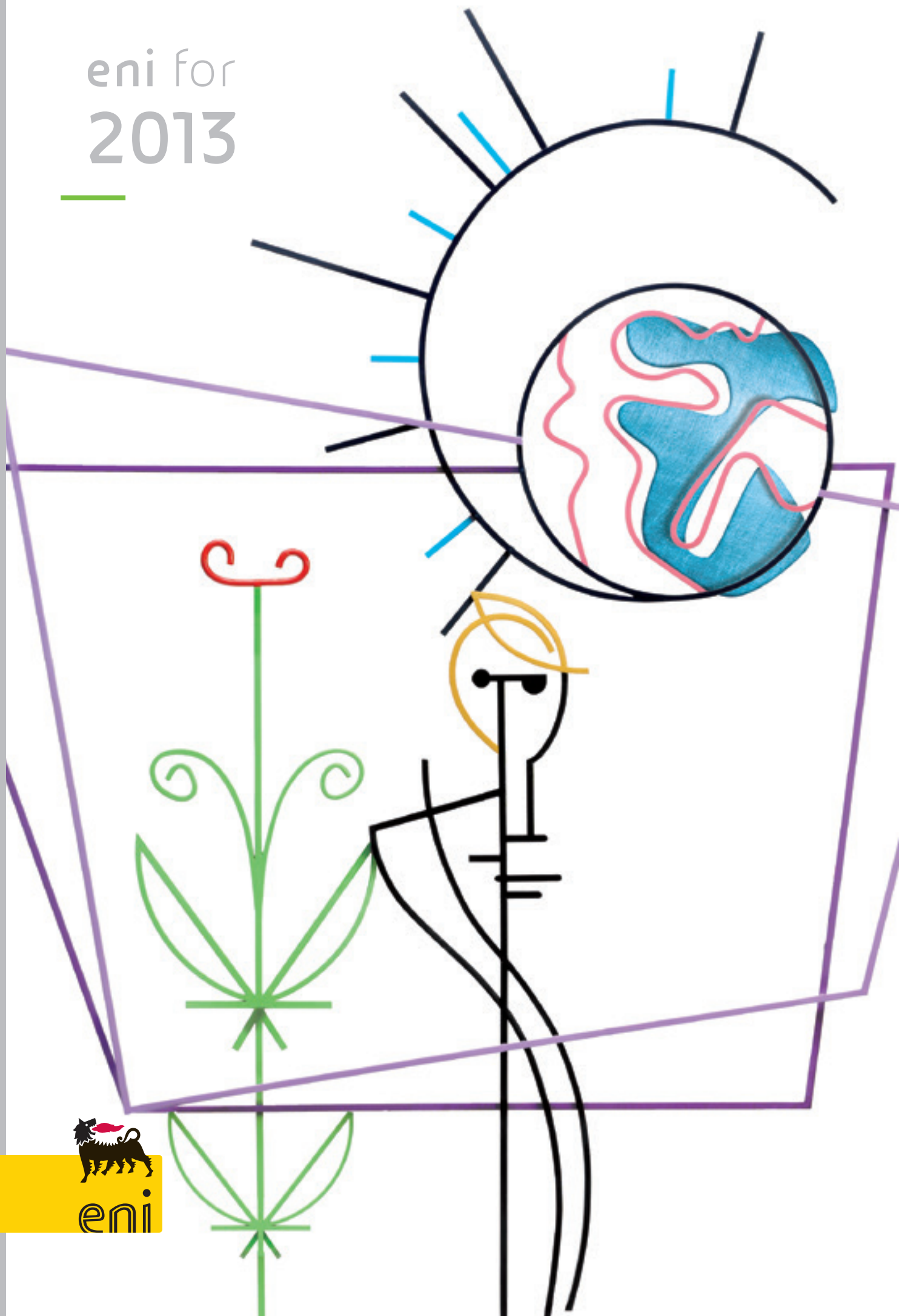


eni for
2013



eni



Mission

We are a major integrated energy company,
committed to growth in the activities of finding, producing,
transporting, transforming and marketing oil and gas.
eni men and women have a passion for challenges,
continuous improvement, excellence
and particularly value people, the environment and integrity.

eni for 2013

eni confirms its inclusion in the main sustainability indices



Message to our stakeholders

eni's growth has been achieved by building the business with passion and transparency and by adopting strategies based on a long term vision, enabling the company to achieve operational success and create shared value.

These results have been made possible by involving everyone, starting from our people and reaching as far as the communities in which the company operates, in an ongoing dialogue with the main international development bodies. 2013 was another year of progress in this area.

Thanks to the commitment of all our people, eni has achieved extraordinary results on safety, without giving up its rightful ambition to further improve. The company has invested in the talent and skills of all its people to promote technological innovation

and modern working practices, identifying new business opportunities to strengthen and renew its international standing.

eni's contribution to local development has been once again an undisputed priority in the last year. In partnership with the institutions and Countries involved, eni has developed solutions to ensure growth while respecting community resources, starting from its commitment to improving access to energy in Countries where it has a long standing or recent presence. These include the Republic of Congo and Mozambique.

Again in an international context, 2015 will see the completion of the process for the agreement of the Sustainable Development Goals of the United Nations. eni has played an active role in this process.

The new development agenda will

concentrate on complex problems and the contribution of all players capable of offering concrete solutions will be highly valued.

Describing the company's work using these goals as a reference point is an important step in terms of clarifying the existing links and the contribution that the company can make.

It is a path which demands skill and courage, so that together we can create the momentum and the innovation required to plan a sustainable future. This too, for eni, is the way to rethink energy.

Paolo Scaroni

*Chief Executive
and Chief Operating Officer*





→ Context box



→ Interview



→ Web content



→ Web video



Refer to the highlighted text in the referenced chapter



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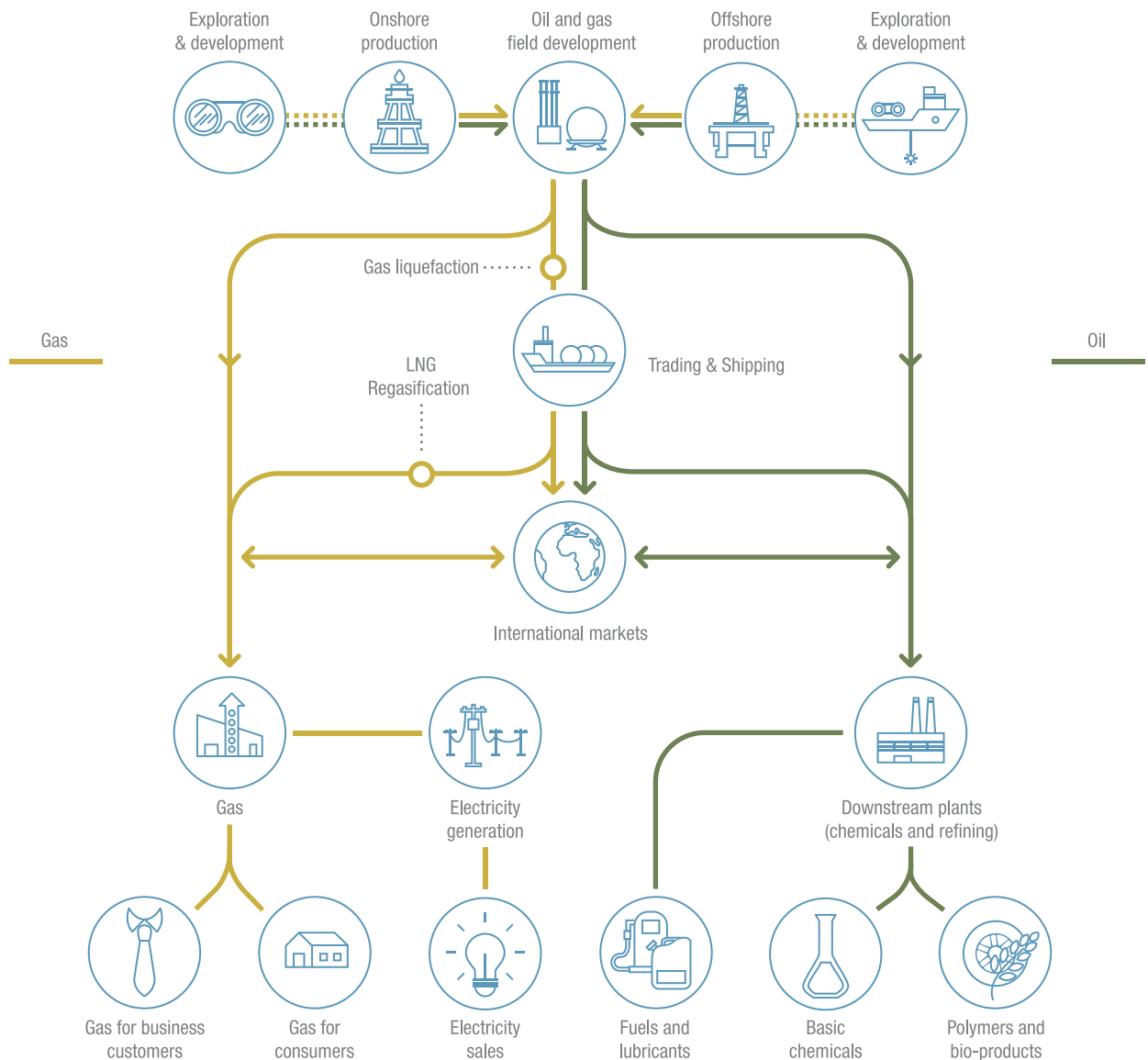


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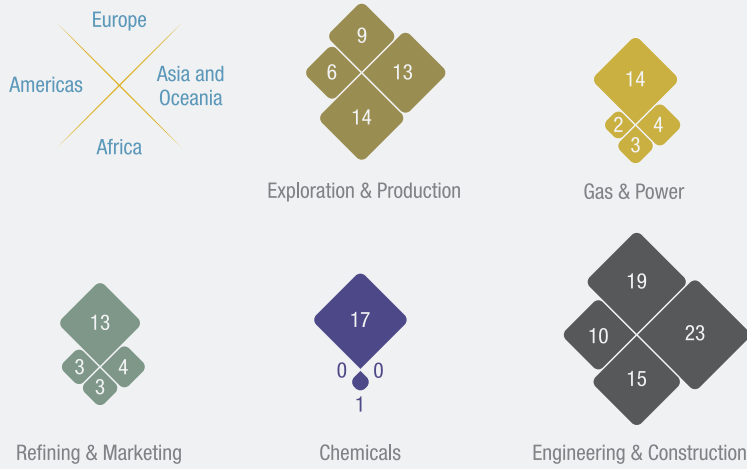
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eni profile

eni is an integrated energy company employing approximately 82,300 people in 85 countries in the world. It is one of the key players in the exploration and production of oil and natural gas, the refining and sale of oil products, and the generation and sale of electricity, as well as in chemicals, engineering and construction. The integration of a corporate culture and business model helps the company to achieve its strategic objectives.



Geographic presence



The main results

82,289

People
of which 16% are women and 52% are local

0.35

eni workforce accident frequency index
(accidents/hours worked)*1,000,000

5.16

Net profit (billion euro)

47.3

GHG emissions
(million tonnes CO₂eq)

1,901

Operational oil spills (barrels)

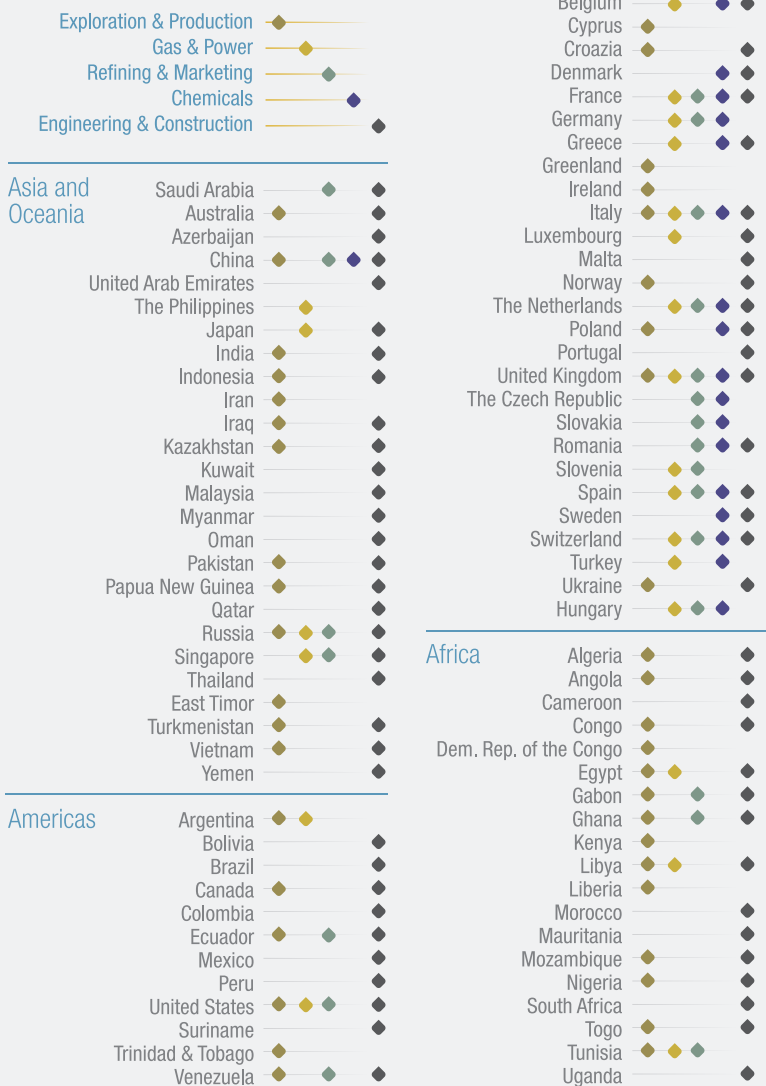
32.8

Procurement (billion euro)
of which 63% is local

197

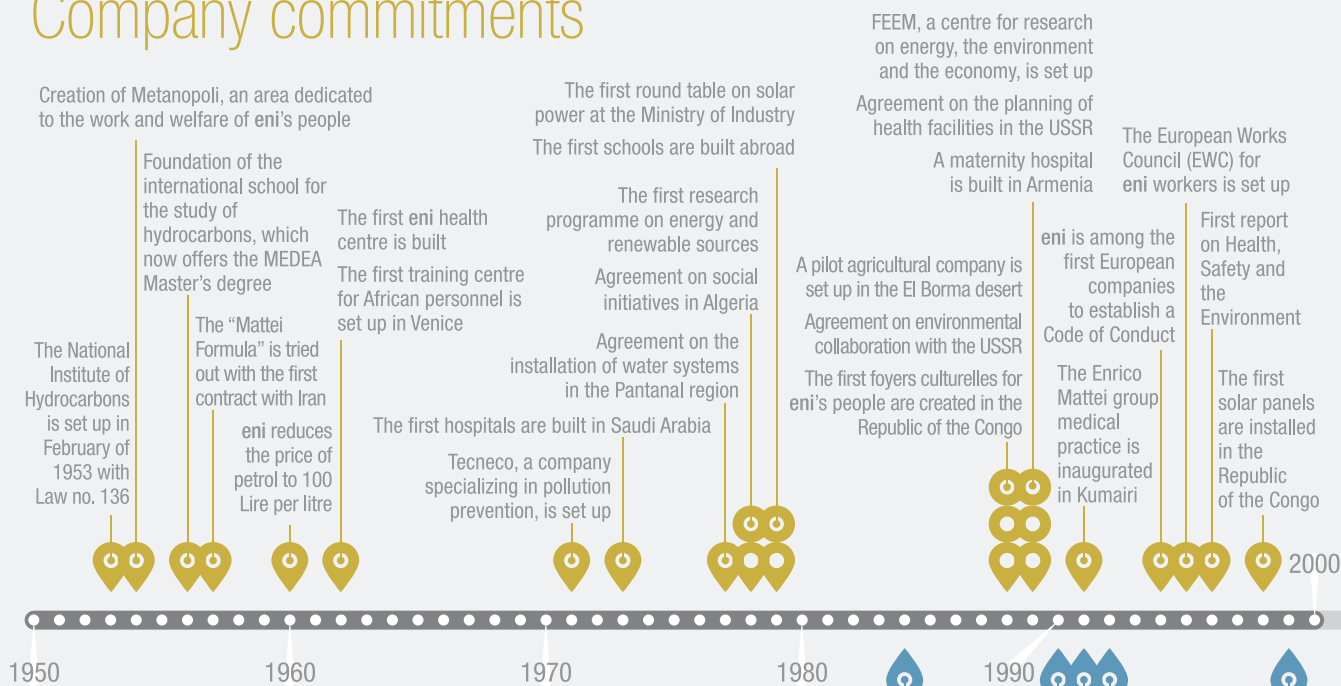
Spending on R&D (million euro)
net of general and administrative costs

Global operations

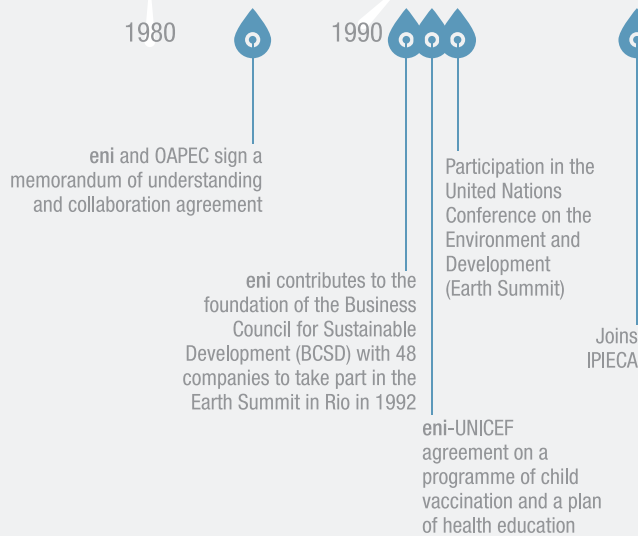


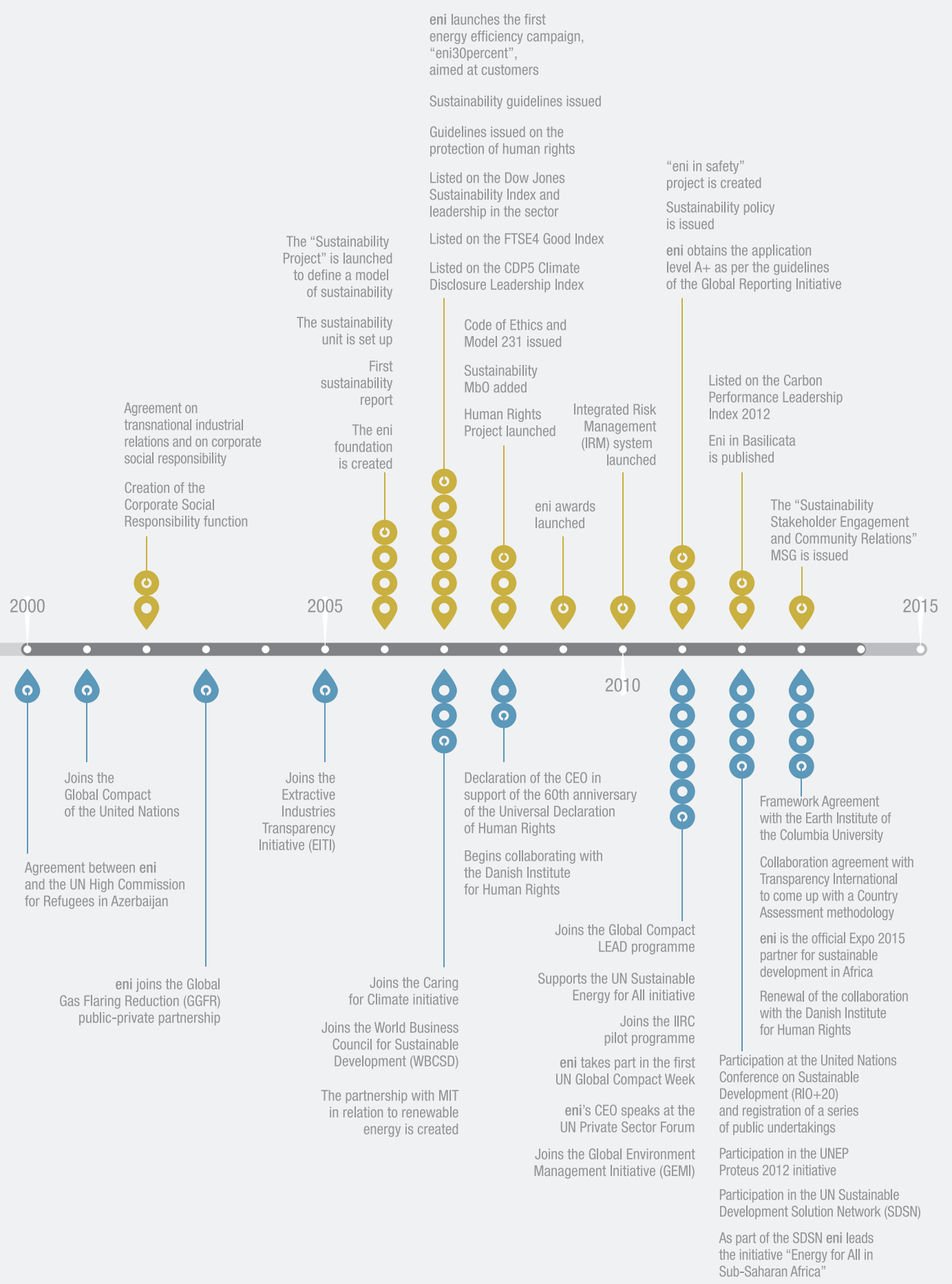
Historical overview of sustainability in eni

Company commitments



International agreements





Progress to 2013 and objectives

During the annual planning process to draft the strategic four years plan, **eni** defines the intervention areas and the relative sustainability objectives, in relation to its own strategies and operations, the international framework and the requirements of the capital markets and the main stakeholders. The medium-term objectives and the relative progress made in the main priority areas to 2013 are shown below.



eni for 2012

Progress to 2013

2017 Objectives

Fight against corruption

Programme of on-line and classroom training on the fight against corruption

Approximately 9,200 people trained through e-learning and 2,180 employees and contractors trained through classroom training

Continuation of anti-corruption training programme (Web Training Seminar and workshop)

Respect for human rights

Alignment of internal processes to the United Nations Guidelines on Business and Human Rights

Human rights integrated into the drivers of the risk management system and the initial assessment cycle

Consolidation of a management system for the observance of human rights

Formalization of the land acquisition procedure

Internal consultation on the draft procedure and renewal of the collaboration agreement with the Danish Institute

Formalization of the procedure and establishment of a system for sharing best practice in land management

Training on human rights and security

208 security personnel trained in seminars in Indonesia and Algeria

Continuation of training events abroad and implementation of an overall training and information plan

Audits of suppliers

14 suppliers audited in Congo, East Timor and Ecuador. Conclusion of 9 follow-ups on SA8000 audits carried out in 2012 in Congo and Ecuador

Definition and implementation of supply chain audit plan based on risk criteria in relation to human rights

Diversity

Increase in the number of women in the administrative bodies (B.o.D) and the supervisory bodies (B.o.A) in Italy and abroad

B.o.D.: 24.3% female representation in Italy, B.o.A.: 27.4% female representation in Italy

At least 1/3 of appointments will be female, exceeding where possible the quotas established by the law

B.o.D.: 11.2% female representation abroad

1/5 of appointments to the governing bodies of subsidiaries will be female

Integrity

Diffusion of the culture of integrity

Launch of the integrity project to strengthen the culture of integrity within the organization

Implementation of training workshops and communication initiatives at all levels of the organization

eni for 2012

Progress to 2013

2017 Objectives



Working standards

Extension of the working standards mapping to other parts of the company's operations

Completion of the applied study on the minimum working standards in five strategic countries (Pakistan, Nigeria, Congo, Iraq, Hungary). Creation of a webinar with the ILO on employment discrimination. Completion of the "Maternity Protection" survey (ILO 183), a study on local legislation and company policies

Issue of internal provisions on maternity rights and assessment of other actions in support of the applicable ILO conventions. Renewal with the Industrial Global Union of the Agreement on international industrial relations and Corporate Social Responsibility



SO₂

Reduction of SO₂eq emissions

Reduction by 44% compared to 2010

Reduction of 740t/year in the refining sector

Production water

Reinjection of up to 65% of production water in the E&P sector

Reinjection of 55% of production water

Reinjection of up to 70% of production water

Oil spills

Reduction of operational oil spills in the E&P sector from 3.3 to 2.4 boe per Mboe gross operating production

Goal achieved: 2.02 boe/Mboe produced

ISO14001 and OHSAS18001 certifications

Extension of the ISO14001 and OHSAS18001 certifications

More than 70% of subsidiaries certified

Coverage of 100% of sites with significant HSE risk by 2015



Gas flaring

Zero gas flaring

Reduction of gas flared by 65% compared to 2007¹

Reduction of gas flared by over 80% compared to 2007

Energy efficiency

Continuation of downstream energy saving projects

Saving of 229 ktce/year compared to 2010

Saving of 400 ktce/year compared to 2010



Integrated Hinda Project

Development of an integrated project in Congo that envisages various types of intervention (access to drinking water, health, education, agriculture)

55% of the planned actions

100% of the planned actions and implementation of supplementary activities

Access to energy

Development of new electrification projects in Sub-Saharan Africa

Study in Mozambique on Shared Solar-Like mini-grid

Plan to develop projects focused on access to energy and creation of 1,000 new connections in Sub-Saharan Africa through innovative solutions

Continuation of the projects launched in Congo and Nigeria

Completion of the electricity distribution network in Pointe Noire and of the Kouakouala project in Congo to exploit natural gas. Completion of the electricity distribution project in the communities close to the Okpai power station in Nigeria

Sustainability management system

System for monitoring and assessing territorial investments

"Sustainability stakeholder engagement and community relations" MSG issued

At least 4 E&P subsidiaries certified in accordance with international standards



Green chemistry

Reconversion of the Porto Torres site – JV Matrica

Launch of the plants envisaged in the first phase of the project

Sale of monomers and bio-lubricants amounting to around 30 kt/year

Improvement of products and processes in respect of the land and people

Launch of the project to produce rubber from Guayule

Start-up of a new pilot plant

(1) In eni for 2012 the 2017 objective was zero gas flaring.

Contribution to sustainable development

*“For **eni** it is important that the growth of the business is accompanied by dialogue and cooperation with the local population and players.*

*Wherever **eni** brings its business, technology and skills, the local populations immediately feel the benefits of our presence. Based on the strong inheritance from Mattei, these are the foundation stones on which we have built and wish to continue to build our presence, not only in Africa, but in all the Countries in which **eni** operates. This commitment at a local level represents for **eni** the means with which the company can actively contribute to global progress towards sustainable development”.*

Speech by the Chief Executive Paolo Scaroni during the Lecture by Prof. Jeffrey D. Sachs at the Eni Enrico Mattei Foundation, entitled “Feeding the Planet - Energy for Africa”, 6 December 2013.

The creation of shared value

eni believes that companies can play an active role in building the path to Sustainable Development in the areas where they operate. Using the skills of its own people and developing innovative technological solutions, **eni** conducts its business, even in the most complex environments, in synergy with local stakeholders and respecting the environment and local communities.

Energy is a prerequisite for the economic and social growth in all Countries.

Accordingly **eni** develops and implements electricity and natural gas production and distribution programmes, contributing to the development of local energy systems, particularly in Sub-Saharan Africa.

eni's commitment on these topics is reflected in the activities carried out in

the Countries where it operates and is strengthened by its participation at international forums. As early as 2010 **eni** announced its intention to contribute to the building of an energy sustainable future during the Global Compact Leaders Summit in New York, and in 2012 it strengthened this commitment at the United Nations Conference on Sustainable

Development (Rio+20) in Rio de Janeiro. **eni** is taking part in the current debate on the definition of the “Post-2015 Agenda”, that aims at defining the new Sustainable Development Goals, through its presence at many international business forums: it

is a member of the LEAD Programme of the Global Compact, the WBCSD and the Sustainable Development Solutions Network (SDSN) and participates in the Italian multi-stakeholder group established to support the goals set by the Open Working Group.

This provides an opportunity to address the issues of global relevance alongside the priority areas for the business, identifying common strategies and making available human, technological and financial resources to create shared value.

“Talking about Sustainable Development today means embracing a new vision of the world around us, a holistic approach that pays attention to three dimensions: economic, social and environmental. Every time we address a challenge, such as access to food or energy, we must do so from these three angles. Although it is not easy for current political and economic systems to think and work in this way, a big effort by all the players to build an innovative model for Sustainable Development is today more necessary than ever. And based on these three dimensions it is fundamentally important that the public and private spheres start to plan,

co-finance and work together. The energy sector is ideal for this new approach, which abandons the concept of “business as usual”. Energy is a key factor for every economy and access to energy is a vital driver for growth in developing Countries. Bringing together public policy targeted at improving the capacity for technological innovation and the efficient management of resources by the private sector, it is possible to build a transitional path towards Sustainable Development that caters for energy efficiency through a gradual reduction in the use of coal and oil in favour of natural gas and the progressive use of alternative

sources. We are at a crucial moment in this transition.

We are about to enter the era of the Sustainable Development Goals due to be adopted in September 2015, which amend and add to the Millennium Goals adopted in 2000 by the United Nations. These Goals have another fundamental value, which is their ability to inspire people and to give them an idea of the future that everyone should be aiming at and the steps required to realize that future.

In the Post-2015 era public awareness will be essential to keep the attention focused on the Goals and make them a reality”.

International collaborations on sustainability issues

Principal areas of activity on international forums

● Integrated reporting

A system to monitor financial and non-financial performances contributes to the proper management of operations and enables the definition of impact reduction strategies and strategies to maximize the contribution of the business for development. eni has been working to develop an integrated reporting system in order to communicate its capacity to create value in the long term. It has also the objective of measuring the effects of its activities on development in the areas where it operates.

● Transparency and the fight against corruption

Transparency and the fight against corruption are key factors for business continuity and the socioeconomic development of a country. Within its organization, eni promotes a culture of integrity and it is committed to the construction of an approach shared by companies, governments and society that seeks to identify solutions for the best management of resources.

● Human rights

The risk of human rights violations throughout the chain of operations constitutes an obstacle to the company's ability to create value in the long term. eni considers respect for human rights a fundamental requirement and it is committed to aligning its business practices with the United Nations Guiding Principles on Business and Human Rights. The aim is to develop tools for the implementation of the principles adopted which are appropriate specifically for the oil & gas sector.

● Environment and climate

Protection of biodiversity and ecosystems is essential for local populations and for global stability. eni is committed to reducing the potential negative impacts of its operations through the responsible use of natural resources and of ecosystem services. eni is implementing a strategy to combat climate change which involves a reduction of emissions, particularly from gas flaring, energy efficiency initiatives and the promotion of low carbon fuel sources starting from natural gas and renewables.

● Sustainable energy

Long term development is possible only if there is widespread access to sustainable energy. eni, as an integrated energy company operating in countries with high rates of energy poverty, is committed to proposing and implementing programmes to produce and distribute electricity and gas thereby contributing to the development of local energy systems. To this end, eni collaborates with the academic world, civil society, international institutions and other companies to develop renewable energy and energy efficiency programmes.

● Global governance and the Post-2015 Agenda

The current debate on the creation of a Post-2015 Agenda for global development recognizes the key role played by companies in achieving sustainable development goals. eni participates in this debate in various international contexts. As a multinational company, eni is also committed to the local development of the territories in which it operates and is developing, with international partners, new methods to measure the effectiveness of its contribution. eni also participates in international forums aimed at global corporate citizenship and dialogue between energy producers and consumers.

● Innovation

In order to create value in the long term, it is essential to protect the environment and to develop innovative technologies and solutions to respond to current and future challenges throughout the energy sector. eni places scientific research and technological innovation at the core of its development strategy and strives to be a leader in technological innovation. In order to strengthen its technological assets in the energy sector and related industries, eni has developed a network of scientific collaboration with the most prestigious international universities and centres of excellence.

Post-2015 Agenda

“The Post-2015 Agenda provides the opportunity for a paradigm shift in international development to build on the MDGs and address the eradication of poverty within the context of sustainable development in its three core dimensions, i.e. economic, social and environmental [...] For this ambitious development framework to take shape and unfold there is general agreement among the international community that a business-as-usual approach is neither desirable nor feasible [...] Ours is the first generation with the resources and know-how to end extreme poverty and put our planet on a sustainable development course before it is too late”.

Amina J. Mohammed, Special United Nations Councillor for the definition of the Post-2015 Agenda, September 2013.

In view of 2015, the year in which the new Sustainable Development Goals (SDGs) will be defined, various international networks have put forward proposals to define priority areas around green and inclusive growth at a global level.

Looking at the results of the Millennium Goals and following the indications of the Rio+20 Conference, the new Agenda will readdress the challenges already identified and deal with them from a sustainable development viewpoint, starting from a hoped global partnership that includes all players, from governments to the private sector and civil society organizations.

As a private company operating in the energy sector, **eni** can contribute through its own work on many of the issues identified at the international forums:

respect for human rights and sustainable governance; the guarantee of decent work; the reduction of electricity poverty and the improvement of energy resources, also in relation to climate change; the protection of natural resources and biodiversity; a widespread commitment to local development, with the aim of guaranteeing prosperity and equity.

Finally – and particularly interesting for the private sector – investments in innovation to renew our own business, starting from cutting-edge technology and tools and the creativity of our people.

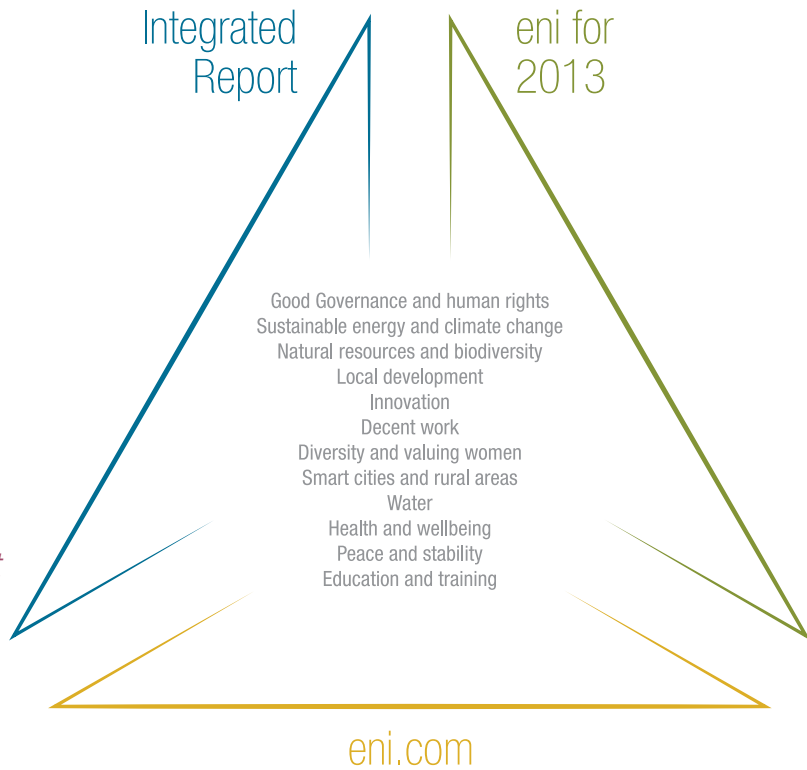
Against this background, we need to identify metrics and tools to measure the contribution to development goals made by the private sector as well as the public institutions and civil society.

eni is offering its own contribution to this complex task and eni for 2013 is a first step in this direction.

Underlying all this there is an analysis of the current work of the Sustainable Development Solutions Network, the UN Global Compact, the Open Working Group and the UN High Level Panel on the Post-2015 Development Agenda. This has enabled the various issues on which the future Sustainable Development Goals will focus to be identified, regardless of the level of aggregation and synthesis required for an international consensus. Thus, it is possible to identify strategies, actions and consistent results, establishing a relationship between sustainable business operations and the priorities of the international development agenda.

Sustainability reporting

eni for 2013, together with the Integrated Report and the eni.com website, is part of the sustainability reporting and communication system and aims to illustrate, by highlighting the important events of the year, eni's contribution to the pursuit of global Sustainable Development Goals, also in relation to the Post-2015 Agenda.



The Integrated Report illustrates how sustainability constitutes one of the drivers for the pursuit of company's objectives. eni for 2013 offers an overview of our contribution to the achievement of global sustainable development goals. The issues dealt with in eni for 2013 were extracted from the debate on the core areas for the Post-2015 global strategy. An analysis was then conducted on the capacity of the private sector, and the Oil&Gas industry in particular, to contribute to sustainable development in these areas. A comparison was then carried out with eni's strategic priorities, based on the sustainability plan. The themes on which the company is able

to offer the greatest contribution were thus identified as:

-  sustainable **governance** in terms of integrity, transparency, respect for human rights, the guarantee of decent work and people's safety;
-  respect for and protection of **natural resources** and biodiversity;
-  access to and efficient use of **energy resources** taking into consideration climate change;
-  commitment to **local development**, in terms of our contribution to global and local goals relating to prosperity and equity;

 investment in **innovation** to renew our own business, starting from cutting-edge technologies and tools and the creativity of our people.

eni for 2013 describes these aspects, while the other documents that make up the sustainability reporting system and, more generally, the corporate reporting system, deal with other relevant themes. In particular, corporate governance and board and top management remuneration are covered in the two specific documents: Report on Corporate Governance and Ownership Structure 2013 and the 2014 Remuneration Report.

During 2013 a materiality assessment was carried out based on an assessment of the important strategic issues for **eni** (identified from **eni**'s Strategic Plan) and those perceived as important for stakeholders. This analysis was performed using a methodology that:

- categorizes the stakeholders and assesses them based on the criteria in standard A1000;
- defines the sustainability topics, dividing them into topics and sub-topics (there are about 300 of the latter).

The evaluation carried out on the 2013 engagement process allowed the most

important sustainability topics for **eni** to be identified: Community Relations, Health and Safety, Local Development and Climate Change. Once finalized, this system of analysis, based on the objective assessment grids, will provide input for sustainability planning and reporting at a global and local level, allowing a better alignment between company objectives and stakeholder expectations.

The results of the analysis performed show substantial consistency between the areas on the Post-2015 Agenda where **eni** can make the most significant contribution and the main topics with the strongest impact on the company strategy. Important

issues emerged are climate change and energy efficiency, which stand alongside local development. This includes access to modern energy systems in Countries where the company operates, in line with the Sustainable Energy for All strategy.

A high level of importance is also given to the protection of natural resources and biodiversity.

Next come issues related to governance, human rights and work.

Moreover, eni for 2013 dedicates a chapter to innovation, due to its importance in terms of company strategy.

→  *Analysis of materiality*

Themes' eni for 2013	Themes identified from the analysis of materiality
Good Governance and Human Rights (UNGC, #10; SDSN, #4 and #10; HLP, #10 and #12; OWG, #15 and #16).	Governance & Ethics (Includes: Creation of economic and financial value, Corporate governance, Integrity and Transparency, Protection of Human Rights)
Natural Resources and Biodiversity (SDSN, #2 and #9; OWG, #13 and #14; HLP, #9).	Environment (Includes: Climate change and energy efficiency, Management of Environmental Impacts, Asset integrity and Emergency management)
Sustainable Energy and Climate Change (UNGC, #7; SDSN, #8; OWG, #7, #15 and #12; HLP, #7).	Environment (Includes: Climate change and energy efficiency, Management of Environmental Impacts, Asset integrity and Emergency management) Community (Includes: community relations and local development)
Local Development (SDSN, #1 and #6; UNGC, #1 and #5; HLP, #1 and #5; OWG, #1, #2, #8 e #9).	Community (Includes: community relations and local development)
Decent Work (OWG, #8; HLP, #8). Diversity and female participation (SDSN, #4; UNGC, #3; HLP, #2; OWG, #5).	Eni people (Includes: health and safety at work, organizational climate and welfare, work standards and diversity)
Innovation (UNGC, #9; OWG, #8 and #15; SDSN, #10).	Cross-cutting

(*) As of 30 April 2014.

High importance for the company and for stakeholders
Medium importance for the company and for stakeholders

Governance, human rights and work

Eni's operations are based on a strong culture of integrity, which translates into transparency, fight against corruption, respect for human rights, labour, and people's health and safety. The creation of decent work is a strategic tool for the growth of the organization. From the moment the Millennium Development Goals were set, these themes have been identified as essential for sustainable development. The process of defining the Post-2015 Agenda has however made them more explicit.

Culture of integrity

"The most fundamental goal of the "responsible leadership" programme is to reaffirm that it is not just what we do, but how we do it that matters. To merit the trust of those that work with you, it is important to combine ability and integrity at all times. Being a manager, a leader, means having integrity, a solid core of values, being worthy of the trust of those who follow our lead and those who share the future of the company with us. A person is a leader not just because he leads, but because he is worthy to lead."

Speech of the Chairman Giuseppe Recchi at the Leadership Meeting in 2014.

When we talk about ethics in **eni** we really mean "ethical competence", i.e. a person's ability to make decisions that take into account the compliance system and the interests of all the stakeholders involved (shareholders, workers, customers, suppliers, local communities and future generations), and to target

the creation of value in the long term. To manage this complexity it is therefore necessary to develop high level skills that combine the ethical dimension with high managerial skills of visioning, synthesis, risk management and decision-making. These skills are to be found both at the individual and organizational level; the

key requirement is consistency between statements made and actions taken. For this reason **eni** continuously monitors all elements of its organizational system (culture, values, rules, leadership styles, planning and control tools and incentive systems), intervening to guarantee a high level of consistency.

eni's basic approach is to align all the corporate regulatory systems and processes that guide the organization and the development of its people around the principle of integrity.

eni's regulatory system, which currently includes 28 process and 10 compliance Management System Guidelines, is currently being finalized and action has been taken to make this regulatory apparatus both clearer and easier to understand.

Integrity also provides the basis for the processes that guide the organization and development of people; these processes cover decision-making, performance appraisals, management of the bonus and incentive system, internal communication and training. With regard to performance appraisals, which represent an important driver for managerial behaviour, the targets of all managers, starting from those at the top, have been updated with the aim of monitoring the results of the business in terms of progress on integrity.

Responsible leadership >

Within the wider sphere of "Integrity Culture", the "Responsible Leadership" training programme has played a primary role in disseminating the key aspects of this approach. The programme was aimed at consolidating and strengthening the following attributes in managers:

- ability to adopt decision-making strategies that take into account the complexity of values at play and ensure ethical conduct;
- ability to effectively propagate values of

integrity and responsibility, leading by example and building a climate of trust.

The "Responsible Leadership" training programme has been developed by eni corporate university with the support of external specialists in the areas of management and ethics, through the following operating steps:

- interviews with Top Management aimed at exploring their personal vision and opinion in relation to a series of ethics related business issues;
- a kick-off meeting with the Top Managers and directors in roles with relevant responsibilities;
- training workshops for all managers (starting with the "key" managerial roles) in which the abstract themes of ethics and compliance were placed in the eni context.

For this purpose, specific case studies were used, involving ethical dilemmas, prepared by an internal working group with tutors and experts based on their own working experiences.

To date, 10 courses have been delivered, involving 175 managers (out of 192) with relevant responsibilities.

The feedback gathered indicates a very high perception of the effectiveness of the initiative (average score 4.34 out of 5). It is planned to spread the culture of integrity to all levels of the company, using meetings, webinars and multimedia materials to increase awareness among eni's people on the importance of integrity when managing operations.

“

In order to manage these complexities it is necessary to develop skills that include, in addition to the ethical dimension, high-level managerial ability.

“

eni's regulatory system is currently being finalized.

28

Process Management
System Guidelines

10

Compliance Management
System Guidelines

Training workshops on
integrity delivered

10

Responsible Leadership
training sessions

175

Directors and managers in
roles of responsibility involved

Fight against corruption



Transparency International's Corruption Perception Index (CPI) captures and monitors annually perception

of levels of corruption in the world. The index shows a range of values from zero to one hundred. In Countries with

values below 50 the situation is considered worrying.

Geographical area

% of Countries with CPI from 0 to 49

Geographical area	% of Countries with CPI from 0 to 49
World	69%
North America	33%
South America and the Caribbean	69%
Europe (EU)	25%
Europe (non EU)	75%
Middle East and Central Asia	85%
East Asia and Oceania	57%
North Africa	100%
Sub-Saharan Africa	90%

Corruption has highly negative effects on the economies of developing Countries and on the quality of life of the citizens.

A recent study carried out by the World Bank ranks Sub-Saharan Africa among the regions with the highest rate of perception of corruption¹. Likewise, the

African Union estimates that the cost of corruption throughout the continent is equal to \$148 billion dollars a year, 25% of its GDP².

(1) Worldwide Governance Indicators (WGI) Project, 2014.
(2) WORLD BANK, Worldwide Governance Indicators, 2013.

Corruption is an intolerable obstacle to business efficiency and fair competition. For this reason **eni** has put in place a rigorous management system, in line with national and international anti-corruption regulations, including the UK Bribery Act. This system was continuously updated throughout 2013. A central corporate function, the Anti-Corruption Legal Support Unit, created in 2010, provides anti-corruption consulting and specialist assistance for **eni**'s people and unlisted subsidiaries.

In 2013 **eni** emerged as a forerunner in

terms of transparent corporate reporting according to the research conducted by Transparency International Italia based on a sample of major Italian companies. The companies were assessed with regard to how much information they disclose on anti-corruption programmes, organizational transparency and reporting in the different Countries.

Anti-corruption training is compulsory and is extended to all people at risk, in Italy and abroad. The aim is to illustrate the applicable internal and external anti-corruption laws and to provide the knowledge and tools to recognize



In 2013 **eni** emerged as a forerunner in terms of transparent corporate reporting according to the research conducted by Transparency International Italia.

potentially criminal conduct, the actions to be taken, the risks, responsibilities and sanctions that may result.

The training is given through on-line courses (e-learning) and training sessions in workshops held by **eni**'s anti-corruption legal offices in Italy and abroad.

The resources trained over the 2010-2012 three-year period numbered about 6,370, including 2,700 via workshops and 3,670 via e-learning.

In 2013, with a the new cycle of e-learning, around 9,200 people received training. There were 57 classroom based training events, 13 of which took place abroad, with a total of 2,180 participants, including employees and contractors.

eni plays an active role at the national and international level, which not only makes it comparable with the major players in the fight against corruption, but also enables it to contribute to the development of best practices.



In December 2013 **eni** and Transparency International have signed a collaboration agreement for the joint development of an innovative method of "Country Assessment" with the purpose of highlighting, in a specific geographical context, the impact of corruption on business activities and the conditioning that results. The new methodology will be developed with the involvement of the private sector, the public

sector and the civil society. The collaboration agreement also provides for the use of this innovative methodology for two "Country Assessments" in two important Countries for the energy sector. Other examples of important partnerships are:

- the contribution made to the work of the B20 on the fight against corruption which led in 2013, at the G20/B20 in Russia, to the appointment of the Chairman of **eni** as Co-Chair of the Anti-corruption Task Force;
- the cooperation agreement with the International Scientific and Professional Advisory Council of the United Nations Crime Prevention and Criminal Justice Programme (ISPAC);
- participation in the review process of the application of the OECD and UNCAC conventions in Italy;
- participation in March 2013 in the United Kingdom Energy & Extractives Working Group which led to the elaboration of the second edition of "Principles for an Anti-corruption Programme under the UK Bribery Act 2010 in the Energy & Extractives sector";
- involvement in a collective initiative undertaken in December 2013 by the European companies and contribution to a practical manual published by the International Chamber of Commerce in Paris on anti-corruption models, the "ICC Ethics and Compliance Handbook".



eni works with various entities at the national and international level to contribute to the creation of a shared culture of integrity.

Transparency



For the extractive sector, the EITI (Extractive Industries Transparency Initiative), signed by more than 40 Countries, is the reference model with regard to transparency and good governance. The aim of the EITI is to promote the transparency of payments and of the entire value chain in the Oil&Gas and

mineral resources sectors in the producer Countries. The publication of payments to governments of producer Countries for the use of these resources contributes to strengthening reliability and good government in producer Countries, while at the same time promoting the adoption of approaches involving a sustainable use of

resources, benefiting the local population. Between 2009 and 2013 the number of Countries that have fully implemented the initiative ("compliant" Countries) has increased from 2 to 25 and the total amount of payments to producer Countries published has increased five-fold, from 200 billion dollars to 1 trillion dollars.

	2009	2011	2013
Compliant Countries	2	12	25
Fiscal periods covered in the EITI report	39	97	181
Total amount of published value	\$200 billion	\$570 billion	\$1 trillion

Source: EITI factsheet, 2013.

For an extractive company, the fight against corruption and the contribution to transparency also involves a commitment to provide evidence of the payments made to producer Countries for extractive activities.

In 2013 the Extractive Industries Transparency Initiative (EITI), an international initiative in which **eni** has participated since 2005, adopted new rules in order to improve the quality of information disclosed and to make the initiative the basis for wider reform in the producer Countries. **eni** has taken action to spread use of the new Standard to all of its subsidiaries in the EITI Countries.

In 2013 **eni** was among the companies that signed the Memorandum of Understanding launching the implementation of EITI in Trinidad & Tobago.

In October 2013 the first report on the payments derived from the extractive

industries in the Country was published.

New reports on payments were also published in Norway, Republic of the Congo, Democratic Republic of the Congo, Indonesia and Iraq. In Timor Leste **eni** participated in the work of the Multistakeholder Working Group, in particular on implementation of the new requirements of the EITI Standard.

More detailed information on the progress of implementation by Country is given on the **eni** website.

→  *EITI implementation process in the Countries where **eni** operates*

In 2013 **eni** took part in the EITI Global Conference and worked with the Italian Foreign Ministry and the Italian Ministry for Economic Development on the "Open for Growth: Trade, Tax and Transparency Event",



In 2013 **eni** took action to extend the use of the new Standard to all of its subsidiaries in the EITI Countries.

organized by the UK presidency of the G8.

With regard to ensuring good governance of the use of extractive resources for sustainable local development, **eni** also works with the Vale Columbia Center and belongs to the "Good governance of extractive and land resources" group of the UN Sustainable Development Solutions Network (SDSN).

Royalties paid in the 2011-2013 financial years in Italy

(thousands of euro)	2011	2012	2013
Royalties paid ^(a)	203,886	237,517	298,383
- of which to the State	97,682	96,948	138,302
- of which to the Regions	83,730	109,949	125,596
- of which to the Basilicata region	53,516	77,255	91,862
- of which to the Municipalities	22,474	30,619	34,486

(a) The value includes eni SpA (E&P Division), Società Adriatica Idrocarburi and Società Ionica Gas.

Transparency of payments

Payments to producer Countries adhering to the Extractive Industries Transparency Initiative (EITI)

Countries	Year ^(a)	Local currency	Payments in local currency (thousands)	Payments in USD (thousands)	Total payments in USD (thousands)
Norway	2012	NOK	9,264,035	-	1,592,273
Profit Taxes ^(b)			9,212,315		1,583,384
Fees ^(c)			51,720		8,889
Democratic Republic of the Congo	2011	CDF	40,461	-	44
Profit Taxes ^(b)			40,461		44
Trinidad & Tobago	2011	TT\$	81,069	-	12,711
Profit Taxes ^(b)			81,069		12,711
Indonesia	2009		-	29,520	29,520
Profit Taxes ^(b)				29,520	29,520
Nigeria	2011		-	1,650,573	1,650,573
Profit Taxes ^(b)				1,073,957	1,073,957
Royalties				488,050	488,050
Fees ^(c)				305	305
Other significant benefits to government agreed by MSWG				88,261	88,261
East Timor	2011		-	401,269	401,269
Host government's production entitlement (e.g. Profit oil)				205,826	205,826
Profit Taxes ^(b)				169,821	169,821
Royalties				2,757	2,757
Fees ^(c)				410	410
Other significant benefits to government agreed by MSWG				22,455	22,455
Kazakhstan	2011	KZT	9,432,211	1,194,496	1,258,823
Host government's production entitlement (e.g. Profit oil)				417,705	417,705
Profit Taxes ^(b)			953,183	723,850	730,351
Bonuses ^(d)				52,941	52,941
Other significant benefits to government agreed by MSWG			8,479,028		57,826
Republic of Congo ^(e)	2012			100,523	100,523
State-owned company production entitlement				41,034	41,034
Profit Taxes ^(b)				16,851	16,851
Fees ^(c)				1,354	1,354
Bonuses ^(d)				15,000	15,000
Other significant benefits to government agreed by MSWG				26,284	26,284
Mozambique	2011	MZN	110,029	1,100	5,142
Profit Taxes ^(b)			110,029		4,042
Other significant benefits to government agreed by MSWG				1,100	1,100
Iraq	2010			43,750	43,750
Bonuses ^(d)				43,750	43,750
Togo	2011	XOF	1,107,796	500	2,851
Profit Taxes ^(b)			1,107,796		2,351
Other significant benefits to government agreed by MSWG				500	500
Gabon	2010		-	25	25
Fees ^(c)				25	25

(a) Last local tax year which data refer to and in which the EITI disclosure was made.

(b) Income taxes and other taxes on production.

(c) Royalties for licenses and concessions.

(d) Bonuses for signature, discovery and production.

(e) In addition to the amount shown in the table, part of the transfers made by eni in Congo is made in "kind" for a total of 11,171 kboe which relates to the share of oil profits and royalties due to the Republic of the Congo net of the barrels allocated to eni by the Republic of the Congo based on the existing commercial agreements.

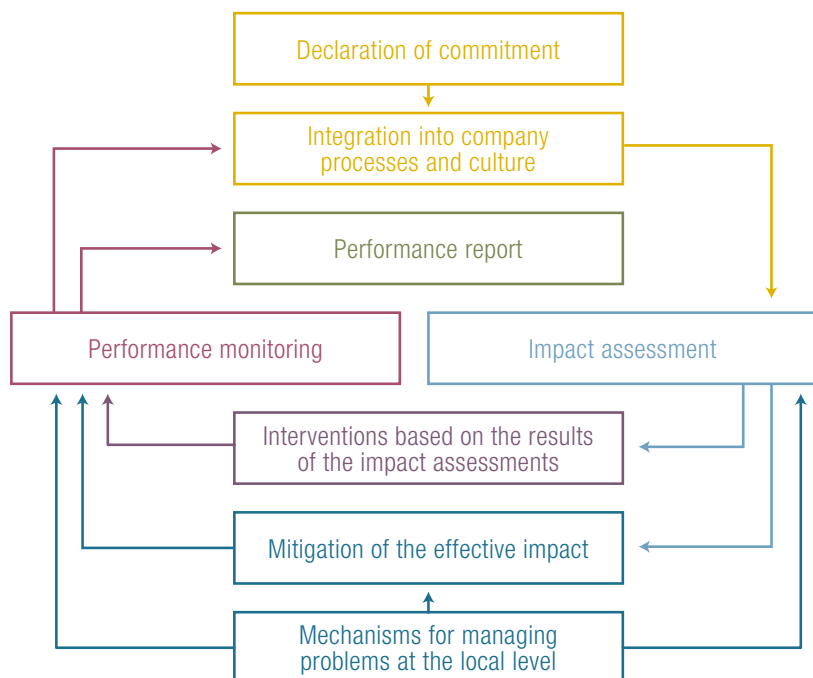
The protection of human rights



On the occasion of the 60th anniversary of the Universal Declaration of Human Rights, the top management of many companies subscribing to the UN Global Compact, including **eni**, reiterated their commitment to respecting and protecting human rights, recognizing this as an essential precondition for international operations¹. The CEO Statement helped to strengthen the awareness that respect for human rights is not a sole responsibility of the public sector, but that the private sector can also play an important role. Also as a result of this initiative in 2011 the UN Council for Human Rights approved the “Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework”, which confirms that companies are the holders of precise obligations in terms of human rights. The European Commission has also included these principles in its own strategy and supports their implementation with the development of national action plans². In 2013, it published practical guides for the implementation of the Guiding

Principles on Business and Human Rights aimed at companies operating in the three sectors considered most at risk: Oil&Gas, ICT and Employment Agencies. At the second annual forum of the United Nations on Human Rights and Companies – held in Geneva in December 2013 – there were around 1500 representatives from civil society, international organizations, NGOs and companies from more than 100 Countries, all with the goal of monitoring the implementation of

the Guiding Principles on Business and Human Rights and discussing solutions to common problems. This is a sign of the interest and involvement of the players involved in the debate on the future Sustainable Development Goals, who identified Human Rights not only as a cross-cutting precondition for the achievement of inclusive growth, but also as a target in itself, to be reflected in the specific targets currently being defined.



(1) UN Global Compact.
 (2) Oil and Gas Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights, European Commission.

eni's approach to human rights has developed in parallel with the international debate, at times even anticipating UN approval of the fundamental documents regarding business and human rights. This is demonstrated by the strategies, systems and processes that **eni** has adopted or is in the process of adopting. In particular, in 2013 efforts were focused on putting in place and checking the various aspects of the management system required by the UN Guiding Principles on Business and Human Rights ("due diligence").

In addition, following the coming into force of the Final Rule of the U.S. Securities and Exchange Commission on Conflict Minerals, **eni** has started checks to exclude the presence of "conflict minerals" in its products. Conflict minerals means tin, tungsten, tantalum and gold from the Democratic Republic of the Congo (DRC) and bordering Countries, where their sale may contribute to funding armed groups and violations of human rights.

Impact assessments>

Impact assessments, which are highly technical in nature, have progressively gained prominence in the international debate due to the role they can have in preventing potential abuses of human rights. In line with international standards, in 2010 **eni** approved an integrated assessment standard that includes all

the elements required to assess the social impact of its operations on local communities. The company's aim is to add the missing human rights content to the impact assessments and to bring its own experience to the task force set up by IPIECA to develop shared guidelines for the oil and gas industry in this area. In December 2013 collaboration between the main Oil&Gas companies led to the publication of the guide "Integrating human rights into environmental, social and health impact assessments".

Risk assessment>

The 2013 Risk Assessment cycle considers human rights for the first time in terms of both content and impact assessment metrics. The assessment of strategic risks for the company in fact includes a check on the risk of human rights violations. This process also benefits from participation in an international project of the Global Corporate Community of Practice, an initiative to integrate human rights into risk management systems supported by the UN Work Group for Business and Human Rights, appointed in 2011 to assist Countries and companies in implementing the Guiding Principles. The work to integrate a human rights perspective into impact assessment and risk management processes is being conducted alongside ongoing activities in the priority areas identified by the Human Rights

eni's approach to human rights has developed in parallel with the international debate, at times even anticipating it.

In 2010 **eni** approved an integrated assessment standard that includes all the elements required to analyse the social impact of its operations on local communities.

Requirements for companies
UN Guiding Principles on Business and Human Rights) Action by eni

DECLARATION OF COMMITMENT

Commitment to respect human rights	<ul style="list-style-type: none"> - Code of Ethics and Model 231 - Human Rights Guidelines - Sustainability policy with a section on human rights - Reference to the protection of human rights in the policies: Our people, our partners in the value chain, the integrity of our operations
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DUE DILIGENCE

Management System	<p>Cross sectional working group</p> <p>Human rights indications in the operational procedures of: Exploration and Development, Security, Human Resources, Procurement, HSE, Sustainability Stakeholders Engagement and Community Relations, Planning and Control.</p> <p>Risk and impact assessment methods and processes:</p> <ul style="list-style-type: none"> - Integration of human rights into the company's impact, compliance and risk assessments. <p>Interventions based on the results of the impact assessments:</p> <ul style="list-style-type: none"> - Projects and specific initiatives on the priority areas identified. <p>Monitoring:</p> <ul style="list-style-type: none"> - Monitoring indicators collected annually. <p>Reporting and communication:</p> <ul style="list-style-type: none"> - Sections on human rights in the Annual Report, on the website and in eni for.
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SOLUTIONS

Mitigation actions	<ul style="list-style-type: none"> - Reporting channel for violations of the Code of Ethics in place since 2001 - Reporting mechanisms in local communities - Processes for remedying any negative impacts - Participation in the IPIECA project regarding mechanisms for receiving and managing reports coming from local communities.
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Compliance Assessment (HRCA) project. As a result of this project, eight assessments aimed at aligning the internal control system with international standards have been carried out since 2008, including one at the Corporate and E&P Division level and seven in other Countries. The focus to date is particularly on workers' rights, land acquisition procedures and *grievance* mechanisms, i.e. the management of problems reported by stakeholders.

Labour standards>

eni is committed to progressively improving its capacity to monitor compliance with the ILO Conventions and

encouraging their take-up by third parties.

During 2013, a targeted analysis was conducted on the local laws covering maternity rights and existing business practices in the Countries where the company operates in order to assess the prospects for defining a management approach that is valid for all eni operations, in line with international standards.

During 2013 an applied study on minimum labour standards in five strategic Countries (Pakistan, Nigeria, Congo, Iraq and Hungary) was completed, highlighting, where applicable, any divergence between local laws and the ILO conventions in this regard. In addition, following the

8

assessments of human rights compliance since 2008



During 2013, a targeted analysis was conducted on local laws concerning maternity protection.

study, conducted in collaboration with SDA Bocconi, which aimed to map **eni's** industrial relations system, a new project with a more operational profile was launched in 2013, with the aim of defining a model for the management of industrial relations at the global level, following a uniform approach that nonetheless respects the specific nature of the areas in question.



Land Management>

eni's goal is to develop uniform rules on land acquisition, consistent with international standards and best practice, in order to ensure respect for fundamental principles such as the right to fair compensation and consideration of the petitions of those who, despite not having any formal title to the land in question, are nonetheless dependent on it for their survival.

Reports> Since 2001 **eni** has instituted a procedure for reporting grievances related to violations of the Code of Ethics (and therefore of human rights). This is available to workers and third parties and is designed to improve the mechanisms for receiving and managing such claims at the local level.



To this end, **eni** participates in a project promoted by IPIECA to develop guidelines for the Oil&Gas sector on grievance mechanisms and has launched a pilot project to develop a mechanism for collecting and managing complaints and claims from local communities in Ghana. A best practice model is also being defined for use by the whole group.

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An applied study on minimum labour standards in five strategic Countries was completed.

Reports		2011	2012	2013
Reports received on a probable violation of human rights	<i>(number)</i>	39	39	43
Reports received on a violation of human rights (closed in the year)		32	48	44
- unfounded reports or partly founded reports with the adoption of corrective and/or improvement actions		13	15	20
- unfounded reports		19	33	24

Security > eni has implemented a human rights training programme for security managers and security forces, both public and private, that perform their professional duties on company sites both in Italy and abroad. The project has been running since 2009 and was included by the United Nations Global Compact and by Principles for Responsible Investment in the publication "Responsible Business Advancing Peace", presented at the Global Compact Leaders Summit on 19 September 2013. In 2013 training sessions were delivered to 208 people from public and private security forces involved in operations in Indonesia and Algeria. In Indonesia, employees of other Oil&Gas companies as well as representatives of local NGOs were also involved.

Human Rights and Security		2011	2012	2013
Security contracts containing clauses on human rights	%	50	65	84
Security personnel trained on human rights	<i>(number)</i>	169	1,008	235
Critical sites covered by assessment		30	11	21
Sites checked using the checklist		147	121	194
Countries with armed guards protecting sites		12	10	11
Hours of specific training delivered to security managers		672	1,476	4,700

Indigenous peoples> In areas involving indigenous peoples, the adoption of specific policies has been promoted which confirm **eni**'s commitment to respecting the rights of these people and to having due regard to their expectations when making company decisions. The company has adopted the Indigenous Peoples Policy for **eni**'s operations in Australia and Norway.

In Norway, **eni** undertakes to conduct its operations respecting the rights, dignity, culture and the sources of subsistence and natural resources of the Sami population, to consult with them and to guarantee them an appropriate share in the benefits of the operations.

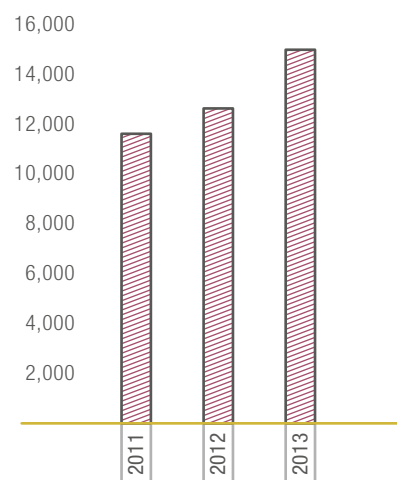
In Australia, **eni**'s operations are located onshore in the traditional Aboriginal territories and are regulated through a Land Use Agreement made with the Northern Land Council. **eni** is involved with the local Wadeye community through regular participation in meetings organized by a body representing 20 clans from the Region. Furthermore, relations with other key stakeholders, with regard to both industrial and social activities, are managed through frequent visits to the area organized by the Social Responsibility team, which includes a dedicated Community Liaison Officer.

Supply chain> The commitment to protect human rights extends to the supply chain, in particular to the selection, qualification and monitoring of suppliers and their performance. In 2013, 87% of **eni**'s procurement comes from suppliers subjected to qualification procedures which include human rights screening.

In order to assess the conduct of suppliers specifically on areas of significance for human rights in the workplace, **eni** uses audits in accordance with the international standard SA8000.

In 2013, SA8000 audits were carried out on 14 suppliers / sub-suppliers in Congo, East Timor, Pakistan and Ecuador. Furthermore, 9 verification procedures were concluded after the SA8000 audits carried out in 2012 in Congo and Ecuador.

Suppliers subjected to qualification procedures including screenings on human rights



The company has adopted the Indigenous Peoples Policy for **eni**'s operations in Australia and Norway.



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Safety and Asset Integrity



The Post-2015 Agenda is focused on the issue of decent work, which means, first and foremost, safe work. The majority of the global workforce works in precarious conditions without adequate safety measures or recourse to any system of social protection;

mainly in informal workplaces. According to the ILO, 86% of work-related deaths were due to occupational diseases and the remaining 14% to accidents (2008 data)¹. Taking into consideration this overall perspective, which joins together accidents and morbidity, it is estimated

that the impact of poor security practices in the workplace and the related occupational diseases amounts to around 4% of global GDP (2012), with direct and indirect costs of around 2.8 trillion dollars related to accidents and illnesses².

(1) ILO, Introductory Report: Global Trends and Challenges on Occupational Safety and Health, 2011.
(2) ILO, The Prevention of Occupational Diseases, 2013.

eni has over the years demonstrated an unprecedented commitment to safety, achieving significant results, also in relation to the industry average. **eni's** chief concern is people's health, safety and general wellbeing. Safety must be a deeply instilled culture whereby taking care of oneself and others comes before everything else. Effective leadership means putting the wellbeing of people at the top of the list of priorities. The company's main goal is to support managers at all levels in actively promoting a culture oriented towards the achievement of excellence with regard to safety. Without leadership in safety, there is no leadership. Each person in **eni** must be a leader with regard to safety. "**eni** in safety", the main information and training programme on safety launched by **eni** in 2012, represents a new method of addressing safety. The programme is based on the knowledge

that the majority of accidents at work are linked to behavioural factors and that it is necessary to create a culture in which safety is a key value.

The programme provides for various courses of action such as the development of a safety information campaign aimed at everyone in the company, a training project organized using the "cascade" approach, and the creation of a safety faculty with the best technicians able to combine professional and classroom management skills.

The three year training programme will progressively involve company management and operating site managers, for a total of about twenty thousand people in total.

The safety culture is accompanied by the application of the best standards and the development of working conditions that guarantee everyone's safety.

In addition to workforce training and large scale information and training campaigns



"Safety comes first, before financial results and before operational indicators. It is an area where the number zero is the only one we like."

Paolo Scaroni - **eni's** CEO

with the continuous support of the company's top management, activities include: reviewing the qualification and feedback criteria on the companies that work for **eni** and the obligatory definition over the last nine years of managerial objectives related to the accident statistics for all sectors of the business.

These measures have produced a positive trend in the data on accidents and a continuous improvement in performance.

eni's improving trend was confirmed by the Total Recordable Incident Frequency index for its workforce, which in 2012 was already the best in the industry.

The Lost Time Injury Frequency (LTIF) index showed a record value of 0.35 while the Total Recordable Incident Rate (TRIR) was 1.04.

eni has analysed the accidents and injuries that occurred in 2013 (213, 75% less than in 2006). The majority (6 out of 10) can be attributed to behavioural aspects such as lack of attention, following the procedures or poor working methods. Accordingly, after the analysis of root causes, action has and will be taken to reduce the most common causes of serious accidents, such as falling from heights, accidents while commuting to and from work, handling pipes and working in confined spaces.

The work to bring about cultural change will therefore continue, in particular for contractors and suppliers with direct communication initiatives extended to the workforce at the main operational sites, involving the whole **eni** team from the business lines to human resources,

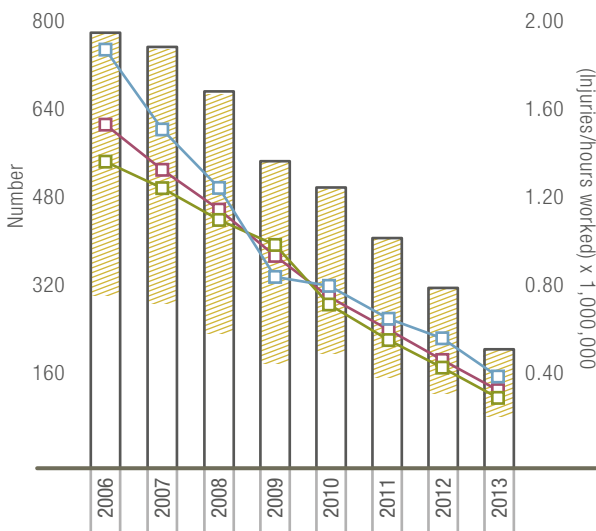
procurement, legal affairs and HSEQ.

The key messages to be conveyed are the strong and continuous commitment of management, the importance of operational control and zero tolerance for those who do not respect the rules, the new qualification and feedback process for suppliers. **eni** will identify from within its operating sites safety leaders who will use their passion and courage to create a culture in which safety is the driving value.

From an operational point of view, the analysis of near misses as well as accidents and the consequent implementation of corrective actions with regard to procedure or plant design represents an element of continuous improvement.

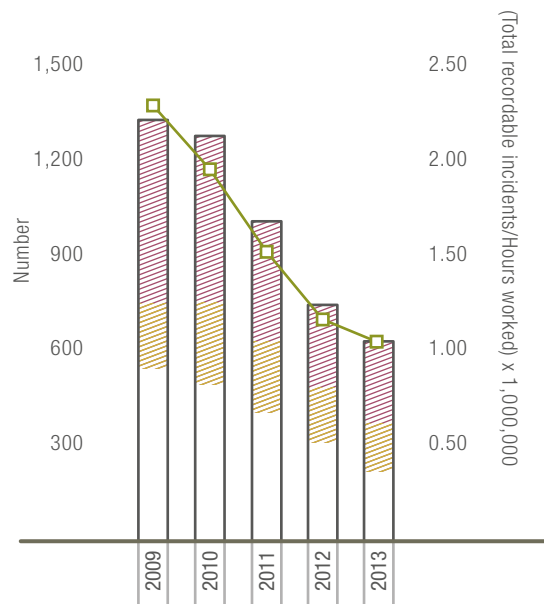
Accidents and LTIF of **eni's** workforce

- ▨ Accidents involving contractors
- ▨ Accidents involving employees
- ▨ Workforce LTIF
- Contractors LTIF
- Employees LTIF



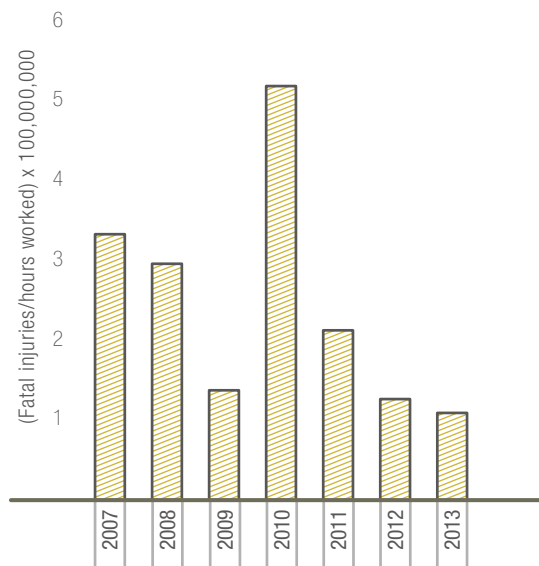
Total Recordable Incidents (TRIR)

- ▨ Medical treatments
- ▨ Work restrictions
- ▨ Accidents at work
- TRIR





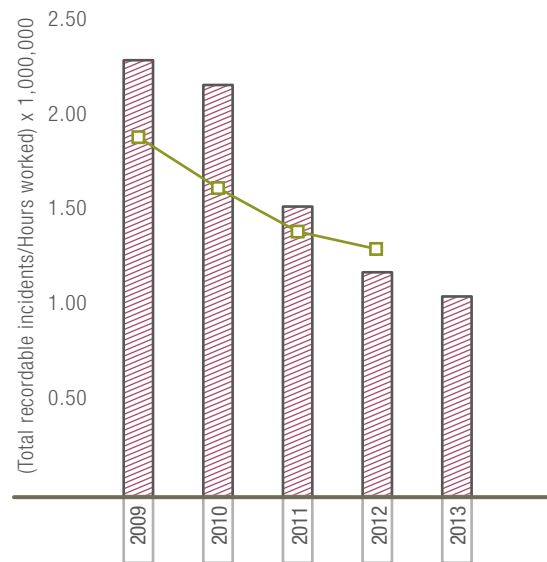
Employees and contractors mortality index

 Employees and contractors mortality index



eni TRIR vs sectoral TRIR

 eni TRIR
 Sector TRIR



Source: eni documents based on the public documentation of a panel of competitors.

A separate discussion is required on fatalities in **eni** which to date still represent the main cause for concern in relation to the company's performance.

In 2013 there were 6 fatal accidents thereof 4 involving employees of Saipem (in Indonesia, Angola, Saudi Arabia and Brazil) and 2 involving contractors (in Saudi Arabia). Further actions are currently being taken to promote a change in cultural attitudes, particularly for management of operations in cultural contexts where attitudes to safety management fall short of the more stringent international standards.

Process safety and asset integrity are

fundamental aspects in the prevention of risks in **eni** operations.

Process safety is ensured by the correct implementation of all phases, from plant and equipment design to plant and process operation.

Planning and design takes place in line with internationally recognized rules and standards and includes risk analysis by multidisciplinary teams whose observations are taken into account in the plant construction. With regard to operations, activities are conducted in line with the parameters established by the process manuals and by specific operating procedures.

Structural reliability and integrity of the equipment are continuously monitored to ensure high levels of efficiency.

In May 2013 **eni** took part in one of the most important international events in relation to process safety, the 14th International Symposium on Loss Prevention and Safety Promotion in the Process Industries, presenting best practices in the refinery sector, where a long-term project has been launched to review and update the equipment integrity management system. The aim is to increase the capacity and effectiveness of current methods of preventive and predictive maintenance.

Work



According to a report presented at the International Labour Conference held in June 2013 by the International Labour Organization, more than 200 million people in the world (6% of the potential workforce) are unemployed.

If global prosperity and equality is the primary objective which guides all proposals for the definition of Sustainable Development Goals (SDGs), it is clear that this statistic represents a significant obstacle to the

achievement of this goal.

This is one of the reasons why some of the proposals for the Post-2015 Agenda, as well as the interpretation given by the World Business Council for Sustainable Development, make it clear that the term “work” means decent work. This is different to the Millennium Development Goals, which consider this aspect to be implicit. The potential contribution of the private sector in this area is very important. The nature of the employment offered

by the oil and gas industry makes it a driving force for development in many contexts. It involves highly specialized work, which requires a high level of training and is highly marketable at the international level.

The same characteristics relate to the professional skills for the induced economic activity created locally, which is also characterized by a high level of stability due to the duration of the investments.

For businesses in the oil and gas industry, continuous training and the development of internal specialist and managerial skills represent a strategic tool for the organization. In recent years, **eni** has seen a continuous growth in employment (+27.8% since 2005) through processes and actions aimed at acquiring personnel for its core activities, so that it can maintain and develop within the organization the key skills which have brought to **eni's** excellent operational results.

→  *The defence and promotion of decent work*

In order to achieve these objectives, specific training and knowledge management initiatives have been implemented to support the sharing of **eni's** distinctive knowledge,

the updating of this knowledge and the ability to work in a technologically complex and continually evolving environment.

→  *Training initiatives*

In 2013, training focused in particular on developing specific knowledge of **eni's** industry, which is also consolidated through the definition of professional models such as those related to training in strategic professional areas (Drilling Completion, Production, Geoscience, Reservoir and specialist courses on sustainability) and developing communities of particular interest, also carried out in collaboration with prestigious business schools and universities.

→  *Development of professional models*

+27.8%
employment growth since 2005

“

Training is a fundamental lever for developing the knowledge to implement new business initiatives.

Furthermore **eni** has traditionally paid significant and constant attention to safety matters. The aim of the training is also to disseminate a culture of safety and safety values, promoting awareness of applicable laws and regulations, and ensuring the application of the correct measures and tools designed not only to reduce, but also to eliminate accidents and injuries. Training is ultimately a fundamental lever for developing the necessary knowledge to implement new business initiatives, particularly abroad. It also covers all the training activities that support the internationalization processes. In 2013 a huge commitment was undertaken with regard to Knowledge Management, based on the development of Communities of Practice (a total of 65 courses with over 5,600 participants).

→  *Knowledge Management Tools*

2013 saw the design, development and launch of the new knowledge management portal of the E&P sector, known as #KMS. Following the excellent statistical results and in order to highlight the business impact of the Community of Practice activities, 19 "success stories" have been gathered from the activities of the communities themselves. This methodology, designed to demonstrate with concrete examples the advantages for the business, will continue to be used in future years and will constitute the main indicator of the results of Knowledge Management activities in the E&P Division. In 2013, again in E&P, the pilot project

Innovation Idea Management (IIM) was developed, with the aim of increasing innovation in the sector by promoting the creativity of people throughout the world, using a shared platform for collaboration and networking. The co-creation of ideas and the free participation of **eni**'s people regardless of their geographical location or seniority were the strong points of this project, which will now be rolled out on a larger scale. Between May and October in 2013, in relation to seven challenging issues, 111 new ideas and 570 contributions were submitted, 900 votes were cast and over 9000 visits were made. During the assessment phase, 17 new ideas emerged and in the end 6 of these were selected by the R&D Committee to become new R&D

initiatives during 2014. All of the technical areas participated in the pilot phase, involving 780 people, and 16% of the activities were developed by foreign geographical units.

In the light of these results, the Innovation Idea Management (IIM) methodology will be integrated into the Knowledge Management portal and will constitute a further means of fuelling R&D contributions.

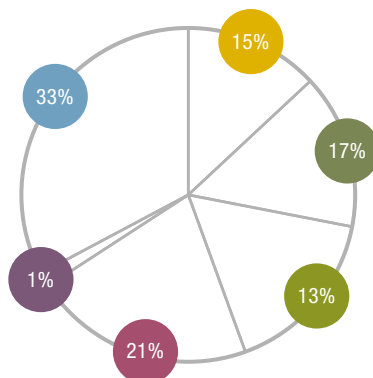
The company's regard for professional skills is also demonstrated by its implementation of structured people management and development processes.

→  *Performance processes, feedback and 360 degree perspective*

Another significant factor in the development of the business is the ability to act in

Geographical distribution of eni people in 2013

- Africa
- Americas
- Asia
- Australia and Oceania
- Italy
- Rest of Europe



Knowledge management system

65

Communities of Practice

Over

5,600

participants

“

Professional skills are also enhanced using structured people development processes.

harmony with local operational contexts and to weave effective relationships based on mutual cooperation with the local areas where **eni** operates, investing, anywhere in the world, in the acquisition and professional growth of local people and giving them positions of responsibility.

The continuous increase in recent years of people recruited abroad (+60.7% since 2005) and in the positions of responsibility assigned to local people (+59% since 2005) bears witness to **eni**'s commitment to the internationalization of its business and the value it places on all its people. In 2013 a total of 64 positions were "localized", i.e. assigned to local people rather than to expats. The proportion of managerial positions occupied by local people went up from 22.82% in 2011 to 27.9% in 2013. Valuing local people includes giving them the possibility of developing international career paths, through effective management of the international mobility processes. In 2013 new instructions for international assignments, in cities and in rural areas, were issued to promote, in a clear and transparent manner, the opportunities for international assignment available throughout the world for people of all nationalities. The definition of the SDGs places the issue of work, in terms of both working conditions and pay, at the centre of the sustainable development agenda. The contribution made by **eni** to the issue of work from the perspective of the global sustainable development goals can be

described as: guaranteeing work that is qualified, fairly paid, characterized by high safety standards and which, by giving priority to the employment of local people, can also contribute to social and economic development in the areas in which it operates.

In parts of the company where it has been necessary to conduct business optimization processes, the participatory industrial relations system acts as a fundamental tool for effective management of the company's restructuring processes. Accordingly, through a rigorous process of consultation and discussion with the trade unions, various agreements were reached during 2013 to support and promote efficiency processes for organizational and production facilities at those **eni** sites experiencing difficulties. The agreement signed in February 2013 with the Assemini petrochemical plant allowed for the redevelopment of the assets in parallel with the launch of a professional retraining plan for the resources concerned. The agreement signed in March 2013 on the redevelopment project for the Priolo petrochemical plant used, as levers to relaunch the company's competitiveness, organizational flexibility, flexible working hours and the operational flexibility necessary to ensure the deployment of resources in roles of specific contingent necessity, also through the provision of specific training opportunities. The industrial restructuring agreement for the Gela Refinery signed in July

+60.7%

increase in people recruited abroad since 2005

27.9%

local people in managerial positions in 2013

“

An intense process of consultation and discussion with the trade unions has supported efficiency processes for organizational and production facilities at **eni** industrial sites experiencing difficulties.

2013 came about during a period of fundamental structural crisis for the refinery industry, which in Italy has produced, among other things, a significant drop in the demand for oil and gas products and a contraction of margins to a historical minimum. In Gela the crisis has made it necessary to review the industrial model applied at the site in order to adopt a relaunch plan for the refinery, with the aim of restoring its competitiveness and establishing the

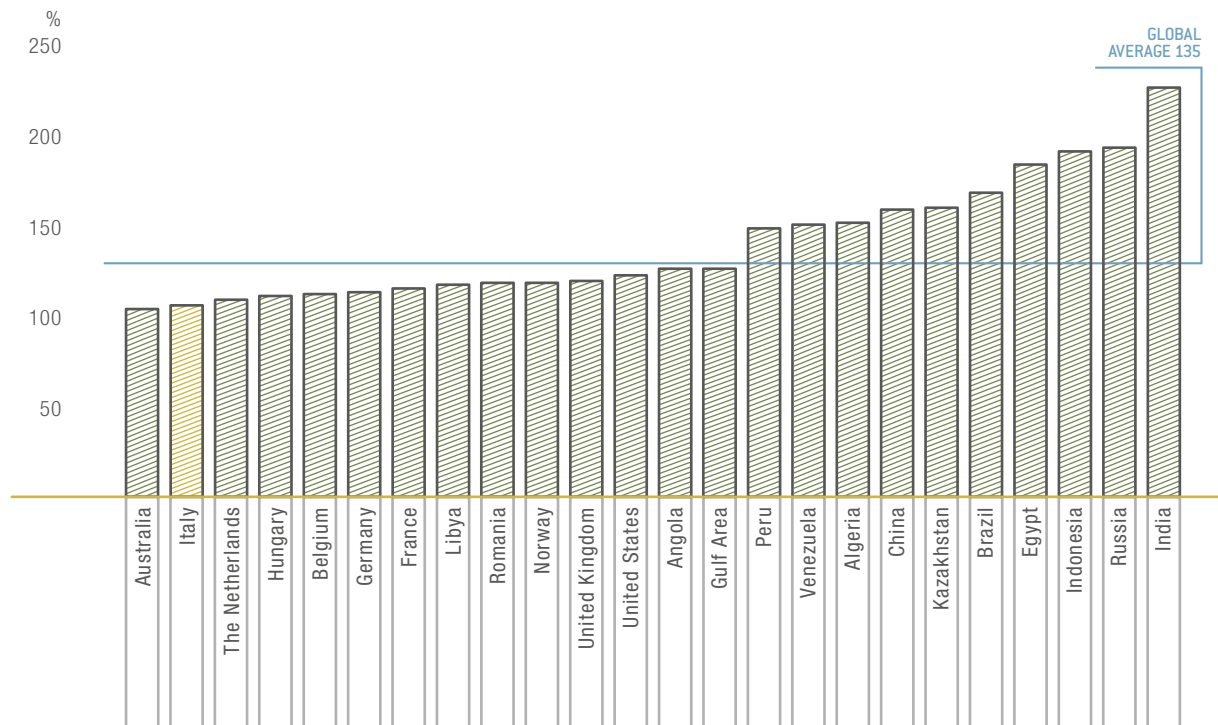
conditions for an economically robust and more environmentally compatible refinery. This plan will concentrate on ensuring the best use of the professional skills available at the Gela site through the development of new industrial initiatives, a training centre and qualified safety team, decommissioning activities and new investments in the restoration of plants and land. It will also involve use of redeployment within **eni**, redundancy schemes and other “social buffers” to

reduce the impact on the resources concerned.

To facilitate entry and reinsertion into the world of work, **eni**, through Eni Corporate University, has developed the “Trust is Energy” project, started in 2013 to provide scholarships and support for the training of young talents, as part of professional qualification projects and/or personal and social support to overcome a difficult situation.



Ratio between the **eni** minimum salary and the market minimum salary



The project is based on three agreements:

- the “Provveditorato Regionale dell’Amministrazione Penitenziaria della Lombardia” (Regional Prison Service - young detainees)
- the “Istituto Martinitt” (young people from outside the EU)
- the “Ufficio Pio della Compagnia di San Paolo” (ex detainees).

eni is aware that the great variety of contexts in which it operates and the diversity of its workforce are unique elements of its business which represent a rich resource that should be properly valued through an inclusive and non-discriminatory management approach.



In order to increase awareness of this aspect amongst its people, in 2013 **eni**, in collaboration with Eni Corporate University and the International Labour Organization, has developed an on-line course that provides more in-depth information on ILO Convention No. 111, the international regulation on discrimination in employment and occupation.



This initiative, developed as part of **eni**'s wider commitment to safeguarding human rights, is based on the conviction that increasing everyone's awareness of the importance of equality and non-discrimination is a fundamental requirement for the creation of an inclusive environment that both values and promotes respect for diversity. All over the world, **eni**'s people will be able to access the course, available on the company intranet in Italian, English, and Russian.

Furthermore in 2014 an on-line training course will be available with specific technical content for the HR department. Participation will be obligatory. The aim is to reinforce the necessary skills required to prevent discriminatory management practices and to support all **eni**'s people in this specific area.

In addition to diversity in terms of participation of people from other Countries, gender diversity is important for the company. Already included in the MDGs, gender equality and the role of women will probably be part of the Post-2015 Agenda.



eni is aware that the diversity of its people is a resource to be valued by inclusive and non discriminatory management.



One aspect of gender diversity is that of valuing women in their professional careers, including with regard to executive positions in companies. The CONSOB report "On Corporate Governance of Italian listed Companies" published in November 2013 shows that at that date 17% of board positions were held by women (at the end of 2011 it was 7.4%)¹, a figure which takes the Country closer to the European average, for example the percentage in France (22%)². These figures are also the result of Law 120/2011 which introduced in

Italy a temporary obligation to ensure that both genders are equally represented on the boards of directors and boards of statutory auditors of listed and public companies. These results also reflect the commitment of companies, which have seized the opportunity presented by the new law to invest in the renewal of their corporate appointment structure, placing greater value on merit and skills, ultimately benefiting the companies themselves and the Country in general. Gender equality in the world of work, understood not only in terms of

opportunities for access to paid work, but above all as opportunities for professional development, is an essential precondition for female emancipation both within democratic institutions and in society in general.

Female representation in parliament is one of the three areas focused on by the MDGs with regard to female empowerment. The process of defining the SDGs is also in line with this view and many potential targets specifically relate to gender equality.

(1) CONSOB, Report on Corporate Governance of Italian Listed Companies, 2013.
(2) European Commission, Women in Economic Decision Making in the EU, 2012.

During 2013 **eni** confirmed its commitment to increasing the proportion of women in the corporate bodies of its subsidiaries.

In 2013 a significant proportion of female representation in the executive bodies of the 47 Italian subsidiaries was reached, with 24.3% of Board of Directors positions and 27.4% of Board of Auditors positions occupied by women.

→  *Women on boards*

Increasing awareness of the issue and effective management of the related actions has enabled the company to achieve the targets set by the law one year ahead of the deadline. In the foreign subsidiaries, appointments to the boards of directors allowed the target of a 1/5 female presence to be maintained in all situations where there are no legislative or specific local constraints. Within this context, compared to 11.2% of all positions occupied by women in 2013, 25.84% of positions for which **eni** is responsible were affected by appointments during the year.

A prototype dashboard was also designed and launched to monitor the diversity of the executive bodies of **eni**'s subsidiaries, the aim of which is to extract the diversity indicators for each board (gender, experience, nationality and training).

24.3%

female representation
in the Italian subsidiaries

27.4%

female representation
in Italian Boards of Statutory
Auditors

eni pays great attention to implementing policies that permit and effective work-life balance for its people. Indeed throughout 2013 it maintained its commitment in

this regard by offering a company welfare model that is both qualitatively and quantitatively attractive. The “Work Life Balance” and “Crèche and

Nursery School” programmes, organized to assist **eni**'s people with childcare needs, have been confirmed as priorities.



Lack of coverage in terms of social protection represents a very significant problem for many poor regions in the world. As can be seen from the graph showing the data for 2005-2010, in some regions of the world the number of people without any form of social coverage is significantly greater than the number of people who have it.

Social protection coverage by region



Source: ASPIRE, the Atlas of Social Protection - World Bank.

Physical health is a fundamental aspect of the quality of work.

In addition to implementing all the measures necessary to protect workers' health related specifically to the activities they perform, **eni** is particularly focused on promoting healthier lifestyles and providing, through specific projects, the necessary means of care and assistance.

To this end, **eni** acts on three separate levels:

- primary prevention, aimed at promoting healthier lifestyles with the “**eni** wellness

programme” information campaign and the website “Health Promotion”, but mainly with the “My Trainer On-line” (myto) programme, which is aimed at improving behaviour through healthy and simple everyday choices such as opting for a balanced diet, physical exercise, control of alcohol consumption and smoking;

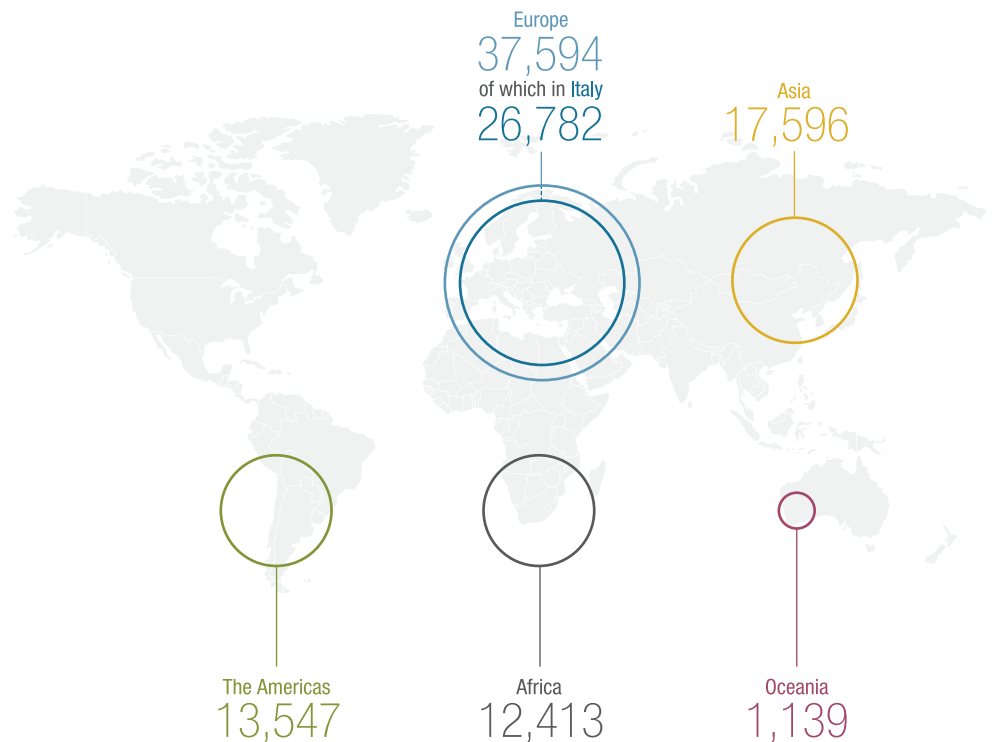
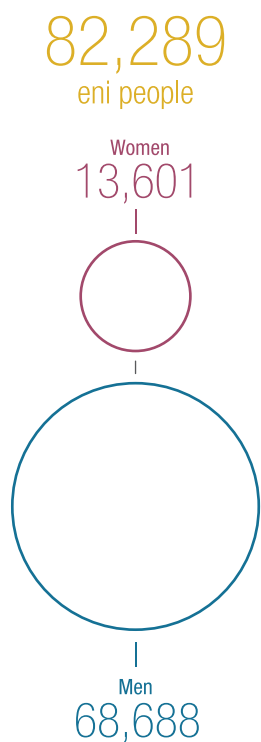
- secondary prevention, involving screening in order to identify at the early stages the onset of any serious

oncological pathologies with the “Prevent with **eni**” programme;

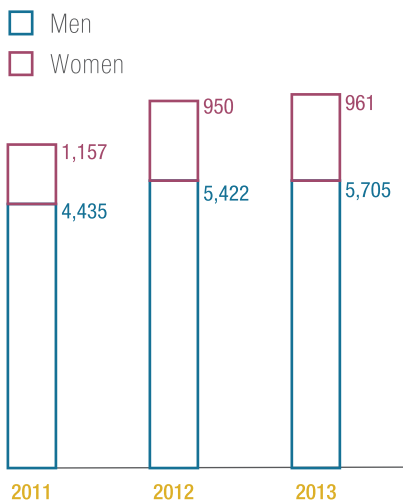
- tertiary prevention, involving the project “A supportive network for the implementation of legislation on the protection of workers with cancer in the workplace” which includes the promotion of accurate information on cancer and the institution of various means of help to support those struck down with a tumour during their working lives.



People



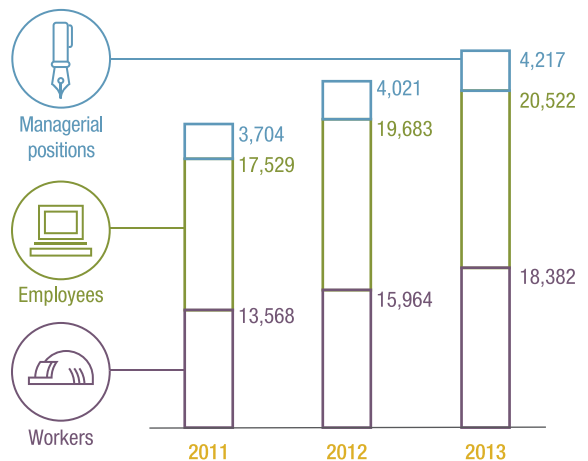
Number of hiring



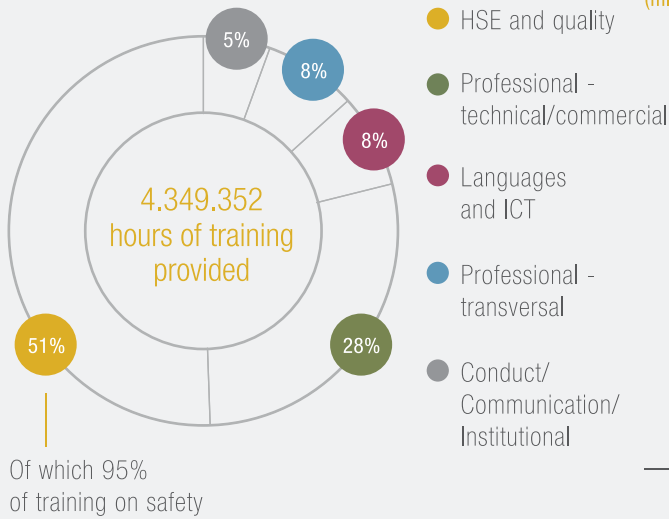
Pay gap women vs men



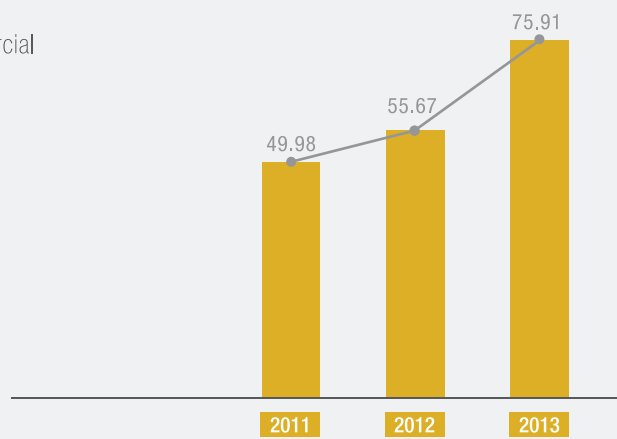
Local employees abroad by professional category



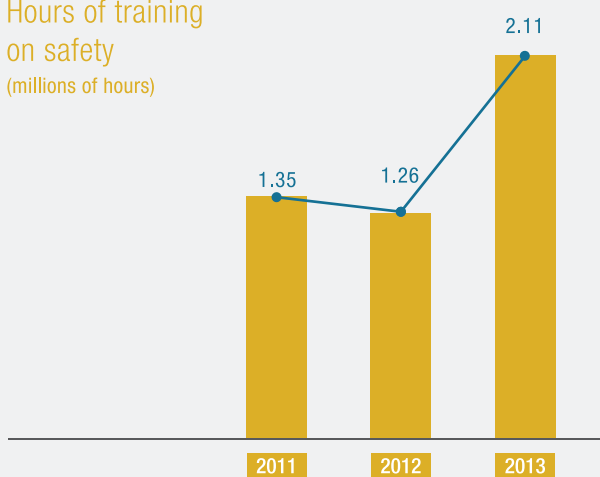
Training hours by type



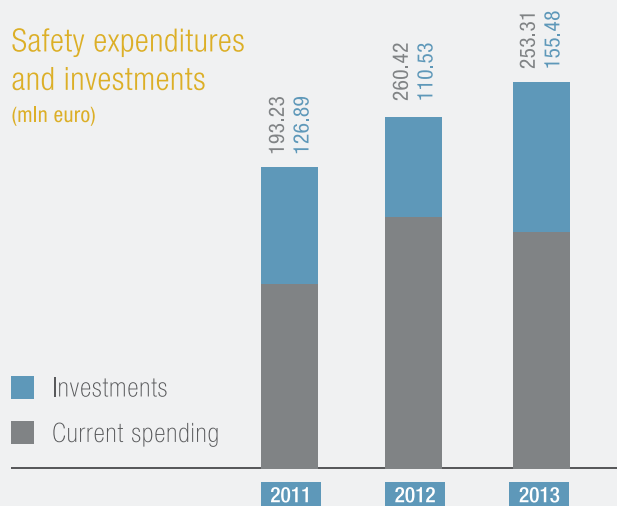
Spending on training (mln euro)



Hours of training on safety (millions of hours)

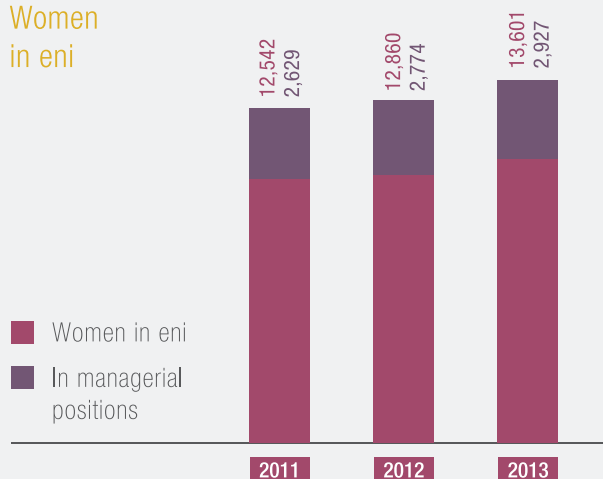


Safety expenditures and investments (mln euro)

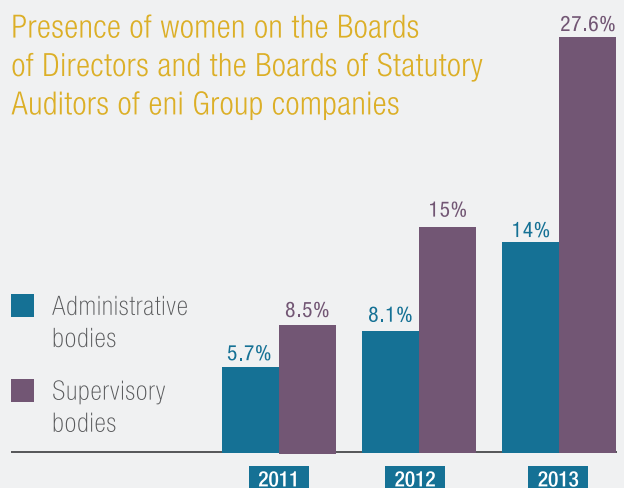


→ Injury frequency rates (page.32)

Women in eni



Presence of women on the Boards of Directors and the Boards of Statutory Auditors of eni Group companies



Natural resources and biodiversity

Commitment to the environment is one of the pillars of **eni**'s sustainability strategy and is rooted in the private sector contribution to the global conference in Rio in 1992. Over 20 years later, **eni** continues to demonstrate its commitment to the environment through the continuous improvement of its results, based on an integrated Health, Safety and Environment management system and the work of around 5,000 people belonging to this professional family.

Environmental strategy

The oil and gas industry faces many challenges with regard to emerging environmental issues. **eni** is committed to identifying and implementing operating technology and working practices that can minimize the impact on the environment, from the earliest stages of the operating cycle, even in particularly sensitive contexts.

→  *Environmental management and protection*

This goal is supported by an effective integrated Health, Safety and the Environment management system. In 2015 **eni**'s target is to ensure that all parts of

the company subject to any significant HSE risk are certified in accordance with the best international standards (ISO 14001 and OHSAS 18001).

eni's efforts in the coming years will be focused on the following aspects:

- the reduction of carbon intensity in all sectors of its operations and the promotion of energy efficiency;
- the identification and adoption of guidelines and operational practices integrated with activities to ensure the reduction of the environmental footprint and the conservation of natural

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In 2015 **eni**'s target is to ensure that all parts of the company subject to any significant HSE risk are certified.



"The future we want", which is the document that represents the main output of the Rio+20 Conference in June 2012, reiterates the crucial importance of environmental protection for the sustainable development of the planet.

Environmental protection is a cross-

cutting issue associated with green and inclusive growth, the promotion and preservation of biodiversity and the wellbeing of society in general.

The process for defining the SDGs which began following the Rio+20

Conference focuses on these topics, making reference, among other targets, to achievement of the global goal of developing clean energy systems with reduced emissions of climate-altering substances and systems to raise the efficiency of water use.

Source: UN, The Future We Want, 2012.

resources, particularly in areas with water shortages and high levels of biodiversity;

- the adoption of the best technologies and the definition of proprietary technologies aimed at reducing environmental risks or promoting new activities as part of a green inclusive economy;
- the use of Remote Sensing for environmental monitoring including the use of Unmanned Aerial Vehicles;
- the introduction of Autonomous Underwater Vehicles in offshore monitoring along with proprietary technology;
- confirmation of our commitments and improvements in environmental performance in line with the expectations of our main stakeholders.

Upstream> In the upstream sector, a reduction in the impact of exploration activities, to which **eni** has dedicated much of its technological innovation effort, is being achieved by adopting advanced

modelling techniques, less invasive technologies and operational procedures to mitigate the potential effects of the sound generated by marine seismic activities.

For 10 consecutive years **eni** has achieved a "zero blow-outs" level in spite of increasingly difficult operating environments and the growth of offshore operations.

The environmental strategy for production activities differs depending on the maturity of the operating fields. The primary objective of **eni**'s consolidated operations is to reduce the environmental impact (reducing gas flaring and increasing the re-injection of production water) by building appropriate infrastructures in agreement with local governments. The new projects, right from the design phase, focus instead on integrating maximum energy efficiency, the exploitation of associated gas and minimization of the impact on biodiversity and ecosystem services.

For more than a decade **eni** has integrated management of biodiversity and ecosystem services within all its

“

eni has achieved the target of "zero blow-outs" for ten consecutive years.

national and international operations and all phases of the project life cycle. The operational sites are assessed, taking into consideration their proximity to areas rich in biodiversity and the presence of species that are at risk of extinction in order to identify priority sites where it is necessary to implement more in-depth assessments. The final stage is the definition of action plans whose objective is to effectively mitigate all possible operational impacts and identify opportunities to make a positive contribution to conserving biodiversity and/or local ecosystem services. Based

on scientific criteria and best practices with regard to the conservation of biodiversity, the mapping allows for a wide enough area surrounding the sites to include the primary, secondary and cumulative impacts potentially associated with the company's operations. 17% of the operational sites have been identified as priority sites owing to their proximity to areas rich in biodiversity. The goal is to increase the number of these sites owning an ad hoc biodiversity action plan. To map sites in areas prone to water shortages, **eni** continues to use the Global Water Tool for Oil&Gas developed by the World Business Council for Sustainable Development and the IPIECA, contributing to the identification of sites requiring more detailed analysis and the development of a water management plan. Similarly, **eni** promotes the effective management of water resources, particularly in areas prone to water shortages, as well as the maintenance and improvement of aquatic ecosystems, by minimizing the impact of its operations in qualitative and quantitative terms and by setting reduction targets for high consumption sites. In particular, **eni** expects to reach its target of reducing consumption of fresh water by 3% in areas prone to water shortages at three sites: Bir Rebaa Nord and Menzel Lejmet Est in Algeria and Abu Rudeis in Egypt. Currently fewer than 20% of the hydrocarbon production plants are situated in areas particularly prone to water shortages. The mitigation actions taken for the sustainable management of water include protecting ecosystems, cooperation with other public and private entities, risk management in relation to potential floods or drought, minimal use of drinking water based also on the needs of local communities and the effective management of wastewater. Furthermore, materials, processes and suppliers or commodity classes with a high water consumption level have been identified and replaced.

Downstream> The downstream sector is characterized by the diversified operations in the European market: refining, chemicals and electricity generation. The maintenance and reinforcement of operations in Europe, contrary to industry trends, has led to significant investment in the best technology, also from an environmental point of view.

The refining sector has developed measures to reduce SO₂ emissions, despite the structuring of some assets specifically to process heavy crude oil. **eni**'s refineries are equipped to produce only high quality fuels, with a sulphur content of below 10 ppm. Over the last four years, the refining sector has reduced its SO₂ emissions by 61% (in absolute terms) and by 53% (in terms of the emission index per unit of processed product) and aims to reduce emissions by a further 740 t/year in the next few years. Moreover the production of high quality and more efficient fuels significantly reduces the polluting emissions of the end customer, thereby guaranteeing a reduced impact throughout the

“

eni promotes the effective management of water resources, particularly in areas prone to water shortages.

-61%

SO₂ emissions in the last 4 years in the refining sector

-740 ton/year

of SO₂ emissions in the next few years in the refining sector

product life cycle. Both the conversion of the Gela refinery and the new biorefinery in Venice fit into this picture.



Environmental results of biorefining (page 79)

Also the chemical sector has seen renewed investments and a massive reduction of its impact. The planned reduction in fresh water consumption by 50% over four years and the launch of an ambitious energy efficiency project demonstrate the priority given to the environment in this area.



Energy savings for eni (page 56)

Versalis, **eni**'s chemical company, has also invested in research and plant infrastructures for the new green chemistry sector.



Investments in green chemistry (page 81)

Through its subsidiary EniPower, **eni**'s thermal power sector has also received investments of over 3 billion euro (2001-2013), enabling specific emissions of CO₂ per KWh equivalent to be reduced by over 30% compared to the European average for the sector. This result has been obtained with the use of natural gas in combined heat and power systems enabling the almost total elimination of SO₂ emissions. Even though the emissions and water consumption rates are the best in the industry (406 gr CO₂, 0.158 gr NOX and 0.017 m³ of water for each KWh equivalent produced), a further project is underway to reduce energy consumption and increase energy efficiency.

Also of environmental note in Italy is the work of Syndial, a company set up for the purpose of performing reclamation work at 50 industrial sites (an area of over 4,000 ha), often including third party sites taken on by **eni**. **eni**'s objective is not only to restore the value of the land but also to keep the industrial sites operational and establish cutting edge technology so that the projects can act as a model for future restoration work. Unique plants have been built such as the Groundwater Treatment Works in Gela and Priolo in Sicily, which produce high quality osmotically filtered water for industrial use from highly saline ground water with a hydrocarbon content of 12,000 ppm. At the site in Priolo, 400 million euro were spent on reclamation activities during the 2003-2013 period and in 2013 production of electricity from solar power started at the EniPower plant in Gela (a 5 MWp solar power station) built on the reclaimed phosphogypsum dump. The new photovoltaic field project is the fruit of the partnership between EniPower and Syndial, which has thus been able to significantly reduce the costs of "capping" the dump. The Gela Refinery has connected up its own electricity grid and Saipem supplied the engineering services. The plant, which can supply up to 5 MW of power, will reduce atmospheric emissions of carbon dioxide by about 4,500 tons a year.

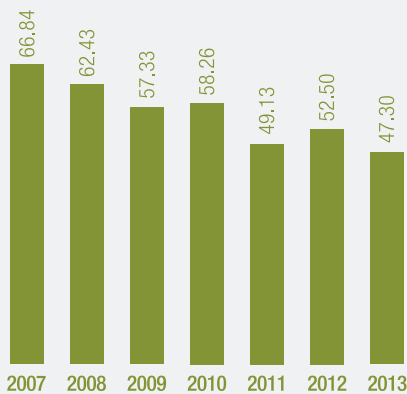
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The chemical sector has the goal of reducing fresh water consumption by 50%.

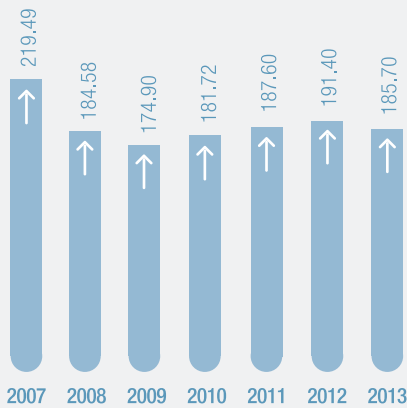
Environmental results



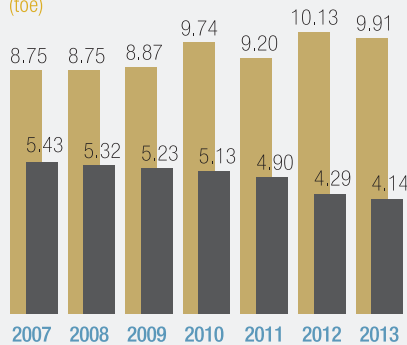
GHG emissions
(mln tonnes CO₂eq)



Fresh water withdrawal
(mln m³)



Net consumption of primary resources
(toe)



101.83
NO_x emissions
(ktonnes NO₂eq)



27.95
SO_x emissions
(ktonnes SO₂eq)

47.30
GHG emissions
(mln tonnes CO₂eq)



185.70
Fresh water withdrawal
(mln m³)



55%
Reinjection of
production water



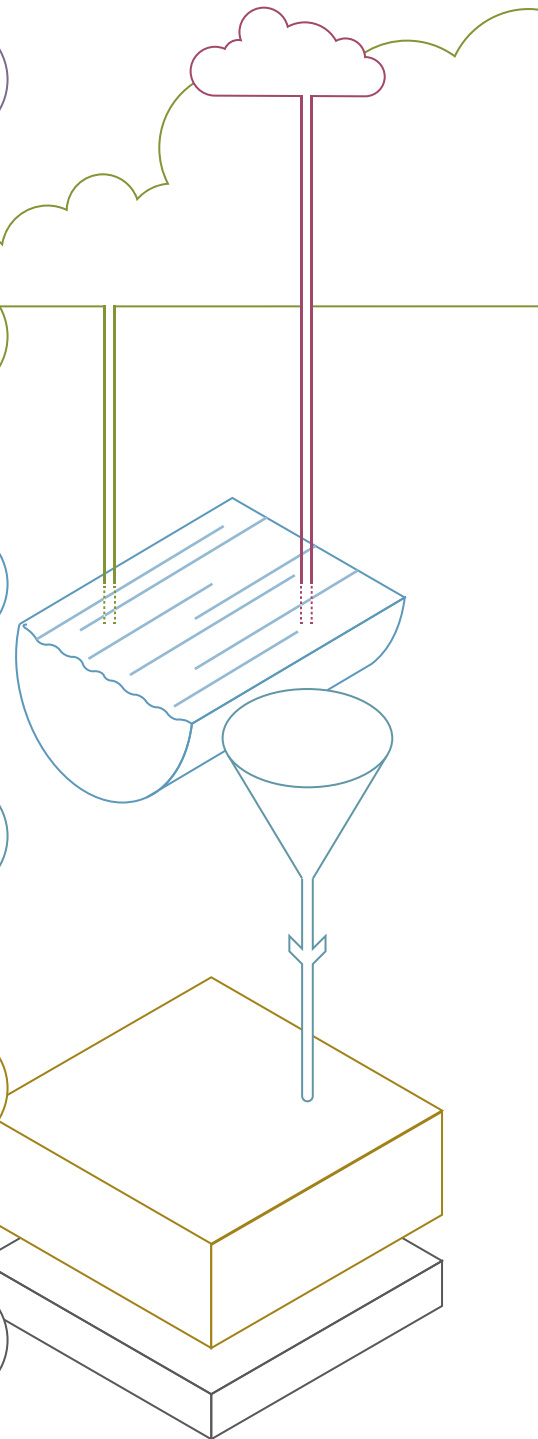
122.3
Production of natural gas*
(mln m³/day)



833
Oil production*
(1,000 barrels/day)

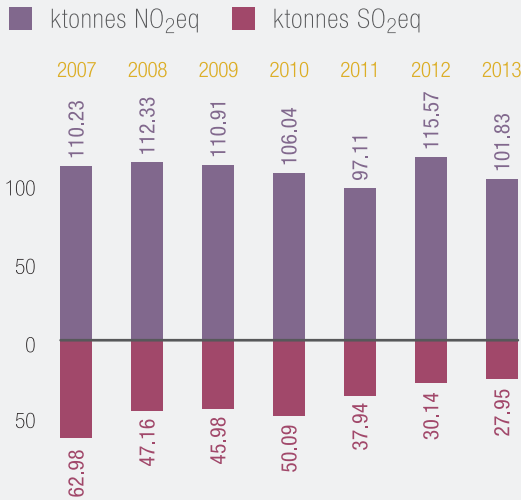


(*) Production concerns also joint ventures and subsidiaries.

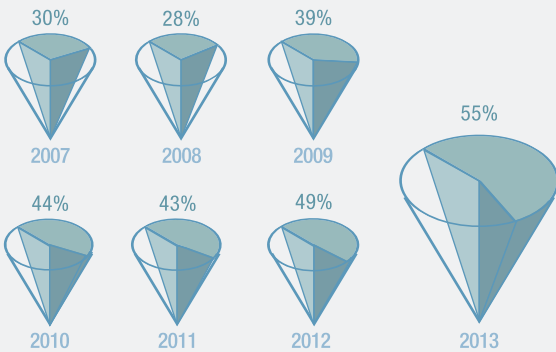




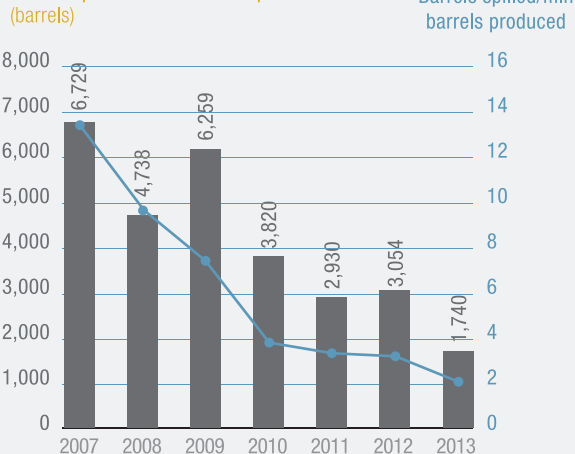
SO_x and NO_x emissions



Percentage of production water reinjected



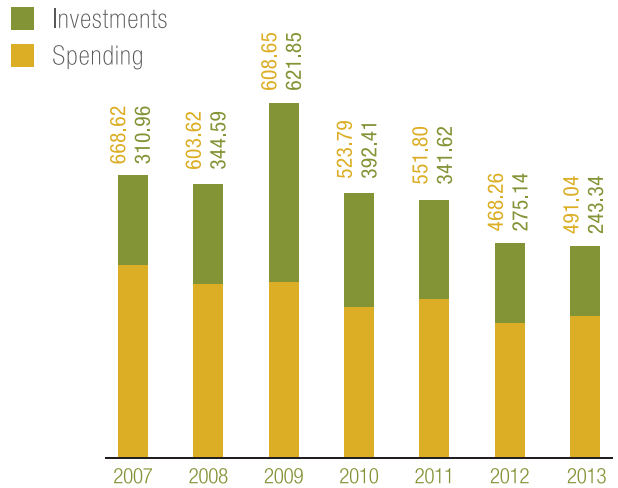
E&P operational oil spills



The 2012-2013 data include only oil spills > 1 barrel.
For the previous years the data show also the spills < 1 barrel.

Environmental spending and investments

(mln euro)



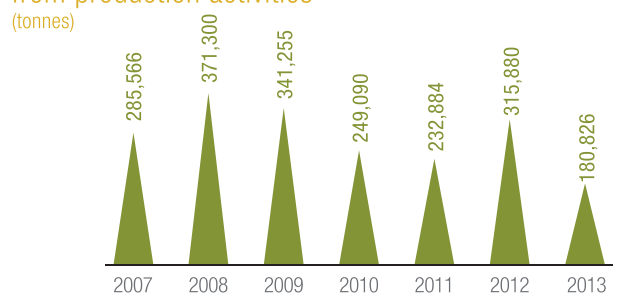
Waste from production activities

(tonnes)



Recovered and/or recycled waste

(tonnes)



Sustainable energy and climate change

A ccording to the Secretary General of the United Nations Ban Ki-Moon “Energy is the golden thread that connects economic growth, environmental health, social fairness and opportunity allowing the world to prosper.¹”

eni believes that its contribution to enabling access to energy in the Countries where it operates through energy efficiency and sustainable resources is a concrete example of the validity of this statement.

(1) Message to the World Energy Congress, 2013.

Strategy to combat climate change



Even though the situation is changing dramatically, hydrocarbons will continue to be the main global energy source for a long time to come according to the International Energy Agency (IEA)¹.

Over the next few decades oil and natural gas will be irreplaceable sources of energy for mankind's wellbeing, both with regard to the emancipation from poverty

of hundreds of millions of people in developing Countries and for the stability of production and employment in the developed countries. Use of renewable sources, even though it will increase over the next few decades, will continue to satisfy only part of the future demand for energy.

The rational use of fossil fuels and the

identification of new sustainable options must at the same time allow the pursuit of economic development, the protection of the environment and the mitigation of climate change. The oil and gas industry has focused particular effort on reducing gas flaring, which has shown a decreasing trend both at the aggregate level and in the main producing Countries.

(1) IEA, World Energy Outlook, 2013.

The challenge for energy companies and for **eni** is to contribute to the rational use of fossil fuels and identify new sustainable options that allow for economic development, access to energy for those currently excluded, the protection of the environment and the mitigation of climate change. This challenge must be addressed in both the short and medium to long-term.

In the short term **eni** believes it will be necessary to pursue the sustainable use of fossil fuels. All Countries, from industrialized ones to those with newly emerging economies, must commit to

achieve maximum efficiency in the use of fossil fuels.

In this context the private sector must play a leading role.

In the medium to long term **eni** believes the energy mix must be made more sustainable by promoting low carbon sources, starting with natural gas and non-subsidized renewables, overcoming current technological limits and encouraging research to develop more efficient technologies.

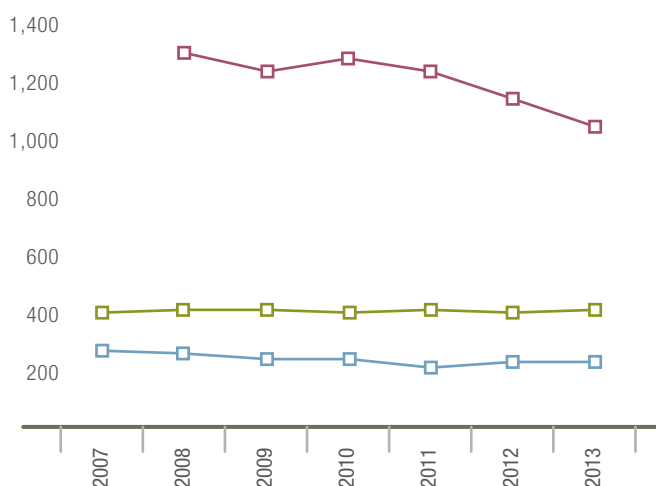
For many years **eni** has been committed to combating climate change by reducing flaring and increasing energy efficiency.



eni is committed to combating climate change by reducing flaring and increasing energy efficiency.

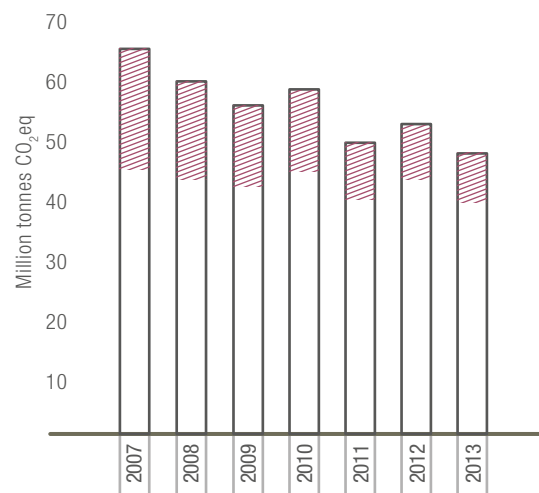
CO₂ emissions index

- R&M (ton CO₂eq/uEDC)
- E&P (ton CO₂eq/ktoe)
- G&P (gCO₂eq/kWheq)



Direct GHG emissions

- Direct GHG emissions
- ▨ Of which from flaring



With regard to flaring, **eni** continues to pursue its commitment through its participation in the World Bank's "Global Gas Flaring Reduction" initiative. **eni** has also adopted a programme to progressively reduce gas flaring and promote Access to Energy in Sub-Saharan Africa.



Installed power for the access to energy projects (page 54)

The reduction of gas flaring is firmly linked to the capacity of the Countries where **eni** operates to invest in energy infrastructures to enable use of natural gas (gas pipelines, local distribution, LNG terminals, power stations). **eni** has overcome such difficulties by investing directly in the construction of power stations and gas pipelines, implementing solutions guaranteeing the progress of the host Country. Between 2007 and 2013 **eni** reduced the volume of associated gas flared by 65%. In 2013 the volume of associated gas flared could be attributed mainly to three Countries: Nigeria (34% of the total), Congo (23%) and Libya (32%). In these Countries **eni** has focused its efforts to launch flaring reduction projects: in Nigeria between 2007 and 2013 flaring was reduced by over 73%, also as a result of two important projects completed in 2012-2013. By 2017, 5 significant initiatives aimed at achieving the almost total reuse of the associated gas produced will be launched. In Congo the M'Boundi flaring down project was completed in March

2014, with zero flaring. **eni** continues to pursue the goal of "zero gas flaring" by investing in new flaring down projects in its current production fields. This target however may not be achievable by 2017 mainly due to the current difficult social and political context in Libya and Nigeria.

Nonetheless, by that year, **eni** intends to reduce the volume of gas flared by over 80% compared with 2007 values. With regard to medium to long-term actions, the use of natural gas is central to achieving the goal of a low carbon society. **eni** is a leader in the sale of natural gas in Europe and can boast various successes in exploration for new gas reserves such as the recent discovery of a giant gas reservoir in Mozambique.

eni uses natural gas to power its own thermal power plants, which have lower emissions than the industry average in Italy and Europe. Soon there may be new opportunities for the use of gas in the transport sector (land and sea), thereby allowing the development of the full potential of this low carbon fuel.

From a long-term viewpoint, **eni** is investing in research to overcome the current limitations of renewable sources. In particular in 2013 **eni** renewed its strategic alliance with the Massachusetts Institute of Technology, a joint project focused on the development of new technologies in support of the Oil & Gas core business – including new generation solar energy – and continued its work



Between 2007 and 2013 **eni** reduced the volume of associated gas flared by 65%.

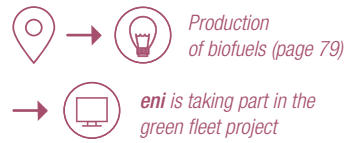
-73%

gas flared in Nigeria
in the 2007-2013 period

with the CNR (Consiglio Nazionale delle Ricerche) and other Italian universities.

eni has also invested in technology to substitute the use of fossil fuels where this is environmentally and economically sustainable. Some examples are the launch of the biorefinery in Venice in 2014 with **eni**'s proprietary technology – UOP, and the building of an electric power plant in Porto Torres to use renewable

energy sources such as biomass waste.



In the long term, the impact on the climate of fossil fuels can also be reduced by industrial scale underground injection of CO₂. In order to limit the potential damage caused by the rising frequency and intensity of extreme

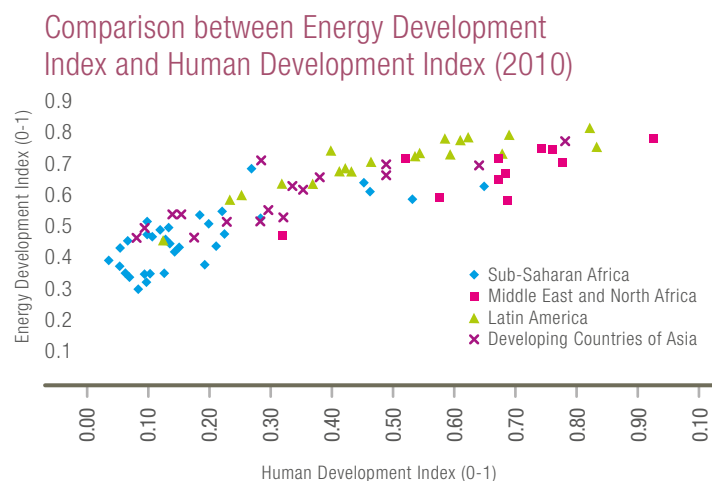
weather events, climate change adaptation initiatives are planned starting from a careful assessment of the main risk factors linked to this issue. These will define suitable adaptation solutions, using the combined efforts of both the public and private sector. The criteria used in the planning and design phase, particularly in the regions most affected by climate change, will take into account the likely intensity and frequency of extreme events.

Access to energy

Access to modern forms of sustainable energy is a prerequisite for the development of any territory. Access to energy has often been defined as the missing “Millennium Development Goal” and, given its extreme significance for socioeconomic development, the process of defining the Sustainable Development Goals has been marked by international consensus on the role of energy with respect to sustainable development. A comparison of the Energy Development Index, developed by the International

Energy Agency (IEA) to monitor the energy progress of Countries, and UNDP's Human Development Index shows that there is

a direct correlation between the use of modern forms of energy and the development of Countries.



The focus on energy as a prerequisite for global development is also reflected in the ongoing debate on the definition of the Sustainable Development Goals. This has placed energy at the heart of the strategy to achieve green and inclusive growth.

eni is aware of the responsibilities and opportunities associated with its role as an international energy company with a presence in 85 Countries.

From this perspective, **eni** sees access to energy as a central issue as well as a real operational model for discussion at the international level in support of sustainable development policies.

Starting with the Sustainable Energy for All initiative, which had **eni** among its first supporters and which is now one of the strategic planks of the United Nations sustainability initiative, 2013 saw the consolidation of various new undertakings. As part of the UN Sustainable Development Solutions Network (SDSN) **eni's** CEO, in addition to his role on the Network's Leadership Council, also leads the initiative Energy for All in Sub-Saharan Africa.

This initiative has the task of identifying and promoting real and repeatable solutions to improve access to energy in the region. **eni** is the Official Partner

for Sustainability Initiatives in African Countries for Expo Milan 2015.

The partnership involves initiatives to promote development and access to energy in the Countries where **eni** operates, in particular in Africa, in partnership with the SDSN. Moreover, **eni** is one of the founders of the "World Access to Modern Energy & Expo 2015", an association born from the collaboration between eight large Italian and European energy companies and Expo 2015 SpA, with the common goal of promoting access to energy at the Expo 2015.

Participating in this initiative **eni** is also contributing with the skills and resources of the **Eni Enrico Mattei** Foundation.



eni sees access to energy as a central issue as well as a real operational model.

Sub-Saharan Africa is the region most affected by the paradox of rich resources combined with high rates of energy poverty. According to the International Energy Agency, the global electrification rate is almost 82%, but in Sub-Saharan Africa it is less than 32%. Urban and rural electrification rates also reflect this situation, with respective rates of 93.7% and 69.0% at the global level, whereas for Sub-Saharan

Africa the rates are 55.2% and 18.3%.

This means that 598.7 million people living in Sub-Saharan Africa do not have access to energy, almost half of the global figure (1.2 billion). This situation is set to worsen: estimates show that in 2030 energy poverty in Asia will be dramatically reduced whereas – at current rates of investment – it will increase in relative terms in the Sub-Saharan Region.

(1) Source: World Energy Outlook 2013 - Electricity Access Database.

Contributing to the growth of local energy systems is an integral part of **eni's** development strategy and it is a significant aspect of its operations and business model. It provides the company with new opportunities in the Countries where it operates while at the same time laying the foundations for sustainable development.

eni works alongside the governments of the producing Countries to identify and plan effective and efficient solutions for the development of local energy systems, supporting national companies in the extraction, production and infrastructure construction activities required to benefit from their resources. In recent years **eni** has experienced significant international expansion, due mainly to its many exploration

successes and the strengthening of existing operations. In addition to the keen attention paid by the company to the regions where it operates, these results reflect an approach based on a culture of operational excellence.

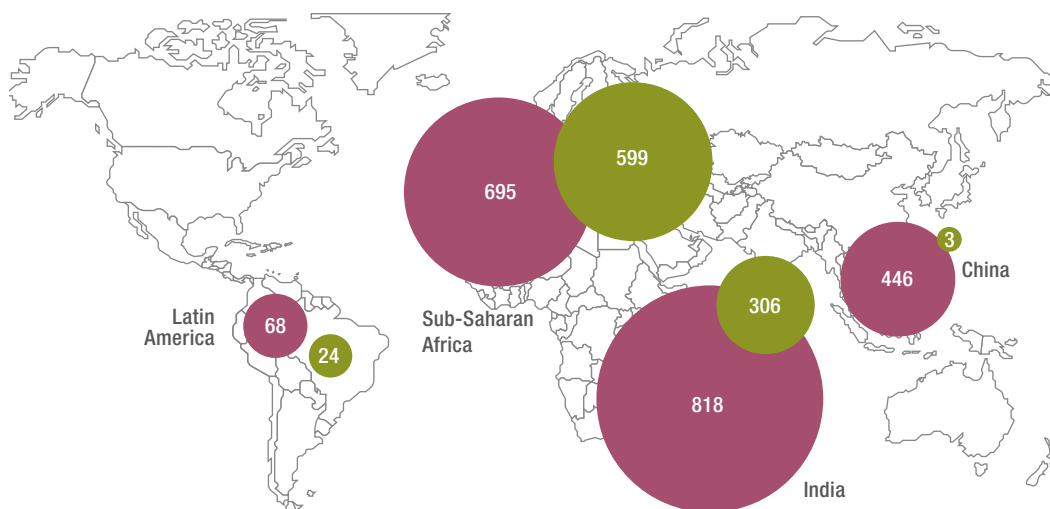
This is also demonstrated by the company's development of modern and functional energy solutions. All of this contributes to making **eni** a useful partner for Countries fighting against energy poverty, particularly in Sub-Saharan Africa.

eni was the first international energy company to invest in the production of electricity in Africa using associated gas that was previously flared. This offered a development opportunity for communities while reducing the negative effects on the local environment.

“

eni was the first international energy company to invest in the production of electricity in Africa using associated gas that was previously flared.

Adapted from the IEA World Energy Outlook 2013¹.



- Population without electricity (million)
- Population that uses biomass as a source of energy (million)

Nigeria > In Nigeria these initiatives are part of a Gas Master Plan implemented in agreement with the Federal Government. The first initiative started in 2005 with the inauguration of the Okpai power station, which has an installed power of 480 MW. This was followed by the activation of a gas supply contract for the 150 MW power station owned by the River State Government. **eni** also facilitates community access to electricity through the construction of networks connected to industrial plants. These grids serve 28 villages (around 200,000 people), while at the end of 2013, 34 communities (78,500 people) were being served by independent (off-grid) electrification systems. In 2013 **eni** completed the project for the supply of electricity to the communities nearby the Okpai power station, which is now the source for 26 km of high and low voltage cables, including 8 transformer substations, with a maximum load of around 3 MW. The costs of the project were around 6 million USD (1.2 million USD, equivalent to a 20% **eni** share). In addition to the investments already made for these projects, in 2013 other access to energy initiatives were implemented such as the construction of electrical works, the supply of generators, the procurement of transformers, the connection of some communities to the national grid and the construction of overhead lines and street lighting.

→  *Kwale Okpai Project, Nigeria*

Republic of the Congo > In the Republic of the Congo, the acquisition in 2007 of the M'Boundi onshore field allowed **eni** to develop an access to energy model on a large scale. In addition to the Djeno electric power station (CED), whose capacity doubled in 2009 from 25 to 50 MW, in 2010 **eni** built the Congo electric power station (CEC) with an installed capacity of 300 MW. Both of the Congolese power stations are fuelled by gas from the M'Boundi field and were added as part of a programme which also provides for the renewal and reconstruction of the high voltage national network between Pointe Noire and Brazzaville (550 km) and the development of the electricity distribution network in the city of Pointe Noire. Today Pointe Noire's energy is supplied entirely by the CEC power station, whereas the surplus power that is not used at Pointe Noire is passed on to Brazzaville through the modernized high voltage network. **eni's** project has enabled the widespread distribution of electricity and the installation of street lighting in Pointe Noire. In the last three years demand for electricity in the city has increased by 60%, passing from 80 to 130 MW. The project has enabled supply to be extended to cover an area inhabited by around 350,000 people, or 40% of the city's population and has enabled the installation of more than 6,500 street lamps. In general the 2 power stations mentioned above constitute around 60% of the installed capacity in Congo; the power of the CEC alone would

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In 2013 **eni** completed the project for the supply of electricity to the communities nearby the Okpai power station.

480_{MW}

installed power in Nigeria

350_{MW}

installed power in Congo

40%

the population of Pointe Noire served

currently be able to satisfy the average daily demand of the Country. Furthermore, in 2013 a new gas exploitation project was completed in the Kouakouala field (M'Boundi area), which, through a system of generators, supplies electricity to two villages situated near the field, supplying power for the water well pumps, schools, health centres and public lighting. Alongside these initiatives, there is the Integrated Hinda Project (IHP), which, in a more structured manner, is aimed at improving the living conditions of the population of the M'Boundi area through integrated action in four fields: education, health, access to drinking water, and agriculture.



An inclusive and sustainable intervention strategy: The Integrated Hinda Project (page 68)

Access to energy is a key element of the IHP project. Accordingly action has been taken on electrification in all sectors, thereby improving the effectiveness and usability of the project results. The overhaul/construction of six systems for the supply of drinking water, powered through the installation of solar panels and diesel generators, was completed in 2013. In addition, work was also completed on equipping

another three schools in the project area with an electricity supply system powered by solar panels. The device will be optimized by connecting the solar panels to energy accumulators to increase the energy storage capacity and extend the use of the services after sunset. These interventions at the infrastructure level help to improve the quality of the scholastic services supplied. The electrification of schools in rural areas helps to increase the number of evening classes, makes schools in remote areas more accessible and attractive to teachers, and allows the use of computers and the Internet. A total of 10 schools are to be renovated as part of the project. With regard to access to water, the use of electricity to power the water well pumps alleviates in terms of time and distance the burden associated with the daily task of obtaining water, above all for the women and children of the rural communities covered by the Hinda Project. The electrification of health centres means that vaccines and medicines can be stored in fridges, tools and equipment can be sterilized before use, and patients can be seen in the evenings. Access to energy enables the use of modern mass media

communications to increase awareness about the fight against HIV/AIDS and other diseases that are preventable with adequate access to information.



Mozambique In Mozambique, within the framework of agreements made with the Country's government, in 2013 **eni** undertook the commitment to build a 75 MW power station in the province of Cabo Delgado. This represents a first step in a wider framework of cooperation on access to energy, which includes research on the potential for electrification projects, including off-grid ones, for local communities. In partnership with the Earth Institute, **eni** has carried out a study on the potential application in remote areas for reliable energy supply services, powered by a combination of renewable and non-renewable energy sources.

Access to energy is deemed to be a key factor in progress with regard to development goals in education, health and agriculture. In 2013 **eni** spent 1.5 million euro on access to energy as part of social projects to benefit local communities.

Energy efficiency



The United Nations Sustainable Energy for All (SEFA) initiative proposes three goals: the promotion of access to energy, renewable energy and energy efficiency. On the last of these, the initiative has set the ambitious target of doubling energy efficiency by 2030¹. In monetary terms, such a result could lead to annual savings between 250 and 325 billion dollars².

(1) UN, Sustainable Energy For All - An Action Agenda, 2012.
(2) UN, SEFA, Improving Energy Efficiency, 2013.

The progressive diffusion of energy management systems bears witness to our commitment to energy efficiency. At the end of 2013 **eni** obtained eight ISO 50001 certifications (the Venice refinery was among the first plants to be certified in Europe and the first in Italy).

The refinery and chemicals sectors are the most well established, having started promoting energy efficiency programmes since 2000. The projects implemented between 2008 and 2013, enable energy savings of 327 thousand toe/year, at operating speed, amounting to a reduction in emissions of around 800 thousand tonnes of CO₂. Over the next four years, energy saving projects will enable a further saving of 150 ktoe/year at operating speed. In the refining sector, in 2013 the EST plant in Sannazzaro was launched using innovative proprietary technology (1.1 billion euro of investment). This technology allows to process heavy crudes in order to obtain quality light fuels (diesel and naphtha) by separating the sulphur and reducing the residue to 1%, without producing heavy fuel oils.

With regard to research on industrial lubricants, **eni** has continued its collaboration with General Electric on two new formulae for high performance turbomachinery with advanced energy saving characteristics. The plan is to carry out a field trial with a turbine at the refinery in Livorno. Again in the field of high efficiency products, the chemical sector has developed an innovative material for the thermal insulation of buildings.

The goal of the thermal power sector is to maintain the excellent efficiency levels (406 gCO₂/KWh eq) achieved with the use of natural gas and the adoption of combined heat and power systems, sometimes accompanied by district heating networks.

Over the next four years the 43.5 MWe vegetable biomass plant in Porto Torres (one of the biggest plants in the world with an investment of over 220 million euro),

8

ISO 50001 certifications
obtained in 2013

-800 thousand

reduction in tons of CO₂ since
2008 in the refining and chemicals
sectors.

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The goal of the thermal power sector is to maintain the excellent efficiency levels obtained with the use of natural gas and the adoption of combined heat and power systems.

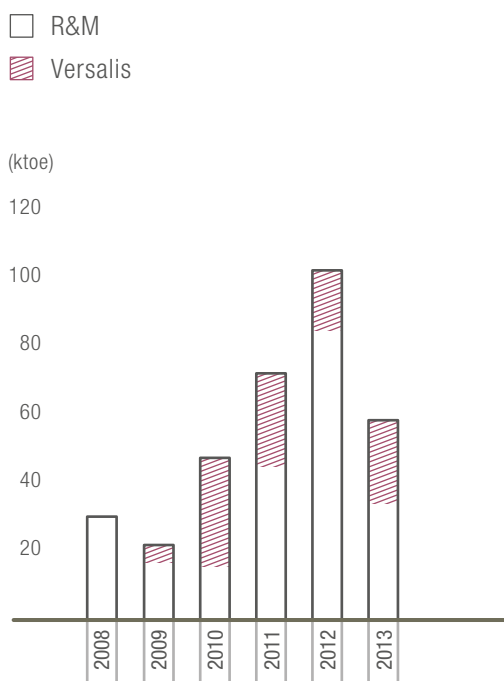
currently in the authorization phase, is expected to become operational, and the refurbishment of the Bolgiano plant (€4 million euro), which will guarantee further improvements in emission rates, will be completed. The Porto Torres plant will be in operation at Matrica's Green Chemistry Hub and will guarantee the effective reuse of thistle waste.

In order to exploit biomass energy, **eni** in the medium-term is focusing on the production of biofuels derived from urban and industrial waste and from the conversion of cellulosic biomass, with the aim of obtaining energy vectors that fully comply with the stringent sustainability criteria established by the European Union. In the long term, **eni** plans to make the process of producing bio-oils from biomass more competitive and to develop synthetic biology technologies in order to produce new biofuels and intermediates for the chemical sector. The "Biomass Energy"

research programme groups together all the activities connected with exploiting the energy potential of biomass and its main objective is to pilot on a wider scale the two transformation processes developed at the **eni**-Donegani Research

Centre. Moreover, in 2013 the first energy efficiency project in the E&P sector was launched. This project will study the possibility of reducing the energy consumed in the production of crude oil (currently around 3.7 barrels out of 100).

Energy efficiency savings at operating speed in the year



New frontiers: deepwater, the Arctic and unconventional

The need to satisfy global energy requirements means that oil and gas exploration and development are increasingly being considered in particularly remote areas or deposits with difficult conditions such as high temperatures or pressure or high

concentrations of sulphur and other compounds.

Deepwater > Despite its limited exposure in this area to date, **eni** is able to operate at maximum levels of safety thanks to the adoption of over 20

proprietary technologies, the use of double blow out preventers, remote management of drilling and the maintenance of company's know-how.

eni expects to increase its production operations in these types of deposits over the next few years.

Arctic>The Arctic represents for **eni**, as for all other oil and gas companies, a significant technological and managerial challenge.

This area offers the opportunity to explore for mineral resources which are however located in sensitive and remote areas that require a greater commitment in terms of safety with a careful analysis of the risks, the use of advanced technologies and the selection of highly specialized people.



eni operates in the Barents Sea (Russian and Norwegian) and in Alaska where it applies the best technologies available in the industry.

With regard to the Goliat deposit in the Norwegian part of the Barents Sea, which will start production in 2014, entirely new engineering solutions have been developed to address the extreme conditions of the area (the particularly harsh climate, extended periods of darkness, communication difficulties, the fragile ecosystem and the specific requirements of the local communities).

The FPSO, which can store up to 1 million barrels of oil, will be supplied with electricity from land, through the longest undersea cable of this type in the world: this will reduce CO₂ emissions by 50%.

The associated gas and production water will be re-injected into the deposit, thereby

minimizing emissions into the atmosphere and the marine environment. **eni**'s approach in the Arctic includes the following fundamental elements:

- Activities are only carried out in the ice-free offshore areas using satellite monitoring to detect the presence of icebergs and remote monitoring of all drilling activities;
- Operations must only take place during periods of the year when there is minimal effect on the marine habitat (in particular on mammals) and the site specific procedures for the conservation of biodiversity are guaranteed;
- Use of the best drilling and well diameter reduction technologies, pressure management, blow out preventers and robotic systems for the prevention and containment of oil spills;
- The involvement of local indigenous peoples, including informing them, protecting their activities and making use of their skills for the management of emergencies (for example the use of fishing vessels for the containment of any oil spills);
- The adoption of technologies and criteria for the assessment and management of environmental and social impacts based on experience gained from joint venture operations in the Arctic.

In order to better understand and respond to

the environmental sensibilities of the Arctic zone **eni** has consulted the NGOs most closely concerned with the issue.

Non conventional resources

eni recognizes that further growth in the oil & gas sector is also linked to the development of non-conventional resources. Currently **eni** is directly involved in exploration operations related to shale gas in Europe and Asia and has a production quota linked to its participation in the shale gas operations in Texas in the Quicksilver Alliance development (**eni** share 27.5%) and in Indonesia for the extraction of natural gas from coal seams (Coal Bed Methane - CBM). **eni** is taking advantage of the skills gained in the USA and has adopted a new operating model aimed at ensuring sustainable development, both in economic and environmental terms, through compliance with the highest operating standards and practices recognized at the international level, the use of cutting edge technologies and new industrial processes. **eni** is also currently conducting a programme of research into shale gas and shale oil, investigating the new technologies of waterless fracturing and modelling the physical phenomena that have the greatest influence on the fluid properties and flow phenomena in the shale.

Local development

The international community uses expressions such as “Prosperity and equality” “fair and inclusive development within the limits of the world’s resources”, “green and inclusive growth” to indicate the primary and most important Sustainable Development Goal. The pursuit of this goal is complemented by **eni**’s business activities in all operational areas, starting from those most in need of investments for development.

Community engagement

Transparency, dialogue, and respect for local communities are the prerequisites for an effective cooperation aimed at adding value to the territory.

“Sustainability Stakeholder Engagement and Community Relations”, a new Management System Guideline issued in 2013 was based on the most up-to-date standards and international best practices. **eni** has used it to update the guidelines on managing its relations with local stakeholders and communities. This way, all of **eni**’s operational guidelines have been gathered in a single regulatory document valid for all the territories where the company operates. Moreover, this has led to reinforcing a relations management concept that is

proactive, systematic, transparent and inclusive in all phases of the business project.

The MSG gives indications on how to effectively and proactively involve stakeholders, analyse the context and assess social impact at the local level, apply tools for consulting with the community and involving it (i.e. grievance mechanism), plan, manage and measure community investment, so that local reporting can be performed.

Not only is transparency achieved through public meetings with the local communities, but by using tools that provide clear information, easily accessible to different audiences.

→  *Contribution to local development*

“

In 2013 the Management System Guideline “Sustainability stakeholder engagement and community relations” was issued.

In Basilicata (Italy), **eni** follows a reporting and communication strategy that involves stakeholders, uses information and communication channels, as well as reporting tools. The office in charge of relations for the **eni** Southern District undertakes one-to-one meetings with representatives of local communities and civil society on a daily basis in order to discuss, debate and work together on issues of specific interest to the area. In June 2013 **eni** held the event "Percorso Energia – Impianti Aperti" (Energy Path - Open Plants), giving around 200 people the chance to visit the plants in Val D'Agri. In addition to this, **eni** launched the website enibasilicata.it, an online platform dedicated entirely to **eni**'s activities in that Italian region. Since 2012, the company has been

periodically issuing its local report.



eni is aware that stable and proactive relationships on the territory should be established from the outset.

For example, **eni** ran the workshop "Operating responsibly within Mozambique's natural and social environment" in June 2013 in Maputo, Mozambique, in order to present its sustainable business model to local stakeholders.

Around one hundred people attended the workshop, including sustainable development experts, representatives of government institutions, national and international NGOs, and Oil & Gas companies such as Anadarko and Statoil.

200

visitors took part in the "Percorso Energia - Impianti Aperti" event in Val d'Agri

Dialogue with NGOs on oil spills in Nigeria

Managing oil spills has been analysed by numerous local and international NGOs for some years. Interest in this issue grew after UNEP published a report in 2011 on contamination from hydrocarbons in Ogoniland, Nigeria (although **eni** does not operate in this region).

The Chatham House report "Nigeria's Criminal Crude: International Options to Combat the Export of Stolen Oil"

published in September 2013 states that bunkering (theft of oil) amounted to 100,000 barrels/day in the first quarter of 2013.

Furthermore, the same report estimates an annual loss due to these activities of between 3 and 8 billion dollars. In March 2013, **eni** declared a state of force majeure and arranged to close down all onshore operations in the so-called Swamp Area, in the Bayelsa state in Nigeria. The decision was taken due to

Grievance Mechanism>

In order to manage complaints from local communities, **eni** has adopted grievance mechanisms, already implemented in Australia, Ghana, Nigeria, Kazakhstan, Pakistan and Congo. These mechanisms are part of a wider strategy of stakeholder engagement that aims to improve relationships, enable a more reactive and responsible management approach, contribute to the company's long-term business prospects and the well-being of local communities.

To achieve this aim, **eni** participates in a project promoted by IPIECA, the global oil and gas industry association for environmental and social issues, to develop guidelines for the Oil & Gas sector on grievance mechanisms. In this regard, **eni** launched a pilot project in 2013, in order to develop a site-specific mechanism for the management of feedback from local communities and to define best practice that

can be a reference for the whole company. The implementation of a formal grievance mechanism in Nigeria has helped the company mitigate social risks and offered several opportunities to plan interventions and countermeasures as part of the development of stakeholder engagement activities. In Nigeria, the Community Relations Manager conducts various mediation activities to prevent or resolve disputes, in order to build relationships between **eni** and local communities and facilitate company operations. The main results include: indemnities paid for spills caused by equipment malfunction and the relevant clean-up activities, agreements on initiatives to benefit local communities and resolution of protests raised by the local communities in relation to the construction activities carried out by **eni**.

In 2013, important issues such as social security, contract management, and plant supervision were discussed with



eni takes part in a project promoted by IPIECA to develop specific industry guidelines on Grievance Mechanisms.

6

of the main subsidiaries covered by the Grievance mechanism: Australia, Congo, Ghana, Kazakhstan, Nigeria, Pakistan

the intensification of bunkering operations, or rather the sabotage of the oil pipelines in order to siphon off the crude. This situation has lately reached unsustainable levels, both from the point of view of peoples' safety and of environmental damage. In 2013 Amnesty International published a new report ("Bad information") on the oil spills in Nigeria due to the activities of oil & gas companies, which include **eni**. As for the document published in 2009 ("Petroleum Pollution and Poverty in the Niger delta"), **eni** has worked with the NGO to provide information and respond

to specific requests referred to in the document. **eni** reiterates its timely intervention in case of any oil spill. Their causes are thoroughly analysed (in 2013 over 90% were due to sabotage), and shared with all the stakeholders, including competent authorities and local representatives. Through its local subsidiary NAOC, **eni**, launched a sustainability website at the beginning of 2014. This provides information on oil spills, flaring emissions and a summary of the impact studies.

→  www.naocsustainability.com

the community through 20 meetings involving local representatives from the Commission for community development, advocacy groups, young people and some women's groups.

A grievance mechanism is in place in Pakistan, too.

The Community Relations & Land Advisor is responsible for receiving and investigating complaints based on the detailed information gathered, as well as advising Management on remedial actions.

Participation in development >

Under the community investment strategy, communities are involved from the outset in defining the hand-over mechanisms for transferring the management of projects to local stakeholders.

In Kazakhstan (KPO), all community development programmes provide for structured community involvement through the Village Councils. Village Council meetings are held by the Consortium, and local community representatives and local authorities take part to it.

The main purpose of the Village Councils is to create a forum where parties and community representatives can share information and ideas about KPO's role in the economic, social and cultural life of the region, and discuss openly the questions raised by the local population about the Karachaganak field.

In the Republic of the Congo, the Integrated

Hinda Project (IHP) is aimed at strengthening **eni's** presence in the area and improving the living conditions of the populations surrounding the M'Boundi field. The project involves 22 villages in the Hinda district, and a total population of over 25 thousand people. It covers a number of linked areas: education, health, access to drinking water and improvements in agricultural production. The interventions are planned and monitored using a management system which uses technical committees to coordinate relevant government ministries and services. The management system was established by an agreement signed by **eni** Congo and the central government. In 2013, 13 coordination meetings were held with the project technical committees. During 2013, significant effort was spent on developing community awareness and involvement through the creation of management committees. These committees have to manage the services and infrastructures created, ensuring they are sustainable from a managerial, technical and financial viewpoint.



The results for the Hinda project (page 68)

For example, in 2013 the empowerment of key local players in the education sector was achieved by:

- Skills reinforcement for 42 teachers in 10 primary schools;
- Improvement of school canteens management in 5 schools;
- Formation and revitalization of



Under the local investment strategy, communities are involved from the outset



In Kazakhstan (KPO) all community development programmes provide for structured community involvement through the Village Councils.



In 2013, 13 coordination meetings were held with the project technical committees.

management committees involving parents and teachers;

- Awareness raising activities for hygiene issues among pupils and teachers.

In Ecuador, **eni**'s consultation and participation procedures are in line with the Ecuadorian law, which requires consultation with the communities affected before any oil and gas operations take place, with the government taking part to such consultations, too. The aim of this process is to ensure transparency on operations that could affect the environment, making sure that the

communities living in the areas affected are sufficiently informed, that their opinions, comments and proposals are considered, and that people's right to live in a healthy, ecologically balanced and unpolluted environment is guaranteed. In the case of indigenous peoples, the procedures for consultation and participation take into consideration the environmental risks that affect their land (either directly or indirectly) and include respect for their culture and organizational structures.

→  *eni in Indonesia*



In Ecuador the consultation process aims to ensure operations transparency.

Local content

The presence of multinational enterprises, particularly in less industrialized Countries, can produce opportunities for learning, technological upgrading, specialization and increasing of efficiency of the entire social and economic local system.

eni creates opportunities for growth and development of people and business skills in the areas in which it operates, encouraging the transfer of knowledge and use of local professionals.

In 2013 the overall share of procurement requirements met by local markets reached 63%. In Africa, the amount procured locally grew from 54% to 60%. The share of procurement requirements met by local markets was above 50% in 39 out of 54 Countries in which **eni** operates. Some Countries reached more than 80%, including Nigeria (94%), Gabon (81%), Indonesia (92%), Vietnam (87%), Poland (94%), Venezuela (92%) and Ecuador (89%).



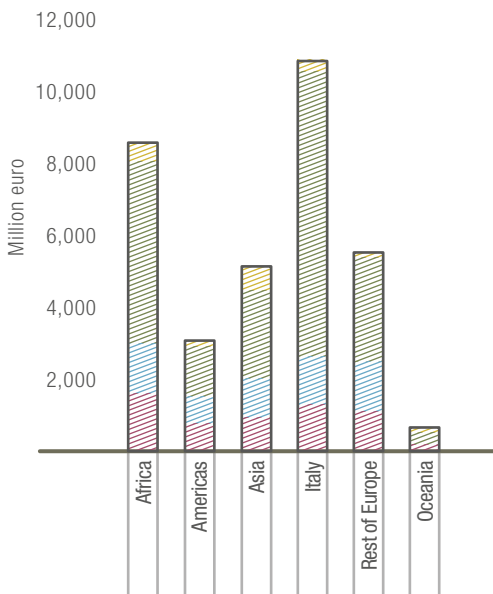
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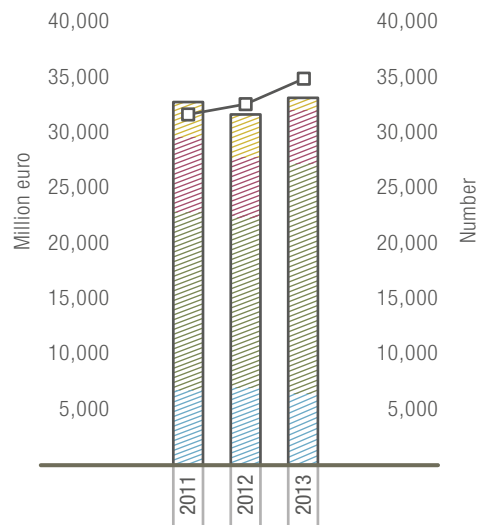
Procurement by geographical area

- Not specified
- Services
- Goods
- Works



Procurement and suppliers used

- Not specified
- Services
- Goods
- Works
- Suppliers used



In the same year, guidelines were added to the Procurement MSG on the management of Local Content. Local content is considered as the added value received by the host Country when the **eni** subsidiary procures locally produced goods and uses local labour in construction works and to provide services. Each subsidiary in the upstream sector develops its own Local Content Framework to define the goals and the reference principles for its management. The framework is drawn up in accordance with the requirements previously agreed with partners and local authorities and in compliance with the applicable regulations, and it defines the Local Content plan, taking into account the analysis of the local market, the risk assessment and the potential for satisfying procurement needs.

Angola> In Angola, **eni** has adopted and implemented a specific Local Content procedure which also aims to communicate clearly its own commitment to local businesses.

Mozambique> In Mozambique, which is a new entrant to the industry, maximizing local content is one of the priorities in the cooperation strategy with the Country. For each tender, a market analysis at the local level is performed in order to maximize the number of Mozambican companies added to **eni**'s Vendor List. Furthermore, when turning to international companies is considered to be necessary, **eni** has introduced specific assessment criteria which include respecting a certain percentage of local content and a plan for its development.

Australia> **eni** contributes to the development of local supply chains, paying particular attention to sensitive areas where indigenous peoples are present. In Australia, every contract tender must provide for the drafting of the Indigenous Affairs Management Plan (IAMP), which includes training for the indigenous peoples in order to increase their employability, the development of local business and the protection of cultural heritage.



Guidelines on the management of local content have been added to the Procurement Management System Guideline.

Spending for the territory

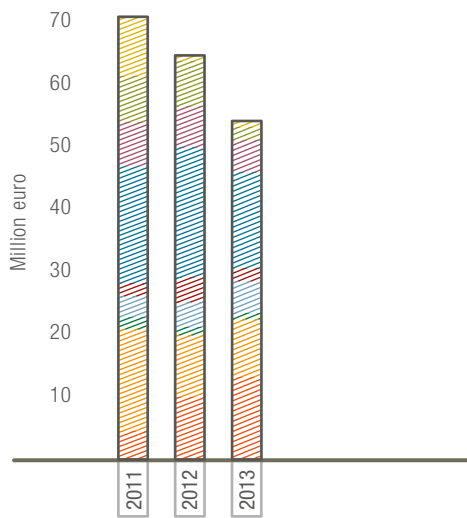
eni cooperates in the implementation of initiatives to ensure autonomous, lasting and sustainable local development, through setting up large skills and knowledge networks, sharing of these resources and capabilities, and working in partnership with local communities and organizations and development promoters. The overall cost for the implementation of these community investment projects amounted to over 57 million euro in 2013, more than 93% of which was spent on exploration and production activities.

Investment in the African continent remains constant and continues to register a positive trend in Sub-Saharan Africa, where 25.7 million euro were spent in 2013, compared to 23.2 million spent in 2012. This undertaking is part of an

More than
100
million euro spent for the territory

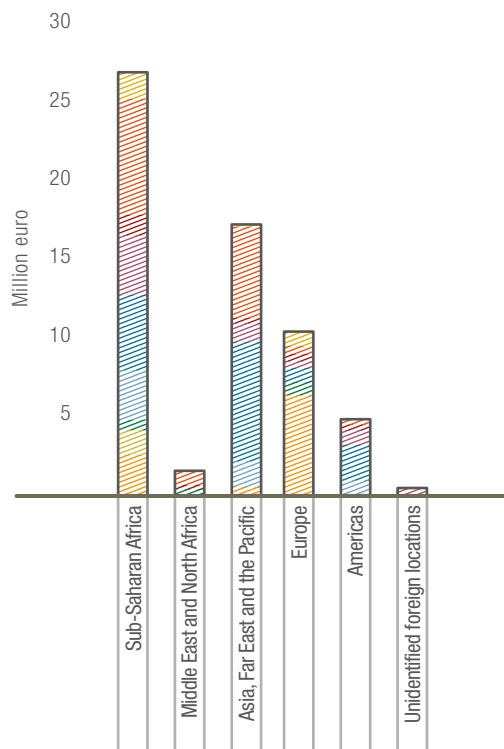
More than
57
million euro invested in community projects

Community investments. 2011-2013 investments by intervention sector



- Access to energy
- Relations with communities
- Socioeconomic development and local content
- Infrastructure development
- Community health
- Instruction and education
- Culture
- Environment
- Professional training/coaching

Community investments. 2013 investments by geographical area and intervention sector



overall expenditure for the territory amounting to over €100 million euro in 2013 which includes, in addition to community investments, contributions to local initiatives, membership fees for associations, sponsorship and contributions to the Eni Enrico Mattei Foundation.



In order to improve the effectiveness of local development initiatives in the Countries where it operates, in 2013 **eni** submitted a four-year strategic partnership with the Earth Institute at Columbia University. The scientific approach of the Earth Institute is based on meticulous monitoring and evaluation systems that can be used to assist in project planning, in order to ensure accurate progress monitoring and measure the effective

benefits brought to the community. The purpose of the Monitoring and Evaluation System is to support those executing the project by giving them a clear picture of the initial situation in the communities in question, to enable them to identify the key parameters for monitoring progress and to assess the impact of the projects in terms of effective sustainable development.

With regard to partnerships, in 2013 joint operations were officially launched in Congo to develop a monitoring and evaluation system to assess the effectiveness of the IHP project and its contribution to achieving the Millennium Development Goals. The Earth Institute will provide training for all the professionals involved in managing the project and monitor activities through periodic data collection.



eni has set up a partnership with the Earth Institute to monitor and assess the impact of the projects.

An inclusive and sustainable intervention strategy: The Integrated Hinda Project

The Integrated Hinda Project (IHP) is an example of excellence in the cooperation strategy implemented by **eni** in the Countries where it operates to promote the development of the communities surrounding its onshore facilities. The IHP, a four year project launched at the end of 2011, recorded significant medium-term results in 2013 in priority intervention areas

(health, education, access to drinking water, agriculture, capacity building and community participation), achieving a level of global progress of more than 55%, in line with the targets set.

The interventions to facilitate access to energy and to promote the involvement of women in training and raising awareness activities are integral parts of the project.

The Integrated Hinda Project

AREA OF INTERVENTION	RESULTS AT DECEMBER 2013
Primary education	<ul style="list-style-type: none"> - 5 primary schools refurbished and equipped with educational materials - 4 schools in the process of being refurbished - 5 schools involved in activities to increase hygiene-health awareness - 5 schools involved in capacity building activities directed at local teachers - 850 meals a day provided
Access to water and energy	<ul style="list-style-type: none"> - Analyses performed on the quality of the water provided by the wells built as part of the project - Training and raising awareness activities on managing the water supply through a local NGO (IPHD) - 12 water wells built, 4 of which electric and powered by solar panels
Community health	<ul style="list-style-type: none"> - 1 community health centre renovated and equipped with medical equipment and supplies - 4 community health centres in the process of being renovated - Purchase and supply of a new ambulance - Implementation of vaccination campaigns and campaigns for the protection of maternal health - Training of medical personnel and the creation of management committees for the health centers - People who have received health assistance in the Cuvette and Niari departments: 9,020 women, 13,366 children - People who have received health assistance in the Kouilou department: 1,314 women, 2,028 children
Agriculture	<ul style="list-style-type: none"> - Work has begun on building the Centre d'Appui Technique et de Ressources Professionnelles (CATREP), a training centre to improve agro-zoological technical knowledge and skills - Publicity for and participation in the launch of projects to demonstrate farming techniques, Développement des techniques des Champs Ecoles des Paysans (CEP) - Works launch and organization of the management committees - Raising awareness among agricultural producers and organization of a local network of community warehouses for the sale of agricultural products and inputs (Magasin d'Approvisionnements en Intrants et de Commercialisation des Produits Agricoles - MAICOPA)

Education and training



Education is one of the fundamental levers for the socioeconomic development of a Country.

The 2nd MDG “Achieve Universal Primary Education” is based on this idea and today, fifteen years later, this commitment is being renewed by reinstating the goal of universal education as one of the key future SDGs. According to results published by the United Nations, since 2010 the overall enrolment rates in elementary schools in developing Countries is equal to 90%¹. The dropout rate, however, is still very high.

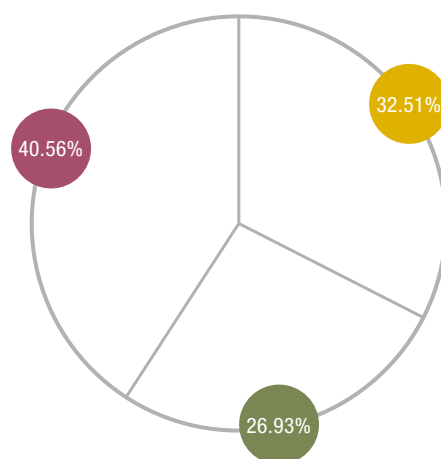
(1) UN, Millennium Development Goals and Beyond 2015, factsheet Goal 2, 2013.
(2) World Data Bank (2011).

Sub-Saharan Africa is the region with the worst figures in this area, with a primary school completion rate of only 69%, compared with a global figure

of 90%. Over 40% of **eni**'s production is concentrated in Countries where the average number of years of schooling is less than seven².

Daily production of **eni** hydrocarbons by Country and secondary school education (years) - 2012

- More than 10
- From 7 to 10
- Less than 7



With regard to the investment strategy in education and training, which was defined following completion of baseline and feasibility studies, **eni** is implementing a programme of interventions which aim to have an impact on all levels of education, from primary to post-graduate.

Mozambique > In December 2013 a MoU was signed with the Department of Labour in Mozambique on activities to support the Pemba Technical Training Center, with the aim of improving the quality of training for

young people in the Pemba area by renewing the infrastructure, supplying materials and supporting course delivery also through the provision of training for teachers.

→  *Collaboration with universities*

With regard to primary education, in September 2013 an agreement was signed with Pemba town council to improve access to primary education in the Paquitequete (Pemba) district through the construction of a new primary school and the supply of educational materials. The project will



eni has launched a programme of interventions which impact on all levels of education, from primary to post-graduate.

directly benefit around 600 children and 30 teachers and will indirectly benefit approximately 13,000 people including children and their families. A second phase of the project is planned which will involve the district in promoting the education of all the children in the area, paying particular attention to gender issues and promoting socio-educational activities that benefit the community.

Most importantly, **eni** has developed a recruitment partnership with the Mondlane University in Maputo which, through the “Programma 200”, aims to select 200 talented Mozambican graduates and give them the opportunity to go abroad to take part in a multidisciplinary training programme or on-site professional training in the Oil&Gas sector.

In 2013 the total number of students selected and trained stood at 77 and a new recruitment campaign was launched.

Primary education project in Mozambique: some figures

600

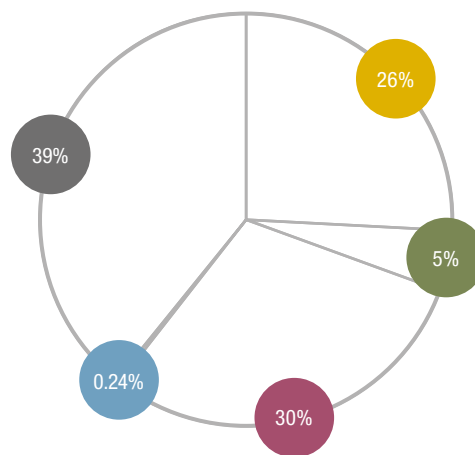
children

30

teachers

Investments 2013 in education and training*

- Ancillary services to the education programmes
- Primary education courses
- Construction/refurbishment of school infrastructure/educational centres
- Supply of school materials
- Educational programmes/initiatives



(*) In 2013 investments in education and training amounted to 5.4 million euro.

Agriculture and food safety



The Universal Exposition will be held in Milan between 1 May and 31 October 2015, and will involve participants from hundreds of Countries all over the world. The Expo 2015 theme is "Feeding the planet, energy for life", one of the central themes of sustainable development, in a global context where 870 million people are suffering from hunger and over a

billion are malnourished.

Population growth, urbanization and the change of diets will enhance global food demand, which in 2050 will be 60% higher than today's. The resulting challenge is further exacerbated by climate change and erosion of natural resources that provide the basis for food production. The contribution of energy to food production activities mainly

involves meeting the energy needs of irrigation and transformation activities. The majority of farmers in the world are those with smallholdings: intensifying and increasing access to sustainable energy sources for this large group of producers would allow to pursue the Sustainable Development Goals, particularly with regard to eradicating poverty and protecting the environment.

eni has undertaken activities to support agricultural development with the aim of ensuring a better quality of life for local communities in the areas where it operates, facilitating access to food and promoting food security. Among the most successful cases are the projects launched in the agricultural sector in Nigeria, Tunisia, Iraq and Congo.



An inclusive and sustainable intervention strategy: The Integrated Hinda Project (page 68)

Nigeria > In Nigeria the Green River Project (GRP) is an example of an intervention aimed at developing local communities through the promotion of innovative agricultural solutions. The GRP project has been helping the communities of the Niger Delta for 27 years with a unified system for the distribution of services to boost agricultural development

(the Agricultural Extension Services Delivery system - AESD) and improve the living conditions of rural populations. The project has actively promoted agricultural development and an improvement in socioeconomic conditions in the area, creating favourable relationships with the communities that host **eni** operations in the Niger Delta. Since 1987, the project has benefited more than 500,000 people distributed over an area of 4,000 km².

The project works through the distribution of better quality seeds and small plants, agricultural mechanization, veterinary assistance, and the formation of cooperatives. Other initiatives aimed at local development include professional training for young people and solutions to facilitate access to microcredit for the agricultural cooperatives and small businesses.



eni is engaged in activities to support agriculture in Nigeria, Tunisia, Iraq and Congo.

Green River Project

AREA OF INTERVENTION	2013 RESULTS
Innovation in the agricultural sector	- Introduction of new techniques for the production of banana flour (registered by the National Agency for Food and Drug Administration and Control-NAFDAC), for fishing and farming
Strengthening of communities and development of small businesses	- 3 communities joined the GRP in addition to the 22 already involved (amounting to a total of 25 communities) - 5 cooperatives in addition to the 35 already in existence (amounting to a total of 40 cooperatives) - the 15% increase in small businesses in 80 local communities bears witness to the company's commitment to support microcredit and small business development programmes
Professional training	- 548 people trained (20% women) - Professional training in sectors useful to the community, including food security and IT

Tunisia> In Tunisia, **eni** has continued to invest in the Titan project, which is aimed at supporting the development of tourism and the agricultural system in the Tatauine region. Since 2013, **eni** has promoted activities aimed at innovating agricultural processes with the objective of developing pilot projects related to the transformation of local agricultural products and the development of local cultivation activities, with a focus on those performed by women in the communities.

Iraq> In Iraq, the Rural Support Project, which supports agricultural companies and communities in the area of the Zubair deposit has come to completion. The programme, which was implemented in collaboration with Zubair's Department of Agriculture and the Farmers Association and under the supervision of the local authorities, involved 165 companies during the 2012-2013 season.

In Tunisia, the Titan project aims to support the development of tourism and the agricultural system.

In Iraq the agricultural project involves

165

companies

Community health



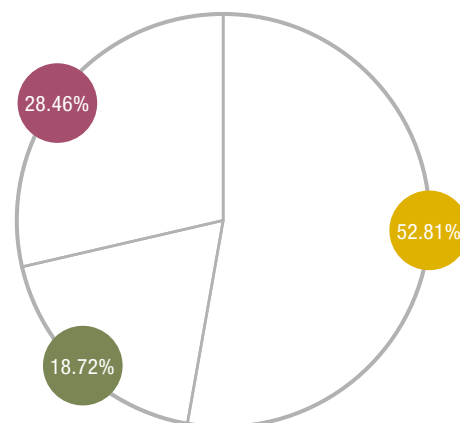
Already represented in the MDGs in its various forms – reduction of infant mortality, improvement in maternal health, the fight against malaria, HIV/AIDS and other infectious diseases – the topic of health (MDG 6) also has central importance for the imminent definition of the Sustainable Development Goals.

As a result of the projects implemented to date, the mortality rate among children under five has decreased by 47% since 1990, maternal mortality at the global level has decreased by 47% in the last two decades, and the number of people infected with HIV went down by 33% between 2001 and

2011¹. These are significant results but the general consensus is that it is still not enough, and for this reason health-related issues in the poorest Countries will be top priority also in the Post-2015 Agenda.

Daily production of **eni** hydrocarbons by Countries with access to decent health services (2011)

- from 95%-100% of the population
- from 60%-95% of the population
- from 15%-60% of the population



Almost 30% of **eni**'s daily production of hydrocarbons is concentrated in Countries where less than 60% of the population has access to sufficiently developed healthcare services.

(1) UN, Millennium Development Goals and Beyond 2015, 2013.

Ghana> In Ghana where the mining industry is well established and the Oil & Gas industry is being developed, a Strategic Assessment of the Environmental Impact at the national level revealed the potential impact such industrial activities may have on various environmental factors in community health. Accordingly a process has been set in motion to help the competent authorities such as the Ministry of Health, the Ghana Health Service (GHS), and the Ghanaian government develop the technical and

managerial skills necessary to carry out a Health Impact Assessment and to lay the foundations for the necessary policy in the Oil&Gas sector.

Based on the experience gained in the field and the international working groups involved, **eni** has participated in the implementation of the first phase of the process which included:

- the training of 19 professionals involved in the Oil&Gas and Natural Resources sector (including the Ministry of Health, the Ghana Health Service, universities,

In Ghana:

19

professionals were involved in training

the respective Ministries for Energy, Health and Work, and the Petroleum Commission);

- the delivery of an HSE Master's Degree course coordinated by **eni** with the University of Pisa;
- the creation of a multi-sector Core Team with 8 members specialized in various disciplines (epidemiology, toxicology, occupational health, public health, etc.)
- the preparation of a programming document which will facilitate the assessments of potential health impacts and the relative monitoring activities; this activity will take place in the second phase and preparations by the Ghanaian authorities are currently underway.

people live in various communities.

Under multi-annual agreements signed with each community, **eni** has undertaken a community health project to develop and support a preventive and curative healthcare system in the area.

Over the years the project, through its various phases (and the relative specific agreements), has produced and optimized a network of general and specialist healthcare services, both at the village level and in the nearby city, with the aim of reducing morbidity and mortality associated with endemic diseases in the local population.

In 2013, the healthcare network (dispensaries, health centres, clinics, hospitals, communities) was supported and strengthened by making available:

- a healthcare network made up of 15 healthcare professionals and 3 substitute

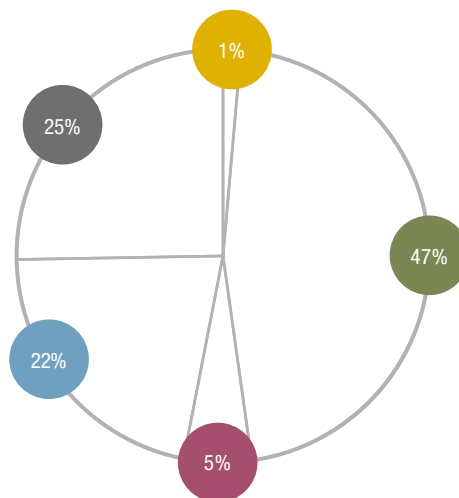


In Ecuador **eni** undertook a project to develop and support community health services.

Ecuador> In Ecuador **eni** operates in Block 10, located in the Ecuadorian Amazon Forest where approximately 3,200

2013 investments in community health*

- Special support activities for local health authorities
- Infrastructure projects
- Professional training and updating, in addition to permanent training
- Information, education and raising awareness to benefit communities
- Technical health support



(*) In 2013 investments in community health amounted to 2.9 million euro.

professionals who provide healthcare services to 7,156 patients and represent a first point of access;

- out-patient services (5,980 patients) at the various local health units (dispensaries and health centres) and the public clinic (1,546 patients);
- periodic visits of the Ministry of Public Health's team (Medical Brigades) to get public institutions more involved with a view to taking charge of the services in the future.

The doctor, the dentist and the nurse who make up the team have performed 1,328 check-ups over the past year;

- fumigations performed in the villages in the area (500 compounds) by staff of the medical brigades have contributed to control of the carriers of infectious diseases;
- hospital out-patient diagnostic and laboratory tests for 271 patients (66 of whom were hospitalized);
- medical evacuation for 112 urgent cases carried out by: helicopter (1 case), aircraft (29 cases) and land transport (82 cases);
- treatment of around 35 special cases referred to higher levels in the Ecuadorian Health System.

In Ecuador:

7,156

patients received
medical attention

5,980

out-patient consultations

1,328

specialist medical examinations

Gender equality



The Millennium Development Goals commit Countries to promoting gender equality and female empowerment, with a focus on access to education at all levels, on female education in the non-agricultural sector (which is often unpaid) and on parliamentary representation.

To date the efforts undertaken have resulted in gender equality with regard to access to primary education but there are still

inequalities when it comes to subsequent educational levels – only 2 out of 130 Countries have achieved gender equality with regard to secondary and higher education.

Much progress has also been made on the employment of women in the non-agricultural sector, with the percentage of women in the total workforce reaching 40%.

Despite these positive results, however,

there still remain significant inequalities which are the primary focus of the work being done to draw up the Post-2015 Agenda and to define the Sustainable Development Goals (SDGs): women continue to be discriminated against in education, at work, in relation to economic independence and to political participation. The widespread phenomenon of violence against women continues to undermine efforts to achieve the remaining objectives.

Source: UN, The Millennium Development Goals Report, 2013.

One of the main objectives of **eni**'s local community development projects is to improve the condition of women so that they can fully contribute to the economies of their Countries and to equitable and sustainable global growth. **eni** has set up a series of activities that will impact directly on women particularly in the propaedeutic areas of health and education.

eni recognizes the importance of access to health, meaning access to quality health services and structures, and recognizes the importance of the gender dimension in its operations. Guaranteeing training and assistance

to women means not only reducing the number of women dying during childbirth and increasing the life expectancy of newborns, but also investing in the whole community, since it is women that have the knowledge needed to take care of the home and the children.

After many years of operations in Pakistan, the ongoing community intervention programme in the areas around the company's plants is strongly focused on the gender dimension and on increasing access to and the quality of basic services.

Within existing health structures, pre and post childbirth training and assistance



One of the main objectives of **eni**'s local community development initiatives is to improve the condition of women.

is provided, mobile field facilities have been set up to reach areas where women have difficulty in accessing the nearest health facilities, the employment of women in health facilities is encouraged, and training for women on health, hygiene and family planning matters is provided.

Around 20,000 people in Bhit & Badhra, 5,000 in Kadanwari and offshore have been affected by this project, 56% of whom are women.

Rural development project
in Pakistan:

20,000

people in Bhit and Badhra

24,510

medical assistance interventions
provided to women

Gender dimension in Pakistan

PERFORMANCE	GOAL
56% of the beneficiaries of the community projects are women.	Contributing to increasing the role of women in the social context in the areas of the project
medical assistance interventions provided to 24,510 women 3,082 women screened for HIV/malaria	Improving access to health services with a particular focus on women
30 water pumps installed	Improving access to drinking water for the population overall and in particular for women, on whom the burden of collecting water weighs most heavily
383 girls trained on environmental conservation matters and on protecting and valuing their cultural heritage	Increasing female skills in the local context and creating new job opportunities with the aim of increasing female employment

In Pakistan specific professional training courses have been organized for the local female population, on topics such as IT and sewing courses to revive a local tradition in the sewing and embroidery sector.

Thanks to this training, women in the Jangara region have been able to increase their family income through the sale of clothing products.

Innovation

Research forms the basis for **eni**'s redevelopment of its traditional business sectors and the launch of new and highly innovative activities, starting from a careful observation and interpretation of the changing operating environment. The company is embedding a management model based on continuous improvement, making the innovation process more systematic, and adopting a more "bottom-up" approach. All of this contributes to the goal of green and inclusive growth as defined in the Global Conference on Sustainable Development in Rio 2012, which is the underlying goal of the Post-2015 Agenda currently being defined.

Business innovation



The sixth session of the Open Working Group on SDGs defines technology and innovation as "game changers" for the social and economic situation in developing Countries¹. The role of energy is also central in this context: "The SDGs must give priority to innovation, facilitating the formation of frameworks to promote innovation in the public and private sectors. [...]"

Energy activates, business innovates²". By 2010 the European Commission, through the "Europe 2020" strategy, was already promoting innovation as the route for job creation in Europe through a new industrial policy based on more environmentally stable technologies and raw materials. At the global level, the change from the Millennium Development Goals to the

Sustainable Development Goals focuses on the need to identify new technological and operational solutions to respond to complex challenges such as the redevelopment of traditional industrial sectors and the construction of new business opportunities to create jobs and wellbeing while respecting the limits of our planet.

(1) Open Working Group, Statement on behalf of the Group of 77 and China, 2013.

(2) UN Open Ended Working Group on SDGs Business and Industry Major Group Statement on Energy, 2013.

Since 2013 **eni** has been reaping the benefits of its efforts by investing in green innovation to maintain and renew production objectives of the areas where it operates. The integrated biorefinery projects and the production by Versalis of biochemicals, chemicals for lubricants and green diesel for use in the biorefinery are examples of this trend.

Biorefinery > In 2014 the biorefinery in Porto Marghera will be launched and production will increase progressively as the new plants enter into operation by the end of 2015. Thanks to a new technology and an investment of around 100 million euro, **eni** will produce, for the first time, biofuels from raw vegetable material, in line with the European Union's environmental policy to reduce greenhouse gases. The project includes conversion of the existing plants, which until recently produced conventional fuels from crude oil, using the Ecofining™ technology, created and developed by **eni** together with the American company UOP. The use of this technology for the conversion of existing plants, for which **eni** has submitted a patent application, has proved essential, reducing costs by 80% and forming the basis of **eni**'s redevelopment strategy for industrial sites in the refining and other sectors. At present and only for the initial phase, the plant uses palm oil, a first generation "feedstock". The use of second generation sources, and in particular animal fats, is planned from the

beginning of 2016, and will constitute up to 10% of the total feedstock. The possibility of integration with oil biomass plants is also being considered to reuse the waste produced, such as the distilled fatty acids and glycerine (third generation feedstock).



The refurbished Porto Marghera site will guarantee a sustainable future for the area and the local economy, with a significant reduction in emissions and water consumption. Considering only emissions from the production cycle, CO₂ emissions at Porto Marghera will be reduced by more than 40% compared with previous levels, based on annual production of 360 thousand tonnes of biofuel.

The Green Diesel produced also has a high calorific power compared with that normally produced, enabling **eni** to reduce the quantity of biofuels to be added to conventional fuels.

In other words under current regulations, the amount of raw material used by **eni** will be less than that required to produce the conventional bio components currently purchased, thereby reducing overall consumption of palm oil by around 15%. The company guarantees that none of its supplies of palm oil will come from areas that are rich in biodiversity or areas of prime forest land.

The European refining industry, particularly in the Mediterranean area, has been in crisis for some years. The excess of

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Since 2013 **eni** has been reaping the benefits of its research efforts to launch businesses and operations that exemplify the company's ingenuity and innovative capacity.

At the biorefinery
in Porto Marghera

360
thousand

tonnes/year of biofuel will be
produced at full capacity

“

eni will produce, for the first time, biofuels from vegetable raw material.

100

million euro invested
in the Porto Marghera biorefinery

refining capacity created by the slump in the demand for oil and gas products and the unfavourable trend in refining margins has forced operators to take action at the more exposed facilities, including the Gela Refinery in Sicily, which is 100% wholly-owned by **eni**. In 2013, **eni** announced an ambitious project to restructure the Gela Refinery, with innovation playing a fundamental role.

With an estimated investment of 700 million euro, Gela will be transformed into a cutting-edge technology centre, with new plants for the production of high quality diesel oil. These plants include a new generation hydrocracking plant and the new T-Sand catalyser, patented by **eni**. T-Sand, once it has replaced the catalysers currently used in the desulphurization plants, will significantly reduce the concentration of polynuclear aromatic components (PNA) in the diesel oil produced. PNAs are mainly responsible for the particulate emissions resulting from combustion in diesel engines. The first **eni** "zero waste" system for the production of energy from industrial waste will be developed and implemented at the Gela Refinery. This new technology derives from skills developed by **eni** from its experience in the environmental restoration of industrial sites. Controlled combustion destroys the biological and oily residues produced by the refining process, eliminating the organic part and producing a non-organic ash that can be easily placed in

a landfill. In a more advanced version of the technology a completely inert vitrified solid waste is produced.

At the Sicilian centre, research on the production of third generation biofuels from algae is ongoing. **eni** continues to be committed to improving sustainability and protecting the environment, pursuing increasingly efficient use of resources and minimizing emissions. The Gela Refinery will play an important role in disseminating and using our know-how, by making our facilities and organization available to third parties for initiatives to boost technological innovation and environmental protection.

Green Chemistry> In the chemical sector, Versalis aims to operate in the most advanced chemicals and plastics sectors with an ongoing commitment to research and product, process and technological innovation. The European chemicals industry operates in a highly complex environment, marked by a crisis in recent years due to the entry of new competitors, heavy relocation towards Asian Countries and volatility in the prices of feedstock and energy. Moreover the increased focus on the environment has accelerated the trend towards change. Indeed green chemistry represents a modern development of traditional activities that is expected to increase exponentially. Technological innovation is fundamental to the relaunch of **eni** chemicals and the

“

At the Gela refinery, the first **eni** system for the production of energy from industrial waste will be built.

At Gela

700

million euro estimated investment

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Green chemistry represents an innovative evolution of traditional activities that is expected to increase exponentially.

Porto Torres Green Hub project, fruit of the partnership with Novamont in Matrica, will enable Versalis to establish itself in this new sector.

The project envisages the construction in Porto Torres of one of the largest industrial complexes in the world for the production of chemical products from renewable sources, with an investment of around 500 million euro.

The project is distinguished by the complete integration of the plant with the local area through the promotion of the agricultural supply chain and of the secondary sector at the local level. In the first half of 2014 the first 4 lines of the bio-monomer and derivative plants will come into operation for the production of biolubricants.

Furthermore, in 2013 Versalis signed an agreement with Neville Venture for the production of hydrocarbon resin at the Priolo plant. These new production lines, which have high added value and are particularly compatible with the elastomers business, will be used in specialist applications such as adhesives, inks, paints and rubber products. This partnership constitutes a significant step forward for the project to relaunch the Priolo site, confirming its central importance in Versalis' strategic plan.

The new technology will in fact enable the construction of plants to produce hydrocarbon resin, adding value to the feedstock from the cracker. The existence

of a promising European market for these products, where Versalis has a strong and extensive presence, is a further factor in favour of the project, making it extremely important for the company.

Versalis has continued its strategic repositioning with green chemistry agreements with the following companies: Genomatica, for the production of bio-butadiene; Yulex, for the production of natural rubber from guayule; Pirelli, for a research project on using guayule natural rubber to produce high performance tyres with energy saving advantages; Elevance Renewable Sciences Inc., for the development and industrialization of a new technology for the production of bio-chemical intermediates from vegetable oils. By integrating these processes into its industrial cycle and using feedstock from renewable sources, Versalis will also be able to obtain new chemical products, integrating the basic chemicals and polymers that have always been its core business with highly innovative and specialist products.

In April 2013, Versalis and Genomatica signed an agreement to set up a technological joint venture for the production of butadiene from renewable sources. The goal of the joint venture is to develop an entire supply chain for the on-purpose production of butadiene from biomass from non-food sources. The new joint venture will have exclusive ownership of the technology

At Porto Torres:

500

million euro invested
in green chemistry

“

Versalis has continued its strategic repositioning thanks to agreements with important companies such as Genomatica, Yulex, Pirelli, and Elevance Renewable Sciences Inc.

covered by the agreement in Europe, Asia and Africa.

In 2014, Versalis has reached an important understanding with the trade unions on the transformation project to relaunch the Porto Marghera site. This aims to redesign the production structure and restore its competitiveness. The

project is an integral part of Versalis' strategy to develop new initiatives to strengthen its product portfolio, also through the development of the green chemistry business, and to reduce exposure to standard and less innovative commodities, produced in large quantities for the global market by various operators. In this context, the Versalis plant in Porto Marghera remains strategically important in geographical terms due to its vicinity to the Northern European market and its integral links with the other Versalis plants. The supply of raw materials from the plants in Mantua,

Ferrara and Ravenna is guaranteed by crucially important logistical infrastructures. The overall programme in Porto Marghera includes an investment of around 200 million euro, which will be used for both optimization of the cracking plant and restructuring of the utilities, producing significant energy savings, and the new green chemistry initiative.

The innovative green chemistry project, the pilot phases of which are already in progress with the American company Elevance Renewable Sciences Inc., includes the use of facilities, that are the first of their kind worldwide, to develop and industrialize a new technology for the production of bio-chemical intermediates from vegetable oils. These will be used in high added value applications such as detergents, bio-lubricants and chemical products for the oil and gas industry.

The project will use existing infrastructure at the site and be integrated with the production streams of Versalis.

Also in the chemical sector, plant conversion, particularly at critical industrial sites, enables production sites to be reused.

In 2014, Versalis has reached an important understanding with the trade unions on the project to relaunch the Porto Marghera site.

New sustainable businesses



“With more than half the world’s population already living in urban areas, and that percentage expected to rise to 75% by 2050, it is clear that the path to sustainable development must pass through cities. Currently it is estimated that 70%-80% of global GDP is generated in cities and that, at the same time, they are responsible for

70%-80% of GHG emissions. “Smart cities” are therefore a way to reconcile growth and sustainability.”¹

It is not a coincidence that the Sustainable Development Solutions Network has included the theme of “inclusive, productive and resilient cities” among its proposals for the definition of the new Sustainable

Development Goals.

“Smart mobility” and Intelligent Transport Systems are examples of introducing new technologies (ICT) in urban environments to create solutions that improve the quality of life of the growing urban population, and also provide new business opportunities for companies.

(1) Abha Josh-Ghani, Who needs smart cities for sustainable development, World Bank, 2012.

Together with the revitalization of traditional businesses, **eni**'s new strategy includes the launch of innovative new businesses.

enjoy> **eni**'s new initiatives include Enjoy, a sustainable mobility service launched at the end of 2013 in Milan, which makes a fleet of high efficiency vehicles available in the city. This is a highly technological car-sharing service which does not require the user to return the vehicle to a fixed point, but allows them to leave it anywhere within the area covered by the scheme. Although the idea was taken from similar systems already established in some Countries (UK, USA and Germany), the service has some internationally unique aspects in terms of innovation and sustainability. The Enjoy scheme uses vehicles with very low emissions which are particularly adapted to

urban areas as they are small and take up less road space.

In the first 3 months since the service was inaugurated in December 2013 in Milan, about 55,000 people have signed up to use the service, and over 200,000 vehicles have been hired.

The service is expected to be extended to other Italian cities such as Rome and Turin. The process for registering and using the Enjoy service is entirely “smart” and does not require physical registration or paper documentation.

All the operations, from registration to use, are managed on-line using special applications. The vehicles are cleaned daily using eco-friendly detergents that do not require water, thus avoiding an estimated consumption of around 120 litres for every car wash.

Car sharing in Milan during the first months of the activity

55
thousand
clients registered

200
thousand
rentals

Using technology to respond to energy challenges

“Energy is a source of life and it permeates every moment of our daily existence, but it is technology that makes it possible to produce and transport primary energy sources and to transform them into electrical, mechanical and heat energy and into products of all types, factors which have always formed the basis of economic and social development from the first industrial revolution up to the present day.” Paolo Scaroni - eni’s CEO

eni places scientific research and technological innovation at the heart of its development strategy to ensure safe, economic and sustainable production and processing of energy sources (mainly hydrocarbons). Having analysed the global scenario, the challenges to be overcome in the coming years and the consequent technological needs, eni has identified ten key technological platforms as priorities for future investment in the development of the business. These platforms involve core sectors (exploration, production, oil and gas transport, production of high-performance fuels with low environmental impact, integrated management of gas, electricity, and chemicals), renewable energy (solar energy and biomass) and environmentally sustainable operations together with increased energy efficiency.

The supervision and monitoring of the development of the key technological

platforms and the emerging technologies is supported by eni’s strategic alliances and collaboration agreements with various top universities and research centres.

The fundamental principles underlying the partnerships and research agreements are:

- long-term approach to the development of highly innovative R&D projects;
- more efficient execution of projects by integrating in-house and outsource operations;
- widening the technical and scientific skill base for eni’s R&D projects.

In the 2011-2012 period eni

commissioned technological research and support from approximately 100 institutions, 33% of which are in Italy.

The total commitment, covering the 274 live collaboration agreements, amounts to approximately 120 million euro; 40% of this is related to spending with Italian Universities and Research Centres, while the remaining 60% is with foreign entities.



Research agreements renewed between eni and MIT

197

million euro overall invested in technological research and development

986

people engaged in R&D activities in 2013

937

million euro in tangible value generated by R&D activities in 2013

Principal alliances and partnerships for technological innovation and research



**Massachusetts
Institute of
Technology**

The **eni**-MIT partnership covers two main areas, the "Solar Frontiers Center" and the MIT Energy Initiative (Mitei).

This strategic alliance was renewed in 2013. The new agreement, lasting 4 years and with an economic commitment by **eni** of almost 5 million dollars a year, is focused on the development of new technology for the core oil & gas business, the environment and new generation solar energy.



In February 2011, **eni** signed a new strategic alliance for research and innovation with Stanford University. The agreement establishes a research programme divided along two main lines:

- new technology for hydrocarbon exploration and reservoir simulation;
- innovative technology for site characterization and environmental protection.



Framework agreements for research and development as well as training have been in place for some time with the "Politecnico di Milano" and the "Politecnico di Torino". Their main objective of the alliance is to stimulate the generation of breakthrough ideas for technological innovation in core business operations and to develop them into radical innovation projects and real technological breakthroughs. The company is also working with "Politecnico di Milano" to develop new engineering systems for solar power.



**Consiglio
Nazionale delle
Ricerche**

eni has also developed a long-term working partnership with the Italian National Research Council (CNR) in the field of scientific and technological research, with projects covering the whole spectrum of **eni**'s business operations, from upstream and downstream, from renewable energy to the environment.

eni's commitment to the sustainable growth of the energy business is focused mainly on development of technological solutions that favour the use of renewable energy sources, in particular solar and biomass energy that do not involve competition with the food sector. In the context of increasing global demand for energy, renewable sources represent both a green contribution that does not further exhaust traditional fossil fuel sources, and a useful additional energy source. Currently this sector is expanding, particularly in areas where

there are active development incentives: in general the focus is on technologies that are self-sustaining from an economic, environmental and social point of view.

eni seeks to develop highly innovative, sustainable and competitive technology for the production of energy and energy carriers from renewable sources and bio-components for the chemical and upstream sectors. In the solar power field, **eni** has a medium-term goal to increase the efficiency and durability of the generation solar cells, such

as organic cells and develop highly efficient photoluminescent material that can be integrated into the architectural elements of buildings. In the long-term the company intends to make the energy produced from photovoltaic systems more competitive than that produced from fossil fuels, using entirely innovative technologies. In the field of biocomponents, in the medium term **eni** is focusing on the production of biofuels derived from urban and industrial waste and the conversion of cellulose biomass, with the aim of obtaining energy vectors

that fully comply with the stringent sustainability criteria established by the European Union. In the long term, the company plans to make the process of producing bio-oils from biomass more competitive as an alternative to fossil fuels and to develop synthetic biotechnologies in order to produce new biofuels and intermediates for the chemicals sector.

The substantial patent portfolio developed by **eni** demonstrates its innovative capacity; to date it has more than 9,000 patents protecting around one thousand inventions. In 2013, 59 new patent applications were filed, including 27 for the development of new fuels from biomass and technology for the exploitation of solar energy.

The importance given by **eni** to technological innovation is also confirmed by the **eni Award**, established in July 2007 to reward cutting-edge scientific research in three areas: new hydrocarbon frontiers, alternative and unconventional energies and environmental protection.

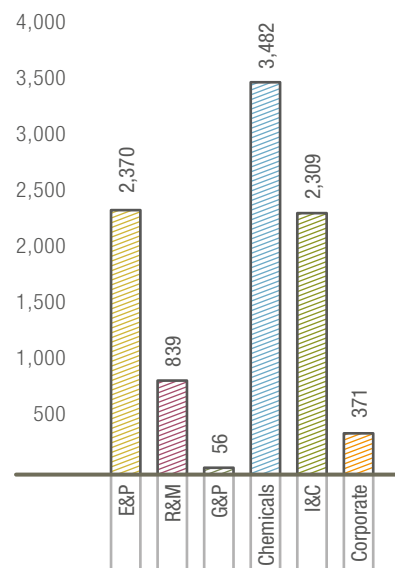
The award is advertised annually and draws on a consolidated and prestigious

network of researchers in the energy and environment field. The objective is to monitor and encourage the best research and the most important scientists in the world in the energy field, with the ambition of becoming a sort of Energy Nobel Prize.

For the 2013 award there were 1,155 candidates and 7 winners (1 woman and 6 men) among the most eminent science researchers and professors in the world.

→  *eni award 2013*

eni SpA's patent portfolio (No. of patents)



The spread of innovation



The digital revolution, the mass collaboration and the management of collective intelligence have created many new opportunities for the creation of services, improving the quality of life and creating shared values.

This process has also been driven by the widespread use of Internet version 2.0.

30% of companies in the EU used social media in 2013 and one third of these used these tools to exchange information and to share knowledge within the company.

This people-based “open” innovation is now an implicit element of the core

Sustainable Development Goals, although it is an aspect that could benefit more from business experience, as underlined by the World Business Council for Sustainable Development which, also for this reason, focuses on the topic of full employment in the pursuit of the global development goals.

Source: Eurostat, Social media - statistics on the use by enterprises, 2013.

eni's investment in innovation starts with its investment in people. In addition to the creation and management of industrial know-how, made possible by the excellent skills and professionalism developed internally, **eni** has turned its attention to new methods of stimulating innovation, which draw on the idea of “open innovation”.

The ICT function is frequently among the first company functions to experiment with innovative work methods, as in the case of the **eni** STAR project.

STAR - *Simplicity, Timeliness, Alignment and Resources* - turned out to be a perfect mix of ingredients: in two years eleven project, called “work sites” were launched and completed, involving over one hundred people and extending across

the entire professional ICT network in Italy and abroad. The projects highlight the company's distinctive abilities with regard to innovation, with the development of end-to-end business models and processes, smart working (mobile office), and the sharing of experiences and knowledge in Italy and abroad through the company's social network, Moka.

Multimedia tools were also provided to enable more efficient communication.

eni's ICT function wanted STAR to be a recognizable asset available throughout **eni** via an e-Book, as an example of a clear and repeatable project that has delivered important results in terms of motivating and involving people.

Based on the experience of around sixty people involved in innovation projects such as STAR, iTeam (technological

innovation for a new way of working: the office of the future) Moka (the **eni** social network) and eniWave (IT services for mobile collaboration and communication)

eni has decided to design a process that will make the creation of such innovative projects more systematic and continuous. The aim of the process is to allow all ICT personnel to participate in generating innovative ideas, sticking to the existing innovation management model while linking it to the company's strategic objectives.

The pilot phase of the new process, referred to as “The Wind of Innovation”, was launched in 2013 and involved 120 people. Training and creativity workshops gave rise to over 30 new ideas, which were collected using the dedicated idea collection tool developed on Moka. Since

January 2014 the idea generation process has been open to all of the ICT function allowing it to collect more than 50 ideas and involving more than 300 people.

In 2013 the pilot project Innovation Idea Management (IIM) was also developed in the exploration and production division.

Based on a common platform for collaboration and networking, this aimed to increase innovation in the exploration and production sector by promoting the creativity of its people across the world.



Innovation Idea Management (page 34)

The co-creation of ideas and the free participation of **eni** personnel regardless of their rank or geographical location were

the strong points of this project, which will now be rolled out on a larger scale. The R&M Division has launched more than two hundred projects designed to generate and develop innovation in its business activities and procedures, some of which are already in the implementation phase.

An example of this innovative project is the "Link your Energy" initiative, involving more than 100 young people, the aim of which is to promote awareness of being part of a shared project able to generate creativity and new ideas. The project, in its "everywhere" version, has involved 60 professionals from all the Countries in which R&M operates and is focused on facilitating networking and creating opportunities to

integrate and compare the strategy and projects of the Division.

In 2013 Versalis launched the project "Building the Future" dedicated to its young people and aimed at uniting the company strategy with the prospects, contribution and responsibilities of young people, involving them in the innovation challenge.

The first stage of the programme, "Walk the Talk", included the organization of a communication day aimed at 160 young graduates. In the second stage of the programme, "Think Tank", 83 young people took part in group activities to develop of innovative projects related to central themes for the four business units and green chemistry.

Rethink Energy

With the increasing interplay between those inside the company and the consumers outside it, **eni** sees innovation rather than the concept of energy itself as the key to communication.

If energy is a driver in the creation of

value, **eni** proposes a new concept of energy, in which it is transformed and regenerated into new projects, culture and innovation.

In 2013 **eni** launched the "Rethink Energy" Campaign which is aimed at

creating a new collective consciousness that sees everybody, company and consumers, as active players in the new energy culture.

"Energy is what it becomes" is the key message of the campaign, which means

highlighting a firm commitment by the company to research, respect for the environment and the dissemination of a culture that uses energy with respect. Energy is a broad and abstract concept derived from a circular process of transformation and regeneration.

In **eni** this translates into research into new sustainable energy sources, valuing and respecting resources and a culture of innovation.

All energy has a source, a distributor and a consumer.

The word “consumer” until now has been taken to mean the end user: a passive role.

With this campaign, **eni** wants to

change this and demonstrate that everyone can play a role, not only as consumers, but as producers of new energy through informed usage and taking steps to restore energy “virtually” to its source.

The company plays an active role in this area and this campaign demonstrates its commitment.

→  *Rethink Energy and the energy of Roberto Bolle: backstage*

→  *Interview with Tony Servillo*

Every individual energy-saving gesture, when added to those made by others, means that more energy is available to those without it, thereby contributing to foster development and wellbeing.

This is how energy connects individuals to the world, the present to the future, and new ideas for open and sustainable energy. This is how energy connects.

→  *Rethink Energy and the energy of Roberto Bolle: interview*

The campaign connects the actions of the individual with those of **eni**, enabling the company for the first time to demonstrate that its commitment to energy goes beyond business, extending also to culture, sustainability, research and accessibility. Because energy is not just something that everybody knows about, it is in fact so much more. It is never on or off, but is always being transformed into new projects and new energy.

Reporting principles and criteria

Communication with stakeholders

eni is an integrated company which constantly engages with various stakeholders. Dialogue with each of these is an important aspect of the company's way of operating because it enables the mutual exchange of information needed for a solid and shared business. **eni**'s reporting system is organized using a multi-channel approach which allows for different levels of analysis and communication methods to reach all **eni**'s stakeholders in an effective, timely and immediate way.

Reporting tools

2013 was **eni**'s third year of adhesion to the IIRC Pilot Programme for the Integrated Report and, in line with the "International Framework" published by the IIRC, **eni** has continued to integrate financial and sustainability information, using a template to represent the business model which includes the various forms of capital used and the integrated risk management. The Integrated Report, represented by the Annual Report, shows the methods used to create long-term value, drawing on the links between financial and non-financial elements in company strategies, plans and results. The section "2013 Consolidated Sustainability Statements" reports on key areas of sustainability performance. **eni for 2013**, **eni.com** and the Integrated Report describe **eni**'s commitment as a business to create value not only for the company but also for the Countries in which it operates and for stakeholders. In particular, **eni for 2013** offers an overview of **eni**'s

contribution to global sustainable development goals.

This document is part of the current international debate within various networks to define the priority topics and areas for the Sustainable Development Goals (SDGs) to be pursued from 2015 onwards.

The contents of this document are in line with the Advanced Level of the United Nations Differentiation Programme, with additional issues taken from the sustainability Blueprint. At a Country level, **eni** is promoting local sustainability reporting initiatives within its subsidiaries such as the Country Reports and the launch of new Country websites. For example in 2013 the **enibasilicata.it** website was created, an on-line platform entirely dedicated to **eni**'s activities in the region. In the early months of 2014 the NAOC Sustainability website was launched, to improve information on some of the sustainability issues of particular interest to local and international stakeholders in relation to NAOC (**eni**'s subsidiary in Nigeria). The website **eni.com** contains all the information on sustainability: a description of the main projects and a breakdown of the performances by business sector based on an interactive method including in-depth information where necessary.

Reference Principles

The sustainability information and performance data contained in this document have been prepared in accordance with the principles in the guidelines "Sustainability Reporting guidelines & Oil and Gas Sector Supplement - version 3.1" issued by the GRI - Global

Reporting Initiative. The principles which ensure the quality of the information and performance data, including their presentation, are: balance, comparability, accuracy, timeliness, reliability and clarity, as defined by the Global Reporting Initiative. Complete GRI reporting to support the self-declared level A+ will be available on www.eni.com in the section "Reporting principles and criteria"

Materiality assessment

In order to identify the topics to be covered in eni for 2013, **eni**, with the scientific support of the Enrico Mattei Eni Foundation, analysed the main topics dealt with by the main international frameworks for Sustainable Development - SDSN, UN Global Compact, HLP and OWG.

The analysis identified the following areas as material for the Post-2015 Agenda:

- commitment to spreading prosperity and equality throughout all Countries and communities, through development and not only through economic growth;
- protection of and respect for ecosystems and biodiversity;
- adoption of sustainable governance to ensure good local management, respect for human rights and decent work;
- access to and development of sustainable energy to tackle climate change;
- investment in innovation and technology;
- people valuing, guaranteeing decent work;
- attention to diversity and women empowerment;
- development of rural areas and inclusive and resilient cities;
- commitment to building peace and stability in all Countries and communities;
- guaranteeing good education for all;
- the promotion of health and wellbeing to improve the

general quality of life;

- good management of water resources.

In order to identify among these, the material topics for **eni**, a comparison was then made between the strategic focus for **eni** as per the 2014-2017 strategic plan and the capacity of the private sector, in particular the Oil and Gas industry, to contribute to sustainable development goals at a global level.

The evaluation of this contribution was based on a study of the literature and in particular the application of the MDG-Scan methodology developed by NCDO (Netherlands Committee for Sustainable Development). This estimates the impact of twenty multinationals from various sectors on the current Millennium Development Goals.

For each of the topics assessed as material for **eni** the specific sections of this document were then defined based on the materiality assessment, which also took into account stakeholder requirements.

→  *Materiality assessment*

The consolidation scope

The consolidation perimeter for company data is the same as that used for the preparation of the "2013 Consolidated Sustainability Statements" section of the 2013 Annual Report.

The assurance process

The document is subject to audit by an independent auditor, who conducted the audit in accordance with the criteria for a limited audit contained in the International Standards on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board.

Independent auditor's letter



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Independent auditors' report on the limited assurance engagement of "eni for 2013" (Translation from the original Italian text)

To the Board of Directors
of Eni S.p.A.

1. We have reviewed the document "eni for 2013" of Eni S.p.A. and its subsidiaries (Eni Group). Eni S.p.A.'s Directors are responsible for the preparation of the document "eni for 2013" in accordance with the reporting principles described in section "Reporting principles and criteria", as well as for determining the Group's commitments regarding the sustainability performance and the reporting of results achieved. Directors of Eni S.p.A. are also responsible for the identification of stakeholders and significant matters to report, as for the implementation and maintenance of appropriate management and internal control processes in respect of data and disclosures reported in the document "eni for 2013". Our responsibility is to issue this report based on our review.
2. We conducted our review in accordance with International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements ("Code of Ethics for Professional Accountants" issued by the International Federation of Accountants - I.F.A.C.) included those related to independence, as well as planning and executing our work in order to obtain a limited assurance, rather than a reasonable assurance, that the document "eni for 2013" is free from material misstatements. A limited assurance engagement consists of making inquiries primarily with company's personnel responsible for the preparation of the document "eni for 2013", of the analysis of the document and other procedures performed in order to obtain evidences as appropriate. The procedures performed are summarized below:
 - a. analytical procedures of sustainability data and information included in the document "eni for 2013" with data and information included in the "Consolidated Sustainability Statements 2013" included in the Annual Report 2013 of the Eni Group for which we issued our limited assurance report on April 10, 2014;
 - b. analysis of the underlying processes that support the generation, record and management of quantitative data and information included in the document "eni for 2013". In particular:
 - interviews and discussions with personnel of Corporate and Divisions of Eni S.p.A., Versalis S.p.A., LNG Shipping S.p.A., and of the subsidiary Agip Oil Ecuador BV (Exploration & Production Division) in order to obtain an understanding of the information, accounting and reporting system used for the preparation of the document "eni for 2013" as well as of the internal control processes and procedures supporting the collection, aggregation, elaboration and transmission of data and information to the department responsible for the preparation of the document "eni for 2013";
 - testing, on a sample basis, of the documentation supporting the preparation of the document "eni for 2013", in order to obtain evidences about processes in use, their adequacy and the operating effectiveness of the internal control for the correct treatment of data and information with respect to the objectives described in the document "eni for 2013";
 - c. analysis of the consistency of qualitative information reported in the document "eni for 2013" with the guidelines identified in paragraph 1. above and of their consistency with particular reference to sustainability strategies and policies;

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- d. analysis of the process related to stakeholder engagement, with reference to procedures performed and completeness of stakeholders involved, through the examination of summary minutes or other available documentation recording key aspects emerged from discussions with them;
- e. obtaining the representation letter, signed by the legal representative of Eni S.p.A., about the compliance of the document "eni for 2013" with the guidelines identified in paragraph 1., as well as to the reliability and completeness of information and data reported.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement performed in accordance with ISAE 3000; accordingly, we may not have become aware of all the significant events and circumstances which we could have identified had we performed a reasonable assurance engagement.

Some data have been restated by Directors compared to the data previously reported and subject to our limited assurance, on which we issued our report on May 6, 2013. The restatement principles of comparative data and the related disclosures have undergone limited assurance procedures for the only purpose of issuing this report.

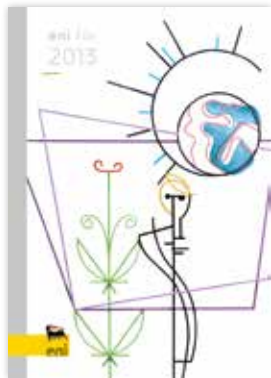
3. Based on our review, nothing has come to our attention that causes us to believe that the document "eni for 2013" of Eni Group is not prepared, in all material respects, in conformity with the reporting principles described in the section "Reporting principles and criteria".

Rome, April 30, 2014

Reconta Ernst & Young S.p.A.

Signed by: Massimo Antonelli, Partner

This report has been translated into the English language solely for the convenience of international readers.



eni for 2013 is the document that, together with the Integrated Report and the dedicated section on **eni.com**, forms the basis for **eni's** sustainability reporting.

It outlines, describing the highlights of the year, **eni's** contribution to the achievement of the global Sustainable Development goals, also with regard to the Post-2015 Agenda.



From this year it is also available as an interactive version which, enriched with additional content and tools to enable a dynamic consultation, has been produced in accordance with the Advanced Level criteria of the Differentiation Programme and includes the additional sustainability aspects provided for by the UN Global Compact Blueprint for Corporate Sustainability Leadership.

The infographic tables included in **eni for 2013** were created by The Visual Agency and can also be consulted in the interactive version. **eni for 2013** was produced with the scientific support of the Eni Enrico Mattei Foundation (FEEM).



The Annual Report 2013, which represents **eni's** Integrated Report, describes how long-term sustainable value is created by showing the links between financial and non-financial elements in company strategies, plans and performance. The Consolidated Sustainability Statements comprehensively cover performances for the last three years.

For ongoing updates on sustainability initiatives and performances see **eni.com**.



Since 2010 **eni** has entrusted its communication to talented young people from all over the world, working in a wide range of disciplines.

Lorenzo Di Cola

Born in Rome in 1988. After studying Architecture for a year, he obtained his diploma at the European Design Institute. He has always been fascinated by typography, design and sculpture. The sculpture in the cover is made mainly in wood, with details in metal and Plexiglass.



eni spa

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