-colonialist approach of its President, Eni was immediately perceived as a different presence that could contribute actively to real and effective growth. Since the agreement signed in Egypt in 1955 – which assigned the country 75% of oil profits compared to the 50% offered by the other majors – Eni has established relations and coalitions with various Countries across the continent, faithful to its cooperative approach.

With the agreement signed in Libya in 2006, Eni renewed its Cooperation and Development Model, inaugurating a series

of major agreements in Angola, Gabon (2008), Egypt and the Democratic Republic of the Congo (2009), based on a desire to promote lasting and sustainable growth.

With its resources, skills and know-how, Eni contributes primarily by transferring technology for energy efficiency and environmental protection, actively contributing to the implementation of energy procurement policies, as witnessed by its involvement in the construction of major energy infrastructure in Nigeria and Congo and its participation in projects in which the use of advanced technologies is fundamental.

Eni is increasing its involvement in projects aimed at strengthening local socio-economic systems as well as supporting the development of facilities required by communities, in order to improve the quality of life of local populations.

In accordance with its local development plans, the Food plus Biodiesel projects in Congo and Angola are primarily aimed at promoting the agricultural sector, which presents a major opportunity for diversifying local economies that are heavily dependent on oil. In Africa, the Company's involvement in pursuing the UN's Millennium Development Goals (MDG) is a priority. To this end, Eni is actively involved not only in the context of operational agreements but also in promoting dialogue and international cooperation, even with non-governmental organizations, to support and optimize this work (AVSI Report).

In this respect, Eni Foundation is playing an increasingly major role thanks to its commitment, as demonstrated by the results achieved, to various projects in Congo and Angola, aimed at contributing to and dealing with emergencies associated with the health of the more vulnerable members of the community.

Creating and sharing knowledge is also at the core of the activities of the Eni Enrico Mattei Foundation, an independent not-for-profit institute established by Eni in 1989, aimed at providing – through its research activities – tools and support to the sphere of public and private decisions on matters of sustainable development. In particular, FEEM aims at going further into sustainable development by supporting specialized education activities, by mobilizing an international network of researchers engaged in innovative projects, by spreading the results of the researches through different channels of information, and by providing support to national and international institutions.

current technologies

Technological research and development play a fundamental role in ensuring the security of fossil fuel supplies and the efficient use of energy to reduce the associated environmental impacts.

The remaining and recoverable reserves of oil and gas are primarily under the control of national companies and the respective Governments of producer Countries. International oil companies control an ever decreasing share of reserves and the main challenge for them now lies in gaining access to new resources.

These new resources often present environmental, geographical, and geological challenges. Technology is the only lever that can make these areas accessible at sustainable costs and with a low environmental impact.

At the same time, the availability of new technologies and the widespread application of existing ones are an effective competitive lever for oil companies in their relations with producer Countries.

Frontier areas include reservoirs in Arctic areas and deep ocean waters beyond 2,000 metres, as well as deposits characterized by high temperature and pressure or geological formations that make prospecting with existing instruments difficult. In this respect, Eni has launched research projects to develop technologies that improve underground imaging by integrating different research and geophysical analysis methods (seismic, electromagnetic, and microgravimetric) in order to directly ascertain the presence of underground reservoirs of oil and gas.

Frontier resources are also those that are not economically viable because of their distance from end markets, such as “remote” gas resources. In order to make the most of these resources, innovative transportation technologies need to be developed that guarantee greater efficiency and affordable costs. In order to achieve these objectives, Eni has committed itself to developing high pressure gas pipelines and is conducting research with the world’s leading gas pipeline producers. The objective is to achieve the technical reliability of new materials, even in extreme environmental conditions, by testing large pilot sections of gas pipelines. At the same time, Eni remains committed to developing control systems based on technologies aimed at increasing the reliability of gas pipelines, including undersea pipelines, and reducing the respective management and maintenance costs.

AFRICA



the use of innovative technologies to minimize the environmental impact

In order to operate in extreme environmental conditions and sensitive ecosystems and develop non-conventional crude oil production and processing activities with respect for the principles of Sustainability, Eni relies on its many decades of experience in adopting strict safety and environmental protection standards as well as innovative proprietary technologies implemented in the Engineering & Construction sector. For example, activities connected with the potential use of Tar Sand in Congo will only be conducted after rigorous feasibility studies have been carried out and respecting the fundamental principles of Eni’s actions, which include, protecting high biodiversity areas (areas of primary forest will not be included) and protecting existing farming activities. The involvement of primary international organizations and consultations with local stakeholders will furthermore

guarantee that the environmental and social requirements of the Congolese areas are fulfilled. In order to achieve this objective, the study and geological survey activities currently taking place are primarily aimed at carrying out a socio-environmental analysis of the local area, in order to select the areas involved, and at identifying low impact development technologies to be adopted during the subsequent stages of the project (in-situ extraction techniques implemented by drilling wells). Before mining activities are developed in the area, a small-scale pilot project for non-conventional oil production will be implemented which will allow the design choices to be optimized and the environmental impact to be minimized.

The techniques considered do not in any case envisage any open-cast mining or the creation of tailing ponds, both of which are considered to present a high risk of impact and which are characteristic of some of the Canadian oil sand activities.

In addition to making the most of frontier production reservoirs, the ability to increase the recovery of previously discovered resources, by using new prospecting and production technologies, is making a major contribution to increasing the amount of reserves. Only one third of crude oil resources contained in discovered deposits is currently extracted. Most of them remain underground waiting for technologies that can make them technically and economically produceable.

In order to improve the recovery factor from reservoirs, and offer a solution to producer Countries whose reservoirs have reached “technological maturity”, resulting in a decline in production, Eni is developing well completion technologies and monitoring systems that can optimize production in real time.

Another very important field of research is EOR (Enhanced Oil Recovery), i.e. processes which can extract greater volumes of crude oil by injecting high-pressure steam or CO₂ into deposits.

EOR technologies involving the injection of carbon dioxide are also a response to the challenge of climate change associated with greenhouse gas emissions, which can make the use of fossil fuels more sustainable in the medium-term.

In this respect, Eni is taking part in the third phase of the CO₂ Capture Project International Consortium, to demonstrate CO₂ capture technologies, and is working with Enel on a feasibility study on the construction of an integrated demonstration system for capturing, transporting and storing the CO₂ produced by an Italian coal-fired plant in a saline aquifer. The feasibility study includes an assessment of the national potential for storing CO₂.

Technology plays a vital role also in reducing the local impact of operational activities. Eni spends around 600 million euro a year in the environmental sector to reclaim sites and treat waste. The main investments are focused on developing on-site reclamation techniques and thermal processes for minimizing waste and reducing landfills.

future energy

In Italy, as in the rest of the world, fossil sources satisfy and will continue to satisfy most of the energy demand with a structural dependence on imports. For this reason, short and medium-term research is focused on ensuring a more efficient use of resources.

Renewable sources currently play a very small part in the world energy mix, accounting for 0.7% of world primary energy consumption.

Profound transformations will be needed in the long-term to diversify energy sources. For this purpose, Eni is strongly committed to conducting research on renewable sources, primarily solar energy and biofuels, in order to overcome the current limitations of these sources, i.e. the low energy density and high costs of producing energy.

In the field of solar energy, Eni is investing in research and development to create technologies that are able to produce significant discontinuity. Research is focusing in particular on solar cells based on organic and nanostructured materials – which are among the most promising in terms of reducing production costs – and on new architectures for the photovoltaic system, which allow a greater amount of the solar energy gathered to be converted into energy and could be combined with large glazed surfaces.

In the biofuels area, Eni is committed to developing technologies that allow the targets set by national and European legislation to be achieved: as of 2020, 10% of the fuel used by motor vehicles in each Member State (in terms of energy) must come from biofuel, while electricity and hydrogen must come from renewable resources. For biofuels to contribute significantly to consumption in the transport sector and to reduce their impact, technologies need to be developed that reduce production costs, the use of agricultural land and water resources, and that eliminate competition between food and energy in the use of raw materials.

Eni is therefore committed to research into second generation biofuels, produced using Biomass to Liquids technology, which allows the complete conversion of biomass into biofuels – albeit at currently unsustainable costs – and third generation biofuels, obtained by using high productivity micro-organisms such as yeast, bacteria, and micro-algae.

In order to achieve excellent results, as well as to develop strong inhouse skills, Eni has adopted an “open innovation” approach based on building a global network of links with leading research centers. Thanks to its collaboration with the Massachusetts Institute of Technology (MIT), the Solar Frontiers program was launched in February 2008 for research into new generation solar power. Also at MIT, the Eni Solar Frontiers Center was opened in 2009 to promote and speed up multidisciplinary research on advanced solar power technologies, including those based on nanotechnologies and new materials. Once work begins in 2010, the new center will provide a further boost to research in the field of solar power and will benefit from the active involvement of Eni researchers, who will have their own areas dedicated within the center.

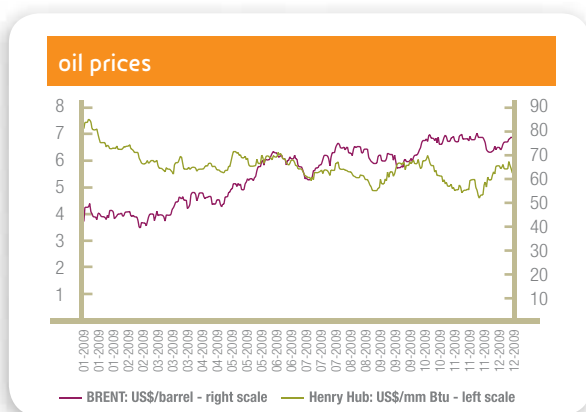
Further examples of partnerships with important research centers include the framework agreements signed with the *Politecnico di Milano* and *Torino* and the Italian National Research Council (CNR).

In 2010, this approach will be extended to developing technologies for environmental reclamation and waste treatment, both of which are of interest to the whole energy sector.

building the foundations for a global equilibrium

the stability of hydrocarbons prices

The international debate is focused on research into cleaner energy and lower energy consumption and often loses sight of factors that might be an obstacle, primarily the price of oil. The instability and volatility of crude oil prices generate a high level of uncertainty which makes any investment decision difficult.



Excessively low crude oil prices prevent investment not only upstream, thus depressing supply and creating the conditions for a subsequent hike in prices, but also in renewable resources and in energy efficiency, making the policies launched by Governments less effective. Low prices also make it difficult for producer Countries to achieve economic and social development, slowing down scientific research into more advanced and expensive oil recovery technologies which are fundamental to ensuring the better use of reservoirs currently in production. Excessively high prices, on the other hand, slow down world growth and delay access to modern forms of energy by developing Countries. They also shift agricultural production from food to biofuels, contributing to create the conditions for price rises and serious food crises in the affected Countries, which is what happened between 2006 and 2008.

The price of oil therefore has to be central to any energy and environmental policy, and price variations have to occur within a reasonable range, in order to ensure the ordered planning and growth of investments. Eni has been publicly expressing this need for some time, presenting a concrete proposal to mitigate the instability of crude oil prices (A Blueprint for oil price stabilization) to the G8 Energy summit in Rome in May 2009. The main point of the proposal is to set up a new Global Energy Agency to act as the spokesperson of consumer and producer Countries, with the aim of collecting and standardizing complete, up-to-date and reliable data on the oil market and making it accessible. Eni has also examined a number of potential stabilization mechanisms and the most promising solution appears to be an integration of three different mechanisms: the Spare Capacity Market, which borrows the spare production capacity remuneration system from the electrical sector, implementing it by means of a specific market to trade bookings of this capacity. This would provide an incentive for creating an appropriate amount of spare capacity that could cope with any unforeseen shortages, therefore countering any sudden price rises. If prices were to fall too low, another mechanism, known as the Global Stabilization Fund, would intervene to guarantee producer Countries a minimum level of income. Finally, the Global Energy Agency would ensure the management of oil reserves and finished products held by Governments, providing a prompt response to emergency situations. Eni's proposal has been widely welcomed by Governments, which have shared its premises and objectives, although they are aware of the difficulty of translating into reality a proposal that requires widespread agreement and a common objective among producer and consumer Countries. These ideas are intended to be the first step in a process characterized by open dialogue and a constructive approach by all oil industries and all oil consumer and producer Countries. Eni is playing an active part in the international debate, holding meetings to exchange and develop ideas with Governments and international organizations and speaking at conferences dedicated to energy issues.

a global agreement to reduce greenhouse gas emissions

A real change in energy policy will only come about when the way in which we think about energy changes: no longer as an almost zero cost factor for economic growth but one that takes into account its impact on the climate and on future generations.

Dealing with this challenge requires a step change in climate policy. Economic operators have to be presented with a price that remains stable in the long-term, so that they can direct their spending and investment decisions towards less carbon-intensive options. A global climate agreement must recognize the importance of technological innovation: from the development of new production methods to the spread of existing technologies that are as yet unadopted on a large scale, as well as the invention and building of totally innovative products and technologies.

This transformation process will be slow and gradual, spanning decades, but it will necessarily be rooted in the present. This is because

we need to start leveraging the major opportunities we have today to begin reducing greenhouse gases. In particular, energy efficiency and research are the two main tools we can use to reduce carbon dioxide emissions. Eni's proposal was presented for the first time to the UN by MD Paolo Scaroni on 22nd September 2009 and is aimed at combining the following actions:

1. a minimum carbon tax on all production sectors, so as to assign a stable cost to CO₂ and therefore facilitate investment decisions. Clearly the carbon tax must be accompanied by measures to redistribute the tax income in order to avoid distortionary effects. The integration of cap-and-trade systems in addition to the tax, for all carbon-intensive sectors, would guarantee that mitigation objectives are met as efficiently as possible, while at the same time allowing the objectives of each country to be established in terms of total emissions;
2. a mobile excise tax on energy products derived from fossil fuels, in order to reduce the price instability of energy products and fix a minimum level for the cost of energy. This excise would have to be applied if the prices of these products fell below the level that encourages investment in research and development and energy efficiency. The lower the industrial cost of energy products, the higher the mobile excise would be, and vice versa. By stabilising the end price of energy, this mechanism would have the merit of making investment decisions safer.

AFRICA

reducing gas flaring emissions

The success of agreements and Exploration & Production activities in Africa is closely connected to the ability to resolve the most significant problem of energy activities: the practice of gas flaring.

The gas associated with the extracted oil is often wasted, vented or flared, releasing large quantities of greenhouse gas into the atmosphere, because the infrastructure required to make use of it (new gas pipelines, high efficiency power stations and gas liquefaction terminals) is not available. Building this infrastructure requires large amounts of investment but its impact on the environment and the local areas can be significant. Eni's integrated multibusiness structure allows investments to be made in a series of ambitious projects that will reduce gas flaring emissions associated with existing or newly established activities in African Countries by 70% by 2012 (baseline year 2007). To this end, Eni is also using its system for analyzing potential environmental, social and ecosystem-related impacts and its ability to build (or modernise) energy infrastructure in developing Countries.

Eni is therefore contributing to the economic development of producer Countries, allowing them to achieve energy independence while at the same time reducing the impact of production activities on global climate change. This guarantees the local population a non-carbon-intensive growth and installations fitted with the best available technologies.

The most significant projects taking place in Africa are in Algeria, Congo, Libya, Tunisia and Nigeria.

In addition to expenditure of 0.5 billion euro in 2009, a further spending commitment is planned of 1.11 billion euro, to achieve an expected reduction of over 10 million tonnes of equivalent CO₂.

In Algeria, the ROM-MPP2 (Multi-Phase Pumps) project will

allow the associated gas from a number of oil fields in the Algerian desert to be recovered and transmitted *via* a new 37 km pipeline to the oil center for final processing. The associated gas will be reinjected into the BRSW field.

In Congo, the integrated M'Boundi onshore field project provides for associated gas to be recovered by laying a 55 km pipeline to transmit it from M'Boundi to the Djeno area in order to fuel two power stations: the existing Centrale Electrique Djeno (CED) with power doubled from 25 to 50 MW and the new 300 MW Centrale Electrique du Congo (CEC), expandable to 450 MW according to domestic demand for energy. The project will substantially increase the capacity of Congo's thermoelectric system.

In Libya, the Bouri Gas Utilization project is intended to recover associated gas from the Bouri offshore field (120 km from Tripoli), all of which is currently flared off. An initial phase of the project requires the acid gas to be removed and the resulting sweet gas to be transmitted to the onshore Mellitah site for sale. The second phase is to reinject the acid gas into the reservoir.

In Nigeria, activity is continuing in the context of the NAOC (Nigerian Agip Oil Company) Gas Master Plan. The plan provides for the implementation of various projects involving the construction and upgrading of the network of pipelines, compression stations and processing centers.

The purpose of these projects is to reduce the ratio between flared gas and total gas produced, and to maximize the recovery of associated gas to be transmitted, mainly to the Bonny Island N-LNG (Nigerian Liquefied Natural Gas) terminal and to local gas utilization projects.

In Tunisia, the integrated Gaz du Sud project has allowed flaring to be reduced at the Adam, Oued Zar and Djebel Grouz concessions, increasing the current supply of gas to the STEG gas pipeline for the domestic Tunisian market.

The above system would have to be applied firstly to developed Countries, which are responsible for the majority of greenhouse gas emissions accumulated since the Industrial Revolution. However, greenhouse gas emission scenarios point to the great majority of future emissions coming from developing Countries. Furthermore, the problem of carbon leakage, as a result of which the reduction in emissions would be an illusion, because of the transfer from polluting production activities to developing Countries, is serious and real and must therefore be countered. It is therefore essential to involve emerging Countries in the efforts to contain global warming. The challenge lies in involving emerging Countries immediately in a shared and definite plan of action. In particular, they could be granted a “grace period”, which would vary by country according to its standard of living, within which to prepare to adopt the emission curbing system. On reaching a pre-determined threshold, established according to economic and social development indicators, each country would adopt the measures required to counter emissions.

A carbon tariff applied to goods imported from non-participating Countries might protect Countries that join the international scheme for curbing emissions. The carbon tariff would tend to rebalance price and competitiveness between products made by industries in participating Countries – which supports the costs of reducing emissions – and those made in Countries that have not implemented any measures to reduce greenhouse gas emissions.

the carbon management strategy

The carbon management strategy for the coming years confirms and strengthens Eni's commitment in the following fields:

- achievement of a target to reduce flaring emissions;
- ongoing reduction in GHG emission levels in the various areas of activity (hydrocarbons production, energy generation, refining, and gas transmission);
- design and implementation of programs aimed at achieving ongoing improvements in the efficiency of industrial plants, from processing to production;
- gradual replacement of high carbon content fuels with other cleaner fuels, promoting the use of natural gas in particular;
- research and development of technological options, such as geological confinement, biofixation of CO₂ and renewable sources;
- promotion of energy-saving behavior among suppliers, consumers and customers.

The strengthening of the carbon management strategy described in the next business plan provides for an overall emission reduction target to be established.

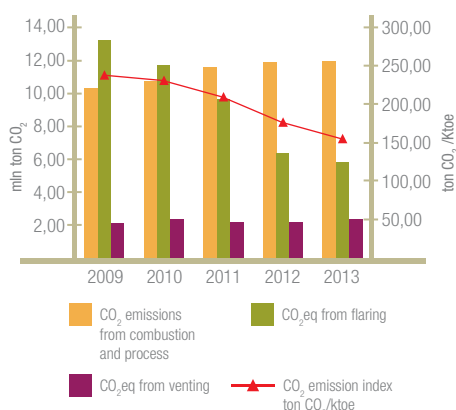
Furthermore, in order to increase transparency to the outside world and boost the virtuous cycle of reducing emissions, control of indirect

emissions (known as “scope 3” emissions) will no longer be limited only to emissions arising from Eni's activities, but will also be extended to those linked to products purchased and core contracted activities. Eni will infact carry out an analysis of the supply chain, focusing on the carbon footprint of contractors with the highest impact, as part of a sustainable supplier management strategy.

In 2010, a calculation method will be established that can be applied to determining the indirect “scope 3” emissions from business trips.

As regards reductions in the exploration and production sector, Eni remains committed to reducing gas flaring associated with oil production, aiming to reduce gas flaring by 70% by 2012 compared to 2007 levels. For some of these projects, Eni is also promoting recognition in the context of the flexible mechanisms provided by the Kyoto Protocol, such as the Clean Development Mechanism (CDM). The corresponding gas flaring/venting emissions represent approximately 30% of Eni's total greenhouse gas emissions.

CO₂ emissions in exploration & production



energy efficiency

Actions to improve energy efficiency play a very important part in the fight against climate change, because they have a wide range of applications and are good value in economic terms as well as being effective in the short-term.

Eni firmly believes in the need to aim for energy efficiency and promotes energy saving programs at all stages of the energy supply chain: from oil and gas extraction to processing and the use of energy in production activities. Reducing energy consumption is a virtuous circle

which has been in progress for many years and is allowing energy consumption to be gradually rationalized, particularly in petrochemical plants and refineries. Energy saving programs will allow emissions to be cut by around 180 kton CO₂/year in refining and 200 kton CO₂/year in the petrochemical industry.

In the energy generation sector, Eni is continuing to focus on natural gas combined cycles. The choice of this technology guarantees that the excellent efficiency of Eni's energy generation system is maintained.

Other energy efficiency measures are being implemented in non-industrial activities, with action being taken on IT systems (Green ICT) and initiatives in administration offices (*Eni si toglie la cravatta*).

In the Exploration & Production sector, as part of the Energy Management in Up - Midstream of Oil and Gas Industry project, studies have been carried out to identify methods and technologies to improve the energy efficiency of upstream plants, based on actual applications at Eni E&P. Among the various technologies, consideration has been given to commercially available technologies for the use of renewable energy, such as photovoltaic solar and Concentrating Solar Power (CSP) or wind power technologies, particularly in desert areas.

Finally, Eni is committed to raising public awareness of energy saving and efficiency issues by means of targeted information campaigns and involvement in promotion activities that are fundamentally important for the adoption of more efficient technologies and consumption habits.

sustainable transport

Eni has always been committed to sustainable transport, ahead of recent EU directives, particularly the recently updated Fuel Quality Directive (FQD) and the Renewable Energy Directive (RED).

Eni focuses its short-term research activities on developing high-performance environmentally-friendly products and its medium to long-term activities to producing biofuels.

The short-term research covers both fuels in the Blu range and the new lower environmental impact lubricants. As a result of its investments in this field, Eni has indeed already achieved leadership in the production of technologically advanced environmentally-friendly products and intends to strengthen its position. The Blu range is part of a process aimed at improving fuels quality that began in the 1980s with the launch of lead free gasoline and has continued to the present day with a reduction in the sulphur content of fuels and the elimination of benzene from gasoline. For the future, Eni aims to produce better performing fuels in terms of increasing engine power and reducing consumption and polluting emissions.

In the lubricants sector, Eni is aiming to increase the energy saving features of products and make them compatible with modern exhaust treatment systems and biofuels. New engine oils fulfill both the most demanding international specifications and the approval requirements of the major car makers, making it possible to reduce polluting emissions and increasing energy savings. In order to comply with the European biofuel directive (see "Future energy" paragraph), Eni's strategy is based on using "traditional" biofuels, which are already available on the market (Fatty Acid Methyl Esters) and on product innovation.

In particular, Eni has worked with a US company to develop the Ecofining TM process aimed at producing high performance Green Diesel from a hydroprocessed vegetable feedstock. The technology is already available for implementation on industrial scale. Furthermore, Eni is considering the possibility of using organic residue that does not compete with the food cycle as a raw material.

Eni also invests in the production of bio-oil from high performance microalgae cultivation. In October 2009, the first pilot plant came into operation at the Gela refinery, fuelled by microalgae cultivated using the CO₂ produced by the production plants and the waste water from processing.

In addition to improving the quality of fuels and investing in biofuel research, Eni is aiming to develop non-conventional fuels.

The Company's multiEnergy filling stations, for example, supply hydrogen as well as traditional fuels, contributing to the development of new generation zero emission vehicles. MultiEnergy stations are also Green Petrol Stations as they are equipped with photovoltaic solar panels that generate electricity from a renewable source, reducing CO₂ emissions.

Eni has also been involved for a long time in the development of low environmental impact stations selling fuels such as LPG and methane gas. Eni is working with regions throughout the country to draw up methane and LPG station expansion plans.

Eni is also promoting the use of methane gas as a vehicle propulsion fuel by providing technical support to regulatory organisations in establishing incentive plans and methods for achieving total liberalisation of self-service and multidispenser vending and in reducing the time required to connect the new installations to the network of gas pipelines.

Finally, Eni is committed to seeking partnerships with car makers (e.g. the Fiat Research Center) in order to experiment with new fuels at the same time as new engines are developed. This initiative includes the agreement between Eni and Iveco relating to the promotion of joint premium offers for the marketing and development of their respective products and brands.

enhancing trust

creating value with people

The dynamics of change affecting Eni people arise from two fundamental factors. Change has been a structural feature for a number of years. The Company is more international, not only because it is operating in more Countries around the world, but also because it is adopting local recruitment and training strategies that are a significant element of its Cooperation and Development Model. As a result of the greater differences between people entering the labour market, a greater degree of diversity can now be established compared to the past, in terms of cultural as well as age and gender differences.

Grafted onto this scenario are the potential repercussions of the crisis that has hit the world economy, on the basis of which companies are setting themselves consolidation and efficiency objectives that translate into a search for better work organization and an improved qualitative mix of people. One of the greatest risks is the potential increase in the insecurity of employment, both in structural terms and as a contingent consequence of the crisis, particularly in Italy, where there is no consolidated flexible working culture. Eni is however distinguished by its commitment to ensure stable and secure forms of employment, particularly in Italy where, despite the economic crisis, it has not increased its recourse to atypical forms of employment contracts.

Eni is in fact convinced that changes that can be governed and guided in a sustainable way, combining efficiency objectives with making the most of everyone's contribution. It has therefore implemented concrete processes and projects to manage the current change sustainably without compromising the confidence of its people, which is a fundamental asset for the Company. The primary objective is to promote efficiency by improving the skills of people who already work for the Company and the quality of their work.

Eni is committed to constantly updating its management and development tools, focusing in particular on feedback processes, to be extended to all operating facilities during the plan years, and continuing with the commitment which has successfully disseminated the Eni personnel management and development model across the world in recent years.

There is a specific commitment to safeguard and develop the Company's know-how, in order to support business strategies. This is implemented by means of management and vocational training on the one hand and the development of knowledge management on the other. Work is also continuing to support the involvement of people, by introducing complementary welfare schemes and plans to help people combine work with their private life. As regards enhancing the internationality of the Company and its age and gender differences, in its 2010-2013 Strategic Plan Eni established a number of targets that will allow it to continue increasing the presence of different nationalities and genders within the Company and make the most of their professional skills. A concrete example of this is the agreement signed with SDA Bocconi to map international industrial relations and diversity within the Company. Eni promotes labor rights throughout the world, both by signing cross-border trade union agreements and by applying the Global Compact Principles (see paragraph "the Global Compact") and cooperating with international organizations. An important sign of this is the Memorandum of Understanding being drawn up between Eni and the International Labour Organization to promote fair labor in developing Countries. The actions implemented to pursue these objectives are described in the "People" chapter.

the importance of sustainability for the supply chain

For a company like Eni, creating and consolidating solid and long-lasting relations with supply companies is a strategic priority, not only to guarantee that the principles of Sustainability are applied throughout the Company but also to support development. This is particularly relevant to fair labor, the promotion of labor rights throughout the world, and creating opportunities for local companies. Strengthening relations with suppliers is based on sharing objectives and values, trust and knowledge of one another. For this purpose, Eni has launched and consolidated shared processes and systems between the procurement functions and its suppliers.

These actions result in a closer relationship with suppliers, greater control over their activities, and better quality of the services provided. By setting high standards of quality, Eni also creates competition between companies that expands their market range, allowing them to grow and create local development. For this reason, all the existing processes for managing suppliers are communicated transparently by Eni and are the subject of ongoing improvement processes. A description of the actions taken by the Company can be found in the "Relations with suppliers" chapter.

transparency and integrity of the Corporate Governance system

Over the past ten years, the corporate governance system of listed companies has evolved constantly and rapidly. The crisis and financial scandals that affected the markets between the old and new millennium highlighted the main discontinuities with the past in the management and control systems of listed companies and market regulation.

The crisis brought to light the persistent weakness of regulations and the shortcomings in corporate governance systems, which were unable to provide the balance and control that a company needs in order to operate according to good business practice.

In particular, the events that took place in the financial sector, with the bankruptcies of various merchant banks and the necessary rescue plans, pointed to the lack of transparency and inadequacy of the governance systems of major operators in the sector.

The resulting lack of confidence in the proper operation of the market is fuelling demands for new and more restrictive regulatory requirements. National and international institutions have therefore launched action plans to support the effective implementation of the established standards. The aim is to produce a body of recommendations to improve some of the key areas of corporate governance relating in particular to the composition of the administration body, the implementation of risk management, governance of the remuneration process, exercise of rights by shareholders.

In accordance with these indications, and in order to pursue national and international objectives of excellence, Eni has launched a series of projects aimed at promoting ongoing improvements in its governance structure. The initiatives relate in particular to promoting the involvement of shareholders in the life of the Company, raising the awareness of shareholders and the Eni Board of issues surrounding diversity and disseminating good governance practice in accordance with the principles of the Code of Ethics. Eni's objective is not only to guarantee the creation of value for all its stakeholders by ensuring the proper management of the Company, but also to make shareholders part of the system of values and guarantees on which the corporate governance is based, involving them in the life of the Company. For this purpose, the Company's communication tools are constantly updated to ensure transparency and integrity. Paying close attention to the demands of its stakeholders, particularly the market, institutions and the community, Eni therefore intends to ensure ethical management of the Company and avoid any possible conflict of interests between management and shareholders.

corporate identity and trust between company and consumers

Building a new identity for Eni has also led to a review of communication processes and products to create a single identity that communicates under a single name and a single brand, despite operating in many different sectors. Central to this is the concept of "open energy", which is a distinctive feature of the Company and is associated with openness, innovation, dynamism and internationalism and has to be made distinctive and concrete by identifying a single communication language. Eni's creative plan provides for every communication initiative to include the contribution and signature of a young international artist. Since January 2010, diverse sources of artistic inspiration have flowed into a single, original and recognisable language, with the amount of flexibility required to adapt it to the Company's multiple communication requirements. The artists in the creative group that contributes to Eni's new communication strategy are young rising stars who exemplify the multidisciplinary attitude of the Company to "transmit energy" and contribute to the quality of the society in which it operates. Corporate communications will therefore have a direct impact on messages of a commercial nature.

Eni's commercial activities take place in regulated markets and competition between operators involves a series of variables, only one of which is price. Strengthening ties with clients and consumers – whether through associations or otherwise – is therefore essential to guarantee that they choose the products and services offered by Eni as well as the values and good practices put forward by the Company.

According to a study carried out by the World Economic Forum, over 90% of consumers are interested in buying sustainable products and prepared to reward companies based on their conduct. The figure of the customer has also changed considerably: knowledge and understanding of the offers made by companies have increased.

Contributions made by the media, consumer associations, non-governmental organizations and others have triggered a decisive change in relations with the supply side of the economy. Even though consumer confidence in companies has been dented by the crisis, these same companies are nonetheless expected to take on a proactive role in educating consumers, encouraging them to adopt sustainable forms of behavior. In this dynamic context, Eni is playing a guiding role in the Italian market, and increasingly in the European market as well, offering consumers opportunities to use energy in a sustainable way.

Building on the role it has played throughout its corporate history, Eni is convinced that the principles and behavior that distinguish its commitment to sustainable development can become part of the Company's offer in commercial and other terms.

This is the opposite of the so-called "green washing" of which companies that use the environment lever as a marketing tool are often accused. It is not a question of "adding" environmental practices or initiatives to the strictly commercial ones, but of making Sustainability an intrinsic part of the business, i.e. establishing production and marketing methods that respect the natural resources available and above all the people who live in the world. The projects associated with this vision of Sustainability in commercial activities are described in the chapter "Relations with customers and consumers".

strengthening partnership with countries

leadership in promoting principles

In the last few years, a new trend appeared in the cooperation for development: while in the past the Governments, the multilateral bodies and the bilateral agencies were the only ones held responsible for these strategies, currently it is believed that also the private sector may and should play a crucial role, especially by providing economic resources, expertise, technology and investments.

The full acceptance of the commitments associated with this vision is implemented by Eni through the adhesion, the daily application, and the active promotion of the principles of the Global Compact, and by contributing to the pursuit of the Millennium Development Goals through both its activity and that of Eni Foundation. The dialog between Paolo Scaroni and Jeffrey D. Sachs that opens the Sustainability Report considers these matters as well. As part of this commitment toward transparency for a sustainable development, Eni continues its adhesion to the Extractive Industries Transparency Initiative (EITI), by publishing the financial flows generated by its activities in the Countries whose Governments signed the initiative, and by cooperating with the Italian Ministry of Foreign Affairs for the promotion of the EITI among the Countries that haven't joined yet. Eni participates, moreover, in several initiatives and associations that aim at sharing and promoting the revision and diffusion of the goals and good practices of Sustainability, among them the World Business Council for Sustainable Development (WBCSD), the International Petroleum Industry Environmental Conservation Association (IPIECA), and Business for Social Responsibility (BSR).

the Global Compact

Eni was the first Italian enterprise to join the Global Compact, in 2001, and since then it has kept an active role in this partnership between the public and the private sectors. The relations with the Global Compact became even more intensive in this past year, given the strategic value that this initiative has for a growing cooperation, both multilateral and with the United Nations System. The initiatives promoted by the Global Compact underwritten by Eni are shown in the chart. In September 2009, the Managing Director was the only representative of an Italian company and the only representative of an oil company invited to attend the Leadership Forum on Climate Change, organized by the Global Compact within the UN Secretary General's Summit on Climate Change. Eni then continued supporting the Global Compact Network Italia, for the diffusion of the initiative in the Italian context, also through a dialogue with the Italian Ministry of Foreign Affairs. Point of arrival of this articulated course, but also point of departure, will be the support to the Global Compact Leaders Summit in June 2010, on the occasion of the Global Compact's tenth anniversary

and of the intermediate report on the pursuit of the Millennium Development Goals. A daily commitment is added to this adhesion and support to the international partnership, that aims at the actual implementation of the Global Compact principles within the Company's operational activities. The protection and promotion of human rights, including labor rights, the environmental safeguard, also by use of technological innovation, the opposition against corruption within the organization, among business partners and in the Countries of presence, are integral part of the Cooperation and Development Model, and one of

area	Global Compact Principle	strategy
Human Rights	1. support and respect the universally proclaimed human rights, within the respective spheres of influence	HRCA Project, implementation of HR Guidelines
	2. make sure not to be, albeit indirectly, complicit in human rights abuses	
Labor	3. support laborers' freedom of association and acknowledge the right to collective bargaining	Framework agreement with ILO, industrial relations strategy, implementation of standards for health and safety, Eni Foundation activities, personnel policies
	4. support the elimination of all forms of forced and compulsory labor	
	5. support the actual abolition of child labor	
	6. support the elimination of all forms of discrimination in reference to employment and occupation	
Environmental protection	7. a precautionary approach to environmental challenges	GHG reduction strategy, evaluation of ecosystem services, implementation of the best environmental technologies, implementation of environmental standards
	8. undertake initiatives that promote a higher environmental responsibility	
	9. encourage the development and diffusion of environmentally friendly technologies	
Fight against corruption	10. oppose corruption in all its forms, including extortion and bribery	anti-corruption guidelines, EITI

initiatives and working groups	year of subscription
Caring for Climate: the Business Leadership Platform	July 2007
Caring for Climate: First Meeting of Signatories	October 2008
Ceo Statement - 60 th Anniversary of the Universal Declaration of Human Rights	December 2008
Seal the Deal	September 2009
UN Leadership Forum on Climate Change	September 2009
Human Rights Working Group	October 2009
Ceo Letter on UN Convention Against Corruption	November 2009
Second Meeting of Caring for Climate Signatories	April 2010
UN Global Compact Leaders Summit 2010: Building a New Era of Sustainability	June 2010
Third UN Private Sector Forum: the Millennium Development Goals	September 2010

the main distinctive traits of the way Eni relates with its people, in all the operational contexts. The implementation of the Global Compact principles is, therefore, the requirement for Eni's action as a business, as well as a strategic element to create long lasting value. For this reason in many cases actions implemented in a given ambit or within a specific territorial context become synergetic for the application of several principles. In this document, Eni decided to adopt the principles of the Global Compact as a key to interpret the initiatives and the results achieved in the different thematic areas relating to sustainable development, as highlighted in the chart.

relationships with countries and the cooperation and development model

Ever since 1953, thanks to the vision of its founder Enrico Mattei, Eni has implemented a relationship strategy with producing Countries aimed at promoting and pursuing business in a sustainable way, based on a specific desire to integrate with the relevant local context. This approach recognizes the importance of constant and lasting dialogue based on mutual trust and built on an accurate analysis of the context in which the Company operates and the network of relationships that Eni constantly establishes globally and locally. From the very beginning, Eni has acted as a development partner of the Countries in which it operates by enhancing local resources.

This approach, which was extremely innovative at the time, was centered on the creation of local companies that would be able to grow in terms of capacity and know-how, based on the principle of sharing, and allowed Eni to form successful relations with producing Countries. This distinctive aspect of Eni is perpetuated by its commitment to proposing and developing shared projects that integrate a significant contribution to growth with an equally important contribution to the development of Countries. The pursuit of initiatives that can promote and stimulate the local economic and social context and a commitment to enter into dialogue and combine forces, resources, abilities and knowledge with the communities, local authorities, international agencies, non-governmental organizations, and other sectors of civil society,

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cooperation and development partnerships

AVSI and Eni have launched a cooperation project for the implementation of socio-economic and environmental impact studies and sustainable development plans in cooperation with local communities in the West African Countries where Eni is due to start extraction and production activities.

AVSI has been operating in Africa for almost 40 years, with development initiatives in the fields of education, social care, healthcare, and economics, aimed at ensuring personal dignity. Without any recovery of the value of people, any development that large companies might initiate will in fact remain temporary and unsustainable.

When companies settle in an area, they generate opportunities for generalised development if awareness of human dignity and a positive experience of the value of business for personal dignity spreads through the community.

A non-governmental organization with experience of

development projects can build constructive relationships between business and the local population through concrete actions in the fields of training, work, education, health and farming. The alliance between AVSI and Eni can make a difference, ensuring that the Company can do its business while local communities draw benefits from long-term sustainable development.

AVSI can therefore act as a go-between through which Eni can establish a partnership with the local area in which business is also a tool for the growth and quality of life of the people and the environment.

This prospect is very much in keeping with the original idea of Eni's founder, which the Company is continuing to implement with courage. The challenge is not easy, it requires time, intelligence, a common purpose, and above all a shared understanding that development is about discovering the value and dignity of human beings.

Alberto Piatti, Secretary General of AVSI

fulfill joint development objectives aimed at contributing to the overall improvement of the system with which the operational activities interface.

The result today is the existence of solid, durable and ongoing cooperation agreements with the main producing Countries and a stable presence in over 70 Countries around the world, based on reciprocity and active citizenship. Eni operates to promote solid and profitable relations with producing Countries and foreign institutions, in constant contact with the Italian Ministry of Foreign Affairs, Italian embassies and other Italian entities and institutions involved in internationalization (see paragraph "The system of relations"). This joint process of growth is achieved primarily by means of agreements signed with the host Countries, which integrate principles of cooperation and development with business objectives, subsequently promoting concrete projects and sustainable initiatives that can be pursued and developed independently in the social context and, last but not least, working side-by-side in everyday activities, training local resources and sharing difficulties and successes. This strategy includes the promotion of local content, the charitable activities of the Eni Foundation, constant dialogue with stakeholders, involvement in local development programs, all aimed at carrying out increasingly integrated activities in terms of joint participation and the systematic involvement of local stakeholders.

the protection and preservation of human rights

The impact of industrial activities on civil society are often considered separately, failing to highlight reciprocal implications. The wider context of human rights, however, has the benefit of raising the standard of discussion and reflection, introducing, as a matter for consideration in the decision making process, the respect for the universal rights of people, the themes and demands that surround it in addition to the creation of value, optimization and efficiency. Approaching energy and environmental issues through a human rights perspective, allows a different understanding of the positive or negative impact of operating activities, social norms and traditional practices. It also helps to identify appropriate strategies to solve some critical problems. For this reason, since 2008, Eni has been even more committed to building a broad assessment system based on human rights. The launch of the assessment process aimed at verifying that all the Company's activities comply with international standards on human rights, starting with the sites most exposed to potential risks of violation or complicity in violation, is the procedure chosen to bring the two levels of intervention and reflection (the business operations and management side and the human and social side concerned with defending human rights) closer together. The Human Rights Compliance Assessment (HRCA), carried out using the method developed by the Danish Institute for Human Rights, is the linchpin around which Eni is developing a widespread action program that will gradually involve all the operational areas that are potentially most exposed to risks of violation, and which are the specific subject of analysis and checks during performance of the HRCAs conducted in the various Countries in which the Company operates. Security activities, operating issues and procurement activities, the promotion of more inclusive procedures focused on diversity management, both within the Company and in its relations with the outside world, communication and involvement with local communities, have been identified as priorities for study and intervention. In the forthcoming years, in addition to identifying improvement plans and overall actions that are shared by all the Company's units, local improvement plans will be developed that focus on specific issues that emerge in the individual operating contexts (see paragraph "Activities of the Human Rights Compliance Assessment Project"). As regards the impact of business activities on local communities in particular, a new study has been launched, which will continue in the coming years, aimed at integrating the fundamental requirement of respect of human rights into the procedure for carrying out ESHIAs so that these issues are considered during initial assessments of the feasibility of new projects. In addition to identifying with regard to the local communities that inhabit the areas occupied by our production sites, a study of the native populations is being carried out, which will continue in the coming years, aimed at identifying specific forms of interaction and considering their specific needs (activities of the Human Rights Compliance Assessment project). In the coming months, it will be developed an internal monitoring framework of all the contexts that may potentially be concerned by these issues, so that an assessment can be carried out of the actual evolution achieved based on the improvement plans developed, while at the same time developing an appropriate level of attention and awareness of residual violation risks. The implications for human rights of the Company's operations with the partners and stakeholders most concerned, from contractors to social organizations and industrial partners in operational joint ventures, will be analysed thoroughly. The purpose of this reflection is to develop a widespread and shared understanding over time, among the various operators who contribute to our business, of the fundamental principle of human rights in their various operational contexts and to create partnerships that will fulfill the operational commitment arising from its application at all levels.

the fair use of resources

In 2005, the Millennium Ecosystem Assessment (MA), promoted by the United Nations and implemented more than 4 years by over 1,300 experts from all over the world, established the scientific foundation for defining the actions needed to ensure the sustainable use of

ecosystem services for the well-being of humanity. The results of the MA defined the state of operation of ecosystems and of the services they provide (e.g. food, water, natural resources and climate regulation), as well as the basis for their conservation.

In order to gain a better understanding of the interaction between Eni's activities and the areas in which it operates, and to analyze the risks associated with a potential change in ecosystem services, and therefore the environmental balance of the areas concerned by the activities, it is no longer enough to use impact analysis tools that describe the operating context from a single point of view (e.g. environmental, cultural or socio-economic), because the complex ecosystemic interactions have full-spectrum implications. Based on this conviction, for the past few years Eni has been developing tools to determine the relationship between the presence of an industrial plant and its effects on ecosystem services in all the different stages of the plant lifecycle. The purpose is to guarantee optimum use of the resources supplied by ecosystem services according to the express requirements of local stakeholders.

The project aimed at incorporating the conservation of biodiversity and ecosystems into the local Cooperation and Development Model relies on a team of internal specialists within the Company and a team of international scientists and researchers coordinated by the Eni Enrico Mattei Foundation. The project provides for: guidelines to be developed for all Eni activities; operational management methods and tools to be devised and tested; opportunities for collaboration and agreements with non-governmental organizations and internationally relevant initiatives to be identified and information and training activities to be carried out; pilot projects and case studies to be implemented to make the most of the Ecosystem Services; the main relevant institutional stakeholders to become involved.

By signing up to the Proteus 2012 initiative promoted by the UNEP World Conservation Monitoring Centre, which provides access to the World Database on protected Areas and to the Integrated Biodiversity Assessment Tool (IBAT), Eni has been able to start an initial mapping of sites to identify areas of high biodiversity value (protected and sensitive areas, protected and endangered species) and ecosystems that provide goods and services of significant importance. The aim is to identify the sites where specific Biodiversity Action Plans can be developed in order to manage operational, regulatory and reputation risks effectively and seize conservation opportunities. For a description of the initiatives aimed at conserving biodiversity see paragraph "The protection and enhancement of biodiversity and ecosystems".

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the protection of the biodiversity and the ecosystems

In the African Continent, the link between environment and economy is a crucial hub to understand the necessary steps for the achievement of the United Nations' Millennium Development Goals. Africa is an endless reservoir of biodiversity and a variety of ecosystems that support the rural economies, generating natural resources and ecosystem services such as the water cycle regulation or the carbon capture. During the past decades, however, climate changes, human economic activities, rapid demographic growth and the inefficiency of the legal systems contributed to accelerate the loss of these resources and services, with serious consequences on the quality of life and on the economies of the rural populations.

The deforestation in many African Countries has contributed to increased soil erosion, to an increased impact of infectious diseases, and to the worsening of the quality of water.

Development and conservation policies in Africa have been traditionally at opposite poles compared to the environmental Sustainability. For instance, the green revolution model of the last decades established monocultures, to the detriment of the traditional agricultural systems, of the biodiversity, and of the ecosystem services. In contrast, the implementation of a vast network of protected areas excluded the local populations

and kept in no account their survival needs, often generating a high number of "environmental refugees". Marking a basic change, nowadays in many African nations the natural capital is subject of a strong interest, both by conservationists, and by the organizations promoting development. The creation of mechanisms for the enhancement of the ecosystem services, for instance, is considered both a conservation tool and a potential device to alleviate poverty. Besides Governments and non-governmental organizations, the industry – mostly international – is showing a growing interest toward the ecosystem services in Africa. This interest is due to both the need to keep the ecosystem services necessary for the productive activities intact, and the need to cooperate with the local communities, to manage environmental risks, and to reduce the clashing uses of the territory, given the high number of local and international actors. In this picture, an emerging role for the academic institutions is that of developing new tools in support of decisions able to map and quantify the environmental benefits, and to locate their beneficiaries. Cooperation among research groups, enterprises, and the non-governmental sector is growing, aiming at refining the current technologies, so as to identify critical areas where impacts can be mitigated, or the ecosystems' functionality can be supported.

Marta Ceroni, Research Professor, natural resources evaluation specialist at the Gund Institute for Ecological Economics, University of Vermont, USA

Everything we do is aimed at giving to the contexts where we operate more than what we are taking from them. The reason of Eni's success is precisely in this model, which we call nowadays sustainability, but which has been since the beginning simply our way to operate around the world.





energy for development

the value of relationships

the system of relations

The relations that Eni builds with the outside world provide growth and comparison opportunities with a plurality of social, economic and cultural actors present in each of its territories of operation. Its presence in more than 70 Countries around the world represents a natural starting point for creating, developing and strengthening constructive relations between the Company and all the stakeholders, such as institutions, customers, suppliers, non-governmental organizations and the whole civil society. Relationships with interlocutors having different characteristics and identities gave Eni a precious opportunity to build and disseminate a sustainable development. The complexity and the comprehensiveness of the topics lead Eni

to collaborate actively with international organizations of excellence in promoting Sustainability. In all geographical areas where it operates, Eni applies a Cooperation and Development Model that is integrated with the needs of the Country, by building strong relationships and by sharing development goals. Eni plays a pre-eminent role in spreading culture and principles of sustainable development, by promoting partnerships with the world of research and by cooperating with universities and international networks, also through the activities of the Eni Enrico Mattei Foundation (FEEM). The values of Sustainability that the Company promotes and disseminates through its connections with the outside world are aimed, also, at customers and suppliers, with whom it establishes and strengthens relations of mutual trust and ongoing cooperation.

dialogue with institutions

Area/Theme	2009 actions and results
International organizations	
Cooperation for the advancement of the principles of sustainable development	Taking active part in the Global Compact and in the WEF; Ongoing cooperation with IUCN and OECD; Taking part in the NATO deliberation to define the new Strategic Concept; Cooperating in the organization of the XII IEF; Introducing at the G8 Energy the proposal: A Blueprint for Oil Price Stabilization; Contributing in and evaluating the Global Bioenergy Partnership's methodological framework
Governments, Ministries and local Bodies	
Dialogue and discussion with the central institutions	Discussion with the central institutions for the representation of the Company's interests; Open dialogue with the central Public Administration during authorization procedures
Transparency with the parliamentary bodies	Managing Director's auditions on: "Survey on price performance of the oil products chain, and on the spin-off of electricity and gas costs on household income and on business competitiveness" and "Survey on the problems regarding the alternative renewable energy sources" at the Commission on Territory and Environment of the Senate of the Italian Republic
Implementation of the Cooperation and Development Model	Agreements with the institutions in Kazakhstan, Turkmenistan, Pakistan, Egypt, and Democratic Republic of the Congo; Addendum to the Protocol of Intent with the Basilicata Region; Agreement protocol with the Italian Ministry of Education University and Research, and with the <i>Università degli Studi dell'Aquila</i> for the start of the A Bridge to Innovation project
Relation with Local Bodies	Conclusion of agreements and cooperation and exchange activities with local institutions (Regional, Provincial, Municipal) in the areas of operation
Authorities	
European Commission DG-COMP	Definition and presentation of commitments aimed at closing the preliminary investigation without verification of the antitrust violation
Italian Ministry of Economic Development - Confindustria	Taking part in the outlining, within Confindustria, of the gas market reform proposal. Gas Release: minimized impact of the measure proposed
Electricity and Gas Authority (AEEG) - Competition and Market Guarantor (AGCM)	Stockpiling investigation: monitoring of the potential investigation developments, through institutional contacts with the Authority's top management, and closing of the investigation without opening of proceedings against Eni Permanent interaction with the Competition and Market Guarantor on improper trade practices: "10 con te" investigation (termination of the Eni ad campaign as expected); "Fatturazione" and "Bludiesel Tech" investigations (ended without verification of violation)
German Regulatory Authority	Transport fee negotiation: the costs requested by Eni-GTI have been acknowledged

relations with institutions and organizations

the institutional relationships

In 2009, special training courses on Eni and internationalization were organized jointly with Istituto Diplomatico, for Secretaries and Legation Advisors and for Economic Advisors, aimed at promoting the interaction on the territory. In 2009, Eni took part in the activities of international organizations in close coordination with the Ministry of Foreign Affairs, by sharing basic themes and providing organizational support for several initiatives. In May 2009, Eni took part in the planned activities for the G8 summit of the Ministers of Energy, during which a major agreement on energy efficiency was arranged. At the Business Forum that took place during the summit, Eni introduced "A Blueprint for Oil Price Stabilization", a document devised to promote the stabilization of the oil markets. The Company gives in fact particular importance at consolidating dialogue between producing and consumer Countries, to increase stability and transparency of the energy markets. To this end, Eni, as member of the Industry Advisory Committee IEF, cooperated in organizing the XII IEF Ministerial Meeting that will take place in Cancun in 2010. In June 2009, a partnership initiated with the World Health Organization, aimed at providing support to the populations involved in the civil war of the Democratic Republic of the Congo. Eni contributed also in the 3rd OECD World Forum on "Statistics, Knowledge and Policy" that took place in October 2009 at Busang, South Korea, and was intended to define development indicators that reach beyond the GDP, such as for instance the quality of life.

the relation with NGOs and associations

The dialogue with national and international associations and NGOs on Sustainability issues is achieved through:

- promoting a proactive and open dialogue

on particular expectations, criticisms and requests;

- creating partnerships for the achievement of projects and activities aimed at promoting the dialogue on Sustainability issues.

Operation Transparency, which started at the end of 2008, continued also in 2009, to address a request made by the WWF to keep an open dialogue on the activities in the Basilicata Region. In February 2009, the delegations of Eni and WWF met in the Val d'Agri and, after visiting the Eni plant, a technical discussion took place on Sustainability and local development in that area. In Potenza, on May 28th, jointly with the

University of Basilicata and with FEEM, Eni organized the convention "Biodiversity in Val d'Agri", to introduce to the local community the research carried out by Unibas. In 2009, Operation Transparency was extended to other stakeholders. Eni committed to a permanent and proactive dialogue with Legambiente, and had several discussions regarding its activities in some of the Italian territories (Ortona, Cortemaggiore and in Basilicata). At international level, several consultations are currently taking place, among these are talks with Amnesty International, with the *Fondazione Culturale Responsabilità Etica* (FCRE) and with the Böll Foundation, on activities in Nigeria and in the

Congo (see the in-depth article). The project "Energythink. The Planet's future, the energy scenarios" is ongoing, conceived thanks to a partnership between Eni and Legambiente, aimed at sharing skills and values and at promoting knowledge on global energy among the members of the scientific community, the academic world, the institutions and the students. Following the success of the first International Conference "Even the sun makes its own revolution" organized in partnership with Politecnico di Torino, in March 2010 the International Conference "Bioenergies. A tank of renewable resources" was organized in partnership with the *Università del Salento*. Eni is actively part in two initiatives of the World Business Council for Sustainable Development: Unlocking the Benefits of Local Content, aimed at defining cooperation models between private sector and local Governments for the advancement of the Local Content, and Ecosystem Valuation Initiative, aimed at defining guidelines for the economic evaluation of ecosystems, to be introduced during the next CoP at the Convention on Biodiversity (Nagoya, 2010).

dialogue with NGOs and associations

Area/Theme	2009 actions and results
Operation Transparency with the NGOs	In-depth meetings with Italian environmental associations (WWF, Legambiente) Dialogue with Amnesty International, and with the <i>Fondazione Culturale Responsabilità Etica</i> and the Böll Foundation on Eni's presence in Sub-Saharan Africa
Collaboration on specific projects and initiatives	Energythink project with Legambiente; partnership with AVSI within the framework of the Cooperation and Development Model; Collaboration with Smile Train within the Eni Foundation activity in Indonesia; Partnership with local NGOs for the implementation of initiatives in the host Countries
Taking part in the definition of sector standards and best practices on Sustainability	PTaking part in WBCSD projects on matters of local content and biodiversity; Taking part in the Global Compact's Human Rights working group and in the IPIECA work-tables Consultation with Transparency International on the disclosure within the 10 th Principle of the Global Compact Cooperation with the GRI for the definition of the reporting guidelines for the sector Partnership with IBLF for the integration of human rights among the impact evaluation standards

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Operation Transparency in Africa: talks with Amnesty International and Fondazione Culturale Responsabilità Etica

In November 2008, Amnesty International gave notice to Eni about a report being drafted on the impact of oil related activities in the Niger Delta, and moreover solicited answers to a series of specific questions. Eni agreed to holding talks, and created an interfunctional working group to manage the contents. In June 2009, after the publication of the report "Nigeria: Petroleum, Pollution and Poverty in the Niger Delta," the CEO received a formal letter requesting the two recommended actions to be implemented: reclaiming the areas affected by oil spills, and sharing the results of the research on the operations' impact with the communities. Moreover, they requested availability to attend a meeting, which was promptly confirmed. Eni, following also some remarks in the report, engaged in an improvement process that affected some of the procedures for the identification of the socio-environmental impact of the activities, and its commitment in the human rights protection project. The talks with the association were deemed positive, not only for the way the Company was able to explain its position, later included in the association's official report, but also for the overall contents of the latter. In the meeting between the association's top management and Eni's, which took place in February 2010, the CEO acknowledged the recommended actions and committed to continuing the relationship. Concurrently, Eni developed a dialogue with the Fondazione Culturale Responsabilità Etica. The Foundation, which owns part of Eni's stock, during the Shareholders Meeting in 2009, asked a few questions about Eni's presence in the Congo, receiving some earlier answers. Subsequently, the Foundation asked for details on the planned tar sand and palm oil investments. Eni's answers were later included in an official report published in July 2009 by a German NGOs, the Heinrich Böll Foundation, under the title Eni's new investment in tar sands and palm oil in the Congo Basin. Huge environmental and social risks with no real improvement in access to energy?. Although there had been no direct contact with the Böll Foundation or with the other associations that signed the report, Eni decided to communicate with them, giving its availability for a formal meeting at its own premises, so as to clarify the Company's position. The meeting took place in December, between the representatives of Eni and those of FCRE, Campaign for Reforming the World Bank, Böll Foundation and, also, of Rencontre pour la Paix et les Droits de l'Homme, and it gave the Company an opportunity to provide information on future investments and to confirm its availability to continue the communication path.

managing relations

The commitment and determination to ensure stable and constructive long-term relations with its own stakeholders provides a mainstay to the strategy of Sustainability. In order to guarantee the full effectiveness of the interaction with all the concerned stakeholders, the Company implemented an organizational structure that identifies a clear and univocal interlocutor within the corporate functions for each category of stakeholders. Each structure in charge of each group of stakeholders follows ad hoc procedures and guidelines to interact with them and to respond promptly to their expectations. These tools are integrated with the technical skills of each area of business. Eni holds that inclusive and participative engagement helps to build consensus and trust, improves decision-making processes and helps reducing conflicts among stakeholders. To this end it supports an open and permanent dialogue based on transparency, and avoids one-way information. Considering the complexity of the contexts and relations that Eni establishes and the wide range

of interlocutors, the strategies to manage relations with stakeholders are based on specific objectives such as the preemptive identification of potentially critical states, the involvement of key players at each phase of the activities, the promotion and sharing of common principles, so as to strengthen a proactive approach with stakeholders and an increased incorporation of shared obligations, thus consolidating the Company's reputation. Since 2005, Eni has implemented a method to manage stakeholders on matters of Sustainability. Stakeholder involvement is based on full respect of the principles of consistency, transparency and fairness, as well as Company procedures for external communication. The managing process phases include mapping, assessment of stakeholders and their expectations, engagement, response, and monitoring of results, followed by feedback evaluation and strategy redefinition. Eni is committed to constantly improving its engagement systems, in line with the experience it has acquired over time, by focusing on openness to discussion, on guaranteeing transparency and on the Sustainability of its actions in the territories where it operates.

relations with the stakeholders through external communications

External communications are instrumental in establishing, maintaining and improving relations with different types of stakeholders; also, but not only, through the filter of the media. In general, there is a proactive form of communication, consisting of published materials that use different media, aimed at spreading more comprehensive information and awareness among the public, not only on the Company's mission and activities, but also on the complexity of sectoral, regional and cultural contexts in which it operates. This category includes Oil, an editorial project launched in 2008 with three different types of publications, and later expanded to include a website (www.oilonline.it); it aims at becoming a benchmark for the energy sector and offers three different publications, Oil Tabloid, for a multistakeholders audience; Oil Book, a six-monthly monographic publication on the Countries of operational presence; and Oil Journal, a six-monthly online report on Eni's activities around the world. Oil Tabloid has a 50 thousand copies circulation – 15 thousand in Italian and the remaining in English – and is distributed to several stakeholders, institutions, media and opinion leaders all over the world, with 20 thousand copies distributed in the United States. Furthermore, Oil is available in the major national and international bookstores. Still within the Company's institutional communication, a key role is played by eni.com, the internet website. In 2009, for the second consecutive year, eni.com received the H&H Webranking prize, awarded to the best online European financial communication website, at the end of the thirteenth annual research carried out by the Swedish consulting firm Hallvarsson & Halvarsson. For the second time, Eni ranked first in Italy as well, according to the same firm. Additionally, in November, it also received the award CSR Online Award Global Leaders 2009, both in the Italian and in the world lists. The award

managing relations

Stakeholder category	Appointed function
Institutions, Public Organizations, Authorities, Category Associations, Consumer Associations, Organizations and Networks engaged on Sustainability, Information and other media	Management of Institutional Relations and Communication (DIRIC)
Financial stakeholders	Chief Financial Officer (CFO)
Eni people, Unions, Suppliers	Chief Corporate Operations Officer (CCOO)
Local communities	Business Units, supported by the Corporate functions (DIRIC)

dialogue with mass media and opinion leaders

Theme	2009 actions and results
External communication	(data of second half of 2009) Pages viewed: 12,842,830 Downloads of documents from eni.com website: 105,300 Visitors: 1,967,848 Average trend of visitors growth on a monthly bases: +5%
Information on topics of interest to the business	Oil Publishing project H&H Webranking Prize Training course for Lucania region journalists in cooperation with FEEM

dialogue with financial stakeholders

Theme	2009 action
Analyst and ordinary portfolio manager	
Periodic financial result and four-year industrial plan	Explanation of strategy and industrial/economic objectives for each business area
Analyst and SRI portfolio manager; Sustainability Rating Agencies	
Greenhouse Gases emissions; Environmental, Social and Governance (ESG) Performance and improvement targets; Cooperation Model and relationships with communities	Description of strategy of management CO ₂ emissions with evidence of projects and flaring down rate. Eco-efficiency performance analysis and definition of quantitative targets Description of risk management system, in particular related to human rights with a focus on Nigeria and Congo Reconfirmation/Reappointment of Eni stock within DJSI World STOXX and FTSE4Good

was the result of a study carried out on 91 companies included in the Dow Jones Sustainability Index, and Eni ranked first in the world, significantly outdistancing the other companies assessed; it earned 84.5 points out of 100, 35 points above the average reached by the other companies. In February 2010, Eni also came in first in Europe for transparency in its Sustainability reporting, according to the financial rating agency Vigeo. The level of information disclosed in the Sustainability Report was recognized as meeting 99% of the required criteria.

As to its relations with the media, Eni is constantly engaged in providing complete, accurate and timely information on its activities, both through proactive communication, and by responding to media queries. Specifically, media relations are structured and specialized in the areas of national, financial, international and local press, and they aim at providing effective information that will help to know and understand the nature of the Company, its history, activities and distinctive strategic characteristics, as well as the results achieved.

survey on the quality of Eni's relations with the stakeholders

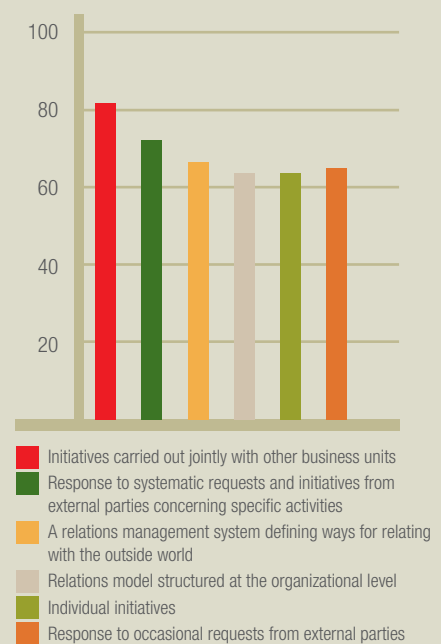
In 2009 Eni requested the Research Institute CENSIS to conduct a qualitative-quantitative survey among its own personnel, to identify the methods and quality of relations with the stakeholders of reference: the survey was carried out through anonymous online questionnaires, it involved over 240 managers and employees, active in all the territorial scenarios in which Eni operates of an international scale, and it provided an interesting overview of the quality of the relations that the Company has in the Countries of presence including Italy. One of the most significant aspects revealed by this survey refers to the value of understanding the local context as a decisive factor in performing one's responsibilities: this is acknowledged

as a priority, together with professional skills, experience, and coordinating ability; additionally, a careful analysis of territorial peculiarities becomes even more valuable in view of the positive relevance attributed to relations with external economic and socio-political entities, which are considered, in any case, fundamental components for the Company's activities. The research results showed that Eni maintains more frequent long-term relations with political-administrative players, partner companies and regulatory bodies, that is to say parties that are necessary to ensure normal operating activities and the achievement of the Company's strategic goals; frequent relations are also entertained with suppliers, likely to be especially cooperative, thus supporting the Company's productivity. Relations with local communities and NGOs are less frequent compared to other stakeholders; nonetheless they play an essential role improving the Company's reputation, ensuring long-term value and facilitating exchange of information and knowledge. Relations with researchers and the academic world are also less frequent, although they are deemed important to enhance Eni's competitiveness. The Company's understanding of the importance of maintaining and enhancing relations with external players allowed the creation of a strong network of relationships. The analysis of how the quality and methods of the relations were perceived shows that relations with stakeholders are based essentially on mutual trust and cooperation, indicating a shared will to create development and cooperation; this value appears higher than the average among Eni personnel that have been with the Company for more than ten years and, mainly, in non-European operational contexts, first of all Africa and Asia. Only 20.4% of responses viewed relations as neutral and impersonal, mostly from personnel with limited work experience with the Company, while responses describing relations as tense and conflicting were relatively rare

(7%). Issues were the result of difficulties in mediating between different conflicting positions and in obtaining acceptance for the Company's strategic changes. The Company's image and reputation appear to be well-established, confirming its prestige and its being held in high esteem the world over.

The presence of a strong brand, the stability and the transparency of its relations, and the ability to listen are perceived internally as Eni's strengths in creating trust with its stakeholders; trust that is constantly fed by the ability of each individual manager to understand and respond adequately to the expectations of the outside world. Relations are structured mostly through joint planning among the concerned business units (82%), often in response to systematic requests by external parties (72%); however, each manager's initiative and relationship skills play an important role both in creating the foundations of cooperation and in managing existing relations. Based on this, individual experience and aptitude are considered essential (69%), while adherence to the Company's manuals and the transfer of know-how on the job are rather marginal (11% and 15% respectively).

prevailing approaches in establishing cooperative relationships with stakeholders



relations with territory

cooperation and development model

One of the distinctive characteristics of Eni's relation with the territories where it operates has always been, since the time of the "Formula Mattei", the devising of strategies based on dialogue and cooperation, and on developing initiatives and projects that keep in mind local specifics, adding to the classic oil&gas activities other industrial initiatives that can become part of local development plans. The Company applies its Cooperation and Development Model in the Countries where it operates by:

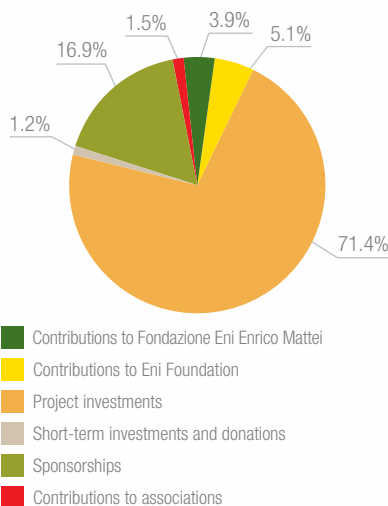
- promoting open, cooperative and proactive dialogue with the main interlocutors;
- developing and entering into cooperation agreements with Governments and/or Joint Ventures with National Oil Companies;
- supporting the local content, by strengthening local supply chains and transferring skills and know-how;
- contributing to development initiatives for the self-determination of local socio-economic systems;
- Eni Foundation's integrated philanthropic programs.

strategic and integrated agreements

In 2009, agreements were signed in Angola, Kazakhstan, the Republic of the Congo, Egypt, Pakistan, and Turkmenistan. In Angola, Eni signed with Sonangol the initial agreements provided in the Memorandum of Understanding which include contributing to the sustainable development of the Country's energy infrastructures and the implementation of training and educational projects for Angolan professionals. Within the cooperation agreement signed with Egypt's Minister of Petroleum, Eni committed to

providing its own infrastructures and the competence of Eni Corporate University for a joint training program aimed at developing selected high profile resources. The agreement signed with Pakistan provided an important contribution to the relations with the Country, as it included transferring to the NOC, with exclusive rights, the skills, know-how and technology developed by Eni in the oil business. In Turkmenistan, Eni implemented an intensive training program for local personnel. In Basilicata, an Addendum to the Protocol of Intent was signed with the Region, which activated the "Sustainable Development" and the "Environmental Monitoring System Management" agreements, for a total of approx. 67 million euro. In Kazakhstan, in addition to business activities, the Company will carry out important industrial initiatives, including gas processing plants and gas fired power plants, a naval shipyard, and the upgrading of the Pavlodar refinery. In the DRC, studies will be carried out to develop conventional and non-conventional hydrocarbons, increase the value of the gas business, in the Country, train local personnel and implement social projects.

expenditure for territories by type 2009



In 2009, the total expenditure for territories amounted to 98.6 million euro, with an increase of approx 17% compared to 2008. More than 72% of the overall expense refers to investments in support of the communities.

cooperation and development model in Africa

In Angola Eni signed with Sonangol the first three agreements provided in the MoU of 2008 that include: the feasibility of using associated gas to feed a new power plant; a joint study of areas included in the onshore reservoirs of Angola, and the strategic implementation of educational and training projects for Angolan professionals by creating a training center of excellence based on the experience of Eni Corporate University. During 2009, preliminary analysis were carried out, on the one hand for the implementation of a model for the organization and management of the center, and on the other feasibility studies were conducted to develop the educational programs of the professional training courses. Additionally, 13 high level Angolan instructors were trained and 27 Eni and Sonangol people completed a first training course. In the Congo, feasibility studies continued in 2009, on pilot schemes in the area of non-conventional energy sources, as provided in the protocol signed in 2008, regarding in particular the use of tar sands to produce asphalt and the manufacture of palm oil for food and biofuel production. In Nigeria several Memorandums of Understanding were signed with the local communities, particularly regarding infrastructural activities such as the construction of schools and medical facilities, supply of hospital equipment, construction of energy facilities and infrastructure, as well as civil works, such as roads and water systems. In Algeria, the restoration project of the mosaic "The Indian triumph of Dionysus" was accomplished and training was provided to foster local expertise in the art of restoration, thanks to the MoU with the Algerian Ministry of Culture and the University of *Roma Tre*. In Mali, within the Protocol of Intent signed in 2008 for the construction of water wells in the

Tombouctou region, four solar energy powered wells were drilled in 2009, two of which already operating. In Libya, as part of the MoU signed in 2006, 96 specialized Libyan graduates have been trained and hired so far in cooperation with ECU, and their assignment has been promoted both with several foreign affiliates and internally at the local JV Mellitah Oil and Gas. A 9-months sports management intensive course was attended by 35 people, including Libyan sports managers and other sector operators; moreover, Eni supplied all the necessary sports equipment to the youth soccer associations. As for the enhancement of the local cultural heritage, two archeological sites have been restored: Sabratah, with the renovation of an existing museum complex and the creation of a new on-site itinerary, and Leptis Magna, through preservation works and the start of construction of a new museum pavilion. As regards the environment, in the Nuqat El Khams and Az-Zawiyah regions, studies were carried out for the feasibility of a pilot scheme to manage the disposal of urban solid waste, and of special hospital and medical waste. Support has been given to the local university, with capacity building and environmental research activities, and an

analysis lab was opened in the department of environmental engineering. Also, training was implemented on strategic planning in the environmental sector, focusing on waste management and disposal. In the school building sector, 5 schools were renovated with new fixtures, thematic labs and ICT technology.

Eni Foundation in Africa

The Salissa Mwana and Kento Mwana projects are currently being implemented in the Republic of the Congo, and the Kilamba Kiaxi project in Angola. The 4-years Salissa Mwana project (Let's protect the Children) aims at improving medical assistance for about 200 thousand children 0 to 5 years old. Two years after the start of the project, 22 suburban medical centers have been restructured and equipped, 54 sessions and meetings to raise awareness among local communities have been organized and 138 medical operators of the Congo health system have been trained. As for clinical activities, 624 villages have been visited so far out of 780 involved in the project, 729 vaccination campaigns have been carried out and 81,000 vaccinations have been performed, also thanks to 12 mobile medical units. The 4-years Kento Mwana project (Mother Child) aims at

reducing from 30% to 2% the vertical transmission of HIV virus among the mother-infant population living in the Kouilou, Niari and Cuvette regions. The initiative enhanced the services of the Pointe Noire molecular biology lab. In 2009, over 5,000 pregnant women turned to these medical centers; almost all of them were tested for HIV and, among the almost 300 that were found positive, 239 agreed to follow the prevention protocol. The 2-years Kilamba Kiaxi project was developed as part of the protocol of intent signed between Eni Foundation and the Angolan Ministry of Health, and is aimed at improving children's health in the Kilamba Kiaxi municipality of the city of Luanda. The estimated population to receive this benefit is approx. 240,000 children aged 0 to 5. The project became fully operative after the Partnership Agreement with the Angolan Ministry of Health and the cooperation agreement with the local NGOs Obra da Divina Providencia were signed in 2009. Pending completion of 2 new medical centers, the Foundation started the planned mother-infant medical activities and personnel training at the 7 already operational health centers of the municipality; moreover, it purchased 6 ambulances and it participated actively in carrying out 3 polio vaccination campaigns.

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School Project in Libya

The project is the result of a system of strategic synergy and shared values of cooperation and participation between the Gaddafi Development Foundation and Eni North Africa. All school personnel were involved at first in the evaluation of current needs, priorities and shortages. The school's outside structure was in poor condition due to scarce and irregular maintenance; even the inside fixtures were worn out and unfit for a school environment. After an assessment of the situation, work started and in 7 months the school was fully restructured externally and completely renovated: new classrooms, desks, blackboards, chairs, carpeting and furniture. Additionally, 4 thematic labs were opened, including a computer lab, equipped with high-tech systems. Outdoor areas were also renovated, including a sports center, with top quality materials and eco-friendly solutions. The community gave its enthusiastic welcome to the new school. Today students and teachers can enjoy a modern and functional facility and a stimulating, education oriented environment; the students have the opportunity to follow hands-on classes in the thematic labs (chemistry, physics and information technology) and to develop practical skills and abilities that could be vital for their future careers. The opening of the Zwarah School's new facility – already well-known and appreciated in the area – attracted even more students from the neighboring communities, proving to be a model school institution. The school's mission is to support all students in achieving their academic and personal objectives, to stir up in them a love for learning, and to prepare them as citizens who will contribute to the entire community.

Nafisa Osman, principal of Zwarah School



the communities' engagement and the knowledge of territory

Eni promotes transparency of the information addressed to local communities, with particular reference to the topics that they are most interested in. Forms of continuous and informed consulting are also promoted, through the relevant Eni structures, in order to consider the expectations of local communities in conceiving and conducting corporate activities and in order to promote a proper redistribution of the profits from such activities (Eni Code of Ethics). Involvement is encouraged at each phase of the business project. For this reason, consultation, dialogue and listening are often structured by creating committees or ad hoc work teams. When mapping, special attention is given to the most vulnerable groups, such as women and indigenous populations. In Norway and Australia, Eni adopted a specific policy for the protection of indigenous people. Consultation focuses particularly on sharing processes, analyses and evaluations of impacts on the territory, informing on current activities of interest, developing and implementing initiatives and projects for the community. An in-depth understanding of the local context is essential to evaluate and manage the impact generated. The studies required by the procedures are intended for this

purpose. The tools are drafted and applied according to the law in force and they are constantly developed and improved. Since 2008, the HSE management system has been integrated with a standard dedicated to the Environmental and Social Impact Assessment (ESIA). Applying this standard to all new projects allows in-depth assessments of the socio-economic and cultural component, as part of an analysis of impact of operations. Within the actions aimed at understanding the territory, Eni works in cooperation with Italian and international partners of excellence such as universities, researchers, high-level consulting firms and NGOs, both international and Italian. At the end of 2009 Eni started cooperating with International Business Leaders Forum (IBLF) to evaluate the possibility of incorporating criteria for the evaluation of the impacts directly related to human rights into operational procedures. In the Italian contexts, Eni is supported by FEEM in actions aimed at improving the understanding of Sustainability in the territories, particularly in the Basilicata region. Within the 5th Cooperation Agreement with the Municipality of Ravenna, Eni cooperates with the Alma Mater Foundation of the *Università di Bologna*, for the evaluation of saline wedge intrusion progression and territorial impact, and for protection projects planning and implementation along the Ravenna coastline.

payments made to Governments who joined EITI 2009

Country	Year*	Total (k)	Currency	USD conversion
Kazakhstan (KPO)	2008	38,428,609	KZT	260,408.30
		845,799	USD	-
Kazakhstan (KCO)	2008	3,149,931	KZT	21,345.25
		25,210	USD	-
Norway	2008	10,280,934	NOK	1,636,804.70
East Timor	2008	257,322	USD	-
Nigeria	2008	514,659	USD	-
Congo	2004-2006	283,674	USD	-

* Last fiscal year covered by the local data and in which disclosure EITI was carried out.

royalties paid in Italy 2009

	Production year	Total (k)	Currency
Italy	2008	159,390	euro
- in Basilicata*	2008	82,377	euro

* Basilicata region and municipalities in which Eni operates.

the promotion of EITI in the countries of presence

In Kazakhstan Eni disclosed the 2007 and 2008 data to an auditor company, in compliance with a procedure required for the drafting of the third EITI report. In Norway, Eni joined the multi-stakeholders group which supervises the process, and cooperated in the drafting of the new EITI regulations and reporting templates. On 21st January 2010, Norway became the first OECD member State to publish a report on the payments received from oil companies within the EITI's frame. In Italy, the royalties received from the Government are published by the National Mining Office for Hydrocarbons and Geothermal Energy. In East Timor, Eni contributed to drafting the first EITI report; it is a founding member of the multi-stakeholders working group, and was involved in the agreement aimed at creating reporting guidelines and templates, as provided by EITI. In the Congo, Eni is part of the initiative's Executive Committee, jointly with the other oil partners, the civil society, and Government representatives. In Nigeria, Eni participates in the implementation of the EITI by disclosing the information needed to carry out the audits for the reconciliation of the payments made to the Government by the industries of the extractive sector.



The support to the EITI initiative is consistent with GC Principles 1 and 10 because it is in agreement with the protection of the local communities' right to information and with the strategies and actions against all forms of corruption.

the evaluation of impacts

Within the ESIA standard implementation process, in 2009 the following was achieved:

- ESIA in Algeria, Angola, the Congo, Mali, Norway;
- study of social impact in Italy, Australia and Indonesia, and evaluation of environmental impact in Italy, Mozambique and Nigeria;
- Health Impact Assessment (HIA) in Italy and in Pakistan;
- integrated evaluation of environmental, safety and social risks in Angola and Australia.

involvement of local communities

Country	Area/activity	2009 actions and main results
Angola	Impact assessment	Stakeholders' assessment and management plan within the ESIA/ESHIA
Australia	Blacktip Project – impact assessment	2 Community Liaison Officers hired A Social Impact Advisory Committee (SIAC) established for the start of the execution phase of the Blacktip project (the following are part of the committee: Australian Government, Eni, Northern Land Council, Northern Territory Government, Thamarrurr Development Corporation, Victoria Daly Shire Council, as well as two Aboriginal elders); Current review of the Stakeholders Management Plan; Stakeholders consultations within the Health Impact Assessment
Republic of the Congo	Development Projects, Food plus Biodiesel Project, Relations with the communities	Regular meetings to involve local communities, with representatives of the Commission Diocésaine Justice et Paix (CDJP) and several NGOs such as Médecins d'Afrique, International Partnership for Human Development, Caritas. 8 meetings with 6 village committees for the drinking water supply project. Establishment of the Monitoring Committee and of the Working Group for the Food plus Biodiesel Project, composed of members of the involved Ministries and members of Eni
Ecuador	Villano Project – Cooperation and project implementation	Started by the community relations Department, programs and projects included in the agreements with Eni, especially those related to health and education, with special attention to the mechanisms of participation Cooperation agreements with the indigenous communities in the area concerned with the Villano Project
Indonesia	Relations with the communities, impact assessment	7 public hearings and 3 courtesy visits to the local Governments. 1 ESIA in the E&C sector
Italy	"Missione di Comunità" Project in Basilicata, Val d'Agri Expansion and Development Project; Northern center District activities	Establishment of an Eni – Basilicata Region Technical Table and of an Eni – local stakeholders Guarantee Table Drafting of the Stakeholders Management Plan, within the activities of the Val d'Agri Expansion and Development Project Meetings with the local stakeholders within the "Community mission" with FEEM and AAster, and the tourism project with Civita; transparency operation with the local environmental NGOs; organization of public hearings Participation/organization in 4 Workshops on the Northern center District activities
Libya	Development Projects	Involvement of the Gaddafi Development Foundation and of the Libyan State Company to determine the priorities and to complete the projects (Directive Committee for social projects and Executive Committee) Formulation of a governance system to manage the cooperation and development projects
Mozambique	Impact assessment	2 public hearings with the local stakeholders to introduce and discuss the EIA results and the future offshore operations. Integration of the results of the engagement in the EIA and in the environment management plan
Nigeria	Impact assessment, Development Projects	Three Technical Review meetings organized to review the EIA studies carried out Issuing procedures for Stakeholders Engagement and for Sustainable Development; MoU with the Niger Delta communities
Norway	Impact assessment	Public hearing to introduce the results of an Impact Assessment of the Goliath area completed in 2008, and of an ESIA for the Goliath electrification activities
Pakistan	MoU, Bhit Rural Programme	Issue the Sustainable Community Investment procedure New partnership agreements for the 2010-13 period with 4 NGOs: Bhit & Badhra Leadership for Environment and Development, Kadanwary Goth Seengar Foundation, Pakistan Fishers Forum and Umerkot East Sindh Sami Foundation Appointment of a Community Liaison Officer Involvement of 134 Village Development Organizations (VDOs) in the Capacity Building Project in the Bhit and Badra area Carried out meetings for Communication and Leadership Management skills development
Kazakhstan	Relations with the communities, impact assessment, Rural Development Programme KPO	Hired a new Community Liaison Officer 4 public hearings to share the impact assessment studies 22 village committees meetings, chaired by the community relations department, to discuss the SBA conducted by ERM at the beginning of 2009, the "3D Seismic" investigation, and the needs and the economic and social development potential of the rural settlements in the Karachaganak field area
East Timor	Relations with the communities, impact assessment, development projects	Consulted over 30 stakeholders through individual meetings within the context assessment process (SBA) and consultation with the communities through Participatory Rural Appraisals Appointment of a Community Liaison Officer Meetings with business partners and the community representatives on the development initiatives and on Sustainability matters
Venezuela	Evaluation of impact	Conducted 2 Pre-ESIA; interviewed 1,434 people (322 families)

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stakeholder involvement in the Republic of the Congo

The onshore activities in the Congo led Eni to develop relations with the local communities living in the areas of operational presence, through regular meetings between Eni representatives and representatives of the Congolese civil society, including the Commission Diocésaine Justice et Paix (CDJP), the religious authorities and the NGOs involved in the territory (International Partnership for Human Development, Médecins d'Afrique, Caritas). For example, in February 2009 CDJP invited Eni to attend its seminar: Workshop of exchange visits between local communities of the Congo and Chad oil plants. The high sensitivity of the oil drilling activities, with their gas flaring byproduct, and the Tar Sand and Oil Palm projects led the international community, in particular certain environmentalist organizations (Böill Foundation, Friends of Earth, Rain Forest Action) and human rights safeguard organizations (Ethical Responsibility, CRBM, Bank Track, Commission J&P, Misereor, RPDH, Secours Catholique) to enquire about Eni activities (see in-depth study). Eni met with all the interested parties and gave transparent answers to the questions asked. In October 2009, the Center for Corporate Responsibility in Oxford went on a mission to the Congo to implement a case study on the application of the "Eni model" in the Congo and on onshore activities.

On 12th December 2009 the first Open day took place, during which the Eni Congo sustainable development activities were partly illustrated, together with the Eni Foundation projects. Institutions and civil society representatives attended the event. The first issue of the internal newsletter "Piattaforma" came out on the same day. Moreover, regular meetings of dialogue and updating began between all chiefs (6 villages) and Eni's representatives, as well as representatives of CDJP, Caritas, Médecins d'Afrique, IPHD and of the Agriculture Departmental Directorate. Lastly, in order to improve engagement activities in the territory, a listening center will be set up in an area offered by the M'Boundi village committee, where Eni personnel will provide information on current activities. Also, in addition specific technical cooperation agreements aimed at carrying out social projects, a partnership agreement with civil society organizations is currently being drafted.

contribution to local development

Eni aims at creating opportunities for the territories of presence, respecting the needs and expectations of the local communities. The Eni model contributes to achieving the Millennium Goals, in particular through initiatives that strengthen the local socio-economic systems, improve access to energy, with special attention to the most vulnerable groups, women among them, considering the multiplying effect that investing in this category generates on the community. The projects, both those carried out within the strategic agreements with producer Countries, and the local development support initiatives, are determined through the involvement of the local stakeholders. Development cooperation objectives are achieved through increasingly integrated long-term programs, supported by the permanent relations created by Eni with the Countries of presence. One example is the Green River Project that has supported and followed the local communities' development in Eni's Nigerian operating areas since 1987. The initiatives concern the development of the socio-economic supply chain directly or indirectly connected with the business, by strengthening local procurement (see paragraph "Relations with suppliers"), and through local empowerment and professional training. Eni supports projects aimed at improving the local populations' living conditions, by providing infrastructure, structures, and basic services. The creation of partnerships is essential for implementing the cooperation's objectives. In 2009 an agreement was signed with AVSI aimed at cooperating in conducting territory assessments and implementing investment programs in territories where Eni operates, with an initial engagement in Africa. In 2009 Eni, jointly with the World Health Organization, devised a plan aimed at providing help to both the Democratic Republic of the Congo and the population

of Brazzaville, by supplying water treatment equipment, medical materials, and staple commodities to the local communities caught in the dramatic situation of a serious medical and humanitarian emergency.

A bridge to Innovation

Project in Abruzzo

In May 2009 Eni signed a Protocol of Intent with the *Università degli Studi dell'Aquila* and the Italian Ministry of Education University and Research, which started the A bridge to innovation Project, aimed at resuming research activities at the university, after the April earthquake. The duration of this initiative will be three years, starting in May 2009, with an expected cost of 20 million euro. The project includes providing accommodation for three years at Eni facilities to 50 of the university's students, researchers, and postgraduates in the energy and environment sectors. To this end, in 2009 the university issued two competition notices for the selection of 28 candidates who are starting their activities in the first months of 2010 through scholarships, doctorates and internships. The remaining positions will be assigned similarly in the next two years. Moreover, Eni will build a new Research Center in L'Aquila, with 50 laboratories and housing for 100 students; the Center will be created as a contribution to benefit the university that will manage it fully independently. Eni will have the option to acquire, for a valuable consideration, the exclusive rights on the resulting industrial and/or intellectual property. The protocol, finally, includes a feasibility study aimed at verifying the technical-economic sustainability of a high environmental sustainability teleheating plant, that will provide green energy to an area deemed suitable in the Municipality of L'Aquila. The activity will be conducted by EniPower jointly with the University. The construction of a teleheating plant by EniPower would aim at guaranteeing the availability to the city of L'Aquila of high efficiency energy with limited environmental impact, by using sustainable technologies.

Eni's activities in Basilicata

The *Missione di Comunità* project continued, in cooperation with FEEM and AAster Consortium, aimed at listening to and promoting the territory's independent and sustainable development. Eni supported the creation of the *Tre Madonne* naturalistic-educational path, by opening the educational center *Energia e Territorio* (Energy and Territory) in the Municipality of Calvello. A project was started in cooperation with Civita, aimed at enhancing the local cultural heritage in 23 Municipalities of the Val d'Agri and the Val Camastra, which was carried out with local stakeholders through studies and focus groups. In cooperation with Shell, and as part of a Protocol of Intent with the Cultural Heritage Office of the Basilicata Region, a project was started for the restoration and enhancement of the Roman Villa of Barricelle archeological site. A survey was carried out on the economic impact generated by the oil activities in the Val d'Agri and in the Val Camastra, and more than 150 of the territory's entrepreneurs and labour representatives were consulted. The results highlighted the existence of a significant amount of related business that benefits a large portion of the local economy: 4 out of 10 local businesses are direct or indirect Eni suppliers; among these, few are directly involved in the construction of the wells, others provide maintenance or support services to auxiliary processes. A high percentage of businesses providing other services are hospitality facilities, ultimately the most benefited of all sectors. Among the advantages of Eni's presence are the direct and indirect positive impact on the socio-economic system, even though hardly quantifiable, and increased competitiveness of the local businesses. Among the areas of improvement, there are the increase of the know how transfer and the creation of longer term agreements. As to the overall context, in the last few years an increased economic dynamism and a

higher quality of life are being perceived; while the main inadequacies include network deficiencies (transportation, social, etc.) and the need for more efficient investment of earned royalties. Based on the conclusions, the relocation of the E&P office for the activities in Southern Italy appears strategic to strengthen local economic competitiveness. The phases of the survey were discussed and shared with the stakeholders at meetings and focus groups.

Bhit Rural Support Program in Pakistan

In 2009, with an investment of 420 thousand dollars, the Bhit Rural Support Program (BRSP) continued; it is a rural development program based on community involvement in promotional actions for local development. The BRSP, implemented in cooperation with the local NGOs Thardeep International, includes integrated rural activities, such as supplies for orchards and fruit gardens, activities supporting farming, professional training and microcredit projects for the start of small businesses,

and creating infrastructures that can improve the local communities' living conditions. Drinking water was supplied to 23 villages, thus improving the living conditions of women in this area. The Mother and Child Health Centers (MCHC) activities continued, with checkups on 13,391 patients, hospitalization for 921 pregnant women and 1,392 post-delivery follow-ups; furthermore, 1,874 newborn were vaccinated. The activities of the four Community Health Centers continued as well, with enhanced infrastructures, providing assistance to 10,282 users. 60 mobile clinics were set up for the most remote areas, and 2,393 consulting meetings were carried out. The medical staff attended refresher courses. In 2009, 4 new schools were added to the 14 already built in the past years within the project; 10 more communities could have access to primary schools. Courses for adults, training for teachers, and seminars on the importance of women's education were carried out, as well as other initiatives. Overall, the project gave support to 50 villages of the Bhit e Badhra valley, in the remote district of Jamshoro, for a total of 2,500 inhabitants.

development program in East Timor

With the objective of improving health and standard of living in 6 villages of the Bobonaro and Covalima district, in 2009 Eni continued the rural development integrated program started in 2008 aimed at involving the population and the local NGOs in participative and inclusive development processes, also through training and educational activities. Courses on management issues and 107 health education courses were held, and nutrition education courses were started, which currently involve 221 participants; 39 volunteers were trained, and educational material on malaria, hygiene and nutrition is currently being achieved. In 2009 there were interventions on the agricultural management systems, through 140 achieved orchards, 364 trained producers, seeds distribution, and the improvement of the foodstuffs' stockpiling and preservation methods. The medical infrastructure improvement process was started, and training on hydraulic systems was carried out, with the involvement of 95 people, as well as training on road construction and maintenance with the recruitment of 48 women.

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agricultural development initiatives, gender empowerment and microcredit from the Green River Project, Nigeria

"The Green River Project was greatly helpful. Thanks to this project, several cooperatives were created in the Ekpeye area, united in the organization known as the Ekpeye United Farmers Cooperative Union, based in Ukpeleide. The member Cooperatives received considerable support ranging from supply of agricultural equipment to microcredit, from a modern palm oil mill to ice block production equipment, to agricultural development services. This support helped to improve the living standards of the farmers that took part in the initiative. I request urgently that the Green River Project of NAOC may continue supporting these gigantic steps forward." *Chief Ihuowo Alabo M., President of Ekpeye United Farmers Cooperative Union*

"The Obrikom women's association is working perfectly and has everything that a women's association can wish for. We are proud beneficiaries of the GRP-NAOC microcredit structure, which changed the life of the members of the association. We are grateful to GRP-NAOC for the sensitivity toward gender differences and we pray that they continue their good job of assisting women in their operational areas." *Cross Section of Obrikom Women Association*

"Uwaoma Oguta Youths FMCS joined the GRP-NAOC to increase our agricultural production, and the goal has been achieved. The Green River Project supported the cooperative through numerous training courses, seminars, supply of agricultural equipment, and access to credit. We received also animals such as fowl and goats, a multipurpose kit for farming support, and a motorboat. All this brought unimaginable progress to the population, including: chicken farming (approx. 5,000), 7 motorboats, 1 bus, approx. 10 hectares of land, and jobs for 15 young people in the community. We pray the Almighty to help the GRP to continue providing their wide range of programs, in order to accomplish the sustainable development of the nation's agriculture, and to achieve the empowerment strategies."

Uwaoma Oguta Youth Fmcs

relations with suppliers

Eni strengthens its relations with suppliers through the creation and management of consolidated and shared processes that include the procurement functions. To this end, the Company requires compliance with specific rules and standards, including its own Code of Ethics, Form 231 and the Guidelines for the protection and promotion of human rights; compliance with health, safety and environment principles and practices, as well as adherence to general and special contractual standards. Furthermore, suppliers are subject to a qualification and audit process, with inspection & expediting visits, as well as performance evaluations and assessments of the corrective actions being implemented.

Eni supports suppliers in their improvement process in order to achieve the expected goals. These actions allow to better know and control suppliers, and to improve the quality of their performance. Eni understands the need to facilitate interaction between buyers and suppliers, by exchanging technical and business information. The e-procurement portal confirms being a preferred tool to communicate with suppliers, and its implementation and constant updating meets this expectation. Thanks to this portal, the automated buying process becomes fast and efficient, and suppliers can enjoy a dedicated communication channel with Eni. Also, thanks to the portal, contract negotiation, online purchases, assigning

and assessing services, online exchange of documents, including invoices, can all be done on the website.

the promotion and development of local content

Having an active role in creating and strengthening drivers of socio-economic systems development, particularly by developing local professionals and skilled personnel, is part of the relations strategy with producer Countries. Local content development targets are determined at the corporate level and developed in the different projects based on local peculiarities. Eni provides specific guidelines for provisioning strategies and planning that include strategies for the implementation of local procurement. Local content goals are outlined based on the contexts; however, most often they are regulated through the agreements in force (PSA, MoU, Protocols, etc.) within specific parameters. In 2009, procedures and initiatives were developed to strengthen the local content in Kazakhstan, Nigeria, Mali, Angola, Australia, Libya and East Timor. As part of the Vendor Management System implementation in China, the Congo and Russia, 6 people were specifically trained, and obtained the professional qualification of Local Supplier Quality Engineer, as well as the Lead Auditor ISO 9001 certification from an outside authorized agency. In China 2 people were trained and obtained the Auditor SA8000 certification.

supply chain management

In 2009, over 190,000 online processes/ events were activated through the e-procurement portal. Within the Continuous Improvement project, the website was further implemented with downloadable standard formats, facilitating the handling of documents required for a call for tenders, and making the process easier for suppliers. Projects aimed at optimizing company-wide management of procurement activities were finalized. The Integrated Supply Chain project redefined the procurement planning process, bringing it closer to business needs, guaranteeing supply security and compliance with the schedule. The Integrated Procurement System Project provided a unique system to support procurement activities, and rationalized the coexistence of several legacy systems. The Integrated Procurement System Project together with the Operations Reporting Project, have expanded available information on the systems, by adding detailed data in support of the activities of the procurement and staffing units. New contractual standards have been drafted for the Eni world abroad, containing principles consistent with the Sustainability Model. In 2009, two Master Agreements were assigned, for a supply of valves for a total of 45 million euro. As part of these agreements, selected subcontractors were required to hold high standard certifications and to offer a cost per unit aligned with the most competitive world markets. These Agreements can be used by all Eni companies in Italy and abroad. In 2009, Vendor Management Systems were implemented in China, the Congo and Russia. This activity contributes to the development of new local professional skills, by defining structured educational paths aimed at managing the implemented Vendor Management system. As regards the monitoring of the Supply Chain before and after awarding the contract, Eni's subcontractor database was defined and implemented. To this end, a specific method was developed and a pilot scheme was outlined. A Contract

suppliers

	World			Italy			Abroad		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
Purchase per year (mln €)	23,208	30,026	35,205	12,526	11,091	15,105	10,682	18,935	20,100
Suppliers used	26,270	29,416	35,113	13,928	14,027	17,077	13,810	17,232	21,550
% purchase top 20	24		25						

The number of suppliers used in the world is not equal to the sum of Italy and abroad since one supplier can be used for various areas. The calculation of procurement per year does not include the procurements of raw materials and the procurements carried out by the single functions.

vendor qualification

	2007	2008	2009
Vendor subject to the qualification process including human rights assessment	5,784	6,174	8,388
Procurement of vendor subject to the qualification process including human rights assessment	83%	89%	87%
Qualification cycles carried out during the year	19,058	15,936	22,108
- of which with negative outcomes	18%	13%	9%

The procurement share towards suppliers subject to qualification procedures is only related to Eni and its foreign subsidiaries with structured qualification systems.

Administration Center has been set up to ensure the consistency, standardization and monitoring of post-award contract management.

promotion of sustainable behaviors

Audits on the “extended” Supply Chain are ongoing, through structured processes of Company qualification; in 2009, in China alone, 23 qualification processes were completed. Eni continues its commitment to monitoring the conduct of the companies it makes agreements with special attention to the protection of human rights, by applying the SA8000 standard to the supply chain. In 2009, for the first time in Africa (the Congo) SA8000 audits were carried out on 2 major local suppliers and sub-suppliers.

SA8000 audits performed 2009

At qualification stage

Chinese suppliers	6
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At conformity stage

Chinese headoffice (supplier and subcontractor)	12
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Africa (Republic of the Congo)	2
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Total	20
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Risk assessment is current, with selection and verification of local or international prospective suppliers, with branches in the Country. Besides verifying suppliers' qualifications, feedback on suppliers' reported behavior was also subjected to systematic assessment.

actions taken for negative feedback 2009

Warning	69
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Suspension	27
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Repeal	5
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In 2009, 2 education and awareness meetings were held, on matters of human rights, with the people involved in the procurement process and contracts management. The procurement monitoring program continued, to verify compliance with local regulations, partnership agreements and Eni regulations. Partner companies in Algeria, Egypt, Libya, Australia and Nigeria were evaluated. These verifications were integrated with a specific compliance area to evaluate aspects of

Sustainability, such as a provision on human rights added as a contractual standard. The Market Intelligence unit carried out an in-depth evaluation of Iraq and the Iraqi market, focusing especially on assessing local content potential. The Inspection, Expediting and Feedback unit provided operational support to 7 Flaring Down projects. Eni intensified the promotion of responsible behaviors, with special attention to conflicts of interest, both internally and among suppliers, consistent with the Code of Ethics and internal regulations provisions. Eni's people are committed to avoiding all activities that may create a real or perceived conflict of interests, by observing the following procedure: reporting the (suspected) conflict circumstance, assessing it, to be carried out by the designated bodies, and identifying operational solutions. Eni requires that suppliers, besides stating that there are no current conflicts of interests, disclose their own corporate control chain. The procurement regulatory and procedural framework revision plan includes an alignment of procurement principles for all of the companies and divisions, strongly confirming the use of tenders that, by creating a turnover of suppliers, guarantees and safeguards the principle of free competition.



The actions aimed at promoting sensible behavior within the supply chain, with special reference to the protection and promotion of human rights and the improvement of environmental performance, are consistent with Principles 2, 4, 5 and 8 of the GC.

the development of local content in Kazakhstan

Within the agreements in force, Eni provides assistance to local companies on quality systems control, in order to achieve internationally recognized certifications. In 2009, 21 seminars were carried out, attended by 108 companies, aimed at making local suppliers aware of contractual requirements on international qualifications concerning HSE, quality,

finance, project management, and technical standards. In order to increase the skills and competitiveness of local companies in their own field, an International Standard Program was implemented, and thanks to it 12 companies achieved ISO standards certification, and 6 more are currently pursuing the certification; 1 company is currently pursuing the API certification. An office was opened in Karachaganak, to facilitate communication and provide an interface to the business community. Eni specialists held seminars to discuss problems of compliance with HSE standards. On May 15th, 2009, the joint “Cooperation and Development” Forum of suppliers of the petrochemical industry was organized in Astana, jointly with NC JSC KazMunayGas and the support of the KazEnergy Association, and it was attended by 29 local companies and 16 key foreign producers. As many as 51 joint ventures are pre-qualified in the list of Eni suppliers. Education and training of the local workforce is seen as another basic factor for the advancement of the local content. An intensive training program was carried out for both Kashagan and Karachaganak, aimed at fulfilling workforce expectations at all levels and at replacing progressively the specialists from abroad. In Kashagan investments for the training and development of national employees reached approximately 7 million dollars in 2009. Other initiatives in this field include, the Craft Training Program, aimed at training the local unemployed for jobs within the project, and the Fast-Track program, aimed at training maritime personnel, with a total budget of 3 million 700 thousand dollars. Particularly significant was the training program for the maintenance of the Training Center in Atyrau. The Center trains local specialists and manages a series of long-term educational initiatives that include courses both on theory and practice. The agreements in force include investments for scholarships, equipment for educational institutions and the organization of educational workshops.

protection and enhancement of biodiversity and ecosystems

In addition to the social and environmental impact on the territory, international scientific research on sustainable development has recently called attention to a more complex level of interaction between man's activities and the ecosystems where they are conducted. This new area of research aims at solving one of the problems highlighted by the Millennium Ecosystem Assessment (MA), conducted by more than 1,300 scientists from 95 different Countries, from 2001 to 2005, on the ecosystems' overall health status. This Study results highlighted that, in the last 50 years, over 60% of the 24 ecosystemic services, fundamental for life on the planet, showed significant decay, to a point where the natural regeneration and return to the original condition were impaired, and that their maintenance is essential to life on earth, as it affects directly the earth's biodiversity and climate changes.

In this perspective, the oil&gas sector was among the first to shift to a more systematic approach to the territory, capable of highlighting risks and opportunities connected to a better management of resources, to the enhancement of the environmental, cultural, and social heritage in the Countries where it operates. The first studies on these matters aimed at investigating the impact of Exploration & Production activities on biodiversity. Eni has been very active in all these years, so far as to earn, for 2010, the position of chair of the IPECA's Biodiversity Working Group. Furthermore, the projects regarding the study, monitoring and mitigation of the impact on biodiversity from operational activities continued in 2009, also in order to set up specific tools and programs applied to all Company activities, following EBI guidelines (Energy and Biodiversity Initiative), described in the box.

Since 2008 Eni has joined Proteus 2012, an initiative promoted by UNEP-WCMC that aims at developing a comprehensive

database of information on protected areas with rich biodiversity, by using different datasets and available information. In 2009, the information provided by the World Database on Protected Areas (WDPA) was significantly improved, and the Marine WDPA platform was launched, which groups the marine protected areas with dedicated details and attributes. The benefits of joining this initiative consist, in particular, in the availability of information that is current, comprehensive, and high quality, which becomes essential when mapping the operational sites for the presence of biodiversity, so as to reduce the risk of operating in these contexts.

While pursuing of its commitment to the preservation of biodiversity and the evaluation of the interaction between the operations and the biodiversity rich areas, Eni started analyzing how it could assess and protect the most complex ecosystemic functions and define their relation with the activities of the energy sector. As part of this project, since 2009 Eni has been a member of the Environmental Services, Tools & Markets Working Group promoted by Business for Social Responsibility (BSR) which is, to this date, the foremost initiative for enterprises for a comparison and evaluation of the most advanced tools and methods for the evaluation of ecosystemic services during the entire lifespan of the plants. Furthermore, Eni joined the EVI road tester project supported by the World Business Council for Sustainable Development, to carry out a test for a preliminary assessment of the ecosystemic services; the test will be carried out with the advice of IUCN, the world organization for conservation of biodiversity, with which Eni has been collaborating since 2008. All these initiatives are coordinated by a working group that includes Eni and the Eni Enrico Mattei Foundation (see section "Building the future of energy").



The activities are consistent with GC Principles 7, 8 and 9 as they ensure a precautionary approach aimed at considering the direct impacts on the environment and ecosystems, while promoting greater accountability in the use of both natural resources and new protection technologies.

the projects

The total cost of the ecosystems and biodiversity protection projects in connection with the Exploration & Production activities was, in 2009, 6.52 million euro. The estimated cost for the next four years is equal to 15.4 million euro. The projects were aimed mainly at assessing, monitoring and mitigating the impact on biodiversity in particularly sensitive ecosystems, such as the arctic zone, the forest covered regions and the marine areas.

Biosea II Joint Industry Program (JIP)

The project, which ended in December 2009, aimed at devising a set of tools to monitor the environment in offshore areas, and at providing better knowledge of the arctic species and any sensitivity they might have to dispersed oil and to production contaminated water. The activities focused on determining the actual concentration of the threshold level based on the "effect/exposure" ratio, through lab experimentation and field survey; these activities allowed the assessment of any effects of (chronic) exposure to sub-lethal concentration, thus contributing significantly to the determination of the evaluation criteria to be applied to the environmental monitoring of marine areas. The project, moreover, allowed a comparison of the results obtained with adult organisms against those observed during the same organisms' first stages of life, and it highlighted how the natural and seasonal environmental conditions may affect the outcome and the reference levels of some of the biomarkers studied.

Arctic Sea BioDiversity Norway

Eni supports several projects aimed at studying the ecological sensitivity in the Arctic region in connection with oil activities, as well as the activities' interaction with the local communities and economic system.

The Arctic Sea BioDiversity project aims at developing an operating protocol for the study and conservation of offshore biodiversity, with special reference to the Arctic Sea, and at contributing to the development of best practices applied to this type of operating context. In 2009, the project underwent a general revision, so as to guarantee full application of the Energy and Biodiversity Initiative's guidelines, and alignment to Eni standards in assessing social and environmental impact. Furthermore, the marine ecosystems in areas of likely impact were studied, the relation between the different ecosystems was examined, and the key elements requiring in-depth investigation were identified. The project's advancement is posted on the website www.arcticbiodiversity.com and distributed to the various scientific communities, including the Arctic Frontiers Conference (Tromsø, 2010).

Villano BioDiversity Ecuador

This project aims at evaluating the potential impact of operations in the Villano area, separating it from other anthropic pressures, and at identifying appropriate mitigation and restoration measures. The project, which will end in 2010, is carried out in cooperation with the *Pontificia Universidad Católica* of Ecuador and it includes the following activities:

- evaluation of changes in the ecosystem through the study of geographically referenced data (GIS technology), to

assess changes in the structure of the primary forest, by comparing the area where Agip Oil Ecuador is operating with sample areas and areas with human settlements;

- evaluation of changes in the operating site through field sampling and the use of a suite of plants and wildlife indicators with different levels of sensitivity and reaction speed;
- recovery of woodland previously used for operations in order to maximize their return to the natural state, both in terms of quality and of speed.

biodiversity in the Val d'Agri

The project, started in 2008, aims at applying the results of the AgriBioDiversity project (completed in late 2007), by identifying recovery actions to reduce impacts and reinstate the original biodiversity, and verifying their effectiveness, as well as incorporating biodiversity aspects into the management of the operating area. In particular, the fringes of naturalistically important sites (such as high altitude beech forests) will be reinstated with indigenous vegetation, and experimental procedures will be carried out to eliminate invasive species and to reinstate the prairies with the highest level of naturalness and those crossed by the flowlines, while monitoring the recolonization process. The results achieved this year highlighted the prairies' high regeneration capacity, and a significant progress of the herbaceous recolonization process.

biodiversity project in Alaska

The project, ended in 2009 allowed the identification of the main biodiversity risks related to the operational, ecological and social context of the Nikaitchuq field, the development of a specific Biodiversity Action Plan for their risk management and the identification of conservation actions.

E&P Sound and Marine Life Joint Industry Program

This international project, that Eni joined in 2006, aims at identifying the potential effects of the sound generated by offshore Exploration & Production, particularly in connection with seismic activity and its effect on marine mammals. The project involves 13 oil companies. The research focuses on the characterization of sound sources typical of E&P activities and its propagation; on studying the physical, physiological and auditory effects on the various marine species, and the effects on behavior and their biological relevance, and on developing new monitoring systems and new systems to detect the presence of marine species in the operations area. This knowledge will provide the scientific base to optimize current mitigation measures. The results of Phase II, ended in 2008, have been crucial in setting up the Environmental Requirements in Geophysical Operations standard for the E&P sector. Eni agreed to extend Phase II, which aims at integrating the previous activities with studies focusing mainly on behavioral effects, in accordance with regulatory requirements.

main projects for the protection of ecosystems and biodiversity

Project name	Geographical area	Total investment (thousand euro)	Progress	Partners/Stakeholders involved
AgriBiodiversity (ABD) Phase II	Val d'Agri (Italy)	455		Università degli Studi della Basilicata, ABD Monitoring
Biodiversity Risk Assessment in the Nikaitchuq Block	Alaska (USA)	200		FFI
Villano BioDiversity (VBD)	Ecuador	2,070		Pontificia Universidad Católica de Ecuador, FFI (Fauna & Flora International)
BioSea II	Norway	1,562		Total, IRIS (International Research Institute of Stavanger)
Arctic Sea BioDiversity (ASBD)	Norway	2,518		Akvaplan-Niva, FFI, Arctos Group
E&P Sound and Marine Life Joint Industry Program	All offshore sites	2,100		BG Group, BHP Billiton, Chevron, ConocoPhillips, Eni, ExxonMobil, International Association of Geophysical Contractors, Santos, Statoil-Hydro, Woodside, OGP
Monitoring of endemic species of the Caspian Sea	Kazakhstan	3,448		Kazakhstan Research & Production Center of the Fish Industry, U.S. Pew Institute for Ocean Science, CaspiEcology, Nedra, KazEcoProject, Caspian International Seal Survey, University of Leeds/Kazakh Agency of Applied Ecology (KAPE/KAEE)

main initiatives for the development of territories

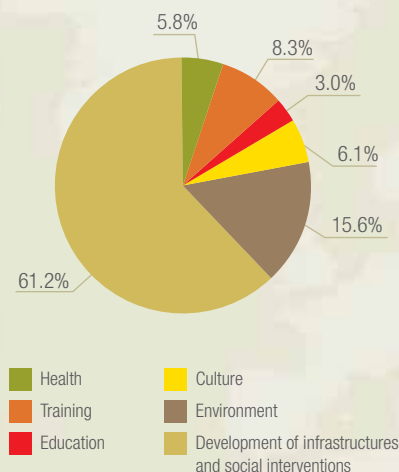
In conducting its business, Eni participates in the development of the Countries where it operates, by supporting employment policies and local procurement, the creation of jobs, the advancement of equal opportunities, the transfer of technological skills and know-how, and the improvement of operational standards. Eni invests in initiatives aimed at meeting stakeholders' expectations and improving the quality of life by enhancing primary education, protection and access to resources and by participating in the fight against major diseases, also through Eni Foundation activities. The initiatives are carried out

through dialogue and partnership with the stakeholders. Eni contributes to the achievement of the Millennium Goals also through an "inclusive business" approach.



The Cooperation and Development Model and the related initiatives for the communities are consistent with GC Principle 1, as they aim at protecting and promoting the rights of the local communities in the territories of presence. Investments in favor of the communities include territory intervention projects arising from agreements and donations. In 2009, these investments amounted to 71.6 million euro, remaining unvaried from to 2008.

investments in communities by sector 2009



AMERICA

Ecuador since 1988

Investments in communities: € 3,595,538

Local procurement quota: 87%

Actions: medical and school building, road and water supply networks, Health Project (17,422 checkups, 26 communities), support to higher education (243 students) and to primary education (24 new schools, school and sports supplies for 767 children), Scholarship program (56 students involved).

Brazil since 1999

Investments in communities: € 22,305

Local procurement quota: 67%

Actions: contribution to the achievement of two projects supporting ease and social integration aimed at children and youth who live in the Favelas of Rio: UERÉ Project and My Children's Smile Project.

ASIA

Saudi Arabia since 2004

Investments in communities: € 94,000

Local procurement quota: 80%

Actions: awarding scholarships to senior year students at the King Fahad University for Petroleum and Minerals in Dhahram.

Kazakhstan since 1992

Investments in communities: € 32,604,142

Local procurement quota: 40%

Strategic agreements: cooperation agreement (2009)

Actions: local content development, medical building and equipment, network providing gas and water to 150 villages, support to culture, 42 scholarships and internships for 450 students, medical assistance for 165 elders, support to orphans association.

India since 2005

Investments in communities: € 73,512

Local procurement quota: 95%

Actions: Children Education Programme Project for teenagers from 14 to 16 on issue linked to energy sources.

Indonesia since 1968

Investments to communities: € 239,222

Local procurement quota: 71%

Strategic agreements: cooperation agreement (2009)

Actions: support to agricultural development, improvement of road network, support to a specialized surgery project, enhancement of the local cultural heritage.

Pakistan since 2000

Investments to communities: € 629,679

Local procurement quota: 51%

Strategic agreements: cooperation agreement (2009)

Actions: Bhit Rural Support Program (capacity building, school, socio-medical projects and building, gender empowerment, water supply networks, promotion of food safety, information technology courses, management of natural resources).

AFRICA

Algeria since the 50s

Investments in communities: € 392,351

Local procurement quota: 16%

Actions: reopening of the newly restored mosaic "The Indian Triumph of Dionysus", training of 6 technicians during restoration, solar power electrification of 4 water wells drilled by the Sonatrach-Tassili Foundation in the Tassili park, supporting the 2nd pan-African Cultural Festival.

Libya since 1959

Investments in communities: € 6,459,117

Local procurement quota: 43%

Strategic agreements: MoU (2006)

Actions: medical building, support to a program for AIDS, School Project, training and hiring 96 local graduates, Sports Project, cultural heritage enhancement, Environmental Strategy Project.

Republic of the Congo since 1968

Investments in communities: € 814,304

Local procurement quota: 49%

Strategic agreements: Protocol of Agreement (2008)

Actions: water drinking distribution, meteorology station, school building, created the multi-stakeholders Committees for the Oil Palms Project. Eni Foundation: Salissa Mwana and Kento Mwana Projects.

Angola since 1980

Investments in communities: € 2,390,809

Local procurement quota: 51%

Strategic agreements: MoU (2008); protocols (2009)

Actions: Food&Biodiesel Project feasibility studies and preliminary assessments for the "Training Center Project", supporting 2 students for the Master's degree in oil and environment engineering. Eni Foundation: Kilamba Kiayi Project.

Mali since 2006

Investments in communities: € 224,659

Local procurement quota: 52%

Strategic agreements: Protocol Agreement (2008)

Actions: drilling of 4 water wells, two of which with solar power electrification, training of local medical and sanitary personnel.

Tunisia since 1961

Investments in communities: € 105,011

Local procurement quota: 47%

Actions: construction of two medical dispensaries, partnerships with NGOs (enterprise centers), support to the most remote zones in proximity of gas pipelines, and supply of educational materials.

Egypt since 1954

Investments in communities: € 57,783

Local procurement quota: 76%

Strategic agreements: cooperation agreement (2009)

Actions: awareness campaigns on road safety, support to medical center and to higher education, renovation of the St. Catherine's Basilica (Sinai), supply of equipment and software for the PLC lab.

Mozambique since 2006

Investments in communities: -

Local procurement quota: n.d.

Actions: restoration of water supply network in 3 districts, local development programs, training and education (visits to the Company's geology labs and organization of 1 workshop on exploration with 12 microcredit participants).

Nigeria since 1962

Investments in communities: € 5,468,629

Local procurement quota: 86%

Actions: MoU with 20 Niger Delta communities, professional training (500 people); 2,401 scholarships; development of water supply, road and energy infrastructures; environmental protection. Green River Project: support to entrepreneurship and microcredit (600 people, 30 agricultural cooperatives, 100 KUSD distributed, of which 51% to women/women's associations).

EUROPE

Norway since 1964

Investments in communities: € 163,844

Local procurement quota: 86%

Actions: school projects (energy house in Hammerfest and high school educational programs on energy topics), bird watching center and planning of the Arctic Slow Food Centre construction.

Italy since 1953 (year of establishment)

Investments in communities: € 14,923,809

Local procurement quota: 76%

Strategic agreements: Addendum to the Protocol of Intent with the Basilicata Region (2009)

Actions: tourism development and educational initiatives in Basilicata; Val d'Alba project; health and disease prevention campaign in Gela; A Bridge to Innovation project; support to medical structures and non-profits (Genoa, Rome and Livorno), cultural heritage enhancement, socio-urban and environmental initiatives (Sannazzaro).

Russian Federation since 2007

Investments in communities: € 528,900

Local procurement quota: 77%

Strategic agreements: MoU (2008)

Actions: contacts between ECU and the Russian academic world, professional training and recruiting activities, social initiatives in favor of children (children's summer camp in Cesenatico), support to schools, to cultural and sports facilities, projects in support of reindeer breeders.

OCEANIA

East Timor since 2006

Investments in communities: € 824,455

Local procurement quota: aggregate in Australia quota

Actions: rural development projects in the districts of Bobonaro and Covalima, civil education, food safety promotion, capacity building, local entrepreneurship promotion, natural risk mitigation, mothers and infants health protection, school equipment and training on hygiene education and children's rights.

Australia since 2000

Investments in communities: € 251,557

Local procurement quota: 38% (includes East Timor quota)

Actions: Local Industry Participation Plan for local content development; support to aboriginal entrepreneurship (Indigenous Community Volunteer's office, business demonstration day, dedicated workshops), children's and women's health protection campaigns, aboriginal culture enhancement, support to the Australian Football Competition.

the culture of sustainable development

Promoting and supporting culture, especially as leverage for the education and training of the new generations, has become a distinguishing trait of Eni.

The initiatives are mainly aimed at:

- activating and strengthening relations with universities and the world of research;
- achieving educational-didactic projects and providing support to schools;
- devising and planning activities in support of culture.

relations with research and educational institutions

Eni recognizes that the cooperation with universities plays a fundamental role in supporting higher education, by promoting university courses of excellence, with the resulting placement of young talents in the career marketplace. In 2009, Eni Corporate University, which, besides providing recruiting and selection services, is dedicated to educating and developing

managerial and professional knowledge, was entrusted with the task of mapping all of Eni's cooperation projects with Italian and foreign universities concerning both the HR area and the other functions, particularly research. Eni signed a three-year period master agreement with the National Research Council (CNR), which will further strengthen strategic cooperation between the two entities, and which lays the foundation for new shared research initiatives, in addition to the current ones on energy, environment and territory studies. Eni is connected with the world of research also through the activities of the Eni Enrico Mattei Foundation (feem.it). For a company like Eni, cooperating with the younger generations is stimulating and it is a unique opportunity to spread knowledge across borders and across sectors.



Eni's commitment to educational projects is aimed at protecting and promoting the right to education of new generations, contributing to the achievement of GC Principle 5.

support to university training and research

During the past year, Eni continued and started several cooperation projects with universities and research centers in Italy and abroad, renewing its commitment for the achievement of an efficient international network of knowledge in the energy sector.

collaborations with universities and research centers in 2009

No. of collaborations	389
- in Italy	266
- abroad	123
Investments in collaborations	117 mln euro
- for research projects	86%

Data are surveyed in mid-2009. The investments relate to actual collaborations over several years.

Compared to the total multi-year investments made in cooperation with universities and research centers, the estimated costs sustained in 2009 are equal to about one quarter of the overall amount. In May 2009, Eni signed a protocol of intent with the *Università degli Studi dell'Aquila* and the Ministry of Education University and Research, to provide housing for the university's students and researchers (see paragraph A Bridge to Innovation Project in Abruzzo). Within the scope of initiatives conducted in Italy, besides maintaining the 2nd level Master's Degree (for the oil&gas sector) at the *Politecnico di Torino*, the *Università di Bologna* and the *Università Cattolica di Milano*, additional Master's degree courses have been started at the *Politecnico di Milano* and *di Torino*, with reference to the energy and oil sector; also, the Geology Project, which was introduced at the universities of Perugia, Rome (*La Sapienza*), Ferrara, Padua and Trieste, with the introduction of new Master's degree courses in Exploration Geology and Hydrocarbons Geology. Moreover, thanks to these projects, some students were able to attend six-month courses at prestigious foreign universities, such as in Austin, Texas, and Trondheim in Norway. The Company's international standing, demonstrated by scientific cooperation in

cooperation with universities and research centers

Objective	Initiatives/Projects achieved in 2009
Participate in the development of skills useful to business through the higher education and specialization in the oil&gas sector	2 nd level Master degree for oil&gas technologies, management and uses: in cooperation with the <i>Politecnico di Torino</i> and the <i>Università di Bologna</i> Specialization course on International Contractual Practice in the oil&gas sector, at the <i>Università Cattolica del Sacro Cuore</i> Seminars on Energy Economy and Energy Geopolitics at the universities Gubkin and Mgimo in Moscow and at the French Institute of Petroleum in Paris Project for the acknowledgement of the Italian section of the international school in Atyrau, Kazakhstan Activation of specialized courses in cooperation with the <i>Università Cattolica del Sacro Cuore</i> and the <i>Politecnico di Torino</i> and <i>di Milano</i> , with internships at foreign universities (destination: Norway and USA) Activation of specialized courses, vocational guidance and cooperation with the universities of Rome " <i>La Sapienza</i> ", Perugia, Milan, Ferrara, Padua and Trieste Participation of local personnel in the Eni higher education courses in Indonesia, Egypt, Angola, Kazakhstan, and Libya Training internships at the KPO structures for 450 students
Promote and support university research	Scholarships for internships abroad assigned to Italian students (Bocconi University, LUISS, Mgimo of Moscow); Support to the <i>Università degli Studi dell'Aquila</i> Scholarships for research doctorates at the <i>Università di Catania</i> and at the University of California, San Diego Participation in the research project supported by the EU concerning the energy-environmental study of alternative fuels
Strengthening partnerships	Continuation of the cooperation with Bocconi University, LUISS University, Johns Hopkins University and Oxford Said Business School
Strengthening partnerships	Supporting access to higher education in the Countries of presence with: <i>Università degli Studi di Siena</i> , Alma Mater Foundation of the <i>Università di Bologna</i> , Unibas, University " <i>La Sapienza</i> ", University of <i>Roma Tre</i>
Acquiring specific skills	Supporting access to higher education in the countries of presence with: <i>Università degli Studi di Siena</i> , Alma Mater Foundation of the <i>Università di Bologna</i> , Unibas, University " <i>La Sapienza</i> ", University of <i>Roma Tre</i>
Expand access to higher learning in the Countries in which it operates	Master degree in "Petroleum Engineering", <i>Politecnico di Torino</i> ; during the first two editions, a total of 84 students came from Countries where Eni is present Programs supporting education in Ecuador, in Saudi Arabia, in cooperation with King Fahad University for Petroleum and Minerals, in Nigeria, in East Timor, in Kazakhstan

20 Countries, is also confirmed by other initiatives, such as internships abroad available to students of LUISS University, seminars on energy economics at the Moscow universities and at the French Institute of Petroleum, and the Double Degree Project between the Bocconi e Mgimo universities. Furthermore, a doctoral thesis was started in June 2009, in cooperation with Oxford Said Business School – Center for Corporate Reputation, on the history of Eni Sustainability in West Africa, based on the recovery of documental, oral and audiovisual historical sources. Eni's commitment in the scientific research sector is also significant, as confirmed by several cooperation agreements (the equivalent of 57% of all the initiatives) with foremost institutions, aimed at supporting research and at increasing knowledge, particularly in the energy field. Additional contributions were assigned to implement research doctorates both at Italian universities (Energy Engineering and Economics, at the *Università di Catania*) and at foreign universities (at the University of California, San Diego, USA for biofuel related studies). In this perspective, the Company granted contributions to Bocconi University, and particularly to the Institute for energy and environment political economy, and to the Research Center for business administration, finance and regulation.

the activities of the Eni Enrico Mattei Foundation

After celebrating, in 2009, twenty years of research in the sustainable development field, the Eni Enrico Mattei Foundation (FEEM) – is today regarded internationally as center of excellence for energy and environment studies. 2009 was an important year for research, scientific public education, and communication, three factors that contributed to confirm the relevance and the high impact of the FEEM. The FEEM Sustainability Index was introduced to the scientific community; the index was developed to assess the effects of environmental, social, or strictly economic policies on the well-being of current and

future generations – such as, for instance, future climate agreements recently discussed in Copenhagen – and on future Sustainability around the world. During the European Economic Association's annual congress, the Foundation promoted the first research awards event (FEEM Award), and three under thirty women researchers received the award. In the course of the year, the Foundation organized and promoted more than 100 seminars, conferences, workshops, open lectures, and summer classes, involving a vast network of partners, including ministries, public bodies, international organizations, enterprises, research centers and universities. Ongoing cooperation was confirmed with prestigious national and international institutions, such as the Giorgio Cini Foundation in Venice (with which the International Center for Climate Governance was established), and the American Monitor Group – world leader in strategic advice – to study global sovereign funds' investments.

projects and partnerships with the world of education

The www.eniscuola.net website, online since 2000, is the main tool of Eniscuola, a project started in 2000 for the dissemination and promotion of awareness on energy and Sustainability addressed mainly to junior high and senior high school students. After 10 years from its establishment, the www.eniscuola.net portal has been fully renovated, to foster the in-depth study of subject matters, with both text and multimedia documentation. Eniscuola continues its educational activities also through projects allowing direct interaction with students and teachers. Among the most important projects are "Youth, Energy of the Future" to prepare teachers on energy efficiency, "Scientific Theatre", launched in 2008 with the show "Earth: instructions for use" on sustainable development. In 2009, a show was staged on the current food crisis. The "Smart English" project is currently being developed, aimed at promoting new ways to learn the English language. The Eniscuola

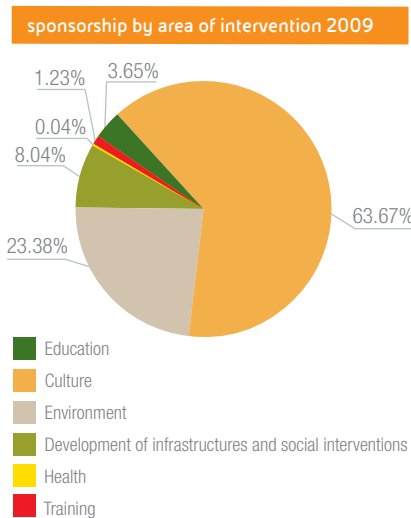
project has been accredited by the Italian National Commission for UNESCO and forms part of the UN Decade of Education for Sustainable Development. Relations with schools find a natural development in the implementation of projects and initiatives aimed at involving and promoting culture among the local communities. Since school year 2007-2008, Eni has been promoting the Schoolnet project (www.schoolnet.eni.it) among the middle schools of some regions in the Countries of activity: Norway, Australia, Alaska, Algeria, East Timor, and Italy (Val d'Agri and Val Camastra). For 2008-2009, the following theme was given: "Occupations of the past and occupations of the future", and the international prize was awarded to the winning school in Laurenzana (PZ). The 17 young people who received the prize spent a week in Norway where they were able to meet their peers and get to know other cultures and traditions. On November 21st, 2009, as part of the support given for the completion of the Tre Madonne path, the educational center Energy and Territory opened in Cacciatizze (PZ), giving Eni the opportunity to cooperate with the schools in the territory on the educational commitment to building and improving and knowledge of energy sources and skills in the use of new technologies. Over 100 children from Val Camastra primary schools took part in the initiative, and the show "Earth: instructions for use" was staged. The "Children's Education Program" continued in cooperation with the University of Jammu, the Maghreb Petroleum Research Group, and the University College London. During the 2008-09 period, this high profile educational campaign led to events in Srinagar, Jammu, Ladakh, Jodhpur and Jaisalmer, covering the Rajasthan and the Jammu & Kashmir states. The program included interactive workshops, the distribution of educational material and of publications on petroleum geology, on energy efficiency and on climate change. Conferences took place on petroleum systems, oil and gas research, climate change, and energy efficiency.

the promotion of culture

Eni has always supported art and culture, both by contributing to the achievement of initiatives with a high cultural identity value in the territories of operational presence, and by devising and developing directly initiatives aimed at producing, enhancing, and spreading culture. Knowing the territory, made possible by the presence of production and/or representative offices, is the winning factor in carrying out the different phases of a cultural project: from choosing the local interlocutors, to identifying contents, up to achieving the project, by being aware of the community and its interests. The relationship with the territory is the crux of the matter, it can determine the success of an initiative that Eni does not offer uncritically but is, instead, the outcome of a sharing relationship, where enterprise and society communicate creating a virtuous circle of positive connections. The interventions in the cultural field can be divided into two main categories: financially supported projects, and the projects that are studied, achieved, and promoted by the same Company. Financially supported projects are aimed at institutes, agencies, foundations and also high cultural profile events and initiatives where Eni's presence is justified by the benefits arising from them in terms of image and communication ability. The contribution is granted based on a structured evaluation process, and is essentially financial without any involvement in the drafting of the contents. The projects belonging to the second group

are essentially characterized by being directly conceived and achieved by Eni. The initiatives are selected based on criteria such as affinity with the Company's image and identity, connection with the territory, compliance with the business objectives, and high visibility, always in conformity with principles of Sustainability.

A particular commitment is aimed at protecting and enhancing the Company's historical memory and identity, which is an integral part of the Country's growth history. Eni's Historical Archive, started in the Nineties, collects documents, pictures, audiovisuals on Eni's and its companies' history. It carries out conservation, study and divulgation activities, and provides knowledge tools to sector researchers. It organizes exhibits, workshops, book presentations, and film festivals, cooperating with several institutions in view of projects aimed at promoting the Company's history.



In 2009, the sponsorships for the territory and the communities amounted to 16.6 million euro. The ever growing commitment in this sector confirms that promoting culture is the Company's distinguishing value.

support and enhancement of the cultural heritage

In 2009 Eni was the institutional partner for Museum activities of the Musei Civici Foundation in Venice, which includes a network of eleven museum sites, including the Palazzo del Doge and the Correr Museum. Support to cultural events in Italy, such as the Mantua Festival and the Ravenna Festival, is ongoing. During Festivaletteratura 2009 Eni published, with the cooperation of the National Film Library, the film critic Pietro Bianchi's original reviews, which appeared in the historical Company's magazine "Il Gatto selvatico", with an introduction by Tullio Kezich. The publication was successfully introduced at the Bibiena Theatre in Mantua by the actor Neri Marcorè and the director Mario Monicelli. This year again, Eni participated as special partner in the Los Angeles Film, Fashion and Art Fest, where it introduced, following their restoration jointly with Italy's National Film Library, the films "Gela vecchia e nuova" by Giuseppe Ferrara, "ICAM 300 giorni" by the Taviani brothers, and "Una storia per l'energia" by Gillo Pontecorvo. Eni was the main partner at the opening of the Teatro alla Scala in Milan's opera season that opened with Giuseppe Verdi's "Don Carlo" conducted by Daniele Gatti, and Stéphane Braunschweig direction and scenes. Eni, jointly with the Municipality of Milan, promoted and organized the Exhibition: "Leonardo in Milan" (from the Louvre Museum to Palazzo Marino, extraordinary exhibition of Leonardo da Vinci's Saint John the Baptist), in cooperation with the Louvre and the patronage of the Ministry of Cultural Heritage and Activities; the exhibition was free to the public and gave the opportunity to admire directly Leonardo's masterpiece. The loan is part of the broad cooperation between Eni, the Municipality of Milan and the Louvre Museum, that puts once again the city of Milan and Palazzo Marino in the limelight, one year after Caravaggio's Conversion of Saul. For this occasion, Eni took also care of a series of initiatives, including the film

the partnerships for culture

Institutions

Municipalities of Milan, Turin, Mantua, Ravenna and Ferrara (festival), RAI, Ministry of Cultural Assets and Activities

Universities and research

University of RomaTre, University of Tor Vergata, Lumsa, University of Rome "La Sapienza", Università "Ca' Foscari" di Venezia, Politecnico di Torino, Università degli Studi di Padova, Università di Milano, Università della Calabria, Istituto di Studi Italiani of Lugano, Università di Bologna, Università degli Studi della Basilicata, New York University, Université de Paris XII, Oxford Said Business School, Technische Universität Braunschweig, ICCROM

Cultural associations

Louvre Museum, Fondazione Musei Civici di Venezia, Cineteca Nazionale, BOZAR Palais des Beaux-Arts (Bruxelles), Los Angeles Film, Fashion and Art Fest, Festival del Cinema Africano, d'Asia e America Latina (Milan), Lux Vide, Cinecittà Luce, Archivio Nazionale del Cinema d'Impresa, MART of Rovereto, Società Geografica Italiana, Triennale di Milano, Casa d'Arte Futurista Depero, Musée National de Sétif

“Ritorno a Leonardo”, produced by Vi.So Virtual Solutions and directed by Antonio Farisi, and an illustrated book that follows the stages of “Ritorno a Leonardo”. Eni was the main promoter of the exhibitions “From Van Dyck to Bellotto” (Brussels) and “Titian, Tintoretto, Veronese... rivalries in Venice” at the Louvre in Paris.

a heritage to manage and share: Eni's Historical Archive

Eni arranged and made available to students and researchers an historical documentary heritage of great interest. The years these documents refer to, that is to say the first sixty years of the past century, and the production sector of reference, namely the world of energy, confer to this Historical Archive

a significant role in providing space for reflections ranging from history to documentary conservation. In 2009, the fulcrum of the archives' activities was the historical research on Eni's brand, within the “new identity” communication activities. “The Six-legged Dog” exhibition that opened on September 19th at Casa Depero, was the first one entirely dedicated to the brand's history. Eni's Historical Archive cooperated with Rai and Lux Vide Eni to the achievement of the fiction film “Enrico Mattei, the man who looked to the future” successfully broadcasted on Rai Uno. In order to increase the diffusion of films achieved by Eni after the end of World War II and until the years of the economic boom (1945-1965), *Cinecittà Luce* and Eni's Historical Archive established

a partnership that includes reviewing some of Eni's main documentaries by means of a multimedia platform named *Energia in Luce*. Within this ambit, they will promote a series of initiatives aimed at spreading knowledge of audiovisual documentation in the schools, to promote studying contemporary history, especially in reference to the Italian energy politics. In cooperation with the General Directorate of Archives of the Ministry of Cultural Heritage, and the assistance of scholars such as lecturers at the Bocconi University in Milan and the *Politecnico di Torino*, Eni's Historical Archive took care of the Portal of the Enterprise's Archives Project, aimed at giving visibility to the enterprise's history and culture, screening a preview in October 2009 within the 2nd National Conference of the Archives.

AFRICA

restoration project of the mosaic *The Indian Triumph of Dionysus in Sétif*

“The restoration and the new arrangement of the mosaic illustrating the Indian triumph of Dionysus at the Museum in Sétif (Algeria), achieved in 2009, gave the opportunity to implement a virtuous cooperation in the cultural field. The subjects are entrepreneurs (Eni Algeria), universities (Roma Tre), the Algerian Government (Ministry of Culture) that operated through a decentralized body (Musée National de Sétif). (...) The intervention was monitored by ICCROM (International Center for the Study of the Preservation and Restoration of Cultural Property) and was carried out under the high patronage of the Italian embassy in Algiers. (...) Following this initiative's success, the University of *Roma Tre*, in synergy and co-financing with the General Direction for Development Cooperation (Ministry of Foreign Affairs), promoted the establishment of a higher education course in the sector of cultural heritage conservation (Cultural Heritage of Mediterranean Basin: from knowledge to human developing), specifically aimed at young people of the Mediterranean Sea's southern shore (distinctly Algeria and Libya, where the Archeological Mission of the University of *Roma Tre* operates) (...) The cooperation must be wanted and shared: the commitment of assigning cultural resources by exporting skills and excellence cannot be a unilateral burden; rather, it must be structured as a shared project/commitment. Sharing and cooperation with the hosting Country, and education, are the foundations of any true planning skills, and they are the essential conditions for any sponsoring strategy aimed at enhancing the cultural heritage. The objective is to create, by training local operators, the conditions that can support the future independent management of restoration interventions, under the assumption that this is the only effective way to preserve and transfer the cultural heritage”.

Luisa Musso, Professor University of Roma Tre

“It is with great pleasure that I attended, on behalf of ICCROM, the unveiling of the restored mosaic “The Indian Triumph of Dionysus.” (...) Besides the mosaic's inherent value, this initiative is also a relevant contribution to the conservation and enhancement of the cultural heritage, while it supports as well the development of induced activities, thus creating the conditions for a touristic development of the Sétif area and of the nearby Djemila (the ancient Roman city of Cuicul), listed among the UNESCO World Heritage Sites. I see moreover, in perspective, an excellent synergistic opportunity with the activities carried out by Professor Musso, University of *Roma Tre*, and the valuable team involved in the project in Sétif, within the programs of ICCROM for the Mediterranean area, especially in reference to the proposed on-site training lab for technicians employed in archeological sites and in the Algerian museums. Regarding this, I am pleased to notice that ICCROM has already developed conservation training initiatives aimed at archeological excavations in Countries along the southern coast of the Mediterranean Sea, and carried out thanks to the contribution of the Italian Development Cooperation, and to the cooperation of Italian scientific institutions, including the Central Institute for Conservation and Restoration of the Ministry of Cultural Heritage and Activities. Eni's contribution is perfectly part of that line of cultural diplomacy where Italy is not only a forerunner, but also one of the main international actors”.

Mounir Bouchenaki, Director General International Center for the Study of the Preservation and Restoration of Cultural Property ICCROM

relations with customers and consumers

enhancing sustainability for customers and consumers

For Eni, Sustainability in business activities does not mean just “green” supplies, but also and mainly transparency toward consumers, quality of services and of products supplied, protection of people and of their job in the Company and along the supply chain, in Italy and all around the world, promotion of the territory, and innovation. It is this complex and articulated idea of Sustainability that can constitute a value for customers and consumers, by creating and strengthening trust in the long-term, and that can turn out into an advantage for the Company in terms of competitiveness. In October 2009, Eni started a working group aimed at enhancing the elements of Sustainability within the business activities, concerning fuels as well as the supply of gas and electricity, and at strengthening the relations with consumer associations. The goal of the working group is that of devising guidelines that will allow outlining more effectively the Company's Sustainability model in its supply to customers, and increasing the dialogue with the associations on sustainable development.

The first activity achieved by the working group was collecting all the projects with different Sustainability values, compared to the communication campaigns of each individual initiative that related to these projects. This elaboration took into account also a benchmarking assessment achieved with the support of the specialized agency Global Strategy, through the study of initiatives of other companies in the energy sector and in other mass market ambits. Consequently, an evaluation and self-evaluation grid applied to the initiatives and their announcement was proposed, that was based on the identification of six key concepts according to Eni, which

represent the basic tool, to both outline the Sustainability initiatives, and assess the consistency between the actions and Sustainability communication. The concepts are transparency, closeness, innovation, environmental protection, corporate citizenship, education, and promotion.

Operating transparently means, for Eni, acting consistently with the principals and values declared, and giving to the interlocutors the information and the key to understanding, which they need to evaluate its activities. Eni is therefore committed to providing clear and simple rates and bills, adequate and timely handling of complaints, and to disclosing promptly the components of the costs of products and services. Transparency makes proximity possible, that is to say the ability to establish a permanent dialogue with the interlocutors, to understand their points of view and their requirements. It stands for the Company's propensity to “planning together” products and services, thus strengthening relations and partnerships and giving space to innovation, and identifying new ways to relate with customers and consumers. Eni offers, infact, diversified products and services, to satisfy different types of customers and consumers, a greater availability of contact channels, and a constant improvement of products and services thanks to the users' feedback. For Eni, the concept of environmental protection is crucial, and it determines the specific characteristics of products and services supplied, such as, for instance, increased supply of methane for road transport, low environmental impact fuels, and paperless contractual services. For the Company, taking responsibility is not limited to the environment or to adequate relations with customers and consumers; it extends also to embracing aspects of business citizenship, thanks to initiatives and projects that go beyond

transparency and innovation for excellence in services

Customers nowadays are more aware of energy costs, and in 2009 there have been more requests for adjustments and division into installments. These factors, jointly with the determination to constantly improve the gas supply service, brought the Company to implement the Retail Development Program, aimed at optimizing handling customers' files, by revising all processes and systems from a best in class viewpoint. In particular, starting from the second half of 2009, the consolidation of the service level includes roughly 200 people from Eni, which unite business and ICT know-how, with a level of investments already made of 6 million euro. Among the qualifying elements, the Retail Billing Project, devised to replace the current billing methods, aims to accomplish a constant improvement and timeliness of the service. Among the benefits for customers, there will be: control of anomalies, thanks to the system's increased stability due to the transition from four billing systems to just one, the option of dividing several bills into cumulative installments, and the bills' dynamic messaging, with a contraction of adjustments and billing errors. In 2009, Customer Services' capacity was tripled by means of contact services and, consequently, more problems and pending issues were solved. Thanks to the new services, the efficiency of processes improved: the SMS Operator Call Back service was particularly appreciated, by cutting waiting times for customers. Special attention is given to Customer Service management and to Call Center operators training. Eni makes its own information technology systems available and carries out the training directly. In this way, it was possible increasing the percentage of issues resolved on the first call, thus easing the back office and reducing waiting time for customers, and enhancing the know-how of service providers, thus establishing more effective long-term relations for the concerned companies. In 2009, the overall satisfaction

index of residential gas customers was substantially higher than the previous year, reflecting the clientele's improved evaluation of the services offered by Eni as provider.

G&P satisfaction index

2008	2009	2008/09 % of change
7.3	7.8	+6.85%

G&P call center performances vs AEEG 2009

	Eni	AEEG
% of phone calls by customers who spoke with an operator	87.60%	80%
Average waiting time at the call center	120 seconds	240 seconds

being close to customers through the variety of access channels

The increase in the number of channels to access services is a major factor that improves closeness between the Company and the customers. The first contact channel for gas and electricity supply is the Eni Energy Stores network, 217 franchise points of sale that will become 300 to cover all the Italian Provinces. The service will provide installation and maintenance of heating, cooking and air-conditioning appliances, supply of residential gas and electricity, recommendations and solutions to improve home safety and energy efficiency and on how to cut costs. Eni provides also online services that allow customers to manage their gas and electricity supply 24/7 through their computer. The project aims at giving customers complete autonomy in managing their contract with Eni, and the registered users of online services passed half a million in 2009. The "paperless" goal, the progressive reduction of customers' contracts on paper, has a positive effect also from the environmental point of view. There are arrangements in effect that allow saving time when paying bills. Among them, the bank domiciliation option, the arrangements with Lottomatica network, Sisal agencies, and Coop points of sale, where bills can be paid by just stating the amount and the payment code shown on the bill. Also, Eni made agreements

with some credit institutions to avoid fees charged on payments. The website guarantees maximum transparency of information to customers and consumers. It provides recommendations on how to reduce consumption and increase safety, besides being able to view statements and pay bills. Moreover, methods were implemented to facilitate meter reading for customers, and in 2009 about 6 million self-readings were recorded via web and via automated phone service. In November 2009, the guide "Your energy" was also published – both online and on paper – a useful tool to understand the details of the gas and electricity services.

closeness to customers at the Eni service stations

Caring for the customer is also evident in the R&M division that recorded, in 2009, a customer satisfaction index of 7.93 on the 1-10 scale, slightly lower than the previous year.

Eni service stations in Italy 2009

Service stations	4,474
- of which along the highways	130
Average supply	2,5 mln l

Eni's stations, besides providing assistance and automobile maintenance, are true multifunctional centers that offer a range of merchandise for sale. The new stations provide high quality services to a diversified clientele, such as reserved parking lots for campers, and large specialized service stations for trucks, with guarded parking lots, among other services.

Activities are currently carried out aimed at enhancing the automation of points of sale, such as the lperself project, which allows filling up the tank after hours benefiting from a 6 cents discount per liter, up to 10 cents discount in some periods of the year. This initiative, available at more than 3,000 points of sale, turned out to be very successful, reaching a remarkable 29% of 2009's total sales at adhering stations of the non-highway road network. The Service Quality Project, still current, establishes

the standard for all service stations and promotes training and control activities. This came with a plant performance improvement and a growth of the number of plants deemed "excellent".

In 2009, the You&Agip Loyalty Program went on, for motorists and motorcyclists only. Among the 2009 new options, some solar energy powered products were added to the catalogue of prizes, for the opening of the hundredth service station with photovoltaic system. Closeness to customers was expressed also through some cooperation initiatives, in particular one with the large-scale retail chain Coop, which granted a 30% discount on a range of branded food products at the chain's supermarkets when purchasing at least 30 euro worth of fuel. Finally, thanks to an agreement with Iveco, a joint promotional initiative was implemented, which granted substantial You&Agip bonus points and easy terms for the purchase of fuel to buyers of the Ecodaily commercial vehicle.

During the first months of 2010, a rebranding process started that will affect 6,000 service stations in Europe, which will change over from the Agip to the Eni brand. Also the You&Agip program was replaced with the new You&Eni program. The new points collection program – just one for motorcyclists, motorists and truck drivers – offers a range of advantages and will run until 2013. There will be 13 participating partners to accelerate point collection, and points can be accumulated on a maximum of three different personal cards to gain the desired prize faster. There are 3 membership levels based on fuel consumption patterns and upon reaching each time 250 points it is possible to get free fuel directly with the manager. Bonus points related to quantity and quality of the fuel are assigned. It's also possible to contribute to solidarity projects, thanks to the cooperation with the Onlus Smile Train.

service stations evaluated "excellent"

2007	2009	2007/09 % of change
18.3	29.3	+11%

business Sustainability strictly speaking, to include broader responsibilities toward weaker sectors of the population, likely facing hardship. An example is the option of dividing bills into installments for people in financial straits or, also, the agreement with large-scale retailers to support families facing difficult times.

Eni is expected, like other large-scale enterprises that deal with goods perceived as public, not only to act in a sustainable way, but also to promote and spread responsible behaviors, especially concerning use of energy resources. Therefore, projects that imply educating new generations or creating widespread sensitivity on conservation and energy efficiency, fall under this category.

relations with Consumer Associations

In 2009, the relations with Consumer Associations promoted developing services and information available also at eni.com. Since December 2009, Eni is the first company in the energy sector that made experimentally available to Consumer Associations a new channel allowing online claims, within the dedicated area of its website. The web area was also enriched with new contents, including a press review updated weekly on the world of consumerism and energy, presentations illustrated during workshops, and remarks on resolutions and regulations issued by the electricity and gas Authority.

In December, the National Protocol for equal conciliation in the gas sector was signed by the CEO and by all Consumer Associations acknowledged by the National Council of Consumers Users (CNCU); its characteristics and its potentialities set it apart from the other forms of arbitral conciliatory mediation. It gives customers the opportunity to communicate with the Company through the qualified mediation of the Associations, with clear procedures and schedules, so as to solve disputes in a timely, inexpensive and friendly manner. The value of the conciliatory method, already acknowledged by European

authorities, qualifies the Eni Protocol as one of the most innovative support and communication tools for consumers. Within this year the Protocol will be gradually extended to the entire national territory, after completing the training interventions devised in a specific plan shared with the Associations. In 2009, the meetings were extended nationally with the regional and national representatives of the Consumers Associations on matters concerning gas, electricity, fuels, and energy conservation, besides acknowledging any remarks made by the associations.

There have been 30 organized meetings, attended by approximately 300 of the Associations' operators. The activities will continue throughout 2010.

Concerning the offline services, a handbook was published, "Guide to contact channels", for Consumers Associations, that provides quick instructions on how to communicate with the Company and obtain information and assistance regarding gas, electricity and fuels. The handbook, besides all the different contact options with Eni, provides guidelines for meter self-reading, submission of complaints, as well as the list of available services at the Energy Stores.

Consumers' Satisfaction surveys are carried out regularly in order to monitor Consumers Associations' degree of satisfaction with the services provided. The research carried out in 2008 was introduced in May 2009 (see the 2008 Sustainability Report for the results), while a new survey will be carried out in 2010, with broader objectives and reference targets.

Finally, Eni supports Consumers' Forum, an independent association joined by Italy's main Consumers Associations, by several Industrial and Services Enterprises and their categories' associations, and by Research Centers. A place for discussion and shared thoughts, to simplify communication between Consumers Associations and enterprises, and to promote jointly the evolution of consumeristic policies and therefore improve the citizens' quality of life.

environment protection in products and service



Eni supplies products and services to its customers that can minimize the environmental impact connected to their use, in line with GC Principle 7. The G&P sector is credited as Energy Service Company (ESCO) by the electricity and gas Authority. ESCOs are companies that provide reorganization aimed at improving energy efficiency, therefore reducing consumption of primary energy for the same end services, and supporting initiatives that help accomplishing this objective. Moreover Eni is a leader in the sector of methane for road transport, supplying about 500 points of sale in Italy. The environmental advantages of methane for road transport are confirmed both nationally and internationally. The Lombardy Region, for instance, is supporting sustainable development integrated policies aimed at improving air quality, with special attention to prevention and to fine dust pollution. Regarding this, an agreement with the Region was signed, effective until 2012, through which Eni committed to achieve at least 30 refilling facilities. In 2009 a new methane supply structure opened at the ADS Brianza Sud Eni station, in the province of Milan, and in Bolzano the first Eni branded station opened, equipped with a gas-diesel-methane multi-dispenser, in addition to hydrogen and biogas. Moreover, Eni's Multienergy service stations integrate hydrogen supply to that of conventional fuels, fluid or gaseous, including biofuels, thus supporting the development of new generation vehicles with low or zero emissions. The 4 MultiEnergy stations currently active are also Green Petrol Stations, equipped with photovoltaic solar systems that generate electricity by means of a renewable source, thus reducing CO₂ emissions. Eni started years ago supplying fuels for road transport with low sulfur contents and reduced environmental impact, such as BluDiesel,

BluSuper and, since 2007, BluDiesel Tech.

In 2009 BluDiesel and BluDiesel Tech sales represented 10.5% of diesel volumes sold by Eni and gas station selling BluDiesel were about 91% of total. BluSuper sales were substantially the same of 2008 and equal to 2.7% of gas volumes sold by Eni. At 31st December 2009 gas station selling BluSuper were 60% of total.

Linea Blu fuels 2009

	BluDiesel and BluDiesel Tech	BluSuper
Service stations	4,076	2,668
- % of total	91%	60%
Sells	600 kton	82 kton
- % of total	10.5%	2.7%

Furthermore, the Company has already started partnerships with the automotive industry, for instance with the FIAT Research Center, in order to test new fuels jointly with the development of new engines, along with the agreement between Eni and Iveco, that started joint trials on engines provided by Iveco that use Eni fuels, aimed at assessing the results in terms of performance and consumption.

In 2009, moreover, new lubricants were developed with a formulation based on innovative components and with especially valuable elements, thanks to which they can guarantee saving up to 2.5% fuel.

the promotion of energy efficiency and responsible behaviors

Eni provides assistance and technical advice to its customers, to promote a sensible use of natural gas, also by identifying any adjustments needed or new technological solutions. The Company fosters awareness on preventive and predictive maintenance of structures, and it trains and refreshes personnel dedicated to customers, also through special programs (see the

chapter "People"). The energy check-up, available at Eni's Energy Stores, is a questionnaire that gives families an opportunity to find out about their home's energy efficiency level, in order to make improvements by means of a range of interventions with various levels of complexity and cost. By this, customers may save on the bill and reduce their own environmental impact.

In Hungary, Tigaz posted energy conservation recommendations on its website, and it attended the events organized by the Municipalities where it operates, providing information and advice on energy conservation and safety. In Argentina, Distribuidora de Gas Cuyana continued in 2009 with its activities to raise awareness among students, parents and teachers of the Mendoza and San Juan schools, on the safe and efficient use of natural gas. The Company, moreover, provides information to the public on the requirements for use of methane in road transport, and supports its diffusion.

In 2009, the third competition for motorists "*Solo 5 euro di metano per un pieno di premi*" was carried out and, for the fourth year in a row, Eni supported the world energy conservation day "*M'illumino di meno*" promoted by Caterpillar, a program of Rai Radio2. After the past events' success in Italy and abroad, this year the advice to follow a symbolic "energy silent moment" became a feast celebrating clean energy.

the education of the new generations and the families

In order to foster young people's knowledge on matters of energy and to spread the culture of energy efficiency, Eni started the "*Un consiglio per l'ambiente*" project, in cooperation with some primary schools in Rome. The goal is to raise awareness among the children and, through them, among the families, for a better and more sustainable use of energy. The initiative – carried out in

cooperation with the Eni Enrico Mattei Foundation – includes attending the show "Earth: instructions for use". Each student receives a booklet with sketches showing eco-compatible daily behaviors that anyone can adopt without much effort. Moreover, each child can give his/her own advice with a sentence or a sketch, inspired by what they saw at the performance or read in the book. The best projects are awarded at the participating Eni Energy Stores. 3 schools (400 children) took part in the project in 2009, and the same project will continue during school year 2009/2010 also in other cities in Italy, targeting as many as 10,000 pupils in elementary schools. Thanks to the Walt Disney Topolino initiative, during the summer season (July 24 through August 9th) a special edition of Topolino, dedicated to road safety, energy efficiency and environmental protection, was distributed to all customers at service stations in Italy and abroad. Children received also an Eni branded safety jacket as a gift. The Ecopatente project went on until February 2010, involving over 700 driving schools all over Italy. The project, promoted by Confedertaai and Legambiente, with the patronage of the Ministries of Environment, Youth, Transport, and Welfare, and supported by Fiat, Bosch and Magneti Marelli, jointly with Eni, promoted an eco-compatible driving style with a sensible use of fuel. Those enrolled in the driving schools were trained also on a safe and efficient use of the automobile. Those who passed the test received an Ecodriver license. Holders of the Ecopatente who joined the Eni loyalty program receive special benefits. In 2009, moreover, financial facilitations were granted to help people in weaker conditions or in financial straits, that is, specifically, to low income families in the Municipality of Rome, and to all gas supply customers in Basilicata.

The only way to find solutions to complex problems like poverty, climate change, and sustainability in general, is to adopt a more concrete approach, which involves all the actors that can and want to play an active role.

Eni is proud to be one of them.





managing sustainability

sustainability: from principles to business processes

a renewed commitment to the fight against corruption

The key factors of Eni's commitment to Sustainability are the capacity to conduct business with loyalty, correctness, transparency, honesty and integrity as well as in compliance with laws and regulations, with international standards and national and international guidelines applicable to its business. For several years the Company has been actively involved in the fight against corruption by expressly prohibiting, in its Code of Ethics, "practices of corruption, unlawful favours, collusive behaviours, direct or indirect solicitations for personal benefit and/or career gains for oneself or for others". All Eni's people are required to comply with the Code of Ethics which must be expressly accepted by all suppliers during their qualification process.



By adhering to the Global Compact (particularly to its 10th Principle), Eni is committed to respect the principles of the United Nation Convention against Corruption (UNCAC), of the OECD Convention on preventing the corruption of foreign public officials involved in international economic transactions and of the Business Principles for Countering Bribery issued by Transparency International. In 2009 this commitment was strengthened by two actions: the creation of an organisational structure aimed at fighting against and preventing corruption and the approval of a set of targeted operating procedures. The Anti-Corruption Legal Support unit is part of the Legal Department of Eni SpA and provides legal advisory services and anti-corruption support to the business units and to the unlisted subsidiaries, as well as anti-corruption training sessions to Eni's people and to those of the unlisted subsidiaries.

The Anti-Corruption Legal Support Unit is also responsible for reviewing and updating periodically the current Anti-Corruption Guidelines in order to ensure the effectiveness of their application in accordance with the recommendations provided by the business units, by the Supervisory Body, by the Internal Audit and by the external auditors, if gaps or critical issues are identified, as well as to develop the best emerging practices. Finally, it submits to the Supervisory Body an annual report on its monitoring activities and receives the annual report prepared by each of the Anti-Corruption Legal Support Units of the listed and unbundled subsidiaries of Eni.

The Internal Audit department conducts independent audits and evaluations of the internal controls to ensure compliance with the Anti-Corruption Guidelines on the base of the annual audit plan approved by the Board of Directors.

In 2009, upon approval by the Board of Directors, the Anti-Corruption Guidelines and the first two Anti-Corruption Auxiliary

Procedures applicable to joint venture agreements and brokerage contracts were issued. Other procedures concerning specific areas will follow. The Anti-Corruption Guidelines and the Anti-Corruption Auxiliary Procedures intend to provide a systematic framework of reference for the anti-corruption rules and procedures already issued and applied by Eni over time, in order to ensure full compliance with the Code of Ethics and with national and international anti-corruption laws applicable to Italy and abroad. Both the Anti-Corruption Guidelines and the Anti-Corruption Auxiliary Procedures are currently being implemented by all subsidiaries, in Italy and abroad. All Eni's people are required to comply with the Anti-Corruption Guidelines and with the Anti-Corruption Auxiliary Procedures. In particular, all managers are responsible for overseeing that compliance is met by employees and co-workers. Disciplinary measures, up to the termination of employment or to legal actions for the protection of the Company's interests, may be taken against those who violate anti-corruption rules, who are not attending the required training sessions, are not reporting violations that have come to their attention or have retaliated against a person who has reported a violation.

Any suspected or known violation of anti-corruption laws or of the Anti-Corruption Guidelines must be immediately reported: to the direct manager/supervisor or to the primary contact in Eni of a Business Partner, to the Supervisory Body, to the Anti-Corruption Legal Support Units and, in all events, by using the channels specified in the Procedures for whistle blowing.

Eni imposes compliance with all regulations, including anti-corruption rules, to all its business partners, defined as "any representative of a company who is not employed by Eni (including intermediaries/brokers, sales agents, representatives, retailers, distributors, sub-contracted parties, sales or marketing consultants, partners, lobbyists, freight forwarders and custom brokers, and in some cases, tax and accounting consultants) and who works for the benefit, or on behalf of Eni in its external relationships, partners in joint ventures that are not under Eni's control, and other similar contractual parties". Among the business partners, particularly critical are the "Covered Business Partners", i.e. those who are operating under a higher risk, due to the nature of their work on behalf of Eni, and may engage in relevant contacts with public officials.

Information, training and involvement are essential to strength a corporate culture where everyone is cooperating to combat and prevent corruption and is working toward an effective application of the Guidelines and any related procedure.

This is the reason why all the aforementioned documents are easily accessible to all Eni's people through the Company's Intranet. In 2009, a Company event was held for the purpose

of informing Eni's employees of the new initiatives that the Company has undertaken and intends to undertake in the near future with the assistance of internal and external experts in this area. Approximately 400 employees of Eni and its subsidiaries, in 25 Countries, have participated in the event, either directly or via videostreaming. This event will be followed in 2010 by an anti-corruption mandatory training program, targeted to the "at risk" employees because of the nature of their job company, both in Italy and abroad, which will consist of an "information" session introducing the anti-corruption topic through an e-learning system, and an additional series of interactive workshops for a more in depth analysis of specific areas and of practical situations that may arise during business activities.

the activities of the Team for the Promotion of the Code of Ethics and the innovations to Model 231

In 2009, the Team for the Promotion of the Code of Ethics continued its activity in implementing the Plan for the Promotion of the Code of Ethics approved by the Supervisory Body 231 in its capacity as the Guarantor of the Code of Ethics.



The purpose of this Plan is to disseminate and communicate the Code of Ethics to all parties interacting with Eni, to implement training activities – at different levels of detail based on the position and role of the attendees – as well as to promote the direct participation of the Company's main stakeholders, thereby guaranteeing the effective application of all GC Principles from which the Code of Ethics takes inspiration. As regards information, dissemination and communication activities, the Code of Ethics has been translated so far into 20 languages, including Italian, to ensure the most effective circulation in all the Countries where Eni operates. The process for a capillary distribution of the Code of Ethics, supported by internal communication activities and by a training program aimed at reaching all organisational levels of the Company, from the Board of Directors to newly hired employees, was completed through customised programs utilising interactive tools, in addition to targeted presentations and integration into corporate training modules.

In 2009, a webseminar on the Code of Ethics was attended by more than 3,000 participants from Eni and its subsidiaries senior managers to key officers. The webseminar – also with subtitles in English – is currently available to all of Eni's employees on the Company's intranet.

The Team for the Promotion of the Code of Ethics also completed the consultation process with the Company's stakeholders. In addition to Eni's people involved in focus groups and online forums, feedback was collected, through questionnaires or targeted meetings, from institutional investors and socially responsible investors, trade unions, major rating agencies and consumer associations, as well as from a representative sample of suppliers, vendors and franchisees. The Code of Ethics was

also the topic of a presentation held at *Cassa Depositi e Prestiti* and at the Ministry of the Economy - Treasury Department. The feedback collected on the Code of Ethics was overall positive and was promptly communicated to the Guarantor of the Code of Ethics who periodically reports to the senior management. The Code of Ethics was assessed as being complete and intelligible and there were no requests for amendments. A common expectation that emerged from the internal and external consultations was an effective and operational implementation of the content of the Code. The synergy existing in Eni between the Code of Ethics and Model 231 is emphasised by the assignment to the Supervisory Body of the functions of Guarantor of the Code of Ethics. The process of updating the Model 231 involves a program for the implementation of innovations, devised and put into effect by a multi-functional team, Team 231, under the direction of the Chief Executive Officer and the participation of the competent corporate offices. In 2009, the Team adjusted Model 231 to include provisions for the handling of stolen goods, money laundering and the use of stolen money, goods or any other benefits, as well as of information system offences and unlawful treatment of data, and shall promote shortly an update to include new types of offences introduced in 2009 by the Italian law which may involve the imposition of the penalties set forth in Legislative Decree 231 of 2001 (for organized crime offences, crimes against industry and commerce, crimes concerning the infringement of copyright, instigation not to make declarations or to make false declarations to Legal Authorities). Furthermore, in line with the provisions of Model 231 concerning training activities, in 2009 a Web Based Training (WBT) was designed and will be used in 2010 to start and complete the training aimed specifically at senior managers, managers and supervisors. Thanks to all the activities targeted to an effective implementation of the Code's provisions, Eni was rated as Best in class within the Dow Jones Sustainability Index World for the Code of Conduct and Compliance area.

activities for the Human Rights Compliance Assessment project

Following of the experimental phase of the methodology Human Rights Compliance Assessment (HRCA), conducted in 2008 in Nigeria and Kazakhstan, in 2009 three new assessments were carried out in Algeria, Egypt and the Republic of the Congo, with the support of the Danish Institute for Human Rights. In Nigeria and Kazakhstan, internal activities aimed at sharing the results of the assessments and at evaluating recommendations concerning identified gaps have continued. Each of the departments involved defined an intervention plan to be implemented over the next phase of the planning, activating forthwith the highest priority actions. The assessments completed to date and the requests expressed by

different stakeholders point to areas of particular interest, present at several operational sites, that require the identification and fine tuning of actions aimed at an overall improvement of the the entire corporate system (see the table below).

focus areas - human rights	
Issue	Focus area
Security	To raise the awareness of the security operators as regards the risks concerning the protection of human rights, within their area of responsibilities, and ensure that Eni's security system is in compliance with the Voluntary Principles on Security and Human Rights.
Procurement	To raise the awareness of people operating in this area as regards the risks concerning the protection of human rights; to implement control measures regarding compliance with international standards on human rights on the part of the suppliers; to promote the respect of human rights within the supply chain.
Diversity management	To adopt an approach based on inclusiveness and centered on management diversity applied to both the management of Eni's employees and to external stakeholders, with particular focus on the most vulnerable groups.
Involvement of the local communities	To develop forms and methods for the integration of human rights into the Social Impact Assessments (SIA) and into all communication and involvement activities of the stakeholders.



The main goal of the implemented HRCA process is to verify the compliance with the international human rights standards at site level, consistent also with Principle 1 of the GC. This process, consistent also with Principle 2 of the GC, aims moreover at identifying potential areas of risk that are not directly controlled by the Company, but that might imply its complicity in case of human rights violations committed by the partners. Infact, some improvement actions identified through the assessments refer to monitoring of suppliers in reference to respecting the basic human rights (especially labor standards and atmospheric emissions performances). As regards the security area, in 2009 several activities aimed at increasingly integrating the Voluntary Principles on Security and Human Rights into activities, were carried out. In order to ensure the protection of human rights within security-related operations, an education and awareness program was developed for the most exposed professional areas, including the providers of security services. A two-day training on human rights was developed within a larger training pathway directed for Eni's Security Managers, with the commitment of providing such training through 2010-2013. A special training program for the personnel of the supervisory entities was developed, starting from those operating in major sites in Italy. In order to protect the personnel working abroad and to minimise the risk of undesirable events due to a lack of awareness regarding security-related issues, an e-learning program was developed for disseminating within the Company a better culture of security. This program will be made available to all employees in 2010. In order to educate the providers of security services to the compliance with corporate rules on human rights, a progressive

inclusion of specific clauses into the contracts is continuing. These clauses will enable Eni to exercise better control on suppliers/providers in the event of human rights violations. All the contracts due to expire will be renewed with the inclusion of such clauses. Finally, in order to identify potential risk situations, as regards the respect for and observance of human rights at all the Company sites, a set of questions specifically focused on human rights and on the identification of any abuse was incorporated into the questionnaire developed for the assessment of the vulnerability and level of exposure to risk at each site. As for the procurement area, assessment activities, carried out for the first time in 2008 and aimed at evaluating compliance with labour continued according to the SA8000 methodology (see chapter "Relation with customers and consumers"). Regards diversity management, Eni is promoting the building of skills that enable more effective interactions with all the diversity present in the company. In 2009, more initiatives directed towards internationalisation and development of intercultural skills were implemented (see chapter "People"). Aiming at the integration of human rights standards into all stages of local communities involvement, a study was initiated in order to analyze the methodology currently adopted for the implementation of ESIA and to identify any human rights-related gaps, in cooperation with the International Business Leaders Forum (see section "Energy for development").

Corporate Governance system and monitoring tools for ensuring correct corporate management

The commitment to preserve and strengthen an effective management and control system of the Company, in line with the highest international governance standards and capable of addressing the complexity of corporate, economic and social scenarios where Eni is operating, constitutes one of the most essential principles embodied in the Code of Ethics. For this reason the Company, in addition to the constant effort placed into integrating and implementing all new applicable regulations, pays particular attention to the initiatives carried out, both domestically and internationally, by trade associations, institutions and research institutes (in particular, the guidelines issued by OECD and the recommendations from the European Commission) adopting all the governance solutions that represent the best practices. In line with these standards and taking into consideration the interests of its stakeholders, Eni has developed a set of tools aimed at ensuring a correct corporate management alongside with the supervisory body's operations. Particularly relevant is the presence of several independent directors who meet independence requirements, exceeding those provided for by the law, as well as the specific attention paid to the internal control system intended as a set of rules, procedures and organisational structures aimed at ensuring, through an adequate process of identification, measurement, management and monitoring of the main risks, a healthy and sustainable

management of the Company consistent with corporate objectives.

The Board of Directors has been playing a central role in terms of internal control by defining the fundamental framework applied to the organisational, administrative and accounting structures of the Company, of the main subsidiaries and of the Group in general; in this respect, with the assistance of the Internal Control Committee, instituted within the Board and composed exclusively of non-executive and independent directors (two of whom elected by the majority of the shareholders, including the Chairman), it defines the guidelines for the internal control and determines, annually, its adequacy, effectiveness and efficiency.

Additionally, the Board of Directors has set forth the main governance principles that Eni, being a shareholder, applies to the subsidiaries based in Italy and abroad, thus ensuring full compliance with the principles stated in the Codes of Ethics and in the Self-Regulatory Code of the Company within the Group. Moreover, it pays particular attention to those situations where the Directors hold a personal interest, reserving the right to make decisions regarding transactions with relevant related parties, following an opinion expressed by the Internal Control Committee.

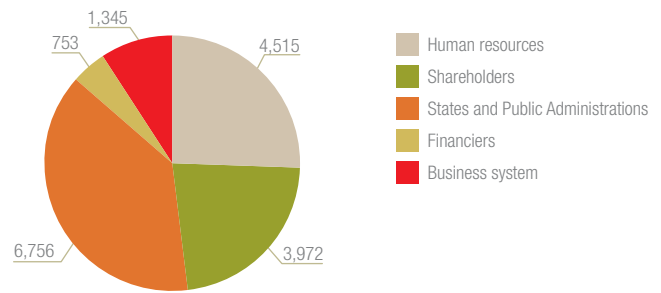
The CEO and the management assume responsibility for the design and effective functioning of (i) the internal control system, (ii) the prevention and identification of irregularities and/or other fraudulent actions, (iii) the compliance of the methods applied to risk management, with the established risk containment plans. A primary role, within the assurance process of the internal control system, is assumed by the Internal Control Manager, a position which, in Eni, is held by the Internal Audit Director, given the shared areas of operations and the consequent strong synergy between the two roles, as well as by the Executive entrusted with drafting Company accounting documents.

However, it should be noted that all Eni's people are required to ensure the effectiveness and efficiency of the internal control system within the area of each individual's responsibility.

members of the Board of Directors and meetings held in 2009

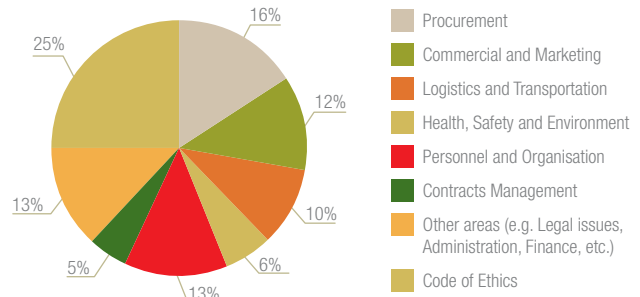
Members of the Board of Directors	9
- Independent	7
- Non-executive	8
- Minority members	3
Annual Meetings of the Board of Directors	17

breakdown of added value in 2009



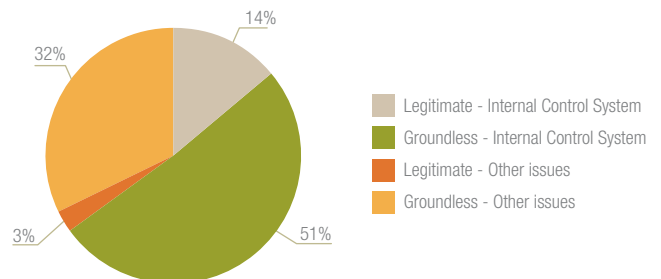
The added value, namely the wealth generated by Eni in 2009, amounted to 17,341 million euro, representing 21% of the revenue. The highest percentage of this value, 38%, refers the portion paid to States and Public Administrations; following are human resources at 26% and shareholders at 23%. Compared with the previous year, the overall value is down by roughly 28%.

reports received by the Internal Audit Dept. by filing area 2009



Pursuant to the provisions set forth by SOA, Eni manages, through an internal regulatory system, all direct or indirect reports received by the Company or its subsidiaries, including those sent in confidential or anonymous form. In 2009, 172 reports were received, 63% of which concerned the internal control system and the remaining, the so-called "other issues" (e.g. violations of the Code of Ethics, cases of harassment, etc.).

reports closed by investigation results 2009



In 2009, 114 reports were closed; 74 (65%) of them pertaining to the internal control system and 40 (35%) to other issues. The results of the investigations on the reported cases are communicated to senior management and submitted to the appropriate control and supervisory bodies.

Indicator	Actions
Eni's Commitment	
B1 Public statement concerning the commitment to the fight against corruption in all its forms, including extortion	The Code of Conduct (2001-2008) and the Code of Ethics (in force since 2009) expressly prohibit "practices of corruption, unlawful favours, collusive behaviours, direct or indirect solicitations for personal benefit and/or career gains for oneself or for others". All Eni people and Eni's commercial partners are required to comply with the Code of Ethics which must be expressly accepted by all suppliers during the process of their qualification.
B2 Compliance with all applicable laws including laws that specifically address anti-corruption issues	
D2 Statement of compliance with local and international standards	Eni is officially committed to comply with the highest international standards (GC Principles, UNCAC and OECD Convention) in its Code of Ethics and in the agreements with Trade Unions, at Italian, European and international levels. The CEO's letter stating Eni's role as a promoter of the implementation mechanism review issued by the UNCAC Convention and the covering letter to the 2008 Communication on Progress (of GC) are a confirmation of this commitment.
D3 Risk assessments conducted in those areas potentially more exposed to corruption risks	Eni has identified specific areas which, within the scope of their normal activities, are exposed to a higher risk for corruption and has formulated, for these areas, a number of procedures aimed at ensuring compliance with all applicable anti-corruption law by Eni's people. The Anti-Corruption Auxiliary Procedures, issued by Eni SpA include: Procedure for appointing external legal representatives; Procedure on donations; Procedure on contractual terms regarding Administrative Liability; Procedure on Gifts, Travel, Hospitality and Entertainment Expenses in favour of third parties; Procedure on Intermediary agreements; Procedure on Joint Venture agreements-Prevention of unlawful activities; Procedure on the acquisition of Consulting and Professional Services; Procedure on Expense Reimbursements; Procedure on Sponsoring Agreements; Eni's Procedure on Anonymous Reporting; Anti-corruption provisions included in the Accounting Procedures; Anti-corruption provisions included in the procedures regulating personnel recruiting; Anti-corruption provisions included in the procedures regulating acquisitions and sales; Anti-Corruption Auxiliary Procedure on Intermediary Agreements; Anti-Corruption Auxiliary Procedure on Joint Venture Agreements.
D4 Detailed policies concerning the areas at a high risk for corruption	
D5 Compliance with anti-corruption laws by business partners	Eni requires compliance with all applicable laws, including anti-corruption laws, from all its business partners. Among the business partners, particularly critical are the Covered Business Partners (those who are operating under a higher risk): if the Covered Business Partner is an intermediary, the Anti-Corruption Auxiliary Procedure related to Intermediary agreements shall apply; if the Covered Business Partner is a joint venture partner, the Anti-Corruption Auxiliary Procedure related to Joint Venture agreements shall apply.
Implementation into corporate processes	
B3 Translation of commitments into actions	Measures implemented in 2009: <ul style="list-style-type: none"> • creation of a dedicated organisational structure and approval of a set of operating procedures. The Anti-Corruption Legal Support unit is an integral part of the Legal Department of Eni SpA and provides legal advisory services and anti-corruption support to Eni's business units and to the unlisted subsidiaries, as well as anti-corruption training sessions to Eni's and unlisted subsidiaries' employees; • issue of Anti-Corruption Guidelines and of the first two Anti-Corruption Auxiliary Procedures related to Joint Venture and Intermediary agreements, were issued following approval by the Board of Directors of Eni SpA. Additional procedures, addressing specific anti-corruption issues, already completed and currently under review, will follow (see D4); • publication of all internal anti-corruption provisions on the Company's Intranet to ensure their access by all employees.
B5 Communication and training for all employees	Measures implemented in 2009: <ul style="list-style-type: none"> • training program for Eni's people on Code of Ethics (translated in 19 languages with about 3,000 key officers trained); • meeting on the Anti-Corruption Guidelines and auxiliary procedures with 400 people from Eni and Eni's subsidiaries, from 25 Countries; • launch of an anti-corruption mandatory training program for employees exposed to a higher risk because of their position and contractual functions within the Company, in Italy and abroad, which will consist of workshops and e-learning informative sessions.
D6 Actions aimed at encouraging the business partners to meet their commitments	Eni is committed to use its influence (within reason, according to the circumstances) so that companies and organizations in which Eni holds a non-controlling interest, as well as the Covered Business Partners, adopt and maintain an adequate internal control system consistent with the requirements of anti-corruption laws.
D7 Management's responsibility and widespread adoption of an anti-corruption commitment (or related policy)	All Eni's people are required to comply with the Anti-Corruption Guidelines and with the Anti-Corruption Auxiliary Procedures. All managers are responsible to ensure that compliance is met by employees and co-workers. Any suspected or known violation of anti-corruption laws or of the Anti-Corruption Guidelines must be immediately reported to the direct manager/supervisor or to the primary contact in Eni in the case of a Business Partner; to the Supervisory Body; to the Anti-Corruption Legal Support Unit or, in all cases, by using the dedicated channels (Whistleblowing Procedure). Clauses concerning respect for human rights are being included in the new procurement contracts.
D8 Inclusion of new terms concerning human rights in the procurement contracts	Eni's people shall be subjected to disciplinary actions (up to termination of employment or legal proceedings) if: they violate anti-corruption laws and/or the Anti-Corruption Guidelines; they do not participate in a required training or they do not complete it; they omit reporting violations; they retaliate against others who have reported a violation.
D9 Communication channels and follow-up mechanisms applied to reporting and requests for assistance	Eni participates in several voluntary initiatives on corruption issues: <ul style="list-style-type: none"> • in 2005, it joined the Extractive Industries Transparency Initiative (EITI), with a financial support to the Secretariat of \$50,000 per year; • in cooperation with the Ministry of Foreign Affairs and with the Ministry of Economic Development, it participates in international round tables regarding the level of EITI implementation in the corporate contexts; • has been a member of Global Compact since 2001; • participates in the Italian Network of Global Compact in the dual capacity as promoter toward other Italian firms, and as "facilitator" in theme seminars;
D11 Participation in voluntary initiatives	<ul style="list-style-type: none"> • participates in the Working Group Global Compact on Human Rights and Anti-Corruption; • consults systematically with Transparency International and participated, in 2009, in the formulation of a questionnaire for sector reporting within the Promoting Revenue Transparency (PRT) project; • consults systematically with Transparency International Italia (analysis of whistleblowing and "Transparency Reporting Against Corruption - TRAC questionnaire" specific reporting).
Monitoring	
B7 Monitoring and development process	The Anti-Corruption Legal Support Unit is responsible for periodically reviewing and updating the Anti-Corruption Guidelines. The Internal Audit office is responsible for examining and evaluating independently the internal controls in place to ensure compliance with the provisions of the Anti-Corruption Guidelines and of the Anti-Corruption Auxiliary Procedures, in accordance with its own annual auditing program approved by the Board of Directors of Eni SpA. The business units, the Supervisory Body, the Internal Audit office and the external auditors offer suggestions for improving the Anti-Corruption Guidelines. If violations are identified, the Anti-Corruption Legal Support Unit evaluates if any revision or change is necessary to the Anti-Corruption Guidelines or to any of the procedures in order to prevent a re-occurrence of the violation. Each Eni subsidiary is required to respond appropriately in order to remedy any critical issue that may emerge from its compliance program.
D12 Level of leadership in the monitoring and development of the results	Eni's Anti-Corruption Legal Support Unit submits to the Supervisory Body an annual report on its monitoring activities and receives the annual report prepared by each of the Anti-Corruption Legal Support Units of the listed and unbundled subsidiaries of Eni SpA.
D13 Violations management	See D9

initiatives benefiting the shareholders

The Company is committed to protect the rights of its shareholders not only through an administrative and control structure capable of ensuring a solid and prudent management, but also by encouraging their direct involvement in the Company's life. Eni's purpose is to enable its own shareholders to actively participate in the decisions within the area of their competency and to make informed choices. To this end, the Company guarantees the highest transparency and timeliness in communicating information to the shareholders and to the market by providing daily updates to its web site and by continuing to develop it according to principles of comprehensiveness, transparency and ease of use.

shareholders breakdown on the basis of nominal recalls of the receivers of Eni's dividends at year-end 2009

	Shares	%
Block shareholders	1,213,731,615	30.30
Institutional and professional investors	2,071,370,235	51.72
Retail investors	310,561,664	7.75
Own shares at the dividend date	382,952,240	9.56
Other shares for which nominal recalls were not received	26,743,122	0.67
Share capital	4,005,358,876	100.00

Here the idea of presenting the Company to the shareholders in a simple and intelligible manner was originated and implemented by creating a section of the site reserved for them, by drawing up a Shareholders Guide and by posting a calendar of the initiatives

dedicated to them. One of these initiatives is the presentation, by means of a simple and brief interactive animated movie, of the Shareholders' Meeting – held on April 30th, 2009 for the approval of the 2008 Financial Statements – and of the shareholders rights. The Company will extend this project to 2010 in an effort to raise the interest of the shareholders regarding the system of values and guarantees on which its governance system is founded, and consequently to increase their participation in the life of the Company.

the diversity among corporate bodies within Eni's Group

Eni has always paid special attention to the feedback coming from institutions, the market and the community and has undertaken a series of initiatives that may represent an added value for the Company in terms of Sustainability.



An issue of great importance to communities and companies is the increase of diversity in the composition of management and control bodies operating within a company. To this end, Eni has launched monitoring operations aiming to ensure diversity within key management and control positions in the companies of the Group, and consequently to identify the main areas for improvements and the most efficient initiatives that would best meet common needs. A further step towards the promotion of adequate diversity within the Company's bodies, will be accomplished through the proposal of an amendment to the current Governance Guidelines used by the subsidiaries, for the inclusion, in all subsidiaries, of the element of "diversity" among the criteria applied to the appointment of candidates as members of corporate bodies. The foregoing is in compliance with Principle 6 of the GC.

risk management

Type	Description	Objectives and actions
Market risks		
Exchange risk Interest rate risk	The exposure to risks in exchange rate fluctuations is the result of the Company trading in currencies other than the euro. Interest rate fluctuations impact the market value of the Company's financial assets and liabilities and net financial expenses	Minimizing the risk while managing exposure, within the limits set in terms of VaR
Commodity price risk	The Company results are impacted by fluctuations in the prices of raw materials and sold products	Optimizing the core activities while pursuing production margin stability objectives and managing exposure in terms of VaR
Credit risk		
Trading counterparty risk	The risk that the obligations assumed by a counterpart within the context of trading relationships will not be met	Optimizing the risk profile by managing the Business Units credit process and defining methodologies to be applied to risk quantification and control
Financial counterparty risk	The risk that the obligations assumed by a counterpart, within the context of financial relationships, will not be met	Optimizing the risk profile in pursuing operating objectives through a definition of the limits of maximum reliance with the counterpart with respect to the rating
Liquidity risk		
	The risk that, due to the incapacity to find new funds or to liquidate assets on the market, the Company could not meet its payment commitments	Establishing a financial structure that, consistent with business objectives, guarantees an adequate level of liquidity while maintaining a balance in terms of duration and settlement of the debt
Country risk		
	Risk related to the economic-political instability of the Countries where Eni operates and to the instability of local regulations which may create uncertainties regarding the protection of the Company's rights	Periodic monitoring of the risks of a political, social and economic nature in the Countries where the company invests or intends to invest in the future, and their integration into the financial-economic assessment of the investments
Operations-related risks		
Operational risk	Risk of non-compliance with regulations aimed at protecting environment, health and safety	Implementation of a HSE management system to ensure the safety and well-being of people and communities as well as the protection of the environment. Activation of the Eni Crisis Unit for the management of emergencies
Industrial risk	Risk related to accidents due to natural events (hurricane, earthquakes, etc.) or technological (explosions, blow outs, ...) with damage to properties and/or business interruption which may generate significant harm to the Company	Identification and economic quantification of the exposure to risk and subsequent definition of hedging policies Minimizing economic losses through activities aimed at preventing possible causes and mitigating the effects
E&P-related risk	Risk related to the probability of success of exploration operations, and impact of the volatility of oil prices and of other goods and services on the projects' profitability	Minimizing exploration costs through the use of advanced technological tools and investment planning in consideration of the most cautious scenarios of the energy market

the support of non-profits within the corporate management

In 2009, Eni adopted a set of rules to manage donations that regulates the procedures regarding the formulation, approval and authorization of the business budget, as well as the achievement process of the initiatives. The coordination, direction and control of donations connected with initiatives in favor of the territory for social purposes is provided by the Institutional Relations and Communication Department; while the Executive Vice President of Human Resources and Organization is in charge of the donations to the people of Eni. The initiatives in 2009 referred to different sectors such as health promotion (with the ongoing activities of medical assistance and preventive check-ups, the information campaigns and, mainly, the Health Project), family support (summer camps for the children of Eni people, establishment of a nursery – school in San Donato Milanese), recreational (naturalistic stays, welfare programs, Snow Trophy), besides donations granted within the welfare program (such as the subsidies granted to families in case of death of employees on duty, or to pioneers and veterans associations of Eni).

Evaluation criteria are consistent with the Code of Ethics and the Sustainability Model and are based on the effectiveness of each initiative in terms of capacity to achieve the goals of territorial development, on the reputation of the interlocutors, and on the guarantees of transparency of the achievement, and also on the measurability of the expected results.

Eni operates in the non-profit through Eni Foundation, an independent structure exclusively dedicated to social solidarity activities, that applies criteria of business efficiency to philanthropic goals, with respect for the human rights, the centrality and enhancement of the person, and the cooperation and solidarity. Eni, moreover, promotes Sustainability by supporting the organizations engaged in this ambit. The adhesion is consolidated in an aggregate budget dedicated to the Associations, cared by the Institutional Relations and Communication Department.

Thanks also to the Eni Enrico Mattei Foundation, a non-profit institution leader in the field of research on sustainable development, Eni participates in the research and the diffusion of knowledge in this field, with special reference to energy and environmental Sustainability.

Eni Foundation

Eni Foundation operates as an autonomous and independent entity, aimed at protecting the health and promoting the welfare of children, adolescents and elders, at improving their quality of life and at mitigating phenomena of social exclusion.

The Foundation can rely on cooperation and partnerships – both during the planning and the implementation phases – with non-governmental associations, humanitarian agencies, and local institutions and administrations, selected on specific and proven abilities and skills in the concerned fields and on the complexity of the projects.

Eni Foundation organizational structure

Board of Directors

Paolo Scaroni (Chairman), Raffaella Leone (Vice Chairwoman)

Members of the Board

Angelo Caridi, Claudio Descalzi, Domenico Dispenza, Stefano Lucchini

Secretary General

Vincenzo Boffi

Scientific Committee

Pier Carlo Muzzio, Manuel Castello, Alessandro Lesma

Board of Auditors

Luigi Schiavello, Giuseppe Morrone, Pier Paolo Sganga

In its first years of activity, the Foundation focused its efforts on childhood health, especially in some of the Countries of presence, by means of wide-ranging initiatives aimed at dealing with highly critical issues, such as endemic pathologies, infectious diseases, malnutrition, and HIV virus transmission.

Currently, the Foundation is carrying out four health related projects aimed at childhood, three of them directly (two in the Republic of the Congo and one in Angola) and one, in Indonesia, in cooperation with Smile Train Italia (for an in-depth reading on Eni Foundation's activities in Africa, see section "Energy for development").

The Eni Enrico Mattei Foundation

FEEM assists Eni in the developing of actions related to Sustainability, supporting the Company's reporting process and promoting sustainable territorial development. In the Basilicata region FEEM carried out research activities and provided support to the local institutions, assisting Eni in the training and education activities on energy and environment topics, aimed at the pupils of the primary schools (within the Eniscuola project), and taking care, moreover, of the Eni Award scientific secretariat.

The people that work for the Foundation represent the most valuable resource for the achievement of its activities. FEEM can count on a network of about 120 researchers (most of them holding international post-graduate degrees); 90% are full-time at the Milan, Venice, Viggiano and Brussels branches. The average age of the researcher of whom, more than half are women, is 36 years old.

The activities are organized and carried out within four functional areas: Administration, Finance and Human Resources, Communication and External Relations, Research, Special projects.

In 2008 and 2009, FEEM devised and adopted a new organizational model. Within this process, the values and principles of its external and internal activities were established, and a Code of Conduct was adopted, to be integrated in its model, pursuant to the legislative decree 231/2001. By this tool, the Foundation accepts, shares and commits clearly defined principles and responsibilities towards internal and external stakeholders, taking into account the specifics of its institutional mission.

FEEM watches over the compliance with the Code, by prearranging adequate information, prevention and control tools and procedures; and by assuring transparency of the operations and behaviors implemented, intervening with corrective actions if necessary.

The bodies of the Foundation are: the Board of Directors, the Chairman, the Scientific Committee, and the Board of Auditors, whose powers and functions are set out in the Charter.

FEEM organizational structure

Board of Directors

Paolo Scaroni (President), Giovanni Bazoli, Raffaella Leone, Leonardo Maugeri, Alberto Meomartini, Joaquin Navarro-Valls, Angelo Maria Petroni, Roberto Poli, Giulio Sapelli, Domenico Siniscalco, Guido Tabellini

Scientific Committee

Carlo Carraro (President), Christopher Allsopp, Thomas Heller, David Hobbs, Ernest Moniz, Alberto Quadrio Curzio, Robert Socolow, Robert Stavins

Directors

Bernardo Bortolotti

Headquarters

Milan, Venice, Bruxelles, Viggiato

For former Board of Directors members see page 71 of the Sustainability Report 2008.

The Board of Directors is invested with all the powers of the ordinary and extraordinary administration; its task is to watch over the Foundation's conduct, approve the annual report and the annual program of activities, and appoint the Scientific Committee and the Director of the Foundation.

The Board of Directors took office on February 2nd, 2010, it is chaired by Paolo Scaroni, the Managing Director of Eni, and it has 11 members, of whom 6 are independent. The Scientific Committee was also appointed in February of 2010; it is a body of 8 qualified representatives of the scientific, academic and cultural world, and its duty is to provide its advice on the annual program of activities prearranged by the Board of Directors, ensuring its implementation.

The Board of Auditors is formed of 3 qualified and certified auditors. The Chairman of the Board of Auditors is appointed by the Italian Minister of Economic Development.

The Director implements the resolutions of the Board of Directors, managing and coordinating the activities, the offices of the Foundation and the concerned staff.

main environmental litigations of 2009

Criminal litigation

Eni SpA

Investigations into the subsidence phenomenon attributable to mining operations in the Ravenna and Northern Adriatic areas

Investigations into the alleged damage caused by emissions from the Gela plant (2002)

Investigations into the fire at the Gela Refinery due to alleged negligence (2002)

Investigations to check the quality of underground waters in the Gela Refinery area (2002)

Investigations into a fire that took place at the Priolo Refinery (2006)

Investigations into the contamination of the deep water-bearing stratum of the Priolo Refinery (2009)

Syndial SpA

Investigations into the presumed environmental damage attributable to the Porto Torres plant (2009)

Civil and administrative litigations

Syndial SpA

Contamination caused by the Mantua plant activity (1992)

Summons to appear before the Court of Venice for damage to the Lagoon caused by the Porto Marghera plants (2002)

Action for compensation of damages caused by industrial operations within the Crotona local area (2003)

Writ of summons for compensation of damages related to pollution in Lake Maggiore (2003)

Application for the restoration of the Avenza site and compensation for damages (1984)

Ministry of Environment (2005) - Rada di Augusta

main interventions by the European Commission, Italian Anti-Trust Authority, Electricity and Gas Authority and other regulatory authorities

Antitrust

Eni SpA

Abuse of Snam's dominant position as assessed by the Italian Anti-Trust Authority (AGCM) (1999)

Investigation ordered by the European Commission of the operators in the sector of natural gas (2005)

TTPC (2006)

Investigation ordered by the Italian Anti-Trust Authority as regards gas sale and distribution in Italy (2009)

Eni SpA, Polimeri Europa SpA and Syndial SpA

Investigations into possible changes in antitrust regulations regarding the elastomer sector (2002)

Regulation

Eni SpA

Investigation conducted by the Electricity and Gas Authority on the compliance with the regulations as regards required transparency of invoicing documents (2009)

Toscana Energia Clienti SpA

Writ served by Toscana Energia Clienti SpA against Diddi srl for the interpretation of AEEG Resolution 229/01

Distribudora de Gas Cuyana SA

Proceedings on infringements, initiated by the national Gas Regulation Authority in Argentina (2004)

Other investigations ordered by the court are underway as regards some presumed irregularities within the Consortium TSKJ (US, Italian and other Countries' authorities) as well as gas meters. Other investigations concern Agip KCO NV and EniPower. In 2009, three controversies concerning Eni SpA and EniPower were closed. For a complete list of current proceedings, see the Notes to the Eni Consolidated Financial Statements for 2009.

people

safety

The protection of its employees, of the communities affected by its operations, and of its production assets is a priority to Eni, regardless of the excellent results obtained in the last 7 year. The main objective of the activities conducted and to be planned from 2009 to 2012 remains the reduction of the frequency and severity of accidents, as well as the prevention and mitigation of the risks associated with the processes in place.

For that purpose, three are the areas of intervention: promotion of safety culture (with a focus on process safety), innovative applications of risk analysis and reduction methodologies, and interventions on the critical sectors (such as contractors). In 2009, the actions and efforts undertaken resulted in an improvement of the performance in all safety indexes. The employee injury frequency rate was 0.99, significantly lower (-31.5%) over the previous year and with the goals set forth. The severity rate for 2009 was 0.041 (-20.9%). The contractor injury frequency rate for 2009 was 1.17, down by 17% over 2008, the severity rate was 0.035, down by 7%.



All the activities for the protection of employees and promotion of health, consistent with the first of Global Contact Principles, are aimed at supporting the right for everybody to have appropriate work conditions.

In the Exploration & Production sector, contractor injury frequency and severity rates showed an improvement, respectively of 37% and 27%. The task force responsible for accidents prevention formulated a detailed action plan divided into 13 areas of intervention and 54 actions aimed at reducing accidents. The plan areas focused on the safety of contractors, post-accident

actions, safety driving, extension of the certification systems, supervisory, monitoring, sensitisation and training activities, definition of minimum health standards, the issue of air transport and the institution of the Safety Awards. Following the analysis of risks associated with subsidiaries' operations and thanks to the activities implemented by the task force in charge, more safety projects were undertaken.

For the Gas & Power sector, the improvement in injuries rates (the frequency of injuries of employees was 3.88 in 2009, with a 27% improvement compared with the previous year) is the result of ongoing programs for the upgrade and cyclic replacement of motor vehicles, as well as of activities focused on management systems and implementation of monitoring procedures and analyses on the cause of the injuries, and of the improvement of safety standards applied to the buildings.

In the last two years, 10 petrochemical production sites have reached the goal of "one year without injuries" (Priolo, Ragusa, Grangemouth, Neiva, Feluy, Oberhausen, Százhalombatta, Settimo Milanese, Dunkerque, Brindisi).

The Refining & Marketing sector, following two years of constant improvements, is the only one with opposite results (+13% in the rate of injuries of employees and +20% for contractors) and specific measures have been adopted in order to reduce the injury frequency rate in the two refineries responsible for the performance decline. In the electrical sector, the program Safety Days was launched with the goal of sensitising all personnel on themes related to health, safety and injuries prevention in the work environment and personal life in general.

The year 2009 registered 8 fatalities (against 16 in 2008) of which 2 (5 in 2008) involved employees (Engineering & Construction sector) and 6 contractors (11 in 2008).

AFRICA

the prevention of road accidents in Africa

In 2009, within the Exploration & Production sector, the percentage of road accidents that occurred with Company vehicles, including those to and from work, was equal to 15% of the total. To reduce the impact of these accidents, in the last few years the prevention policy referred to the use of the vehicles was intensified in all the subsidiaries abroad. Safe driving programs were implemented and a project to adopt speed control devices was launched with reference

to the higher risk vehicles. In Africa, with special attention to Egypt, Algeria, Nigeria and the Congo, the implementation of the "Safety technical guidelines on vehicle driving in non EU Countries" issued in 2006, started being monitored along with the project concerning the company vehicles not yet equipped with the speed control system. In Africa, to this date, the company has a fleet of 1,406 vehicles; the control system has already been implemented on 18% of the company's vehicles, those at higher risk. The system will be adopted on 700 vehicles by May 2010 and on the remaining within 2011.

OHSAS 18001 management systems

In 2009, the new INDACO database for the collection, management and dissemination of information related to accidents, injuries, near misses and sub-standard operating conditions was made available to the business units; the main industrial business units have already started the data input and customization of the database. Within the Health and Safety Management System certification area, 61 OHSAS certifications were issued in 2009. Over the next years, the commitment regarding the expansion of those certifications will continue.

health and safety audits

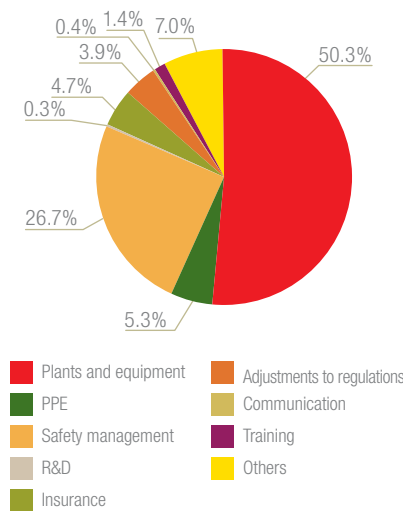
	2007	2008	2009
Safety Audits	241	283	322
Health Audits	116	53	97

The business units are also engaged in technical and compliance auditing programs. The Exploration & Production sector, in particular, aims at reaching, by 2013, 70% of certifications after obtaining in 2009 a coverage of 45% (17 out of 37 associated companies were certified). During the reporting year, the Tunisian associated company has obtained the OHSAS 18001 certification, while certifications are expected to be issued in 2010 in Australia, Ghana, Chile, Angola, United Kingdom and Brazil. In 2009, in the Refining & Marketing sector, some upgrade projects were implemented following completion of audit activities regarding the management systems, and some corrective actions identified as necessary during an audit of process safety. In the petrochemical sector, 100% of the plants (14) were certified as compliant with the OHSAS standards. In order to strengthen and standardise the Health and Safety Management Systems of all EniPower sites and to obtain certifications for all the sites by 2012, in the first quarter of 2009 auditing activities were carried out for the assessment of the current status of safety measures in terms of compliance with the requirements of standard 18001.

A safety culture

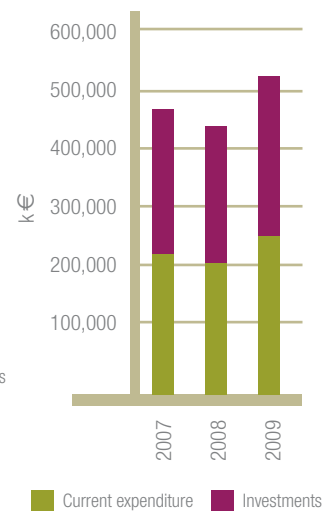
In 2009 the hours dedicated to safety training increased by 35% and, besides the consolidated activities, other initiatives aiming at modifying the behaviour of employees or contract personnel were promoted. In 2009, the project Communicate Security was launched. The project aims at making all of Eni's people internalise important information on this theme using of modern communication techniques. This is a pathway which aims at influencing the motivational sphere. The campaign is structured in multiple phases and involves transversally 11 business units in more than 100 production and office

safety expenditure by type 2009



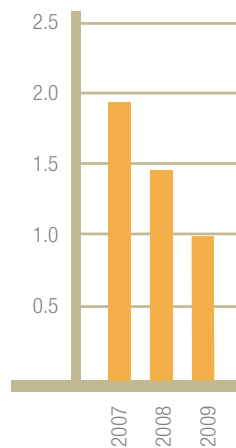
Safety expenditures referred mainly to the upgrading of plants and equipment for a total amount of 270 million euro. The expenditure for safety management amounted to 143 million euro.

safety expenditure



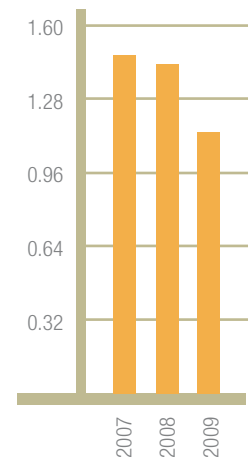
In 2009, safety expenditures amounted to 538 million euro, up 22% compared with 2008. Current expenditure amounted to 276 million euro and investments totaled 262 million euro.

employee injury frequency rate



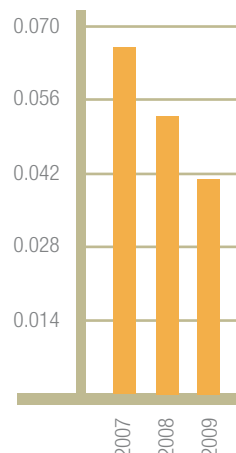
The employee injury frequency rate from 1.45 in 2008 to 0.99 in 2009. The business sectors that contributed most to the improvement are E&P (-43%) and Engineering & Construction (-43%).

contractor injury frequency rate



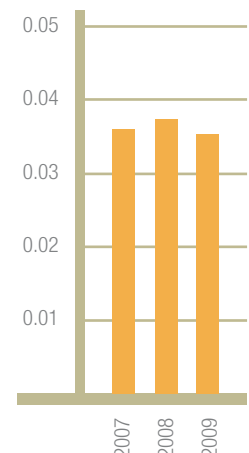
The contractor injury frequency rate declined by 17%, from 1.41 to 1.17.

employee injury severity rate



The employee injury severity rate declined from 0.052 in 2008 to 0.041 in 2009 (-21%).

contractor injury severity rate



The contractor injury severity rate declined by 7%, from 0.037 to 0.035.

sites, for a total of 60,000 involved people between employees and contractors in Italy. A potential extension of the project to other Countries will be evaluated. As regards process safety, an important seminar on this topic saw the participation of over 100 people from various business units, including managers, plants technical personnel and employees.

The process of extending the safety culture and the promotion of excellency in behaviour in 2009 provides for the adoption of the Leadership in Safety program, already applied by Saipem in the last two years, to the Refining & Marketing Division.

Contractors safety

In the oil & gas sector, the management of contractors is a relevant issue, since they represent a constantly increasing work force at the oil and gas exploration, development and production sites. In 2009, many safety control initiatives regarding contractors were implemented with a particular focus on sites located abroad. A good example is the formulation of a new single process related to all working permits, which is the main tool for the control of suppliers of good and services in every site. In the Gas & Power sector the implementation of Company practices that can ensure a correct management of the contractors health and safety is continuing, while data on accidents and injuries is constantly being monitored. All operational phases for the design, construction, management and maintenance of plants and infrastructures are still executed in compliance with the criteria and procedures set for the reduction of risks.



In the Exploration & Production and Engineering & Construction sectors, monitoring activities on accidents and injuries occurring at the sites abroad, as well as a sensitisation of the operation management, continue to be carried out, in accordance with the first of the Global Compact Principles. In particular, in Kazakhstan (KCO) the control on the performance of contract personnel was strengthened through two programs: the implementation of a Safety Watch Scheme and the adoption of 12 Golden Rules which provide for disciplinary measures in the event of violations. The Refining & Marketing sector implemented the updated international best practices to include new standards for working permits.

Plant safety

In order to extend and improve the management of risks related to plants operations, the application of functional safety standards to new production facilities is currently underway, while a new approach standardising the assessment of functional safety is currently being implemented in the existing facilities. In reference to plants safety, the companies are planning periodic inspections and maintenance operations at their facilities in addition to activities aimed at assessing the management of emergencies, the update of plans of actions and any related training. In 2009, in the Exploration & Production and Refining & Marketing sectors, activities aimed at implementing systems for the management of process safety were continued. In addition to technical and compliance audits, the business units most

exposed to process risks will develop a series of audits and reviews specific to the level of safety and reliability of the assets, according to criteria in line with the best international practices. The tool used to ensure asset integrity, developed in 2008, has gradually been applied to all Exploration & Production sites, whereas in the Refining & Marketing sector a new model was developed in 2009 with guidelines and essential requirements specific to refineries.

health

Eni has continued its commitment to constantly improve the protection of the health of its employees, the communities located by its plants and of all are affected by its operations, not settling just for full compliance with all applicable regulations, but also pursuing excellence.

In particular, Eni has adopted a standardised approach based on the development of a health management system in line with the OHSAS 18001 international regulations and has applied it to all its operations in Italy and abroad. The high levels of health protection already reached in 2008 were maintained by means of periodic environment monitoring campaigns carried out at the production sites and through the application of advanced systems for assessing the presence of dangerous substances, as well as the development of a cooperation with institutional entities.

health management

	2008	2009
Cases of occupational diseases	83	127
Total Reportable Occupational Illness Frequency	0.40	0.54
Rate of repatriation for health reasons	0.65	0.59

Prevention Tools

The implementation of the health system management provides for carrying out assessment studies on the health profile of the Country in question with an analysis of health risks, by means of:

- Health Risk assessment;
- Health Survey;
- Assessment of compliance with the Occupational Health & Medical Support Gap Analysis - OH&MS GA.

These methods constitute a basis for the development of local plans concerning occupational health, health support and emergencies management. The complexity and variety of the contexts in which Eni operates and must adapt to, require a consolidation of the following actions:

- the promotion and dissemination of the knowledge and of the best practices as well as the implementation, in other Countries, of training programs for medical and para-medical personnel;
- implementation, activation and maintenance of the OHSAS 18001 certification for the management systems in place;

- definition of standards applied to occupational medicine and industrial hygiene and aimed at assessing and controlling health risks to which workers are exposed, as well as improving the review and control system through the definition of performance indicators.

In the Exploration & Production sector, among the most relevant activities, the following should be noted:

- implementation of conformity audits on the health management system implemented in 16 subsidiaries and 12 Countries (Algeria, Angola, Australia, Congo, Egypt, India, Indonesia, Italy, Kazakhstan, Libya, USA and Tunisia);
- upgrade of the medical care and medical emergency plans, by the means of specific Health Surveys, in the new projects in Gabon, Ghana, Iraq, Turkey, Uganda and Australia;
- adoption of the SHERPA system as database for the collection of data related to health management in the operations carried out in Italy and abroad;
- extension of the implementation of the GIPSI health database for the management of individual health records to the operations carried out in Italy;
- application in Pakistan of the first operational model for industrial hygiene to be applied at a later time to other remote territories where Eni's subsidiaries operate.

Thanks to the telemedicine projects, the radiology diagnostics in the health centers abroad (Lybia, Congo and Nigeria) have been replaced with advanced digital equipment which will enable to read the radiograms in Italy, at a contracted radiology center. In the Gas & Power sector, in 2009, a new computerised medical care system was implemented for the LNG Shipping personnel. In 2009, special activities were carried out in the Refining & Marketing sector for the detection of natural radioactivity, and the computerised system for the management of the medical records of workers (SMIL system) was extended to the subsidiaries operating in the same sector (already in use since 2003) and in the electrical sector. At European level, the commitment of Eni towards the application of the REACH Regulation (Registration, Evaluation, Authorization and Restriction of Chemicals – EC Regulation n. 1907/2006) has continued: 150 is the estimated number of products/substances to which Eni is applying these Regulations particularly in the petrochemical sector. In cooperation with the *Istituto Maugeri di Pavia* and the *Univertità degli Studi di Padova*, a study was conducted in Ravenna plant in order to assess the exposure to 1,3 – butadiene started in 2008 and completed in 2009. The study has confirmed very low levels of exposure that do not match any biological monitoring indicators.

Health promotion

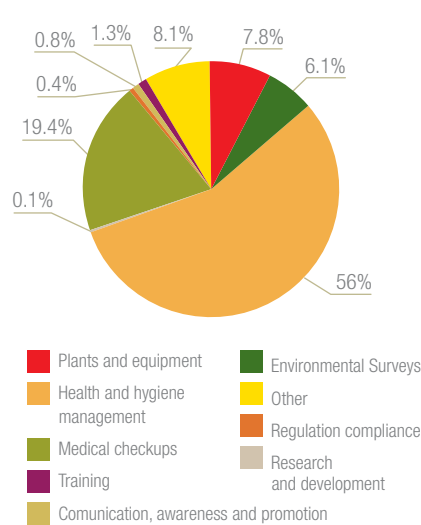
The commitment towards of health promotion within the Company has consistently increased in the last few years

fatality index



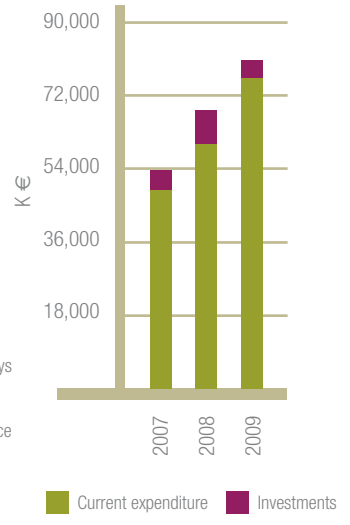
The employees' fatality index, the ratio of mortal injuries to working hours, improved significantly from 2.43 in 2008 to 0.85 in 2009 (5 fatal accidents in 2008, 2 in 2009); the contractors fatality index also improved from 2.81 to 1.65 (11 fatal accidents in 2008 and 6 in 2009). Overall, it was a clear improvement as regards the entire Eni population, since the rate was cut to half.

health expenditure by type



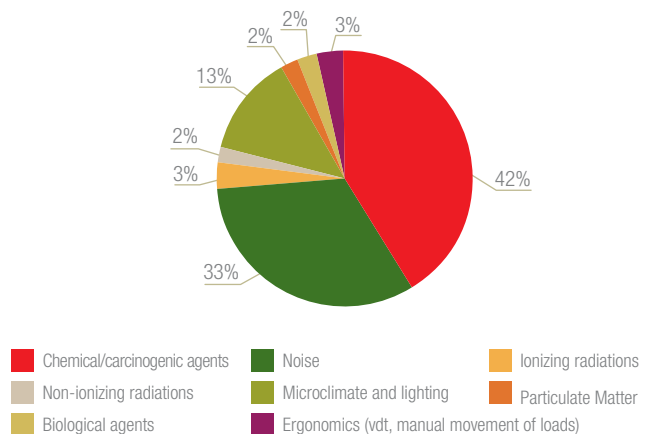
Safety expenditures refer mainly to the management of health and hygiene. In this context in 2009 the expenditure amounted to 45 million euro. Another important item refers to medical checkups for an amount over 15 million euro.

health expenditure



In 2009, health expenditure amounted to 80.7 million euro, up by 18% compared with 2008. Current expenditure amounted to 76.3 million euro whereas 4.4 million euro were represented by investments.

environmental surveys by type 2009



and 2009 was characterised not only by numerous programs aimed at promoting the health and well-being of Eni's employees, but also by a remarkable success of all the ongoing initiatives. As a confirmation of its commitment, in 2009 Eni joined, together with other 24 European companies, the "Enterprise for health", an a European network for the development of health promotion-related projects.

The main lines of actions were:

- free secondary prevention campaigns;
- training campaigns on healthy lifestyle;
- incentives to the participation in initiatives towards the individual well-being.

In 2009, the overall expenditure for these initiatives, not imposed by the law, amounted to roughly 2 million euro. In particular, the Eni in forma project was completed through training and information sessions targeted at promoting an healthy lifestyle with employees. In 2010, the Trainer on line project will be developed. Useful advice on well-being and healthy nutrition will be available on Health Promotion. The program *Piano di Diagnosi Precoce* (launched in 2002 with *Lega Italiana per la Lotta ai Tumori*, and more recently with Hospital of Gela and with a health facility in Rome) continued in its fight and prevention of some of the most frequent types of cancer: upon voluntary adhesion of Eni's people, a free annual medical exam is provided (over 7,700 exams completed in 2009). The objective is to spread, also by means of similar programs, the culture of cancer prevention in all Eni subsidiaries. The activity of health centers (with an expenditure barely below one million euro) continued toward developing a supplemental medical care to the employees in addition to the care provided through the state health system (these centers are located in San Donato Milanese, Genoa and Rome). The Health Card is an online electronic medical record that was implemented upon a request submitted by the site of San Donato Milanese and extended to the Rome site: in 2010, the possibility of joining this program will be extended also to some peripheral sites. Other initiatives, on a voluntary participation basis, regarded prevention and vaccinations (including cardiovascular and telecardiology prevention) and information, and promotion of, general health (anti-flu vaccinations, anti-smoke campaigns, sensitisation towards healthy nutritional habits, checkups for the prevention of cancer and cardiovascular diseases). In cooperation with ESA (European Space Agency), a robot will be developed for the remote execution of ecographies.

the international dimension

the management of people in Eni's world

The internationalization of the Company is today a main feature of Eni, and the management of people reflects this trend. In 2009, people hired abroad reached 40,188, up 2% compared with the previous year. The main increment was registered in Africa. A company not only present in several Countries, but also comprising a highly diversified population is certainly capable to create more value and, at the same time, to offer more

opportunities both for the people operating inside the Company and for the people entering the labor market of the areas where it operates.



Geographical mobility and international recruitment are therefore key concepts that are being developed in compliance with Principle 6 of the Global Compact.

This is why personnel recruitment, management and development policies in foreign Countries are being redefined in order to globally improve their quality and standardize the criteria applied. In the first half of 2009, the project I-Recruiting was completed. It was launched in 2008 and aimed at providing Eni with planning and recruitment procedures to be applied abroad to all types of contracts, as well as at promoting mobility. The system is used today by more than 40 companies abroad and allows for filling and managing the vacant positions, since it supports an internal search of available resources and allows for the management of international assignments, contract renewals and recruitment of domestic and international resources in the outside market. An important focus is placed on multi-cultural training as an essential instrument to promote the geographic mobility of people. In November 2009, Eni Corporate University completed the pilot training program Easy Landing directed to people at their first expatriation and aimed at increasing the intercultural and international skills of individuals who are about to embark into this new experience. Geographic mobility does not impact only the workers, but often their families as well. This is the reason why programs in support of the expatriation were launched and included an upgrade of the tools used for relocation, as well as new repatriation policies with assistance in finding schools for the children. A benchmarking analysis was also initiated placing a particular emphasis on dual carrer issue, or the conciliation of the two professional paths of an expatriated couple. At the end of 2009, in the Exploration & Production sector, a manual for managing people was drawn up and made available to the HR managers of the facilities abroad. The manual consists of a collection of methodologies, policies and practical advice for HR operations abroad. Through interviews and a questionnaire, the practices in use in 18 companies were mapped and these same companies were later provided with a plan for improvement already applied at the Pakistan, Egypt, Nigeria, Lybia and Algeria facilities. The HR reference model has been already divulged on paper and will be available on an interactive DVD in Italian and English. This initiative aimes at implementing in all foreign Countries the main assessment and development methodologies, as well as compensation, policies, in respect of local requirements. Still within the Exploration & Production sector, in 2009 the program HR Towards the future was launched with the involvement of local employees in Nigeria, Great Britain, Congo, Indonesia, Algeria and Egypt for the purpose of providing the skills and the tools to best handle international operations, through a period of work and training at the headquarters in Italy. The project will continue in 2010, with the addition of new people. In 2009, the program continued for the development of intercultural skills as role model, implemented since 2007 in Kazakhstan

at KPO. The training activities, to be continued in 2010 and 2011, have involved roughly 170 managers and 800 employees.

The project provides also for the involvement and positive influence on the personnel of some Kazake institutions. The first results obtained from the project already show an increase in the intercultural sensibility noticeable in the managerial and non-managerial personnel. In the Refining & Marketing and in the Gas & Power sectors, some projects are as well underway for the purpose of implementing a management and development system to all facilities abroad and to ensure that performance reviews and compensation systems are homogenous. In particular, within the Refining & Marketing sector, the International Resources project has allowed for the recruitment in Italy, and subsequent two-year training, of a group of young international college graduates, later placed in some of the facilities abroad. The project has promoted the development of characteristics, skills and abilities essential to the programs aimed at international business development and to the dissemination of an international culture consistent with the organizational model adopted. It has also represented an effective mean for the comparison and growth of resources as well as for the creation of mobility paths both domestically and internationally. The Exchange Management program designed for the Refining & Marketing sector addresses, instead, the managerial population with the objective of exchanging and disseminating different cultural values and professional sensitivity. In 2009, over 10 international meetings were held on this subject and the project will find application in 2010 also in the Gas & Power sector. The organizational changes involving the foreign companies of the Gas & Power sector in 2009 have raised the need for timely information on the processes for the management and development of local personnel and for the implementation of initiatives aimed at promoting the diffusion of an "Eni culture" for the development of the local people.

the activities of Scuola Mattei

Year of foundation	1957
No. of graduates from the foundation	2,600
Trained non-Italian students	55% from 110 Countries
Non-Italian students in 2009-2010 SY	52%

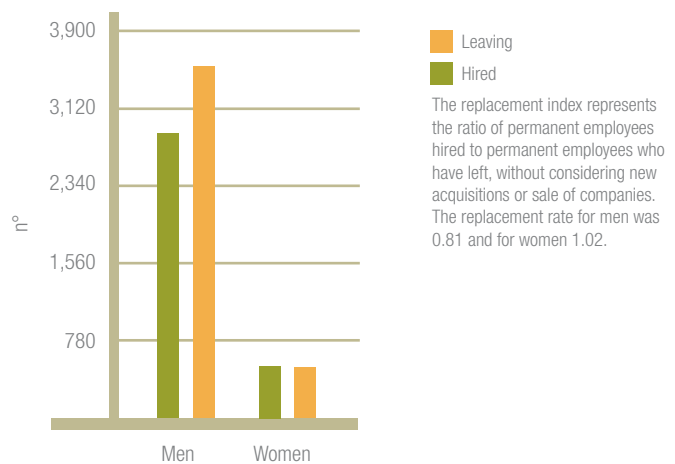
Criteria and methodology approaches were shared with the local management which was supported in the application of tools and made responsible for the processes related to personnel review. The initiatives, under an agreement with Eni Corporate University, focused on the Management Review process applied to the managers of Hungary's companies (Tigaz), on the identification of employees to

employees by gender and professional category 2009

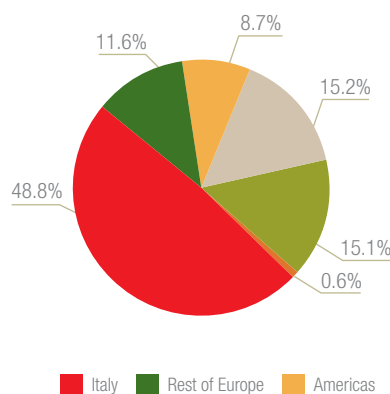
	Man		Women	
	Italy	Abroad	Italy	Abroad
Senior managers	1,272	227	134	16
Managers/supervisors	7,989	3,102	1,832	526
Employees	14,124	13,496	5,138	4,589
Workers	7,777	17,811	33	351
Total	31,162	34,636	7,137	5,482

Compared with 2008, the overall number of employees has remained substantially stable (decline of roughly 400 units). There was an increase in the number of women, particularly in managerial positions (senior staff and managers/supervisors).

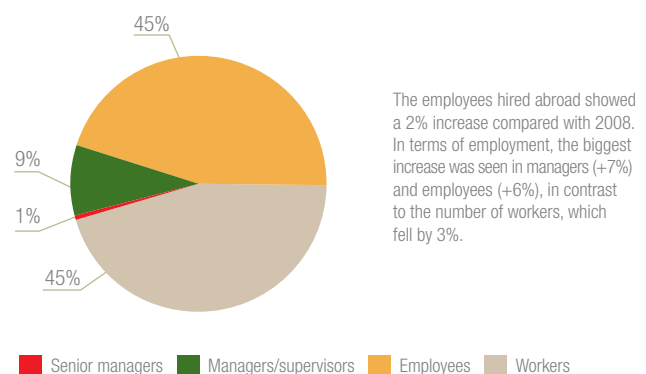
employees hired/leaving by gender 2009



employees by geographical area 2009



employees hired abroad by professional category 2009



be sent to attend managerial programs in Great Britain, Germany, Belgium and France, and on training programs. Regarding the recruitment and training programs, addressed to people living in Countries in which Eni operates and foreseen by MoU, see also section "Energy for development".

Industrial Relations at an international level

In 2009, Eni maintained an open dialogue with the trade union organizations, which led to the renewal of the agreement on Industrial Relations at an International Level and on the Social Responsibility of the Company with the International Federation of Chemical, Energy, Mine and General Workers Union (ICEM) and Italian unions. In June 2009, the thirteenth annual meeting of the Italian European Works Council was held in Lisbon. Eni is committed to set up a training program for the CAE delegates concerning the European Directive on the European Works Councils and the advancement process of labour regulations. A research project on international industrial relations is about to be launched and will focus primarily on trans-national agreements in order to identify the best practices adopted by other major industrial groups.



These commitments translate in the actual implementation of GC Principle 3, besides guaranteeing the compliance with Principles 4 and 5.

enhancing the value of everyone's work



The commitment to create a work environment that enhances everyone's contribution by means of development tools, the communication, and the education represent a way to reach the actual achievement of Principles 1, 3 and 6 of the GC. The research study on the Company's climate, named "Eni according to you 2008", was an opportunity to collect opinions and suggestions from various people. Following the research study, in 2008 Eni launched a plan for improvements which continued in 2009. All the initiatives related to this plan were collected in a dedicated site which will be online at the beginning of 2010, year when the next survey will be designed.

The development of people

The activity concerning the integration and the upgrade of the management and development tools used by Eni, which led to the definition of a new formal process for obtaining feedback from people at the time of annual performance review, has continued. In 2009, in support of the feedback process, a definition of a aimed at supporting "model excellence" aimed at supporting managers, promoting the use of a common language and ensuring consistency in the use of different review tools. A single model defining the factors of success will be available and applied to a changed context around which to stimulate the aggregation of Eni's people. The definition of a series of tools and activities in support of the managers was initiated, offering training options on specific topics and the launch of a dedicated site on MyEni intranet portal, where tools and useful information will be made available to the managers when preparing for the review meetings with employees.

The commitment towards the value attributed to experience

and to the preservation of corporate know-how has continued through actions seeking to recognize of knowledge owners, i.e. the managers with significant skills and expertise for whom, in addition to the formal title assigned, a dedicated training pathway and special initiatives aimed at the diffusion of their know-how were developed in 2009.

In various business sectors, workshops on topics of strategic business interest were organized and held directly by the knowledge owners. The workshops were attended not only by operating in the related business areas, but also by people operating in different contexts.

Internal communication and involvement

The Cascade program, targeting the whole corporate population, was expanded in order to convey the concept of how each one with his/her own work can contribute towards the achievement of corporate objectives.

Cascade program 2009

People involved	30,940
Countries involved	43
Company's sites involved	103
Number of meetings held	484
Satisfaction of the participant (positive feedback on the initiative)	84%

As regards the commitment towards the involvement of people in the pursue of corporate objectives it was implemented, the Design to cost award, an internal competition aimed at promoting savings and efficiency through everyone's active participation.

The objective of the competition is to identify actions that would result in a saving on the investments, outlined in the 4 year plan, in the Exploration & Production sector. The competition provides for the participation, on a voluntary basis, of mixed teams of colleagues working in the procurement and in the operation department, in order to develop team work by integrating technical areas and staff functions. Thanks to this competition, 35 projects developed by 50 teams (with a total of 180 people, 19% of which from international offices) were submitted to a panel of judges. The winning teams received the award during a ceremony attended by senior management.

In addition to the increased number of users reached through the MyEni intranet site, in 2009 the communication channels were expanded through the use of tools such as digital signage, MyEni News and the network for internal communication. The first is a system of plasma screens, centrally managed, for the dissemination of video contents and news in real time. Currently, this initiative is reaching the main buildings and the cafeterias of Rome, San Donato Milanese and Turin. The second one is represented by the quarterly distribution of a paper version which summarises the main news published in MyEni portal, adjusted to the different business areas, for the purpose of involving the people in Italy or abroad who do not use a computer in their work.

Finally, an international network of Eni “communicators” was established with the task of communicating success stories, disseminate information and bring cross-Company initiatives to a local level. The first level network meets regularly, on a quarterly basis, in order to share the current main projects and to provide an update on future initiatives.

dissemination of MyEni portal 2009

Number of users with access to the portal	31,700
Number of users abroad	5,400 (+ 34% in 2008)

In February of 2009, the 18th edition of the annual *Trofeo della Neve* was held. This is an event that integrates sport, nature and social time through ski and snowboard races, excursions, entertainment, night events and team games. The participation fee, in 2009 equal to six euro, it is usually doubled by Eni and donated to a charity project.

Leadership and professional skills training

Among the most important 2009 initiatives, deserving a special mention is the training program aimed at developing leadership skills, improving the relationship between manager-employee, supporting individual motivation, and promoting conditions that benefit the entire organization. 1,100 managers and supervisors have participated in the program from all lines of business, as shown in the table below.

leadership training projects 2009

Individuals involved (approximately)	Types of initiative
125	Motivation of co-workers
650	Assuming responsibilities
170	Institutional
110	Leadership support

In the Gas & Power sector, for instance, a training program was developed for the newly promoted managers in order to provide them with the most important management tools needed for the execution of their tasks and with some observations on the expectations of the Company with regard to their performance. In 2009, 25 people participated in this program that will continue in 2010 with the participation of 30 more people, thus becoming an essential pathway for those who are being assigned managing responsibilities for the first time. Another example is the program developed within the Refining & Marketing sector, *Il responsabile come gestore di risorse*, a behavioral specialised training, in support of the leadership, and aimed at assisting the manager in the best use of the resources available. In 2009 approximately 500 supervisors and managers participated in this program.

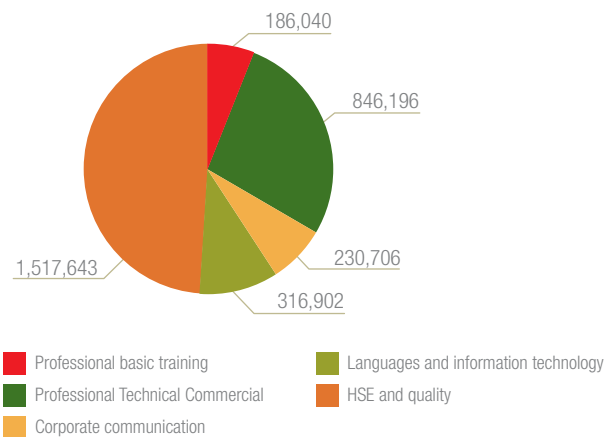
collective bargaining and trade unions membership Italy 2009

Employees covered by collective bargaining	38,299
Employees who are trade union members	17,106
No. of consultations and negotiations with the trade unions	496

employees in service by age and professional category 2009

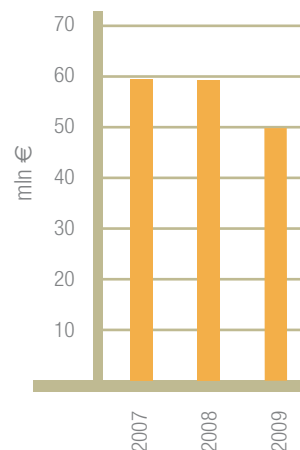
	Senior Managers	Managers/ Supervisors	Employees	Workers
Employees 18-24	-	16	1,857	2,412
Employees 25-39	142	3,384	15,797	11,900
Employees 40-54	1,150	7,503	15,990	9,595
Employees over 55	357	2,551	3,698	2,065
Total	1,649	13,454	37,342	25,972

training hours by type 2009



The total number of training hours were up 5% compared with 2008. A significant increase in training hours was registered in the environment, health and safety areas.

training expenditure



Despite the increase in the total number of training hours, the overall expenditure for training was down by 10 million euro compared to 2008. This decrease was due mainly to the E&P sector, while all other sectors registered small or medium increases in expenditure.

Still in the Refining & Marketing sector, an event dedicated to 50 college neo-graduates hired between 2008 and 2009, was held in December and created the opportunity for a direct dialogue with management, combined with the acquisition of a complete and integrated vision of the business and the development of a professional network. A similar type of event will be held for the Gas & Power sector in 2010. Other events are described in details in eni.com.

A major emphasis was given in 2009 to professional training programs. Particularly relevant was the program dedicated to the network of Energy Stores (see the chapter "Relation with customers and consumers"), launched in 2009 and to be continued in the next three years.

The Eni Energy Stores have become one of the main channels of contact with the retail customers and have developed from a point of support to a point of sale, with an increasing opportunity of using the contact with the customer to promote cross-sales and customer loyalty. This new development has required an adequate pathway for the professional growth of people working at the sale points. The training program covers topics such as customer

orientation, techniques of work organization and employees management.

This training involves all the positions associated with Eni Energy Stores. On a different level, the *Progetto Middle* involves the sales force of the Middle segment of the Italian market. In the first phase of this project, the skills and aptitudes of 65 people working in this commercial area were identified and an individualized, structured feedback was planned for all the interested parties. The second phase, which will take place in 2010, includes a training pathway aimed at reinforcing technical-professional skills and a customer-oriented approach.

Finally, a training program, aligned with the evolution of the sale approach for all people employed in the operations and back office of the Gas & Power sector, will be developed in the two-year period between 2010 and 2011 in support of the Retail project (see chapter "Relation with customers and consumers").

In reference with the training program provided by Eni Corporate University on Sustainability, in 2009 continued the review of the available courses, as well as the design of two new types of training, included in the program targeted to the Exploration &

AFRICA

development programs on the basis of climate analysis in Eni North Africa

Eni North Africa has undertaken many initiatives aimed at improving the Company's climate with a particular focus on communication and involvement, development and integration, and leadership. In order to improve internal communication and the involvement of young people, a Welcome day was held and dedicated to the newly hired employees in Eni North Africa and Mellitah Oil & Gas. The main objective was to present the activities carried out by the Company all over the world, the objectives specific to Eni North Africa in Libya and the integration of the newly hired people into the teams. Periodic visits to the operation fields have enabled the collection of comments, ideas and suggestions for a more effective management of the shift workers. Some steps were made toward the improvement of reported conditions and practical issues; other initiatives in this regard are also being planned for the future. In order to promote a better integration of the expatriated families, a "Get moving: Libya Relocation Guide" was completed. This guide provides useful information for expatriated personnel and, in particular, for the accompanying families. The guide intends to be a practical tool helping in the transition period of relocation to another Country. As for the development of people, in 2009 corporate methodologies were introduced into Eni North Africa and career paths were defined for local personnel. Many people were relocated and reassigned to more challenging tasks, both within the organizational

structure and abroad. These initiatives aim at guaranteeing a growth in the knowledge and experience acquired by the local personnel with the opportunity of competing for positions with greater responsibilities within the Company and, in some cases, pursuing international careers.

In order to promote the integration of local and expatriated personnel, a new training classroom where new courses will be held was inaugurated.

The managers of Eni North Africa were encouraged to assume more responsibilities as regards managing, developing and motivating people also by making available a package of tools for the promotion of relationships, between managers and employees, based on transparency, on feedback and on compensation policies that are performance-based. In particular, management was asked to lead its team by example: this means to have the courage of changing and of being innovative, to devote time to the employees, to listen and encourage them to give the best in each of the tasks they perform. Within this framework, two leadership paths were defined: The Manager as a Coach addresses the managers and coordinators of Eni North Africa and Mellitah Oil & Gas, and Supervisory Skills addresses the new coordinators and supervisors with the objective of providing concrete suggestions for the management of people and to involve the middle management and senior management groups which, more or less formally, have supervisory or tutoring functions.



The commitment for increasing the value of its people is in line with GC Principles 3 and 6.

Production sector, with the aim of promoting a stronger sensitisation of the participants on these topics.

Compensations in Italy and abroad

The Compensation System intends to strengthen values, skills and behaviours, consistently with the culture and strategy of the Company, through a recognition of the assigned responsibilities, the results achieved, the quality of professional contribution and the potential in people, in accordance with the compensation standards of the international markets.

In 2009, a series of projects and programs was implemented for the improvement and the integration of reward policies into local contexts abroad and in line with the practices of the international markets.

The consolidation of the Global Grading System has allowed for the definition of a framework of reference for the implementation of compensation, development and mobility policies applied to managerial and professional resources in Italy and abroad, as well as for a global verification and optimization of the Company positioning against the competition and of the fairness of its compensation practices. In order to support new programs and activities in the foreign markets of interest, the reward policies applied to international mobility were updated so as to support and motivate the expatriated or relocated resources as well as improve the retention of managers or highly skilled personnel.

Studies on some specific professional and geographical areas were conducted in order to analyze particular conditions of competitiveness and to define different policies in relation to the need for the development of certain activities abroad as well as to retention issues.

Also for the young, college graduate population, some studies were started in order to define a compensation scale based on performance and on professional and managerial skills so as to support the motivation and retention of young employees of high potential.

The commitment toward the valorisation of its benefits system has continued. In particular, studies and analyses on pension plans and scales used in some international markets were started for the purpose of examining other governance systems and evaluating opportunities for the improvement of the pension plans currently adopted. The park of the motor vehicles loaned to managers was also upgraded by the introduction of new models and incentives to encourage the use of vehicles running on both methane and gasoline, or with hybrid traction, consistent with the Company's commitment toward the protection of the environment. Finally, within the communication area, the Total Reward Statement (structured information on the overall individual package compensation) has been extended to the entire managerial group and a new web site for the supplemental pension for managers was created.

performance evaluation: % of employees



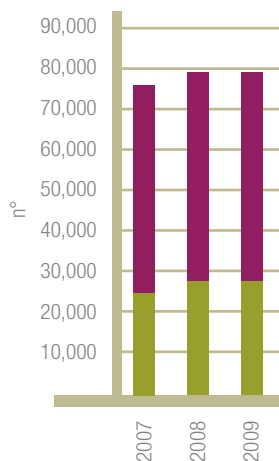
The percentage of cover for employees with performance assessment tools has progressively increased over the last three years. Specifically, the highest increase was seen in managers and workers, respectively up by 17% and 23%.

management and development tools

	2007	2008	2009
Number of new resources	1,440	1,549	1,636
Evaluation of "potential"	670	745	873

The number of new resources refers to young, newly-hired employees in the first 3 years of their employment in the Company and last year this number was up by 6%. The evaluation of "potential" refers to young college graduates, with 3 to 5 years of employment in the Company, followed by a second evaluation based on different development paths. This data also includes management appraisals carried out on senior staff in the last 3 years. The overall increase was 17% compared with 2008.

employees by type of contract



Compared with 2008, contract figures remained stable; the number of permanent employees decreased slightly (-1.3%), whereas the employees under a term contract showed a modest increase (+0.76%). The term contracts were used mostly in the Engineering and Construction sector due to activities that are mostly project based.

change management and people wellness

Change management

In 2009, acquisitions, integration and expansion of the Company's activity to new business areas characterised many businesses and in particular the Gas & Power and Refining & Marketing sector, as well as Snam Rete Gas, Italgas and Stogit.

Large-scale change management programs and specific training activities were developed. The *Energie* program is directed to the integration of Snam Rete Gas, Italgas, GNL Italia and Stogit, which since July 2009 have represented a new industrial context comprising the regulated activities of the gas business in Italy (transmission, storage, distribution and regassification). Since early July, a large-scale program was started in order to identify good practices and synergies within the activities conducted by the four companies as well as to define the organization and operational structure of the new group.

The program was oriented from the beginning toward sharing and involving all the employees so that everyone would feel a participant in planning the future.

Three hundred people, from executives to highly skilled managers to newly hired young people cooperated directly from 26 different construction sites, coordinated in 5 different projects and demonstrating how integration can work and bring favorable results to each of the organizations involved.

In order to transfer timely and transparent information also to those not directly involved in the projects, special internal communication tools were developed. Even the choice of the name of the program is meant to emphasize an approach for involvement: *Energie*, if on one hand it represents a shared sector of activity of the four companies, on the other it underlines the purpose of integrating skills, motivations and efforts in order to design a group model of absolute excellence. The first relevant result was the definition of the new structure of the four companies, three months earlier than anticipated: the work at the construction sites allowed, already at the end of 2009, for the definition of the organisational structure of the new group.

As for the integration program concerning Distrigas - Gas & Power, started in 2008, it continued over 2009 with a series of activities and initiatives aimed at ensuring the development of a common integrated business model. The Change Management project applied to the Refining & Marketing sector, designed in 2009 and to be implemented over the next few years, has as a primary objective a series of training activities such as workshops, events, meetings and communication initiatives directed to promote organizational integration and internal communication among the various Company functions, as well as to disseminate an organizational culture that finds its inspiration in efficiency and efficacy criteria.

Knowledge management: protect and expand the knowledge

In 2009 knowledge management activities continued by acquiring a better understanding of the dynamics, formal or informal, through which the exchange of knowledge is fostered. Information systems were upgraded and current initiatives were strengthened also through innovative techniques applied to social network analysis, through the expansion in the number of members and the launch of new Communities of Practice (CoP) in the Exploration & Production, Refining & Marketing and Petrochemicals. New projects were started in the Gas & Power sector toward the implementation of a knowledge management portal and the development of communities of practice in this business sector and in EniPower.

Balancing personal and work life

The increase (+3%) in the female population working in Eni has continued in 2009. Particularly noticeable is the significant increase in women managers (+13% of managers and +9% of supervisors). Eni's commitment to female employees and overall to all employees in ensuring work – life balance has continued. 2009 saw the confirmation of the evidence emerged during the analytical phase of needs assessment conducted in 2008 within the Welfare Project and aimed at applying the best qualitative-quantitative mix to the services provided in support of the family, of the psycho-physical welfare and of time and money saving. A multi-year welfare plan was developed with a first application of the suite of services focused on family, welfare and time and money savings to the largest sites, followed by medium and small-sized sites, with the possibility of extending it also to the sites abroad. The objective is to create a set of programs that can be exported in terms of the basic model and qualitative standards of the service, yet aligning it to the varying needs of different geographic realities within Eni's world. Most relevant is the *Programma Benessere* which offers the opportunity to the employees to exercise at selected gyms, at lower membership rates.

In the family area, a new type of summer camp focused on the contact with nature and on the study of the English language, was offered to the employees' teenager children. Still in the area of support to the family, the *Campus estivo in città* is open to the employees' children between 4 and 16 year of age, providing fun and sports activities for the entire period of schools closure, from June to September.

As for "time & money saving" area, a national agreement was signed with a primary tourism operator for private travels. Eni's employees, families and friends can take advantage of discounted and special vacation packages. Still in this area, the installation of milk dispensers is underway, with milk provided at a special price inside the facilities. To date, this program is active in 12 facilities in Italy.

In 2009, the first Eni's nursery and preschool was planned within the educational program for nurseries and pre-schools offered to 0-6 year children. Of particular relevance was a survey sent to all employees of the San Donato Milanese site

aimed at determining the interest in this program. Over 700 people answered the survey, with a balanced number of men and women (49-51%). Almost 40% of the respondents does not currently have any children nor is about to have them: this demonstrates the great interest in this project also from those who are not immediate beneficiary of the program. The project was presented to Eni's employees in early 2010, while the nursery-preschool is scheduled to open in September 2010.

In 2009, the Welfare website was launched to inform all the employees of all new and current initiatives and to reaffirm the commitment of the company towards work-life balance.

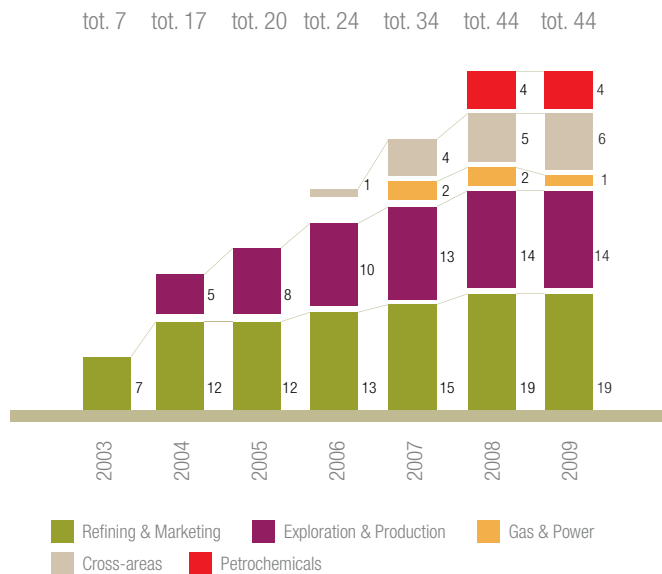
Eni has drawn up and published on this site a guide for the both biological and adopting parents in order to increase the awareness of their rights and to confirm the support of parenthood by the Company. Another guide dedicated to care givers was also completed. In 2009, a telework program implemented in the Gas & Power sector was offered to some differently able employees, for whom a workstation was set up at home, with all the necessary tools for a full operativity and integration with the business unit to which they report. To cover additional expenses, such as higher electrical bills, an extra-annual lump sum was guaranteed. For the first two months of activity, the people were assisted by tutors and this training has continued by periodic updates on the new relevant computer installations.

The workload is assigned and monitored daily by the appropriate manager and meetings are periodically held at the office. In 2009, seven employees belonging to Rome, Potenza and San Benedetto del Tronto headquarters participated in this experiment. All people involved have expressed satisfaction for the work done, have made a productive contribution to the business and have felt fully involved in the Company's life.



All the initiatives described in this paragraph comply with Principle 6 of the GC.

knowledge management: no. of communities of practice



At the end of 2009, the knowledge management system in Eni was represented by 44 active Communities of Practice, six of which related to basic know-how. A physiological dynamics based on the rationalization of knowledge areas emerged for the first time in order to meet the needs of professional and business areas and to capitalize on the achieved results.

knowledge management: no. of participants in communities of practice



The number of people involved as members of the Communities of Practice increased by 9.7%, from 1,665 to 1,827.

environment

Eni's main objective is to adopt, in all production contexts and territories of the 70 Countries in which it operates, the environmental principles and measures defined at the corporate level. In the last three years, the management of the environment was driven by a set of objectives defined by senior management, delegated to the division and company managers down to operation levels, and promoted by a dedicated performance plan. The gradual integration of environmental issues and social issues (an example would be the implications associated with the sustainability of basic themes such as the use of water resources or climate change), adds another level of complexity to the management of environmental impacts and is determining a change in the evaluation system applied to the implementation of new activities as well as the management of the existing ones.



Within this framework, Eni is participating in the most advanced initiatives at the international level (see this section) and in the work promoted by the sectors' associations in order to define the most advanced standards for the evaluation and management of the environment. In order to guarantee a more systematic approach to the interactions between operating activities and the environment, in January 2010 the Integrated Environment, Health and Safety Management System Model, introduced in 2003, was updated.

For the activities in the Exploration & Production sector, Eni is actively partnering with the Governments of the host Countries in order to promote compliance with the best environmental standards; in the downstream sector, with plants located mainly in Europe, Eni has been anticipating the most stringent European regulations by adopting the most advanced technologies available.

The management of the environment entails an active involvement of the local institutions and associations and the guarantee of a constant dialogue with national and international NGOs.

In 2009, environment expenditures were 1.324 billion euro, up 23% compared with 2008. The certification plans drawn up to date show that most of the relevant plants were certified according to the international regulations provided by ISO 14001.

Eni's main production units in Europe have been pursuing EMAS registration (site - or sector - specific), while numerous foreign associated companies, petrochemical plants and gas pipeline networks have obtained an integrated certification with safety management systems (OHSAS 18001) or quality management systems (ISO 9000) or both (certificates of excellence). For the Exploration & Production sector, 24 associated companies (out of 37) have obtained the ISO 14001 certification. This represents 63% against the 80% goal and is to be attributed to the inclusion of a higher number of associated companies. By 2013, the certification is expected to be obtained by all sectors and activities. In 2009, within the refining sector, 5 storage sites of crude oil and oil products (Calenzano, Ortona, Pegli, Ferrera and Imperia) were included in

the EMAS registration of pertinent refineries. In June 2009, the petrochemical plants of Ferrara, Ravenna, Ragusa, Settimo Milanese and Hythe earned a certificate of excellency (in addition to Sarroch, Brindisi, Porto Marghera, Priolo and Mantua) for having obtained and effectively integrated the certification of their Quality Management (ISO 9001), Environment (ISO 14001) and Safety (OHSAS 18001) systems. In the next four years, the certification of two companies of gas distribution from the Gas & Power division and of the Eni Gas Transport International subsidiary is expected.

In 2009, planning and periodical monitoring activities were further strengthened. Currently, the project Eni PRTR (Pollutant Release and Transfer Register) for the implementation of a centralized information system for Air, Water, Soil and Waste is near completion. The project, seeking to meet the requirements set forth by European Regulations which aim at fine tuning an integrated European registry of the emissions and transfers of polluting substances (PRTR), will enable integration, standardization and improvement in the management of the environment. The system, ready to be released to the Business Units, will start the collection of environmental data in 2010. In 2009, Eni has obtained 5 integrated environment authorizations (*Autorizzazioni Integrate Ambientali - AIA*) for 4 sites, operating at the national level (Refinery, Power Plant, Platform, Petrochemical), and the other sites are in an advanced phase of the process. In order to optimize and preserve specific know-how in the areas of Environment, Health and Safety, a professional HSE area was created in 2005 and in 2009 professional development paths and training needs were updated. Specific activities designed to spread and optimize the skills gained within the Company, as well as the institution of communities of practice and a dedicated Intranet site, complete a state of the art knowledge management structure.

water as a primary resource

The growing areas that are susceptible to desertification, the demographic increase or the pollution of the water needed by entire communities and territories have determined a different approach toward water resources. Water is a local resource and the impact on water is determined not only by the quantity used but also by the availability and quality of resources, in addition to the dependency on it by communities and areas rich in biodiversity.



Eni has reduced fresh water consumption while it has expanded activities in the production and transformation of oil products. This result was possible thanks to the adoption of eco-efficient technologies (closed cycles and use of sea water and of substitute systems in the industrial cooling processes) in compliance with Principle 9 of the GC. In 2009, the consumption of fresh water decreased by approximately 5% (from 220 to 209 mln/m³) in line

with the reduction objectives set out for the next four years. Eni is estimating to reach another 10% reduction in the withdrawal of fresh water and to maintain the amount of recycled water at a fixed 30%. In the petrochemical sector, one of the most relevant projects is to be conducted at the Mantua. The project entails two initiatives aimed at reducing by approximately 17 mln m³/year the water withdrawal from the Mincio river; the work is to be completed in 2011 and will bring a 20% reduction in the consumption of fresh water by Eni's petrochemical operations. In the Exploration & Production sector, specific interventions are underway in order to contain the consumption of fresh/salty water in particularly sensitive areas (Libya and Congo). Still in the Exploration & Production sector, the practice of produced water re-injection, used to maintain pressure in the reservoirs, allows for a reduction in the impact from contaminated waters and avoids having to withdraw fresh water. In 2009, some projects were completed, some other projects began operations in Bouri, Abu Attifel, Wafa (Libya), in Belaym (Egypt) and in Ogbainbiri (Nigeria), for a total of 6.2 million m³ re-injected in 2009 and a smaller consumption, by 1.1 million m³, of brackish water. In Indonesia, all the production water used in 2009 at the sites of Badak, Nilam and Semberah were re-injected into the reservoirs and in 2009 the project was extended also to the fields of Pamagan and Mutiara. Other projects in Egypt, Indonesia, Algeria and Congo are at an advanced phase, while the projects in Italy and Kazakhstan have just started. In 2009, the overall expenditure related to water-injection projects was 127 million euro and it is estimated that, thanks to an additional expenditure of 181 million euro, 65% of the water extracted with the oil is going to be re-injected (against 44% in 2009) thus avoiding water discharges of roughly 12 million m³.

produced water from oil/gas production

	2007	2008	2009
Extracted	48.34	52.93	59.66
Re-injected	14.72	14.88	23.31

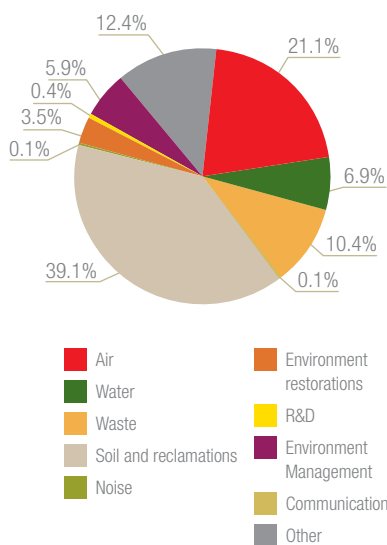
In the refining sector, water-reuse projects have allowed for the industrial use of purified ground water with a reduction of fresh water use; the full operations of the projects implemented in 2009 have produced a further 14% reduction in consumption related to performance (roughly 3 million m³) thanks to the activities carried out at the refineries of Gela, Livorno and Sannazzaro. In 2009, the gas sector has completed the construction of phyto-treatment plants at the facilities of Enna and Terranova. The installation of phyto-treatment systems at the compression plants has allowed for the creation of new green areas and for the use of purified water as non-drinking water, thus reusing purified water and implementing closed cycles. Sergaz, in Tunisia, has started monitoring the consumption of drinkable water and a

certification and registration of management systems (plants or relevant units) according to ISO 14001 – EMAS

	E&P associated abroad		Refineries		Power plants		Petrochemical plants	
	ISO	EMAS	ISO	EMAS	ISO	EMAS	ISO	EMAS
2008	23/35	5/5	4/5*	6/7	3/7	13/14	2/14	
2009	24/37	5/5	4/5*	6/7	3/7	14/14	2/14	
2012	36/37	5/5	5/5	7/7	7/7	14/14	3/14	

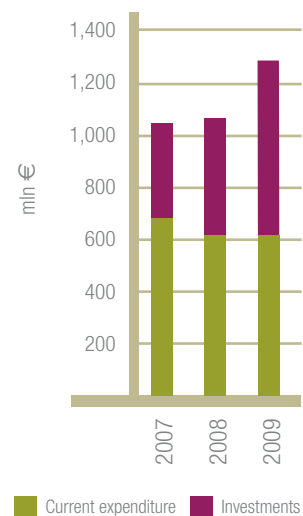
* Within the EMAS registration process concerning the Gela refinery, the *Dichiarazione Ambientale* was validated, but the Registration is pending waiting for the opinion to be issued by *Agenzia Regionale Ambiente*.

environmental expenditures by type 2009



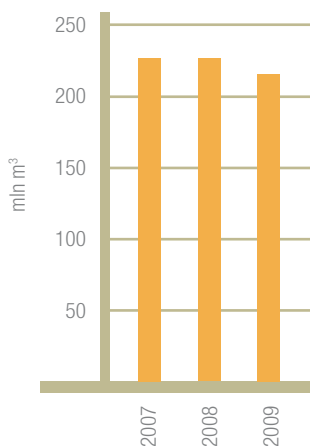
The expenditure for the environment was 1,324 million euro, of which 695 millions were investment related. The main areas for intervention concerned the protection of soil (39.1% including reclamation) and air (21.1%).

environmental expenditures



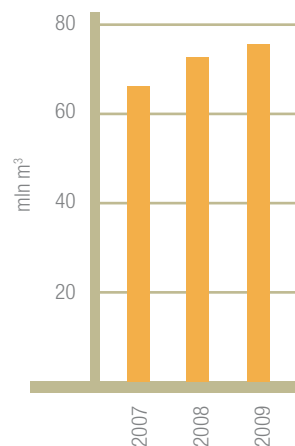
Expenditure for the environment, inclusive of current expenditure and investments, was up by 23% compared with the previous year. Current expenditure remained in line with the 2008 figures whereas the investments were up by 51%.

fresh water withdraw



The withdrawal of fresh water showed a 5% reduction compared with 2008. Supply sources are surface water (57%), underground aquifers (31%) and aqueducts (12%).

recycled water



The recycled waters registered a 4% increase compared with 2008. In this area, the petrochemical contribution was substantial due to its ongoing commitment for many years to water recycling programs (with an historical trend of growth of this indicator).

project for the recovery of treated water for the irrigation of green areas. In addition, the trend already observed last year is being confirmed with roughly a 22.4% reduction in the withdrawal of fresh water, due mainly to less use of water at the headquarters. Stogit has registered a 17% reduction in the withdrawal of fresh water and a 29.3% increase in re-injected water compared with the previous year. In the photovoltaic sector, a 10.8% reduction in water consumption at the source, compared with the previous year, was registered. This data reconfirms the trend of last year. The performance of the last few years in the electrical sector remains unchanged.


climate change and energy efficiency

The greenhouse gas emissions decreased for the second consecutive year (-8% in 2009 compared with 2008) confirming the soundness of Eni's industrial choices and ensuring the achievement of reduction objectives. In particular, the Exploration & Production sector – which accounts for roughly 50% of the emissions in Eni – has registered a 13% emissions reduction compared with 2008, thanks to a decrease in flaring emissions (-20%) and venting emissions (-9%) while the consumption of energy has remained in line with the previous year.

The emissions reduction registered in the refining sector, -6% compared with last year, is due mainly to a contraction in production and to the installation of new technologies aimed at limiting emissions into the atmosphere.

The electrical sector has shown a modest increase in carbon dioxide emissions (+4% compared to 2008), in line with the higher consumption of fuels mitigated by a higher consumption of natural gas. Overall, the production level of electric and steam power in 2009 stood below the level reached in 2006-2007; however, compared with 2008, a year characterized by some accidents at the plants, energy production was up by 5.1%.

The gas transmission in Italy showed a 20% decline in the emissions of carbon dioxide due to decreased energy consumption.

 Emissions indexes in all key sectors indicated a flat or declining trend over the last five years, the result of measures implemented in compliance with the carbon management strategy outlined in the sections that follow (see also the section "Building the future of energy") and with the precautionary approach in keeping with Principle 7 of the GC. In 2010, the carbon management strategy will be enhanced with the definition of Eni's overall objectives that will entail the integration of the goal set for the Exploration & Production sector aiming at a 70% reduction in flaring emissions. In 2009 Eni's participation in the European System of Emissions Trading involved 59 plants, of which 55 were in Italy and 4 abroad, with 24.7 million tons of total emissions, down 2.4% compared with 2008. In the four year period from 2010 to 2013, Eni estimates a deficit in assigned allowances of 10-13 million tons, to be attributed mostly to 2013, the first year of the Emissions Trading Phase III (2013-2020) when Eni plans,

among other things, to acquire actioned allowances at 100%, for the electrical sector.

In 2009, an experimental project for the geological re-injection of CO₂ was launched at the Cortemaggiore site, by Stogit, a subsidiary of Snam Rete Gas. In the Exploration & Production sector, the initiative *Mondo Project*, started in 2007 in Brazil, is worth mentioning. It involves monitoring the ocean environment during offshore drilling operations and provides useful information for studying ocean currents and their impact on the climate.

Gas flaring reduction projects

The objective of the gas flaring projects that are currently underway is a 70% reduction by 2012 in gas flaring emissions, compared with the 2007. Thanks to this objective, the CO₂eq emissions index per ktoe produced will be reduced by 40% by 2013. These projects will be implemented mainly on the African continent where flaring practice is more common due to higher technical, logistic, operational and economic (financial and domestic market) difficulties in implementing projects that involve the use of gas resources.



In Africa, Eni has been the first company to undertake significant flaring-down activities through the re-injection of associated gas in the reservoir and its use in energy production, promoting and encouraging the spread of eco-friendly technology, in compliance with Principle 9 of the GC.

Flaring-down initiatives, in progress in Algeria, Angola, Congo, Libya, Nigeria, Tunisia, Turkmenistan and Kazakhstan, have entailed a 0.5 billion euro investment and will be completed by 2013 through an additional investment of over 1.1 billion euro.

flaring down projects

Countries Activities and results 2009

Algeria	The Multi Phase Pumps project, for the pipeline transport of oil and recuperated associated gas to the BRN oil processing center, is currently under completion (2010).
Congo	The gas flaring reduction project at the M'Boundi field: a pipeline for gas transmission to two power plants was completed: the first one, the installed power of the Djeno plant, was increased from 25 MW to 50 MW; the second one – a new 300 MW power plant – will become operative during 2010.
Libya	The first phase of the flaring down Bouri gas utilization project is currently carried out, which consists in building the plants for acid gas separation and for the transmission, for its selling, of the recuperated sweet gas from the Mellitah onshore site. The second phase will be the re-injection of the acid gas into the reservoir, to be completed by 2014.
Nigeria	The Gas Master Plan planned activities are ongoing, aimed at reducing the ratio between flare gas and total gas produced, and at maximizing associated gas recuperation. The following will be completed during the first half of 2010: the domestic market gas supply project (that includes extinguishing the torches and completing the compression station for gas recuperation at the Ebocha oil center) and the expansion project of the Ob/Ob gas processing plant, for the recuperation of associated gas to be sent to the N-LNG terminal in Bonny.
Tunisia	The gas re-injection project and the partial reutilization of this gas (55 thousand m ³ per day) for electricity production at the Oued Zar field were implemented.

Energy efficiency

Energy efficiency projects have represented for over 6 years a constant commitment within Eni's downstream activities where the

objective for a rational use of energy (power) is pursued through the use of the best technologies and research of the best process solutions.

In the electrical sector, the amount of CO₂ emissions per kWh of equivalent products, is roughly 1/3 lower than the average Italian value, and in the four-year period between 2010 and 2013 it will be maintained at levels lower than 415 g CO₂/kWh. The investments aimed at consistently improving the performance of generated electric power will continue with the construction of a new turbogas facility in Taranto.

An investment of over 153 million euro will be used to set up photovoltaic and biomass plants with an installed power of respectively 16.7 MWp and 25 MW and savings of 4 ktce; the project is part of the *Patto per l'Ambiente* program, signed by Eni and the Ministry of the Environment in July 2009 in order to pursue the objectives of the so-called 20-20 by 2020 European Plan.

In the refining sector, the savings amounted to approximately 17 ktce in 2009. In the four-year period from 2010 to 2013, some energy saving projects, aimed at a further 60 ktce/year savings (equal to approximately 180 kton/year of CO₂) with the expenditure of over 31 million euro, will be developed.

In the petrochemical sector, the implementation of the projects identified within the industrial plan will generate increased savings of 77 ktce/year (equal to approximately 200 kton/year of CO₂).

In the Exploration & Production sector, the Energy Management in Up - Midstream of Oil and Gas Industry research project, aimed at applying innovative technologies in order to improve energy efficiency as well as to reduce greenhouse gases in the plants, has continued. The project, initiated in 2008, will be completed in 2010.

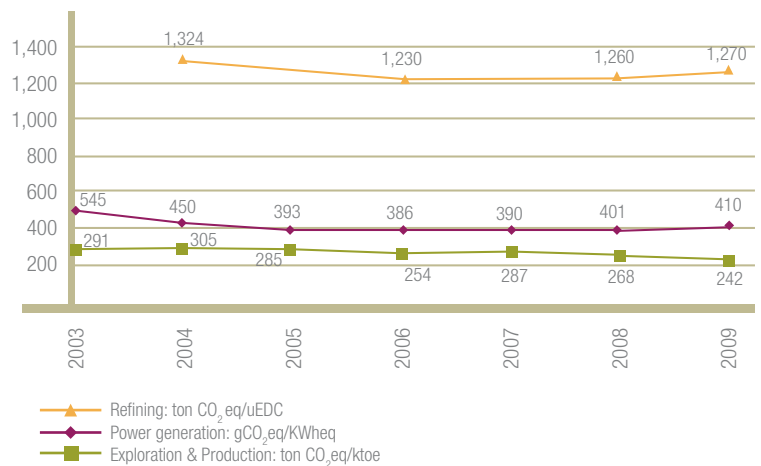
At the headquarters in Rome and San Donato Milanese, the Eni Building Energy Savings Project has continued through the development of activities seeking to increase plant efficiency in lighting and climate adjustment, in addition to the installation of photovoltaic panels.

In 2009, over 200 tons of CO₂ were saved: with a total expenditure of 0.5 million euro, the expectation is to reach a reduction in emissions by over 1,000 tons of CO₂ and over 0.2 million euro in savings per year. In the Information and Communication Technology sector, the interventions aimed at extending the telecommunication network, the application of VOIP technologies and virtualization of the servers, have continued. By 2013, the Green Data Center project will be completed with the unification of the data processing centers and total savings of over 10 thousand tons of CO₂.

atmospheric emissions

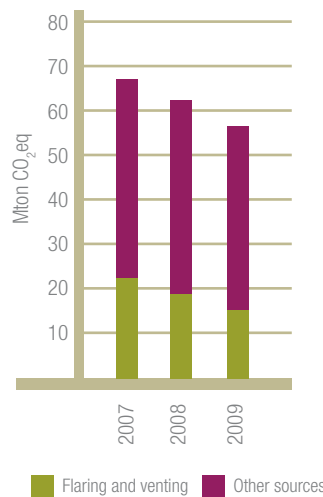
In the last few years, the increased percentage of natural gas in the mix of used fuels, as well as the adoption of the best technologies in all the business sectors, have

emission indexes of CO₂ eq



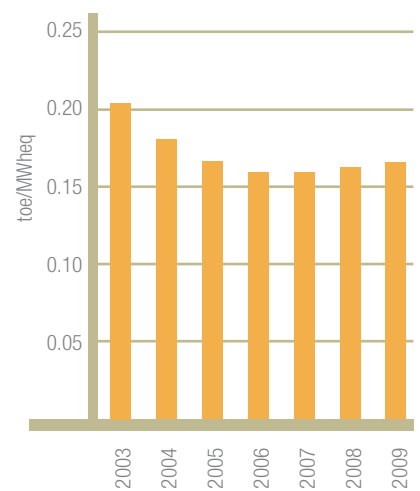
The emission indexes of the refining and electrical sector remained at an excellent level following the numerous reductions achieved in the early 2000s. The Exploration & Production sector has registered the first improvement following completion of the first flaring-down projects.

GHG emissions



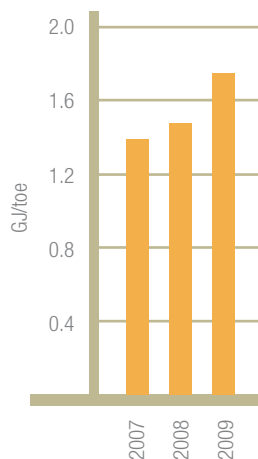
The GHG emissions saw a 8% decline due mostly to a 20% reduction in GHG emissions from flaring gas in the Exploration & Production sector.

power plants energy performance indexes



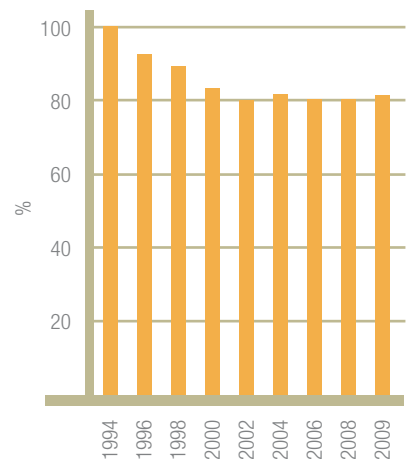
The power plants' energy performance index has shown a 21% improvement from the year 2000 to date.

E&P energy efficiency index



The energy per unit of oil production (toe) is growing, due to the increased energy request for reutilization of associated gas.

R&M energy intensity index EII based



The refining sector's Energy Intensity Index was reduced by 20% since 1994.

contributed to reduce the release of substances that are harmful to the atmosphere. In 2009, in addition to the reduction in the emissions of CO₂, the emissions of NO_x overall have also decreased (-2.8% compared with 2008). In particular the electrical sector registered a significant decrease (-11%) compared with 2008. Also the SO₂ emissions have shown a trend of decrease over the years (-5.2% average, -34.3% in the G&P sector) in all sectors, following the use of low-sulphur fuels or with the sulphur entirely replaced by natural gas.

Venting and flaring emission reduction (see paragraph "Climate change and energy efficiency") enabled NO_x and SO₂ emission reduction related. In particular, the higher efficiency of installed compressors in Nigeria provided the most relevant contribution to these emission reductions.

The refining sector had already reached, in early 2000, significant levels of performance, due in particular to the plants capability of treating heavy crude oil by removing the sulphur from the original crude oil thus enabling the sustainable use of energy resources otherwise unusable. In 2009, the Livorno refinery installed some specific burners and introduced the use of special additives in order to reduce the emissions from the Lube burners; at the Sannazzaro refinery, several upgrades and technological innovations were implemented; at the Taranto refinery, the program aimed at extending to all plants the monitoring and control of fugitive emissions through the LDAR (Leak Detection And Repair) methodology has continued and a new plant for the recovery of crude-oil steam was installed for the reduction of odorous emissions.

In 2009, the installation program on the combined cycles of the VeLoNO_x systems, of the latest generation of burners for turbogas combustion chambers, continued. The installation program, which involved 6 combined cycles out of the 9 expected, provides for an extension to all combined cycles by 2012. On the whole, the adopted technology has resulted in a reduction in the NO_x emissions, compared with 2008 (-11.1% in absolute terms, -12.45% in terms of specific emissions referring to each produced Kilowatt per hour). In 2009, the Ferrara plant, with a 4 times higher production of electrical and steam power, has drastically reduced the SO₂ and NO_x emissions (-22% compared with 2008) thanks to the replacement of combustible oil by natural gas. The mix of combustibles used by the electrical sector saw an increase in the percentage of natural gas from 87.4% in 2008 to 89.5% in 2009, with a decline in local pollutants (SO₂ -37.8% and dust -40.6%).

The petrochemical sector has launched in 2009 a number of innovative initiatives aimed at expanding the knowledge of fugitive emissions, with the objective of monitoring all Italian installations over the course of the next 4 years: in the first 8 months of 2009 roughly 84,000 points had been already monitored and assessed. The next periodical monitoring of the points to be measured, with priority given to the sources that have exceeded "intervention thresholds", will enable the implementation of specific mitigation measures.



This approach was very well received by the competent authorities within the process for the issue of integrated environment authorizations in due application of the precautionary

principle (and in line with Principle 7 of the GC).

In 2009, in the gas transmission sector, the activities aimed at reducing the emissions of natural gas from the plants and gas pipelines (pipeline gas recompression during the interventions for network enhancement and replacement of pneumatic equipment), and at reducing the emissions into the atmosphere of nitrogen resulting from combustion processes, through the use of new or upgraded machinery equipped with low emission systems installed in two gas compression plants, have continued.

In the spring of 2009, the article "Eni Success Story" was published by the Environmental Protection Agency (EPA). This article recognizes the participation of Eni within the international partnership of M2M (Methane to Markets): the project promotes the recovery of methane and its use as a source of clean energy.

oil spills

Eni has implemented a series of measures for the reduction of oil spills during the management and transport of oil products, and to increase reliability of the pipelines and transportation means, both by air and by ground. In the Exploration & Production sector, some specific activities are ongoing in areas where higher potential risk of spills was identified: in Egypt, on the Western Desert lines (interventions for changes or replacements along over 40 km of flowline and implementation

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oil spill prevention in Egypt and Nigeria

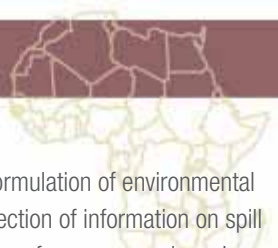
In Egypt, the IEOC associated company, operating through Petrobel and Agiba, has been carrying out for some years numerous initiatives for the prevention of oil spills and for an adequate response when they occur. The environmental conditions of operations (strong thermal excursions and closeness to the sea) can seriously affect pipeline functions and require the definition of specific interventions in order to guarantee the highest reliability of the plants. The Western Desert Zero Leak project was launched in 2007 in Agiba and addressed the prevention of oil spills. The project aimed at a reduction in the number and severity of the spills through the replacement of the existing flowlines and the injection of anti-corrosive substances into the manifolds. A total of 241 km of flowline will be replaced. From 2007 to 2009, 225 km of pipeline were replaced; in 2009 the flowline manifold was replaced with new lines covering 31 km and with the Internal Coated type of lines covering 15 km. In 2010, the existing flowlines will be replaced with the new Internal Coated type of lines covering additional 30 km. The project has resulted in a 64% reduction in the volume of spilled oil in Agiba. In Petrobel, 110 km of underwater pipe will be inspected with the support of the HSE division unit. Finally, an Oil Spill Assessment was carried out for two associated companies,

of sensitivity maps), and in Turkmenistan. All associated companies are subject to assessment in their plans for prompt intervention in the event of a spill and are involved in the drafting of a document called Oil Spill Contingency Plan (with an overall expenditure of 1 million euro) which includes both the intervention strategy and response procedures in case a spill occurs. In particular in 2009, response plans were completed or updated by the associated companies in Brazil, Egypt, Kazakhstan and Libya.

In 2009, the sector reported 287 oil spills above one barrel, for a total of 21,573 barrels of spilled oil.

The total quantity of spilled barrels was above the figures of 2008. 71% of the spilled oil was due to acts of sabotage; the volume related to accidents was up 33% and this was due specifically to an accident that took place in the Congo where a supply vessel of another company damaged a pipe with its anchor. Most of oil spills due to acts of sabotage occurred in Nigeria: Eni has almost completed the remediation activities of oil spills occurred in 2009 including the most considerable event of about 4,000 barrels occurred in Nembe.

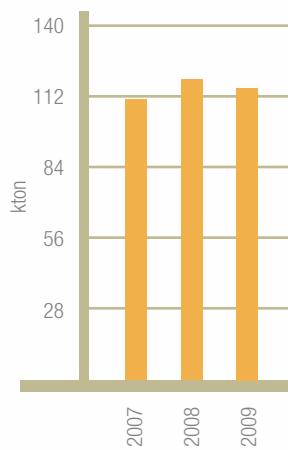
Among several initiatives in which Eni is participating at the international level, in 2009 the work on the Coastal Oil Spill Improvement Program (COSPIP), for the development of strategies and setting up the equipment needed in case of oil spill emergencies in the Barents sea, continued. In particular,



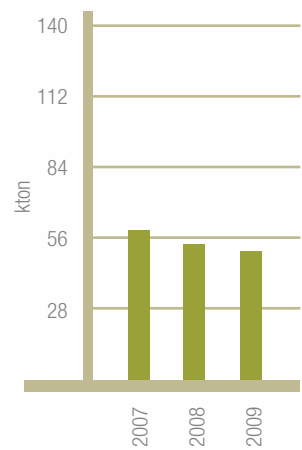
which has involved the formulation of environmental sensitivity maps, the collection of information on spill events and the preparation of emergency plans. In Nigeria has been developed a pilot project to monitor the access to pipelines and a prompt location of sabotage actions. The Remote Sensing system operates at the Ob/Ob site and it monitors 12 Km of the pipeline until the Ogoda site revealing the presence of walking persons on foot and by means of transport, excavations and vandalisms. In 2009 has been issued a specific procedure for the oil spill management and the involvement of local authorities and communities representatives in the causes' analysis, concerned areas definition, clean up activities, land reclamation activities and land recovery certification.

The reclamation certification is issued by the National Oil Spill Detection and Response Agency (NOSDRA). Considering favourable environmental and climate conditions the Remediation Enhanced Natural Attenuation was defined to improve soil micro-organisms conditions: through fertilizers administration of and soil revolving, the concentration of hydrocarbons will be reduced by 40 times.

NO_x emissions **SO_x emissions**

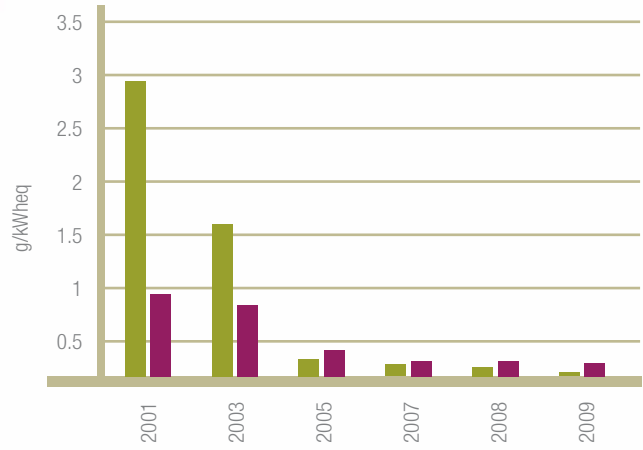


In 2009 NO_x emissions, equal to 113.75 kton, decreased by 3% compared to 2008.



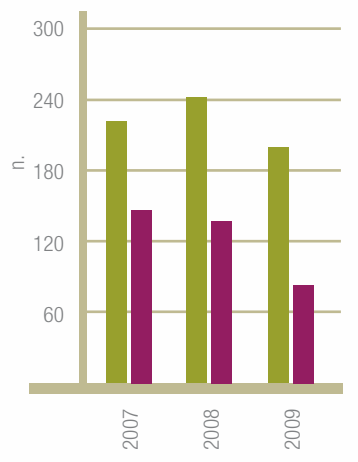
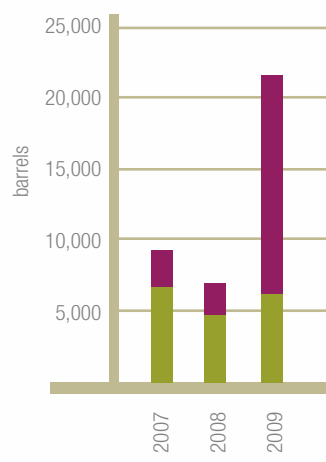
In 2009 SO_x emissions, equal to 50.23 kton, decreased by 5% compared to 2008.

NO_x and SO₂ emissions electrical sector



Electrical sector's NO_x and SO₂ emission indexes decreased by 98% and 79% respectively from 2001 to 2009.

oil spills by cause



Oil spills due to accidents Volume of oil spilled due to acts of sabotage

27% of the total spilled volume, due to accidents, is to be attributed to the spills which occurred in Congo, in Nigeria (24%), in Egypt (25%) and in Libya (3%). Oil spills due to acts of sabotage took place primarily in Nigeria.

in 2009, the design of new response technologies (vacuum and bubble technology) was initiated, as was the adoption of decision making tools based on the use of GIS georeferentiation systems and the development of 19 research projects regarding the impact of oil spills to coastal and marine areas.

Eni is actively participating in the Global Initiative IMO/IPIECA called OSPRI concerning the Caspian Sea region; in 2009 the protocol for accidents caused by oil spills was drafted and will be finalized once the five Countries in the region reach an agreement. OSPRI has also participated in the review of a new national Oil Spill Contingency Plan for Kazakhstan; currently under review by the competent ministries. In 2010 the results of the Oil Spill in Ice Joint Industry Project (JIP), promoted within the Kashagan project in Kazakhstan, will be presented. Finally, Eni is participating in the Global Initiative IMO/IPIECA WACWF (West and Central Africa), a project involving the local Governments for the purpose of developing emergency plans and mutual-aid agreements in the event of an oil spill.

reclamation of contaminated sites

The reclamation activities in Italy are mainly carried out by Syndial, a company specialized in the reclamation of disused contaminated sites and in the management of residual industrial services. In 2009, the environmental recovery process at the 44 sites under reclamation (5,000 hectares) owned by Syndial went on as follows:

- in all sites, activities aimed at preventing environmental contamination were completed. At the petrochemical sites in Mantua, Ferrara, Brindisi, Priolo, Gela and Sarroch hydraulic barriers and pumps were used to protect the waters;
- at 5 sites (Villadossola, Cesano Maderno, S. Giuseppe, Terni, Ferrandina), reclamation activities were completed;

- at 5 sites, classified as site of national interest (Porto Marghera, Cengio Manfredonia, Priolo and Sardinian mining sites) reclamation projects, approved by the Italian Ministry of the Environment, are underway;
- at the remaining sites, reclamation projects proposals were submitted to the competent authorities and authorizations are pending.

Furthermore, the following results are worthy of note:

- in Assemini, a water decontamination system for the reuse of treated water was built and started operations at this industrial site in 2009; in addition, the surface capping of 20 hectares of outside area was completed;
- in Manfredonia the removal of over 250,000 tons of hazardous waste was completed;
- in Porto Marghera, an application was submitted for reclamation certification and the related clearance of the areas contaminated by mercury and chlorinated solvents that were reclaimed through innovative technologies (oxidation and electrokinetics);
- in Portoscuso, a perimeter fencing and surface capping of 16 hectares was completed.
- in Priolo and Gela, it is foreseen the completion by 2010 of a water treatment plant and the protection of a waste area.

In 2009, the expenditure for reclamation amounted to 207 million euro. In 2009, in the Exploration & Production sector, a pilot project was completed in Egypt with the reclamation technique Biopiling: the project for a complete reclamation, which will require no less than 5 years, is under way. This technique will be applied to the Belamyn field, also in Egypt.

In the refining sector, the environmental restoration of the fuels distribution network has continued: in 2009, 134 sales point, out of a total of 615, have completed reclamation activities. Reclamation at Refineries, at industrial sites (Gela, Taranto, Venice, Sannazzaro and

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sustainability of Eni Congo's activities

Eni Congo is currently a key player on the global energy scene and is committed to sustainably enhancing the value of Congo's onshore and offshore oil resources. To realize projects that meet the expectations of players of sustainable development, the oil industry must put highly rigorous policies in place. On the basis of domestic legislation and international conventions ratified by Congo, Eni Congo clearly and indiscriminately identifies the partners, roles and responsibilities needed for the realization of its work programs. It is vital that the exchange of experience between Northern Countries and Congolese companies is strengthened through shared objectives aimed at sustainable development. Assessments on the social and environmental impact on bio-physical conditions are conducted before, during and after operating projects by persons external to Eni Congo. Within this context, communication is an important tool. The parties involved in Eni Congo's activities are kept abreast of the evolution of the Company's activities and of instructions for future action. To support the Government of the Republic of the Congo in achieving shared objectives in the fight against poverty, Eni Congo has established an internal structure devoted to sustainable development. The structure works autonomously and in partnership with the civil society to plan the various actions geared toward furthering engagement, collective interests and the socio-economic development of the territory while respecting the environment. The vulnerability of local communities in the areas of oil activities, the forecast for future increases in Eni Congo's production and their adaptation to climate change will be the next matters of discussion for Eni Congo's partners engaged in the environmental sector.

Jean Albert Placide Kaya Director of Eco Durable, National expert for mangrove management, Consultant for FAO/BIT mangroves, Consultant for GCLME/UNIDO Marine biodiversity

Priolo) and at sites and storages are continuing. In particular in the refineries the reclamation of ground water allows the reuse of water. Furthermore new technologies for the reuse of land reclaimed are under evaluation.

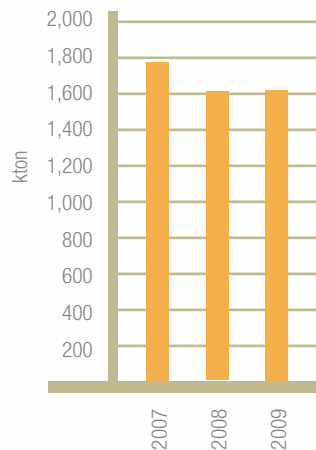
waste management

For the last two years, the amount of waste from production activities has remained stable. Eni is firm in its commitment to decrease waste production by increasing recycled and recovered waste and therefore reducing dumping.

Since 2007, Eni has been working on a project aimed at monitoring and controlling the entire cycle of waste produced with the objective of ensuring sound waste management and identifying opportunities for minimizing waste production.

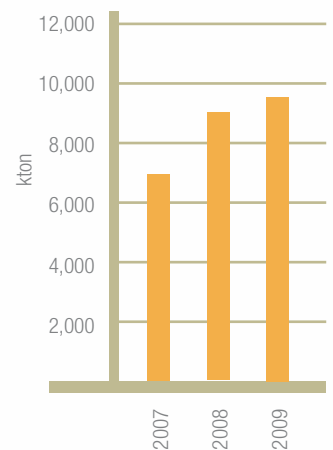
In 2009, in the Exploration & Production sector, the standard Waste Management Planning (WMP) was defined. This standard provide for an annual planning process aimed at monitoring, controlling and planning for the types of waste produced, as well as identifying improvement objectives with the guarantee of a univocal approach to these matters by the Countries where the operations have taken place in compliance with Principle 9 of the GC. In particular, activities were initiated for the purpose of improving the management in Algeria (identification of sites suitable for the storage of waste through procedures evaluating the impact on the environment), in Pakistan (analysis of the available technologies and best practices applied to waste disposal and recovery) and in Kazakhstan (creation of the Hazard Waste Passport aimed at optimizing the management of the final destination of waste products). KCO is evaluating the application of "cuttings re-injections" to the activities carried out in the maxi-reservoir in Kashagan directed at a drastic reduction in the amount of transported and dumped waste. Under the current WMP, a specific treatment (TC) is used for oil-based cuttings that would allow for disposable waste to be obtained while recovering the oily base for use in drilling mud. In the refining sector, the *Cantiere Rifiuti* project was completed. The project aimed at (i) the identification of potential savings in the management of the waste produced by refineries, (ii) a review of the management of the entire production cycle and (iii) a full compliance with the European regulations as regards waste tracking. In 2009, the petrochemical sector continued its activities aimed at achieving, by 2011, the objective of a 10% waste reduction against the figures of 2007. In this respect, in 2009 the first phase for the analysis and classification of the types of waste produced, and the identification of single destinations for the same kinds of waste originating at all the production sites, was completed. The installation of compactors, within the LNG fleet, for the reduction of the volume of waste produced, was also completed in the Gas & Power sector.

waste from production activities



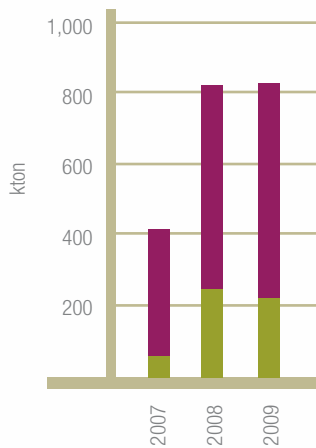
The waste from production activities were in line with the 2008 figures. More specifically, the increase registered in the Engineering & Construction sectors was offset by the decrease registered in other sectors.

waste from reclamation



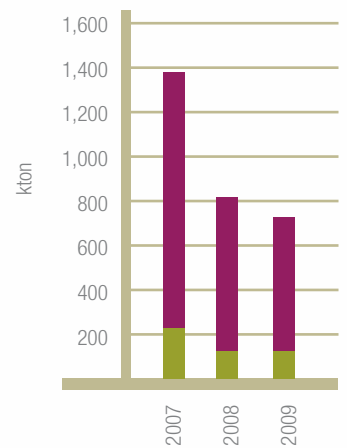
In 2009, waste from reclamation increased by 10.5% compared with 2008. This waste are 86% of the total amount and almost all of them come from groundwater decontamination.

destination of hazardous waste from production activities



Reused
Sent to disposal

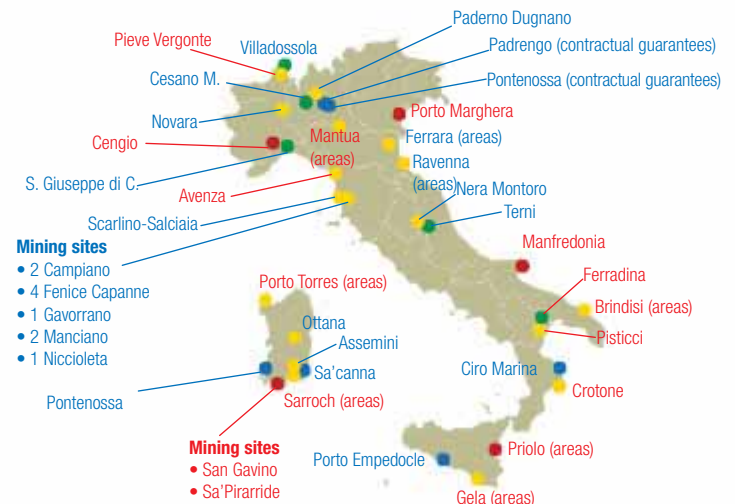
destination of non-hazardous waste from production activities



Reused
Sent to disposal

Among the final destinations of the waste from productive activities, recycling covers as much as 22%, thanks mainly to the contribution of the E&P sector. In 2009, the quality and quantity of waste produced and its different destinations remained basically unchanged, compared to 2008.

reclamation activity in Italy managed by Syndial



• Safety measures • Authorized projects • Projects present in PA
• Completed projects The sites of national interest are in red

technological innovation

technological innovation serving the business

Technological innovation represents an important pillar of Eni's commitment to constantly improve the sustainability of its activities.



The technologies developed are aimed at providing access to new energy resources, improving the extraction process and the efficiency of use, reducing the impact on the environment and on climate change produced by all business activities in compliance with Principle 9 of the GC.

In 2009, with an overall expenditure in research and development of 207 million euro, new technologies were developed that have contributed significantly to the achievement of the sustainability objectives.

In the E&P sector, a new optical fiber based pipelines monitoring technology was introduced. This control system allows for a more precise and more timely identification of damages in the pipelines, thus enabling a more immediate application of safety measures, damage repair and restoration of the infrastructure. The application of this new technology entails also a reduction of hydrocarbon spills into the environment and consequently a reduction in the risk of fire or explosion from the leaked hydrocarbons.

Due to an increase in the depth of the explored onshore and offshore reservoirs, it is increasingly frequent to reach, during drilling, underground areas with hydrocarbons at particularly high pressure. Because of these conditions, there is a greater possibility that uncontrolled hydrocarbon blow-outs may occur from underground to the surface. To prevent or drastically minimize the risk associated with these types of events, Eni has successfully applied, in Egypt and Angola, a new methodology that allows for more accurate modelling of the underground, especially in geologically complex areas and in the presence of high pressure. This technology is based on an advanced analysis of the propagation speed of seismic waves.

Again for the purpose of reducing the risk of uncontrolled blowouts or the collapse of the hole during drilling, in 2009 Eni successfully applied an innovative technology, Dual Casing Running, in the ultra-deep waters of West Africa. This technology allows for the application of safety measures to a well during its construction, through the simultaneous drilling of two different well diameters fitted with two casings.

In the G&P sector, the transmission of natural gas from production to consumption areas is done mostly through gas pipelines frequently crossing the open sea. The monitoring in real time of the integrity of the offshore gas pipelines may be complex, but it is indispensable in order to ensure secure gas transmission

and to avoid the dispersion of the gas into the environment because of a leak in the pipelines. For this purpose, in 2009 Eni has successfully tested a new proprietary technology (*Progetto Dionisio*). This technology is based on vibroacoustic systems (patent application filed in 2009) which can remotely detect impact and damages to underwater pipelines. Thanks to this technology, any emergency intervention on the gas pipelines will be more timely.

In the R&M sector, Eni has developed – but not yet transferred to an industrial scale – two technologies which offer potential advantages in terms of environmental sustainability.

The first one, called Zero Waste, was developed in the R&M labs in cooperation with *Centro Sviluppo Materiali* (CSM) and consists of a simple and economic process aimed at the treatment, in situ, of refinery mud. This new technology entails a reduction (up to 90% less) in the danger and amount of the disposal of waste in landfills; it also allows for the recovery of hydrocarbons from the mud and therefore contributes to improving the environmental sustainability associated with refinery activities.

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application of solar technologies

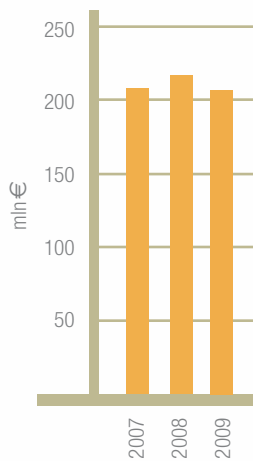
As regards Concentrating Solar Power (CSP) technology, i.e. solar technologies that use the “direct” radiation of the sun by concentrating it through mirrors for the production of energy, Eni is implementing a project which includes, among its objectives, the evaluation of possible industrial initiatives. For this purpose, a case study concerning the installation of a hybrid fossil-solar power plant of 140 MWe, was conducted at one of the sites in Tunisia. It consists of a combined natural gas cycle associated with a field of concentrating collectors capable of converting solar energy into thermal energy at high temperatures which is then converted into energy within the same cycle. Part of the electricity produced can be fed into the national electrical grid. The assessments conducted to date have led to an appreciation of the advantages of this particular installation which provides a good exploitation of solar energy (thanks to the large capacity of the power cycle), a reduction in the consumption of fuel gas and of CO₂ emissions (thanks to the use of a renewable source) as well as a production of energy 24 hours a day (thanks to the use of fossil sources).

At the same time, Eni has carried out assessments on the

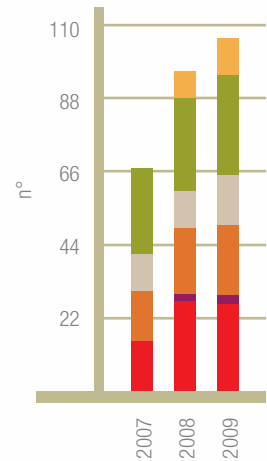
The other technology concerns a new catalyst (a substance which, in a chemical reaction, acts to increase the speed but remains mostly unaltered at the end of it) used to improve the performance of the EST process (Eni Slurry Technology) related to the conversion of oils and heavy oil residues into fuel. The new system, added to the existing catalyst, improves the performance, under equal operating conditions, and reduces the severity of the process, with an equal performance. The result is a simplification of the systems used in the EST process, an improvement in the separation and treatment of the products with a reduction in investment costs, better operability of the plants and greater energy efficiency. The demand for increasingly precious fuels with the least impact on the environment, determines a growing need for hydrogen in the refining processes. To respond to such demand, Eni has developed a proprietary technology called SCT-CPO (Short Catalytic Time Partial Oxidation) that can produce hydrogen from gas hydrocarbons, also when derived from biomasses. This technology, applied on a pilot scale, is ready for industrial use and is characterized by the contained size of the industrial plants and the ease of implementation/installation of production units with different capacity. Thanks to its versatility, this technology is suitable to produce hydrogen

production of energy (1 MWe) from a solar source using CSP and photovoltaic (PV) systems to power multi-phase pumps in a remote location in Algeria. In both cases, independent setups were evaluated, with energy accumulation and hybrid solutions powered from a solar source or from fossil fuels. Regardless of the comparison with traditional technologies based on fossil fuels, less expensive to date, this second analysis has confirmed once again the convenience of developing hybrid solutions. A set of studies, aimed at assessing the potential advantages in the use of solar energy within the upstream business, in order to reduce the consumption of fossil fuels and therefore CO₂ emissions by using hybrid PV/diesel generator systems, are to be noted: in Egypt, for the production of 1 MWp (peak) to be fed into the domestic electrical grid, in Libya for the production of a total of 2 MWe in order to power submerged electric pumps. Also in Egypt, a stand-alone, hybrid 58 kW PV/diesel pilot installation for powering the pumps in desert areas, is underway.

expenditure in Research & Development



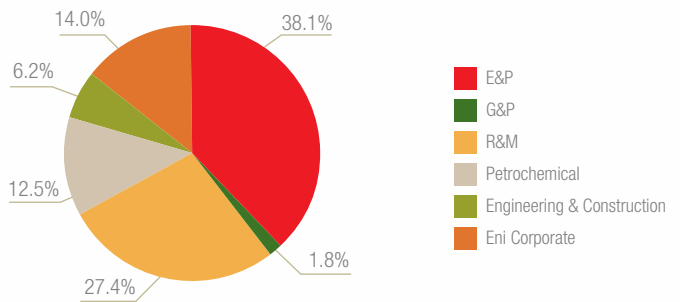
initial patent application



In 2009, the total expenditure for Research & Development amounted to 207 million euro, down 4.6% compared with 2008. The number of initial patent application was 106.

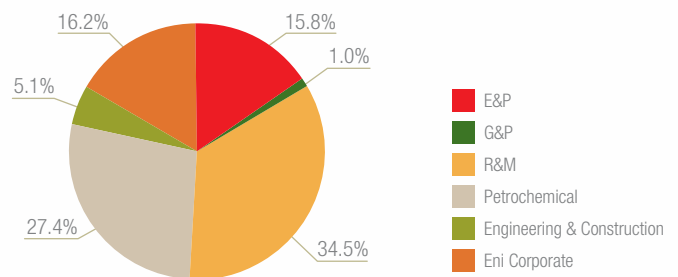
- Eni Corporate
- Engineering & Construction
- Petrochemical
- R&M
- G&P
- E&P

expenditure in Research & Development by sector 2009



The sector accounting for the highest expenditure in Research & Development was E&P with 79 million euro, followed by R&M (57 million euro) and Eni Corporate (28 million euro).

Research & Development employees by sector 2009



The sectors with the highest number of researchers are R&M with 352 people and petrochemical with 279 people. The total number of researchers is 1,019, down 9% compared with 2008.

for the automotive sector in “multi-fuel” stations, such as the one installed in Mantua by Eni. SCT-CPO may be used also for the production of hydrogen for refineries or at remote well head locations for the conversion of light hydrocarbons into synthetic gas (CO and H₂). With 50,000 Nm³/h plants, the reduction in production costs of H₂ can be estimated to be around 10-15%. As for the technologies focused on the environment, Eni has developed methodologies for the restoration of groundwater. In 2009, the application of the En-Z-Lite proprietary technology at the Taranto refinery has resulted in a reduction of the levels of pollutants in compliance with the most stringent regulations. In reference to this technology, a new system for the regeneration of zeolites has been patented. Within the same area, by the end of 2009, Polimeri Europa has successfully completed the testing regarding the production of expandable polystyrene by means of a new “continuous mass” process at the demonstration plant of Mantua (capacity of 38,000 ton/year). The new technology, applied for the first time in the world, entails the elimination of wastewater to be treated and an 80% reduction in gas emissions requiring treatment. In addition, the new process will allow for the acquisition of innovative polymeric products with a 20% less content of expansion agents, to be used in the production of high performance insulation products (e.g. panels) in the construction sector and with the capacity of significantly contributing to the improvement of home energy efficiency (20% increase in insulation efficiency). Within the renewable energy sector, Eni is investing in the research and development of innovative technologies in two main areas: conversion of solar energy and production of bio-fuels from biomass. In the solar area, the research activity is focused on the development of solar cells based on organic and nanocomposite materials, as well as on new photovoltaic systems aimed at increasing the efficiency of the conversion of solar energy into electric power. Within this same area, in 2009, the first prototypes of solar converters-concentrators were developed at the *Istituto Eni Donegani di Novara* labs. These devices can increase solar conversion efficiency and, at equal amounts of electric power produced, reduce the needed amount of silicon. The result is also a reduction in the costs related to the production of energy, up to 5 times, compared with a traditional silicon solar cell. Within the bio-fuels sector, Eni is working on developing innovative processes for the conversion of biomasses into bio-fuels, exclusively for energy use, with a reduction in production costs and environmental impact compared with the technologies currently available (e.g. first generation bio-fuels). Within this specific area, in 2009 Eni has developed an integrated thermo-fermenting process for the conversion of the organic fraction of urban waste into bio-oil, with a high conversion efficiency (40%) and reduction of waste dumping. The fuel obtained is comparable to fuel oil in terms of energy content but without the sulphur, and could be used as fuel for marine vehicles or for the generation of electric power; finally it can be further treated and converted into bio-fuel for the automotive sector.

the value of intellectual capital

Eni has been working for a long time on developing a strategic awareness of the necessity to push beyond the boundaries of economic-financial results in order to correctly project corporate success, its related innovative and competitive potential as well as the ability to look in the long-term at corporate processes and relations with the stakeholders.

One of the most fundamental and top priority step in maximizing the value of intangible assets consists of monitoring the parameters related to the human, relational and structural capital of the company. With regard to maximizing the value of human capital, Eni considers intellectual property as a key factor in its strategy of growth and development, within a framework of business excellence and competitiveness.

In the last few years, the Company has intensified its efforts toward the generation, identification and protection of the innovative results obtained by means of its research and development focused both on key technologies applied to the core business, and on renewable energy sources. This approach has led to a significant increase in the number of patents. In 2009, 106 patent applications were filed, 61 of them were generated from the R&D departments of the various Eni divisions, 15 were from the petrochemical sector and 30 from E&C activities. 23% of the inventions patented by the various divisions and at the corporate level were related to relevant technologies (EST, GTL, CPO), 25% were innovative solutions applied to renewable energy (development of new fuels from biomasses and solar energy related technologies), 43% were innovations in the area of exploration for new resources and maximization of recovery, transport and products/processes for the downstream, and finally 10% were new solutions for the protection of the environment. In 2009, the number of live patents, i.e. the total number of patent applications and patents currently in Eni's portfolio, was around 8,000. This figure is indicative of the importance given by the Company to innovations. The average age of the patents is determined by the renewal capacity of the patents portfolio and depends on the contribution of new patents with different levels of application in the Countries of interest, and on the efficiency of the portfolio management, i.e. maintaining only the strategically relevant patents.

Eni's patent portfolio with an average age of patent which is lower than 10 years, demonstrates to be efficiently managed.

In 2009, Eni's commitment to encouraging and supporting research activities as well as applying new technologies in the sustainable energy area is expressed with the third edition of the Eni Award. The candidates are judged by a panel which decides on which researchers will be awarded for their contribution to Innovazione Eni. In May, during a solemn ceremony to which the highest personalities of Italy's political world are invited together with the national and international scientific community's representatives, the winners of the various sections of the Eni

Award are rewarded. These sections are: "New frontiers of hydrocarbons prize", "Renewable and non conventional energy prize", "Protection of the environment prize" and "Debut in research prize". One of the awards is specifically meant to

recognize technological innovation activities carried out within the Company in order to encourage and reward innovative research applied to the energy and the environment areas within Eni.

main projects for technological innovation

Advanced exploration techniques	Depth Velocity Analysis (DVA)	Proprietary technology for the reconstruction of underground seismic imaging. Completed in 2008, it is currently in an intensive application phase
	Depositional models for meandering channel systems	Proprietary technology for the geological definition of the underground in 3 dimensions. It simulates the various erosion and sedimentation phases. Technology successfully used in 2009
	Uncertainty estimation for thinly bedded reservoir	Methodology for a small-scale reconstruction of geological characteristics of thin layer rock masses in order to improve definition and estimate of their productivity
	Coil Shooting	Technology for seismic data acquisition by using streamers dragged on sea spiral routes. Application completed at Indonesia offshore: improvement of the imaging of geologic structures
Drilling techniques	Dual Casing Running	Technology for the simultaneous drilling of a well with two different diameters and the simultaneous setting and cementing of the surface and conductor pipe with a reduction in time and cost. Applied in 2009 in Africa
	Radial Drilling	Technology for drilling, from a single main well, lateral radial holes, very useful for an increase of production from heavy crude oil deposits. One of the first companies to apply this technology
Technologies for increasing the recovery factor	Enhanced Oil Recovery with injection of CO ₂	Technique for the recovery of crude oil with injection of CO ₂ . CO ₂ is recovered from industrial plants. Research phase completed in 2009, application expected in 2010
	Bright Water Injection	Injection into the deposit of an additive which at high temperatures obstructs the rock pores in water saturated areas. It makes the flow into the oil saturated deposit area preferential
Maximizing the value of natural gas resources	Gas-to-Liquids (GtL)	This process converts the natural gas into distillates through three phases: production of syngas, conversion of syngas into wax via Fischer-Tropsch and conversion of wax into distillates. In 2009, activities were completed with a testing of the catalyst at the pilot plant of Sannazzaro
	Monitoring of offshore pipelines (<i>Progetto Dionisio</i>)	Installation of a detection system prototype at a gas import terminal. A proprietary technology regarding the systems used to detect intrusions in underwater pipelines is in development
	TPI - <i>Trasporto gas a Pressione Intermedia</i> (Intermediate pressure transmission)	In 2009, pipes were acquired from other manufacturers and sealant-related agreements and contracts were signed. In the second half of 2009, some real-scale testing, simulating actual field conditions, were initiated
Conversion of heavy crudes and "fractions" into light products	Eni Slurry Technology (EST)	Converts heavy crudes, extra heavy crudes and refinery residues into middle distillates for vehicles, through a catalytic hydroconversion in the slurry phase. Demo testing was carried out at the Taranto refinery. The construction of the first EST plant with a capacity of 23,000 bpd is underway
Oil upgrading processes	Flexible FCC	Proprietary material capable of increasing the conversion of the heaviest fractions, without significant increases in coke production. Catalytic results were confirmed and a cooperation on industrial testing was initiated with a leading Company in the field of production of catalysts
	Dual Catalyst Slurry System	Catalytic system and process for the conversion of heavy residues from distillation. The scientific basis of the technology was confirmed and a scale-up of the technology was implemented through the installation of a new system for the optimization of catalytic systems and process conditions
	H ₂ S splitting	Catalytic system and process for the conversion of heavy residues from distillation. Cooperation with the Kurchatov Institute of Moscow in the experimental testing of the technology, on a pilot-scale
	Application of a microwave technology for the improvement of the characteristics of crude oil	Microwave technology to permanently reduce the viscosity of crude, residues and bitumen, and to obtain a better movement of the same with a reduction in cyclic oil consumption and an increase in derived diesel. Two patent applications were filed
	Progetto Idrogeno	Reforming technology for the conversion of gaseous and liquid hydrocarbon into syngas. Hydrogen production activity completed at a multi-fuel service station in Mantua
Petrochemicals	Basic petrochemicals	The fine-tuning of a proprietary process for the selective hydrogenation of acetone into isopropyl alcohol within the recycling of the by-product acetone
	Polyethylene	Two new types of linear low density polyethylene were transferred to an industrial scale. These products were obtained through a new proprietary catalysis and are suitable for plastic films. New polyethylene were obtained from a pilot plant by using a new proprietary catalyst
	Elastomers	In cooperation with a manufacturer of bases for lubricating oil, new hydrogenated butadiene/styrene copolymers were obtained on a pilot scale and with enhancing properties such as additives for lubricants. New types of styrene-butadiene rubber were obtained for the production of compounds for pneumatics with better performances
	Styrenic polymers	The validation, on a pilot scale, for the production of break-resistant polystyrene and ABS (acrylonitrile, butadiene, styrene) polymers with single stage anionic/radical polymerization, was completed. At the Mantua facility, the first tests for the production of expandable polystyrene by a continuous mass process were completed. In Hungary, a new grade of expandable white polystyrene with improved insulation and unaltered mechanical properties was successfully used

methodology note

The Sustainability Report reached its fourth year and was drafted consistent with the Guidelines of the Global Reporting Initiatives, version G 3. Furthermore, the text contains references to the 10 principles of the Global Compact, that highlight the actions implemented to integrate the 10 principles in the culture, the strategies, and the daily activities.

materiality and stakeholder engagement

The materiality analysis carried out to select the information to be entered in the Report, aims at defining the topics deemed most relevant and significant for the Company and for all the stakeholders. To this end, in 2009, in cooperation with the Eni Enrico Mattei Foundation, an algorithm was created to define the priority of each Sustainability topic. This algorithm, still being improved, is based on a methodology that combines the interest level of the topics from the stakeholders' point of view with the significance level that the same topics have for the Company.

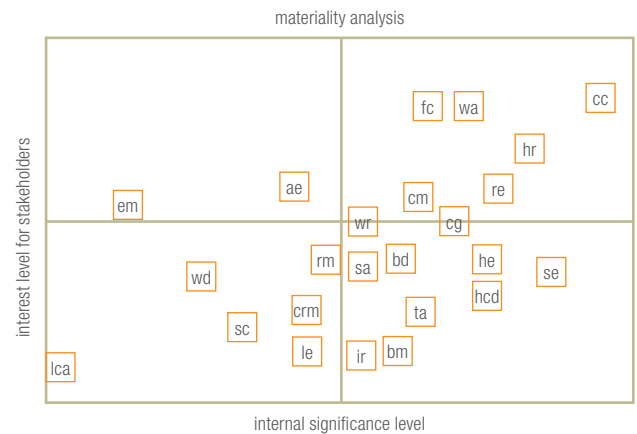
A surveying and monitoring tool was introduced in the stakeholders management system, that combines the different expectations with their weight in terms of relevance. By comparing these expectations with Eni's medium-long-term strategies, the priority level attributed to each topic becomes evident.

The interest level and the external significance of the subject matters arise from the context within which Eni operates and from the expectations that characterize the energy sector. The categories of stakeholders being considered and the procedures applied to assess the topics relevant to them are the following:

- for the Sustainability financial rating agencies (DJSI, FTSE4-Good, Vigeo, Oekom), the evaluation was achieved on the issues of the surveys sent to the companies for the assessment of Sustainability performances;
- for the stakeholders other than those of the financial world (institutions and governments, NGOs, international associations, Eni people) the analysis was carried out on the information available on their websites;
- for opinion leaders and consumers, the results used were those of the investigation carried out by Eurisko and Makno on the Sustainability topics;
- for the foremost companies in the oil&gas sector, and for the supersector leaders of the Dow Jones Sustainability Index, a benchmark assessment was carried out.

The level of internal significance of the Sustainability topics is determined, instead, on the analysis of the short and long-term strategy, examined also in the light of the Sustainability performance referred to the year of the reporting. The priority of the topics to be addressed in the report is the result of the

intersection of the value given by the analysis of the external interest level to the internal significance level.



cg	Governance and ethics	re	Renewable sources
hr	Human rights	lca	Life cycle assessment
bm	Brand management	wa	Water
rm	Risk management	wd	Water drainage
hcd	Human capital development	wr	Waste and reclamations
he	Health	bd	Biodiversity
ir	Industrial relations	cm	Cooperation and Development Model
sa	Safety	le	Investments for the communities
ta	Talent attraction	se	Stakeholders engagement
ae	Atmospheric emissions	crm	Customer relationship management
cc	Climate change	fc	Fuels' price
em	Environmental management systems	sc	Suppliers

Besides the topics that mark the shared expectations of the different stakeholders of reference, some specific requests that Eni received were also entered in the Report, on matters such as the cultivations for the production of biofuels and the exploitation of non-conventional reservoirs.

perimeter of report and Sustainability context

The 2009 Sustainability Report contains the description of the 2009 Sustainability initiatives and the assessment of the performance trends during the 2007-2009 period. A multi year comparison is shown for some of the indexes, to better highlight the trend's significance through time. The information entered in the report refers to Eni SpA and the consolidated companies. The consolidation perimeter coincides with that of the 2009 Consolidated Balance Sheet, except for some data, as specified in the text.

For the health, safety and environmental data, the consolidation domain is established based on an operational criterion (operations control): based on this approach, the emissions reported refer to 100% of the emissions of a plant operated by Eni.

Vice-versa, with the equity share criterion that marks the Consolidated Balance Sheet, the emissions associated with a plant are expected to represent the quota of economic interest in the specific plant.

The Report is structured on the three components that characterize Eni's approach to sustainability:

- the strategic component provides the answer to the global challenges of Sustainability with reference to the world energy sector;
- the relational component refers to the relations with the stakeholders and to their involvement in the decision-making processes;
- the structural component describes the initiatives and performances of Sustainability referred to governance, people, environment and technological innovation.

principles of quality assurance for the Sustainability Report

This Report does not just highlight Eni's successes, it shows also its weak points, with the perspectives of improvement.

The data entered have been gathered with the goal of providing a balanced and clear picture of the Company's actions and characteristics. The information and quantitative data collection process was organized to guarantee data comparison along a number of years, in order to provide an accurate reading of the information and a comprehensive vision to all the stakeholders concerned with the development of Eni's performance. The attachment that provides the indicators and the specific data of the various business sectors, allows moreover a comparison with other organizations. The Sustainability Report is based on measurement processes established by the reporting procedures: lower or different levels of accuracy are indicated at the margin. During the allocation by the referents of each thematic area, besides entering the data of the year being considered, the previous two years were also verified and amended. The data are collected by means of a dedicated application, that guarantees the reliability of the flow of information and the accurate monitoring. The Report is submitted to an audit carried out by an independent agency, sole auditor of Eni's Consolidated Balance Sheet and Sustainability Report. Moreover, the document was approved also by Eni's Managing Committee and by the Board of Directors. The timing of the publication of the Sustainability Report and that of the Consolidated Balance are aligned, to provide a timely vision of the economic-financial performance.

calculation methods

The specifics of the trends in the Balance Sheet are shown next to the corresponding charts. Here is the description of the calculation methods for the Added Value, for the indexes of frequency and severity of accidents, for the refinement energy intensity index, and for the emissions indexes. The Added Value represents the richness generated by the Company during the achievement of the activities. The configuration chosen for this Balance Sheet is the Global Added Value net of amortizations.

The net global added value is distributed among the different beneficiaries as follows: employees (direct remuneration through salaries, wages and severance, and indirect remuneration through welfare contributions); Public Administration (income tax); financial backers (interests paid on the availability of credit funds); shareholders (distributed dividends); Company (quota of reinvested earnings).

In reference to the performance for people's safety, this balance sheet provides the indexes of frequency and severity for employees and contractors. The frequency index is calculated by considering the ratio between the number of accidents with more than one day of absence (including fatalities) and the millions of hours worked; the severity index is defined as the ratio between the days of absence due to accidents (not including fatalities) and the thousands of hours worked.

The refinement energy intensity index represents the total value of energy actually used in a given year in the different processing plants of the refineries, compared to the value of reference provided by the predetermined standard consumption for each processing plant. In order to compare the data year by year, the 2005 data were chosen as point of reference (100%). In order to provide evidence in the medium and long-term on the specific sector performances concerning CO₂ emissions, three indexes have been devised, representative of the following operational facts: hydrocarbons production, refinement, and electricity generation. These indexes take into account the substantial differences of the work conditions through the years and allow to compare performances thanks to the standardization of the emissions based on the operational data.

The refinement indexes are calculated based on the equivalent distillation capacity provided by a third party agency, the hydrocarbon production indexes refer to the net operated production, while the electricity sector indexes refer to the electrical and thermal energy produced in terms of equivalent Mwh. The methane is converted in eq CO₂ by using a Global Warming Potential (GWP) equal to 21.

comparison table GRI – Global Compact

GRI content index	Sustainability Report	Global Compact
1. Strategy and analysis 1.1, 1.2	CEO Letter, IV-V, VIII-IX, 4-21	Statement of Continuing Support
2. Organizational profile 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10	Front cover, inside front cover, VI-VII, Outside back cover	-
3. Report parameters		-
Report Profile 3.1, 3.2, 3.3, 3.4	Front cover, inside back cover, 80-81	-
Report Scope and Boundary 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11	CEO Letter, IV-V, 82-83	-
GRI Content Index 3.12	84-85	-
Assurance 3.13	86-87	-
4. Governance, commitment, involvement of the stakeholder		
4.1 - Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	52-53	
4.2 - Indicate whether the Chair of the highest governance body is also an executive officer.	52-53	
4.3 - State the number of members of the highest governance body that are independent and/or non-executive.	53	
4.4 - Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	50, 53	
4.5 - Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (social and environmental).	Annual Report pag 413	
4.6 - Processes for the highest governance body to ensure conflicts of interest are avoided.	50, 52, 53, 54	Principles 1-10
4.7 - Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	52-53	
4.8 - Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	50-53	
4.9 - Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	52, 54	
4.10 - Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	53	
4.11 - Explanation of whether and how the precautionary approach or principle is addressed.	72	Principle 7
4.12 - Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	18, 24-25, 51	
4.13 - Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or views membership as strategic.	50	Principles 1-10
4.14 - List of stakeholder groups engaged by the organization.	24-26, 34, 40, 44	
4.15 - Basis for identification and selection of stakeholders.	16-18	Sharing the COP with the Company's Stakeholders
4.16 - Approaches to stakeholder engagement, including frequency of engagement by type.	26-27	
4.17 - Key topics and concerns that have been raised through stakeholder engagement.	27	
Economic performance indicators		
Disclosure on Management Approach - Economic Aspects	VIII-IX, 13, 28, 30, 32-38, 40, 46-47	Principles 1, 4, 6 e 7
EC1 - Direct economic value generated and distributed.	VI-VII, 28, 30, 34, 38, 40, 42, 53	-
EC2 - Financial implications and other risks and opportunities due to climate change.	12-15	Principle 7
EC6 - Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	38-39	-
EC7 - Procedures for local hiring and proportion of senior management hired from the local community.	62-63	Principle 6
EC8 - Development and impact of infrastructure investments and services provided primarily for public benefit.	32-33, 38-39	-
EC9 - Understanding and describing significant indirect economic impacts, including the extent of impacts.	28-31	-
Environmental performance indicators		
Disclosure on Management Approach - Environmental Aspects	VIII-IX, 12-15, 34-35, 70	Principles 7, 8 e 9
EN1 - Materials used by weight or volume.	70, indicators compendium	Principle 8
EN3 - Direct energy consumption by primary energy source.	indicators compendium	
EN5 - Energy saved due to conservation and efficiency improvements.	73, indicators compendium	Principles 8, 9
EN6 - Initiatives to provide energy-efficient or renewable energy based products and services.	11, 14-15, 78	
EN8 - Total water withdrawal by source.	indicators compendium	Principle 8
EN9 - Water sources significantly affected by withdrawal of water.	70-71	
EN10 - Percentage and total volume of water recycled and reused.	71	Principles 8, 9
EN11 - Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas.	77	
EN12 - Description of impacts of activities, products, and services on biodiversity in protected areas.	21, 36-37	Principle 8
EN13 - Habitats protected or restored.	36-37	
EN14 - Strategies, current actions, and future plans for managing impacts on biodiversity.	20-21	Principle 8

GRI content index	Sustainability Report	Global Compact
EN16 - Total direct and indirect greenhouse gas emissions by weight.	72-73	
EN17 - Other relevant indirect greenhouse gas emissions by weight.	14	Principle 8
EN18 - Initiatives to reduce greenhouse gas emissions and reductions achieved.	14-15, 72-73	Principles 7, 8, 9
EN20 - NO, SO, and other significant air emissions by type and weight.	74-75	
EN21 - Total water discharge by quality and destination.	71	
EN22 - Total weight of waste by type and disposal method.	77	Principle 8
EN23 - Total number and volume of significant spills.	74-75	
EN24 - Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	77	
EN26 - Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	15	Principles 7, 8, 9
EN28 - Value of fines and number of non-monetary sanctions for non-compliance with laws and regulations.	57	
EN29 - Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	74-75	Principle 8
EN30 - Total environmental protection expenditures and investments by type.	71	Principles 7, 8, 9
Social performance indicators		
Disclosure on Management Approach - Labor Practices and Decent Work Aspects		
VIII-IX, 58-63		Principles 1, 3, 6
LA1 - Total workforce by employment type, employment contract, and region.	63	-
LA2 - Total number and rate of employee turnover by age group, gender, and region.	63	Principle 6
LA4 - Percentage of employees covered by collective bargaining agreements.	65	Principles 1, 3
LA5 - Minimum notice period(s) regarding operational changes, whether it is specified in collective agreements.	64	Principle 3
LA7 - Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities.	59-61	
LA8 - Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	60-62	Principle 1
LA9 - Health and safety topics covered in formal agreements with trade unions.	64	
LA10 - Average hours of training per year per employee by employee category.	65	
LA11 - Programs for skills management and lifelong learning.	65-67	-
LA12 - Percentage of employees receiving regular performance and career development reviews.	67	
LA13 - Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	63, 65	Principles 1, 6
LA14 - Ratio of basic salary of men to women by employee category.	16	
Disclosure on Management Approach - Human Rights Aspects		
VIII-IX, 18, 20-21, 25, 46, 51-52		Principles 1, 2, 3, 4, 5, 6
HR1 - Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	34	Principles 1, 2, 3, 4, 5, 6
HR2 - Percentage of suppliers and contractors that have undergone screening on human rights.	34	Principles 1, 2, 3, 4, 5, 6
HR3 - Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	52	Principles 1, 2, 3, 4, 5, 6
HR4 - Total number of incidents of discrimination and actions taken.	53	Principles 1, 2, 6
HR5 - Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	18	Principles 1, 2, 3
HR8 - Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	VIII-IX, 52	Principles 1, 2
HR9 - Total number of incidents of violations involving rights of indigenous people and actions taken.	20, 52	Principles 1, 2
Disclosure on Management Approach - Social Aspects		
VIII-IX, 16-17, 24-35		Principle 10
S01 - Nature, scope, and effectiveness of programs that assess and manage the impacts on communities.	19-20, 30-31, 34-35	-
S02 - Percentage and total number of business units analyzed for risks related to corruption.	50-51	Principle 10
S03 - Percentage of employees trained in anti-corruption policies and procedures.	50-51	Principle 10
S04 - Actions taken in response to incidents of corruption.	50-51	Principle 10
S07 - Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices.	57	-
S08 - Monetary value of fines and number of sanctions for non-compliance with laws and regulations.	57	-
Disclosure on Management Approach - Product Responsibility Aspects		
VIII-IX, 44-47		Principles 1, 8
PR1 - Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	15	Principle 1
PR2 - Number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle.		Principle 1
PR4 - Number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling.		Principle 8
PR5 - Practices related to customer satisfaction, including results of surveys on customer satisfaction.	44-45	-
PR6 - Programs for adherence to laws, standards, and voluntary codes related to marketing.	44-45	
PR9 - Value of fines and sanctions for non compliance with laws on products and services.	57	



INDEPENDENT REPORT ON THE LIMITED ASSURANCE ENGAGEMENT OF THE SUSTAINABILITY REPORT 2009

To the Shareholders of
Eni SpA

- 1 We have carried out the limited assurance engagement of the Sustainability Report of the Eni Group (hereafter the "Group") as of 31 December 2009 (hereafter the "Report") following the procedures summarized in paragraph 2 of the present document. The Board of Directors of Eni SpA are responsible for the preparation of the Report in accordance with "Sustainability Reporting Guidelines" version 3.0 issued by GRI (Global Reporting Initiative) that are detailed in the paragraph "methodology note" of the Report. The Board of Directors are also responsible for the definition of the Group objectives regarding the sustainability performance and the reporting of the achieved results. We are responsible for the preparation of this report on the basis of the work performed.

- 2 Our work has been conducted in accordance with the principles and guidelines established by the "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE3000), issued by the International Auditing and Assurance Standards Board (IAASB). ISAE3000 requires the compliance with ethical principles ("Code of Ethics for Professional Accountants"), including professional independence. It also requires that our work is planned and performed with the aim of obtaining a limited assurance, rather than a reasonable assurance, that the Report is free of material errors. A limited assurance engagement of the sustainability report consists in interviews, primarily with company's personnel responsible for the preparation of the information included in the sustainability report, in the analysis of the sustainability report and in other verification procedures. The verification procedures performed on the Report are summarized as follows:
 - a) comparison between the economic and financial information and data included in the Report with those included in the Group consolidated financial statements as of 31 December 2009;
 - b) analysis of design and implementation of governance and management framework of sustainability topics related to strategy and operation of Eni;
 - c) analysis of the processes underlying the generation, recording and management of quantitative data included in the Report. In particular, we have carried out the following procedures:
 - meetings with management representatives of Eni Corporate, operating Divisions, Polimeri Europa SpA, Syndial SpA and Eni Corporate University SpA, to achieve a general understanding of the information, accounting and reporting systems in use to prepare the Report, as well as of the internal control processes and procedures supporting the collection, aggregation, processing and transmission of data and information to the

PricewaterhouseCoopers Advisory SpA

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department responsible for drawing it up. These companies were selected on the basis of a qualitative and quantitative risk analysis;

- on-site verification of the Sannazzaro refinery (Refining & Marketing Sector) and of the Porto Marghera plant of Polimeri Europa SpA (Petrochemical Sector);
 - on-site verification of the activities in Angola managed by the controlled companies Eni Angola Production BV and Eni Angola Exploration BV (Exploration & Production Sector);
- d) analysis, on a sample basis, of the documentation supporting the Report, in order to confirm the reliability of data and information collected through meetings, interviews and on-site verifications and to confirm they were properly managed;
- e) verification of how data and information are managed in the selected sites and how they are subsequently aggregated and consolidated at Group level;
- f) analysis of the completeness and internal consistency of qualitative information included in the Report compared with the guidelines identified in paragraph 1 of the present document;
- g) verification of the dialogue activities with Stakeholders, with reference to the methodology used and to the analysis and correspondence of internal minutes with the information included in the Report;
- h) obtaining a representation letter, signed by the legal representative of Eni SpA, relating to the completeness and reliability of the Report and of the information and data included in it, as well as to the compliance with the guidelines identified in the paragraph 1 of the present document.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE3000 and, as a consequence, it provides a lower level of assurance that we became aware of all the significant events and circumstances that a reasonable assurance engagement could have identified.

Regarding the comparative data relating to the Sustainability Report 2008, reference should be made to our assurance statement dated 9 April 2009.

- 3 Based on the procedures carried out, nothing came to our attention that causes us to believe that the Sustainability Report as of 31 December 2009 is not in compliance, in all material respects, with "Sustainability Reporting Guidelines" version 3.0 issued by GRI (Global Reporting Initiative) application level B+, as stated in the paragraph "methodology note" of the Report.

Milan, 7 April 2010

PricewaterhouseCoopers Advisory SpA

Paolo Bersani
(Partner)

This report has been translated from the original, which was issued in Italian. We have not performed any control on the Sustainability Report 2009 translation.

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acronyms

AGCM	Italian Antitrust Authority	EU	European Union	MIT	Massachusetts Institute of Technology
CEO	Chief Executive Officer	FEEM	Fondazione Eni Enrico Mattei	MoU	Memorandum of Understanding
CAE	European Corporate Board	FFI	Fauna & Flora International	NOC	National Oil Company
CCS	Carbon Capture & Storage	FTSE	Financial Times Stock Exchange	OECD	Organisation for Economic Co-operation and Development
CDA	Board of Directors	GC	Global Compact	OPEC	Organization of the Petroleum Exporting Countries
CDM	Clean Development Mechanism	GHG	Green House Gases	PRTR	Pollutant Release and Transfer Register
CFO	Chief Financial Officer	GRI	Global Reporting Initiative	PSA	Production Sharing Agreement
CNCU	National Council of Consumers Users	GTL	Gas To Liquids	R&M	Refining & Marketing
GNR	Consiglio Nazionale delle Ricerche	HIA	Health Impact Assessment	R&S	Research & Development
CSP	Concentrated Solar Power	HR	Human Resources	SBA	Social Baseline Assessment
COP	Conference Of Parties	HRCA	Human Rights Compliance Assessment	SIA	Social Impact Assessment
DJSI	Dow Jones Sustainability Indexes	ICEM	International federation of Chemical, Energy, Mine and general workers union	UN	United Nations
ESCo	Energy Service Company	IEF	International Energy Forum	UNEP	United Nations Environment Programme
E&C	Engineering & Construction	IPIECA	International Petroleum Industry Environmental Conservation Association	UNIBAS	Università degli Studi della Basilicata
E&P	Exploration & Production	IRIS	International Research Institute of Stavanger	WBCSD	World Business Council for Sustainable Development
EITI	Extractive Industries Transparency Initiative	ILO	International Labour Organization	WCMC	World Conservation Monitoring Centre
EOR	Enhanced Oil Recovery	LDAR	Leak Detection And Repair	WEF	World Economic Forum
EPA	Environmental Protection Agency	KCO	Kazakhstan north Caspian Operating	WMP	Waste Management Plan
ESIA	Environmental and Social Impact Assessment	KPO	Karachaganak Petroleum Operating	WWF	World Wide Fund for nature
EST	Eni Slurry Technology	LNG	Liquefied Natural Gas		

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