

# FOR

SUSTAINABILITY REPORT

ENI FOR 2017

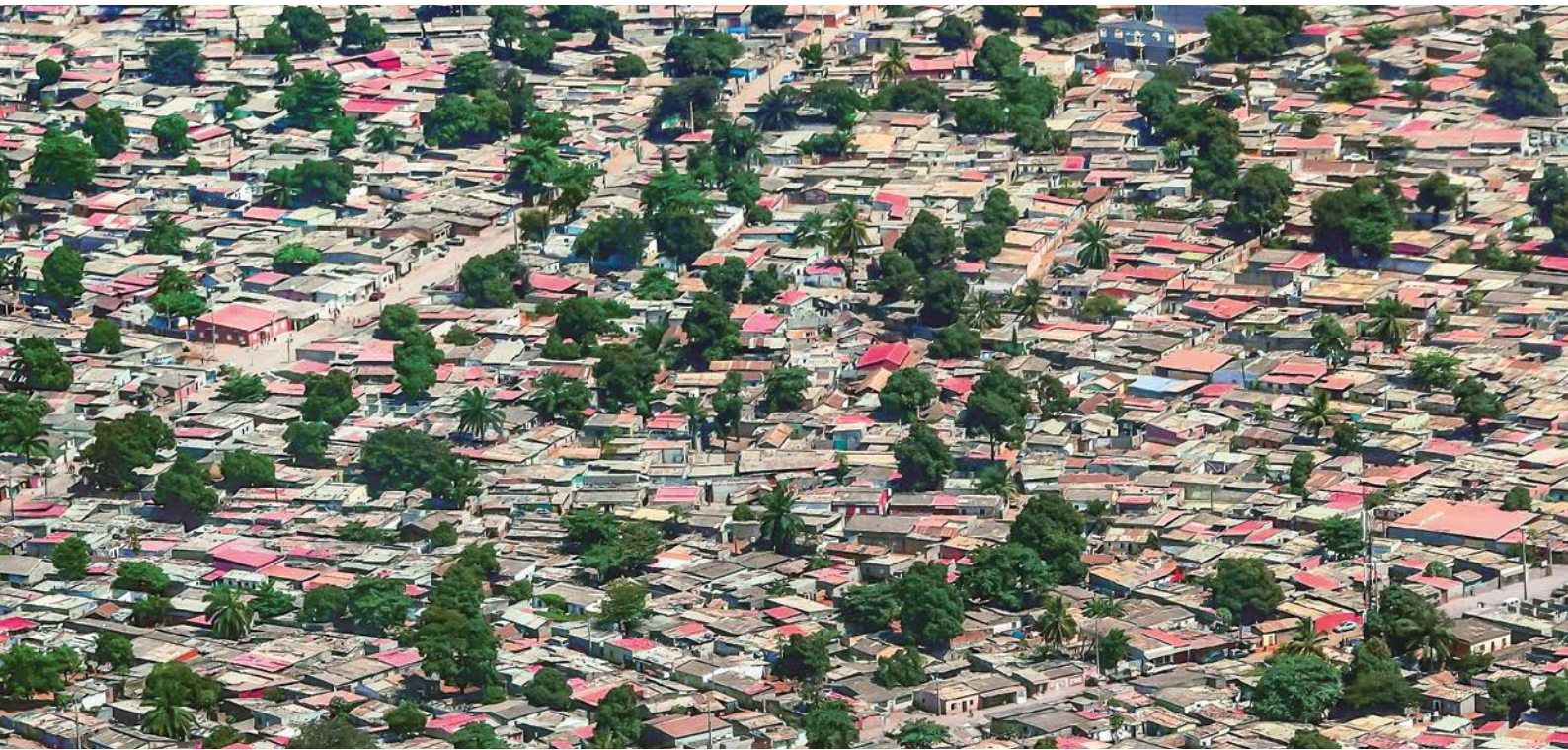


## MISSION

We are an **energy company**.

We are working to build a future where everyone can access **energy resources efficiently and sustainably**.

Our work is based on **passion and innovation**, on our unique strengths and skills, on the quality of our people and in recognising that **diversity across all aspects of our operations and organisation is something to be cherished**. We believe in the value of **long term partnerships** with the countries and communities where we operate.



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## PATH TO DECARBONIZATION

### ANNEX

Eni for 2017 - Path to decarbonization

- Climate Governance
- Risk Management
- Climate Strategy
- Metrics & Targets



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**ANNEXES**

Eni for 2017 - Sustainability Performance (available on eni.com)
GRI Content Index (available on eni.com)



**THE GLOBAL GOALS**  
For Sustainable Development

The 17 Sustainable Development Goals (SDGs) for 2030, promoted by the United Nations, are used by Eni as a guide for its development projects over the long-term.

In 2017 Eni has drawn up the Consolidated Disclosure of Non-Financial Information, in accordance with the Italian Legislative Decree 254/2016, published in the Annual Report, available on eni.com.



During the Middle Ages, a pilgrim made a vow to reach a distant sanctuary, as was customary in those days. After several days of walking, he found himself passing along a narrow road that climbed up the desolate side of a sun-burnt hillside. Grey mouths of stone quarries opened up along the path. Here and there, sitting on the ground, men chiselled large rock fragments into square stone building blocks.

The pilgrim approached the nearest man.

He looked at him pityingly.

Dust and sweat had made him unrecognizable, his eyes smarted from the stone dust and showed his terrible weariness.

His arm seemed to be fused with the heavy hammer, which he continued to raise and beat rhythmically.

"What are you doing?" asked the pilgrim.

"Can't you see?" answered the man rudely, without even raising his head. "I'm killing myself with drudgery."

The pilgrim said nothing and went on his way.

He soon came across a second stonecutter.

He too was just as tired, hurt and dusty.

"What are you doing?" the pilgrim asked him.

"Can't you see? I work from morning to night to support my wife and children," answered the man.

The pilgrim continued his journey in silence.

He had almost reached the top of the hill,

when he saw a third stonecutter. He was exhausted, just like the others. His face too was covered in a layer of dust and sweat, but his eyes, wounded by the shards of stone, were strangely calm.

"What are you doing?" asked the pilgrim.

"Can't you see?" answered the man, smiling proudly. "I am building a cathedral". And with his arm he gestured down to the valley where a huge building was being erected, an array of columns, arches and bold grey stone spires, pointing towards the sky.

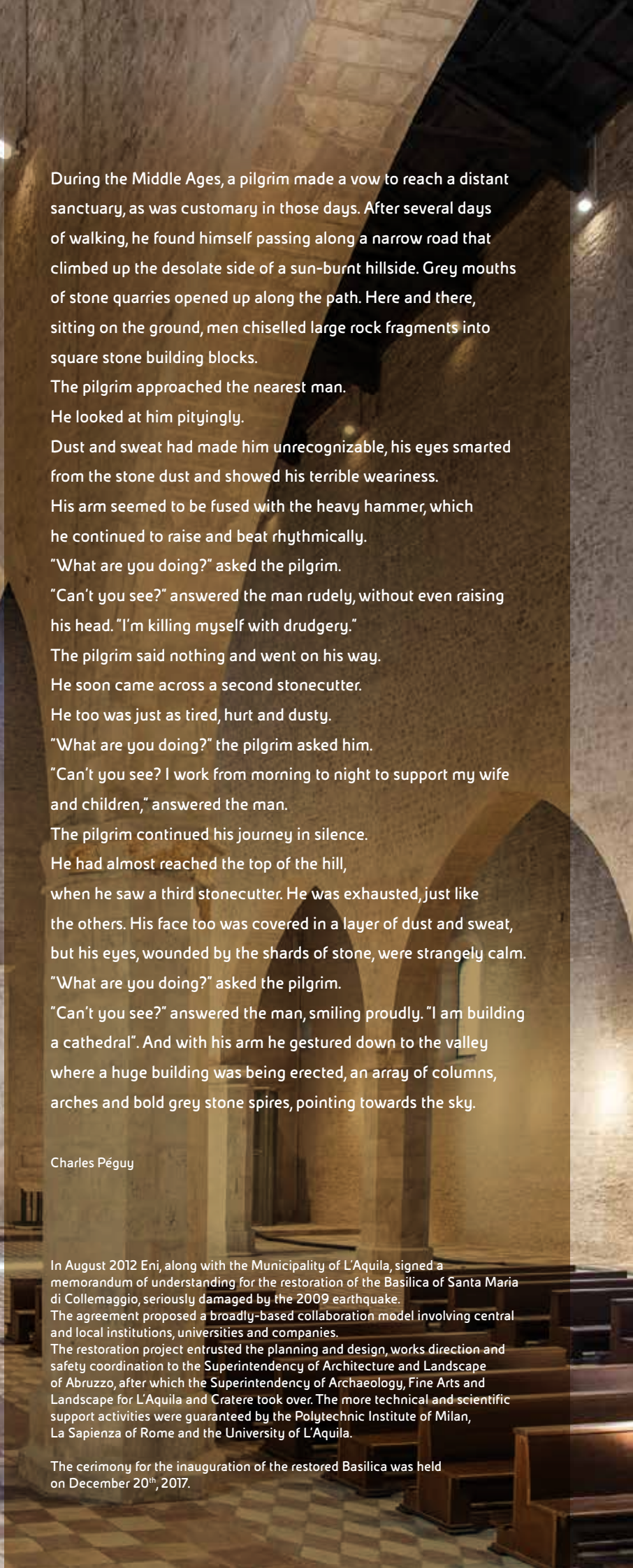
Charles Péguy

In August 2012 Eni, along with the Municipality of L'Aquila, signed a memorandum of understanding for the restoration of the Basilica of Santa Maria di Collemaggio, seriously damaged by the 2009 earthquake.

The agreement proposed a broadly-based collaboration model involving central and local institutions, universities and companies.

The restoration project entrusted the planning and design, works direction and safety coordination to the Superintendency of Architecture and Landscape of Abruzzo, after which the Superintendency of Archaeology, Fine Arts and Landscape for L'Aquila and Cratere took over. The more technical and scientific support activities were guaranteed by the Polytechnic Institute of Milan, La Sapienza of Rome and the University of L'Aquila.

The ceremony for the inauguration of the restored Basilica was held on December 20<sup>th</sup>, 2017.



## MESSAGE TO OUR STAKEHOLDERS

Over these last years, each and every one of us has participated in the significant change that Eni has gone through in the quest to create long-term value, and this is exemplified in Péguy's words and symbolism. The heart of this change is the result of everybody's contribution, and is commensurate with our skills and responsibilities.

Creating value for the company and its stakeholders in the short, medium and particularly in the long-term, is a strategic requirement for an energy company like Eni, where investment horizons span several decades. We can grow only if the Countries and communities where we operate also grow in a sustainable way. To be credible partners, we have to share an economic diversification path with them, bearing the risks and uncertainties that this may entail together.

Occasionally, the economic situation poses challenges that drive companies to focus only on the short term, side-lining the need to prepare for tomorrow's challenges. We have made every effort to avoid doing this.

This is why, in the last four years, we have transformed Eni into an integrated and efficient energy company, capable of creating value even in the most complex market situations and seizing opportunities for energy transition.

We have opened up a path based on the skills and motivation of our people, working on the company culture and corporate identity, embracing diversity, skills and the spirit of integration. Thanks to the results we achieved, we then initiated an industrial expansion phase which is underpinned by a focus on financial discipline: discipline and expansion are synonymous with sustainable growth.

Growing together with our stakeholders, with a proactive approach to development, first and foremost requires considerable effort - both our own and that of the private sector, and as far as possible in a shared context. We have clear references at international level that help us with this, including, within the UN, the Guiding Principles on Business on Human Rights (UNGP), the Sustainable Development Goals (SDGs) and the Global Compact.

The world is facing many challenges and the role of the private sector is fundamental. We cover them in "Eni for 2017" along with our strategy to combine financial stability with social and environmental sustainability to create long-term value for all stakeholders. This strategy deploys a host Country cooperation model, a clear path to decarbonization and an operating model that grasps opportunities whilst reducing risks and environmental and social impacts.

The need to combat climate change concerns our industry in particular and it has been resolutely expressed by the Paris Agreement of 2015, which we support. The transformation of the way we produce and consume energy is so important that it requires utmost clarity and lucidity of analysis. This is why this year we have prepared a special report on our path to

decarbonization, following the recommendations laid down by the Task Force on Climate-related Financial Disclosure, of which Eni - the only company in the industry - has been a member since its establishment.

However, a company's responsibility does not end with combating climate change. To reduce current and prospective risks, close attention must be paid to integrity, safety and protection of people, asset integrity and respect for the environment, also through a commitment to research. Discipline is also the integration of the human rights perspective in all our systems and in all our operations all over the world, an approach that supports the expansion of our business activities. An example of this is the impact analyses on human rights that steered our relations with communities in Myanmar, a new Country for us, which you can find illustrated in this report. Sustainable growth means contributing to the development of our host Countries: we carry out many of our operations in areas of the world that still need to overcome essential challenges in terms of life dignity. Today, over one billion people do not have access to electricity and the problem is increasingly concentrated in Sub-Saharan Africa. Around 3 billion people do not have access to modern and clean forms of energy for cooking, with serious harm to their health and, according to the International Energy Agency, the number will still be over 2 billion people in 2030.

We are an energy company and we are morally obligated to build a future where everyone can access energy resources in an efficient and sustainable way, and this is the premise that lies at the heart of our cooperation model. To succeed in this undertaking and to contribute to development requires that aspects of sustainability are integrated into every phase of our business to create value both for the territories and for the company, reducing risks of every nature.

In the Countries where we operate we invest in the production of oil and natural gas for export as well as for the local market. We also invest in sectors that are not our core business, such as electricity generation to provide access to energy, thus contributing to a fundamental development need.

Development that has to be shared in order to create integration and value for a future where everyone can be a protagonist, embracing diversity to contribute even more effectively to the common good: this is our business approach, illustrated here in Eni for 2017.

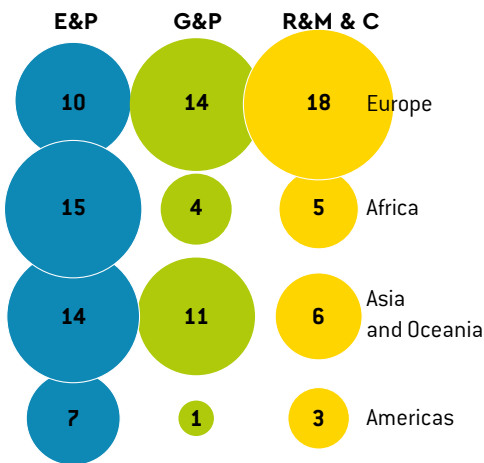


Claudio Descalzi  
Chief Executive Officer

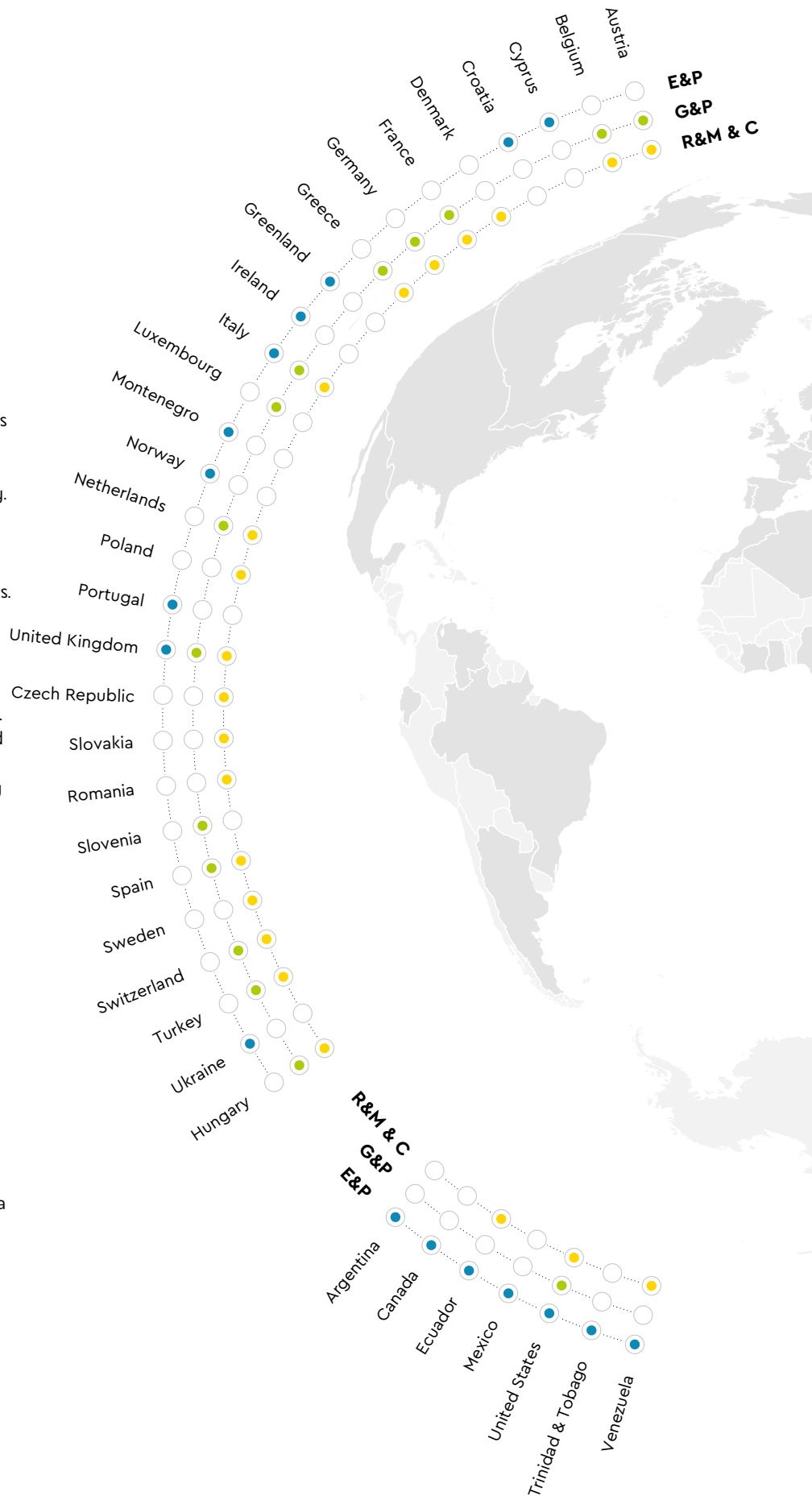
# ENI IN THE WORLD

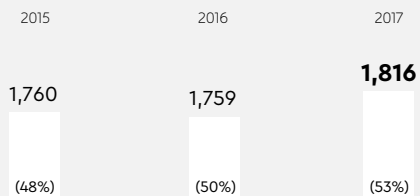
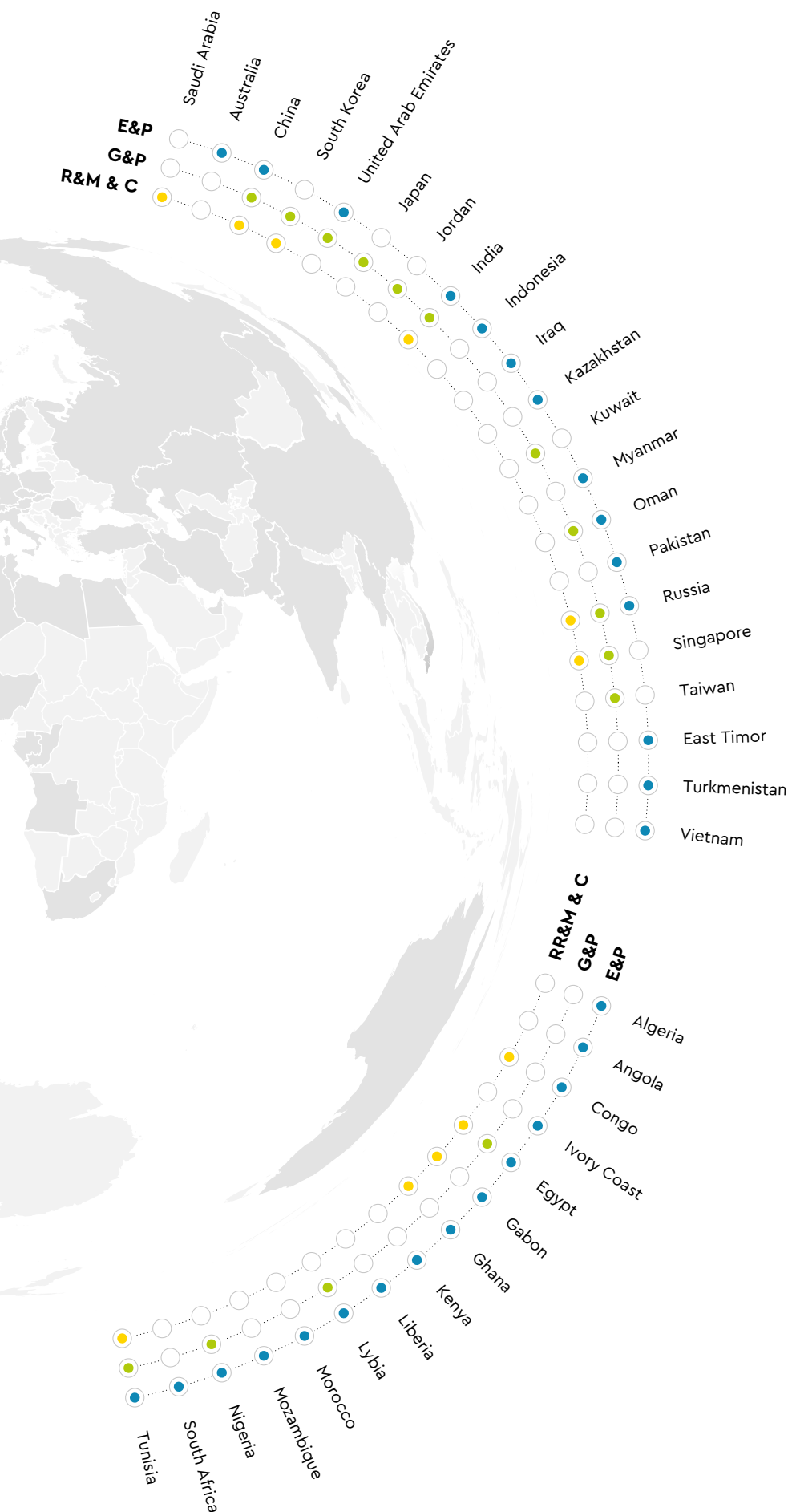
**Eni is an integrated energy company of 32,000 people in 71 Countries around the world**

Eni focuses on continuous growth based on the exploration of hydrocarbon resources and the creation of long-term value, for a future in which everyone can access energy resources efficiently and sustainably. This is why Eni has launched a transition path towards a low-carbon future which gives natural gas a central role alongside increasing development of renewable sources. Eni activities are aimed at guaranteeing the protection and promotion of human rights, compliance with safe and fair working standards, the safeguard of the environment and the fight against corruption. Since its foundation, Eni has been committed to supporting the development of the Countries in which it operates, paying attention to local needs: this has become the Company's strength.



Eni activities:  
 Exploration & Production (E&P),  
 Gas & Power (G&P), Refining & Marketing  
 and Chemicals (R&M & C).





**HYDROCARBON PRODUCTION<sup>(a)</sup>**  
 (% GAS EQUITY)  
 (thousand boe/day)



**TRIR WORKFORCE**  
 (total recordable injuries/hours worked)  
 x 1,000,000



**E&P GHG EMISSION INTENSITY RATE<sup>(b)</sup>**  
 (ton of CO<sub>2</sub>eq/toe)

**42.52**

**DIRECT GHG EMISSIONS**  
 (million tonnes CO<sub>2</sub>eq)

2017

**185**

**R&D EXPENDITURES**  
 (€ million)

2017

**72**

**of which RELATED TO DECARBONIZATION<sup>(c)</sup>**  
 (€ million)

2017

**70.7**

**COMMUNITY INVESTMENT<sup>(d)</sup>**  
 (€ million)

2017

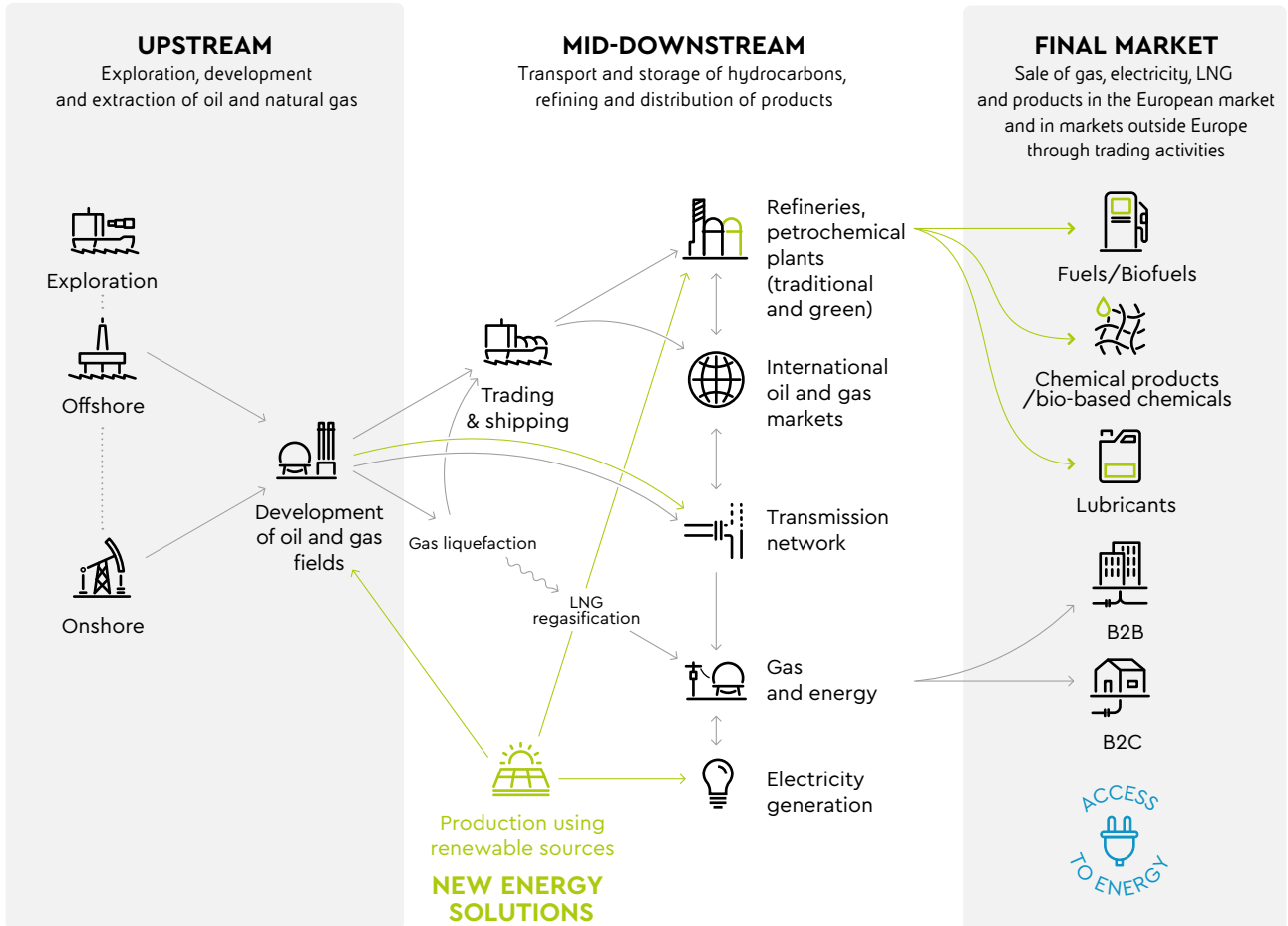
(a) Includes Eni's share in joint ventures and associated companies valued using the equity method.  
 (b) E&P GHG emissions on gross production of hydrocarbons from reservoirs operated entirely by Eni (100%).  
 (c) This investment refers to: energy transition, biorefining, green chemistry, renewable sources, emissions' reduction and energy efficiency.  
 (d) Amounts relating to resettlement and livelihood restoration activities are included.

## ENI ACTIVITIES: THE VALUE CYCLE

Eni aims to provide energy solutions that are increasingly more sustainable, also through technological

development, creating economic, environmental and social value, thanks to the skills and the motivation of its

people. This business aspect creates value for stakeholders, the company and society as a whole over time.



Eni engages in oil and natural gas exploration, field development and production in 46 Countries, mainly in Italy, Algeria, Angola, Congo, Egypt, Ghana, Libya, Mozambique, Nigeria, Norway, Kazakhstan, the UK, the United States and Venezuela.

In the Countries of operations, Eni invests in the production of oil and natural gas for export and for the local market aiming to a shared development. Eni sells gas, electricity, LNG and oil products in the European and extra-European markets, also leveraging on trading activities. Products availability is ensured by oil and gas production in the upstream business, long-term gas supply contracts,

Combined-Cycle Gas Turbine (CCGT) power plants, Eni's refinery system as well by Versalis' chemical plants. The supply of commodities is optimised through trading activity. A vertical integration among the business units allows the company to capture synergies in operations and reach cost efficiencies.

Since 2015, the **New Energy Solutions** Department has been created for the development of renewable energy. Thanks to a distinctive business model, which allows to replace natural gas consumption of the assets with solar or wind energy, Eni is able to exploit industrial, logistical, contractual and commercial synergies to create

additional value in the projects. This approach allows to **reduce the plants' energy costs** and to make available a greater quantity of gas for local consumption or export. In addition, Eni is developing various projects, not related to its assets, which will allow the **distribution of green energy** to national networks, and in Countries of operations. Also in the **Downstream** sector, Eni has developed, in addition to the traditional business, the green production of biofuels, through the conversion of the traditional refineries of Porto Marghera and Gela into biorefineries, and has integrated traditional chemistry with a range of products from renewable sources.



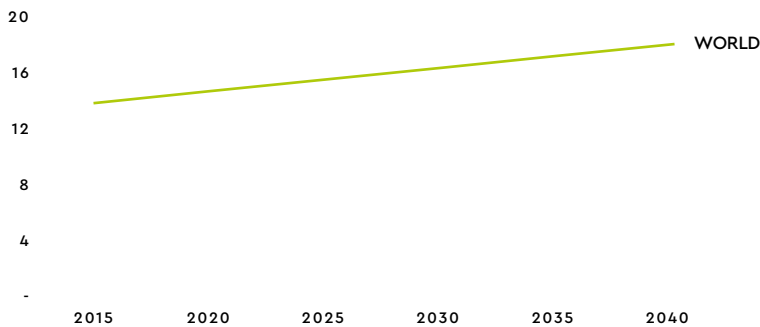
# A RESPONSIBLE AND SUSTAINABLE COMPANY APPROACH

Eni's business model is focused on creating long-term value, for both the company and stakeholders, through the achievement of goals

relating to profitability and growth, efficiency, operational excellence and prevention of business risks. Eni recognizes that the main

challenge in the energy sector is providing access to energy resources for all efficiently and sustainably while combating climate change.

2015-2040 ENERGY DEMAND (Gtoe)



2040 VS 2015

**+29%**  
GLOBAL DEMAND

**-4%**  
DEMAND FROM OECD COUNTRIES

**+49%**  
DEMAND FROM NON-OECD COUNTRIES

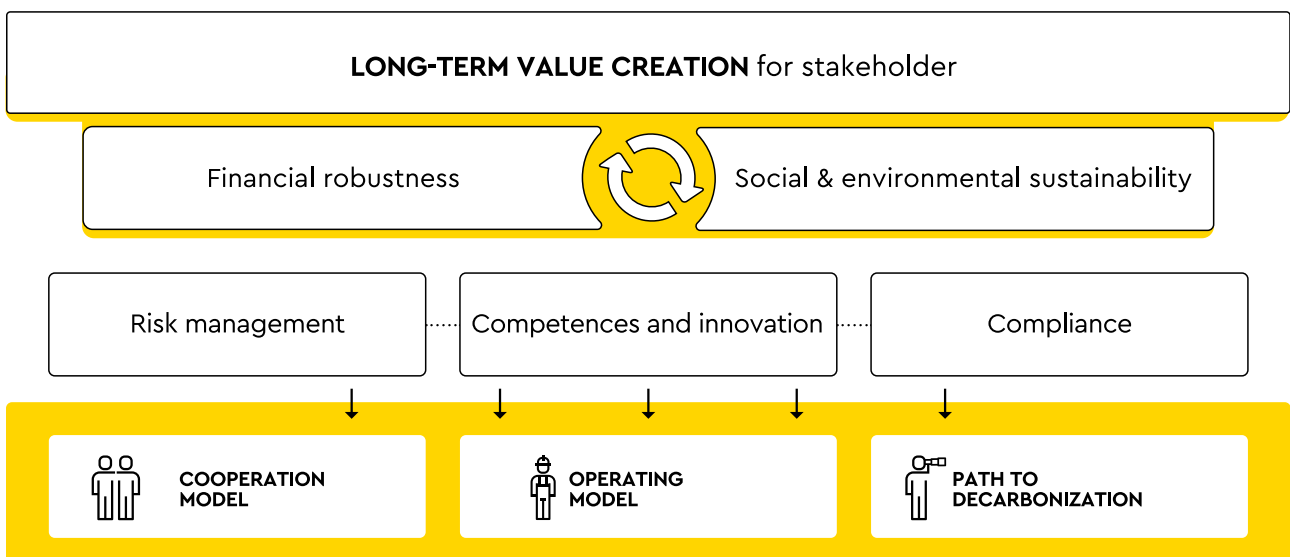
IEA New Policies Scenario Energy Outlook 2017

To meet this challenge Eni has adopted an integrated strategy aimed at achieving its operating objectives, combining financial robustness with social and environmental sustainability, based on 3

fundamental pillars: competences and innovation, risk management and compliance. This strategy is enshrined in the company's mission leverages on:

- a path to decarbonization;

- an operating model that reduces business risks as well as social and environmental impacts;
- a cooperation model with the host Countries based on long lasting partnerships.



Accordingly, supporting the Countries' development in order to promote efficient and sustainable access to energy resources

for all, valuing people, safeguarding the environment, fighting climate change, protecting health and safety, respecting for

human rights, ethics and transparency are the fundamental values integrated within Eni's business model.

## Sustainability governance

Eni's Board of Directors has always played a central role in the definition of sustainability policies and strategies, and also in the validation of related results. For 2017 and 2018, sustainability

objectives have been included in the annual variable incentive plan for the CEO and for all managers with strategic responsibilities, reflecting the importance that Eni recognises to these issues.

2018 OBJECTIVES FOR THE ANNUAL VARIABLE INCENTIVE PLAN OF THE CEO/GM<sup>1)</sup>

**25%** ENVIRONMENTAL SUSTAINABILITY AND HUMAN CAPITAL

**12,5%** SEVERITY INCIDENT RATE **12,5%** GHG EMISSIONS INTENSITY UPSTREAM

### ROLES AND RESPONSIBILITIES ON SUSTAINABILITY ISSUES

#### BOARD OF DIRECTORS

Sets up the Board Committees:

**CONTROL AND RISK COMMITTEE**  
**REMUNERATION COMMITTEE**  
**NOMINATION COMMITTEE**  
**SUSTAINABILITY AND SCENARIOS COMMITTEE (SINCE 2014)**

↓  
 Performs advisory and consultative functions for the BOD on scenarios and sustainability. With particular reference to: health; welfare and safety of people and communities; respect and protection of rights, particularly human rights; local development; access to energy, energy sustainability and climate change; environmental protection and efficiency in the use of resources; integrity and transparency; innovation.

- Defines the Corporate Governance system.
- Defines the fundamental lines of the organizational, administrative and accounting structure and the guidelines for the internal control and risk management system and assesses their adequacy.
- Examines the main risks on a quarterly basis.
- Approves the fundamental lines of the internal regulatory system, policies and, as a rule, internal compliance and governance regulations.
- Defines, upon the proposal of the CEO, the strategic lines and objectives, including those on sustainability.
- Examines and approves the Policy on the Remuneration of Directors and managers.
- Examines and approves the integrated financial reporting, the Non-Financial Disclosure (NFD), Eni for, the Annual Report on Payments to Governments, the UK Modern Slavery Act statement.

IN 2017 THE BOD APPOINTED AN ADVISORY BOARD TO ANALYSE THE MAIN GEOPOLITICAL, TECHNOLOGICAL AND ECONOMIC TRENDS AND THE DECARBONIZATION PROCESS.

#### CHAIRMAN

- Central role in the internal control and risk management system.
  - Steers the activities of the BOD and, among other things, ensures training for Board members, also on sustainability issues.
- In exercising their institutional role of representation, the Chairman ensures dialogue with investors and the market.

#### CHIEF EXECUTIVE OFFICER

- Main responsible for the management of the Company, notwithstanding the tasks reserved to the Board.
- Implements the BOD's resolutions, informs and presents proposals to the BOD and to the Committees.

#### CHIEF SERVICES & STAKEHOLDER RELATIONS OFFICER

(CROSS-CUTTING SUPPORT FUNCTION TO ALL THE BUSINESS LINES)

Monitors the definition of sustainability guidelines, methods and instruments, promoting ever greater integration with operational processes.

#### IMPRESSO STRUCTURE

(RESPONSIBLE AND SUSTAINABLE ENTERPRISE)

- Ensures monitoring of changes in the external context and identification of key sustainability issues, also thanks to dialogue with stakeholders.
- Proposes, together with other functions, the sustainability priorities and objectives in the strategic plan for the Business Lines and support functions, ensuring the dissemination of a sustainability culture.
- Oversees the coordination of initiatives aimed at guaranteeing respect for human rights in company activities.
- Oversees the process of defining, developing and implementing the plan of initiatives for the territory, in line with the business objectives as well as the needs of the communities and territories concerned.

#### LOCAL OFFICES

#### SUSTAINABILITY CONTACTS

Define the development plans for the territory in order to maximize the benefits for the Countries in which Eni operates and to create added value for the company, identifying new business opportunities and consolidating relations with host Countries.

<sup>1)</sup> Chief Executive Officer, General Manager.

## Integrated risk management model

Eni has developed and adopted an Integrated Risk Management Model<sup>2</sup> to ensure that management takes

risk-informed decisions, with full consideration of actual and potential future risks, including medium and long-

term ones, as part of an organic and comprehensive vision. The integrated risk management model:



**ATTRIBUTES THE BOARD OF DIRECTORS WITH A CENTRAL ROLE IN DEFINING THE NATURE AND LEVEL OF RISK COMPATIBLE WITH THE STRATEGIC TARGETS INCLUDING IN THE VALUATION PROCESS ALL THOSE RISKS WHICH COULD BE CONSISTENT FOR THE SUSTAINABILITY OF THE BUSINESS IN THE MEDIUM-LONG-TERM.**



**IS BASED ON IMPACT ASSESSMENTS CONCERNING ECONOMIC, FINANCIAL, OPERATIONAL, SOCIAL, ENVIRONMENTAL AND REPUTATIONAL ASPECTS.**



**IS CARRIED OUT THROUGH A QUARTERLY ANALYSIS OF THE RISK PROFILE.**

In 2017:

- two assessment cycles were carried out: the Annual Risk Profile Assessment in the first half of the year and the Interim Top Risk Assessment in the second half;
- three monitoring cycles were performed on the top risks and on the implementation status of the treatment actions put

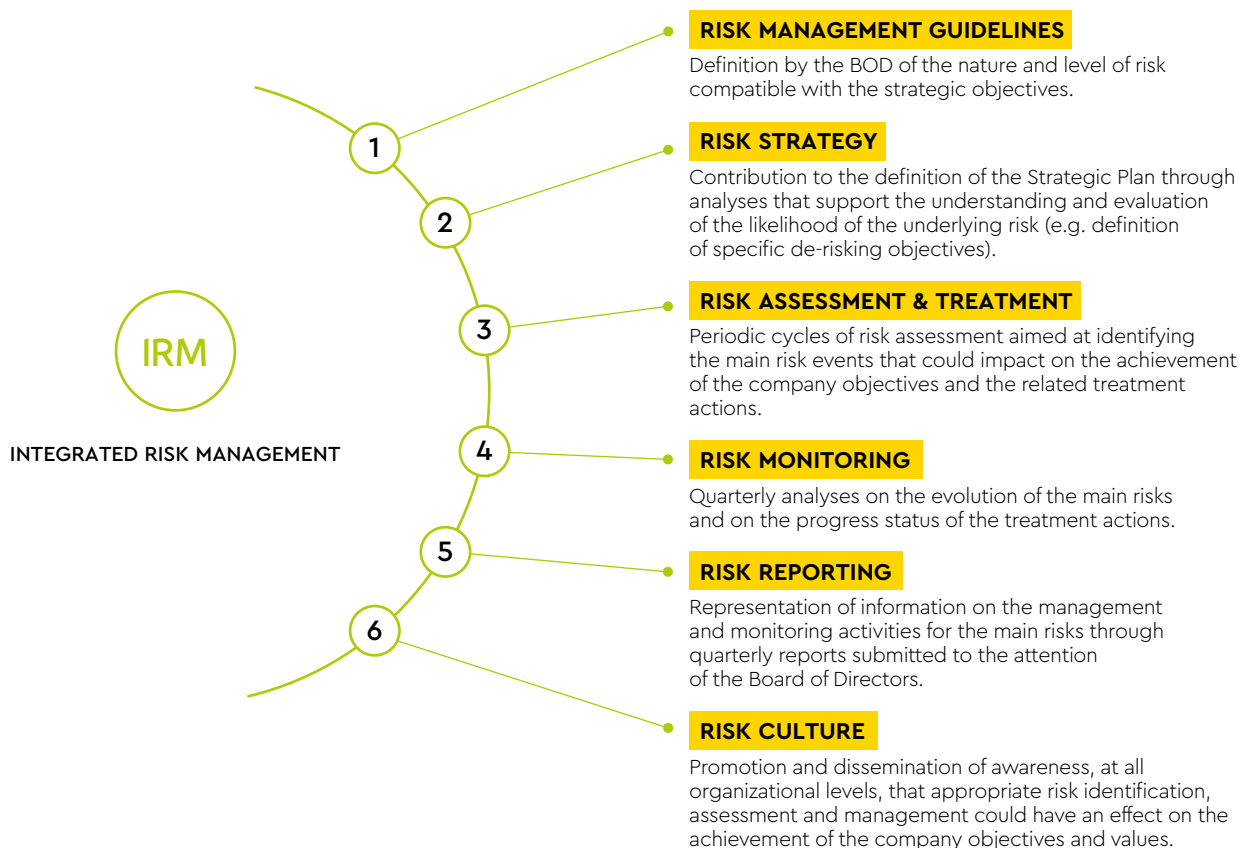
in place by the management;

- 81 subsidiaries present in 28 Countries were involved, identifying approximately 150 risks, including 20 top risks, grouped into strategic, external and operational risks.

Risk profile analysis is also carried out using a long-term perspective and, as part of this, analysis of the risks associated with climate change are particularly important<sup>3</sup>.

**RISKS: POTENTIAL EVENTS THAT COULD AFFECT ENI'S ACTIVITIES AND WHOSE OCCURRENCE COULD IMPACT ON THE ACHIEVEMENT OF THE MAIN BUSINESS OBJECTIVES.**

### THE INTEGRATED RISK MANAGEMENT PROCESS



2) For more information, see the Annual Report, Integrated Risk Management.

3) For more information, see the annex Path to Decarbonization, pages 10-15.

# STAKEHOLDER ENGAGEMENT

## ACTIVITIES

**Operating in 71 Countries, Eni believes that the relationship with stakeholders is an essential element for value creation and mutual trust**

In its activities, Eni faces a multitude of different stakeholders on a day-to-day basis and has always paid a great deal of attention to managing relations through the direct involvement of stakeholders and the establishment of long-term collaborative relationships. This collaboration is crucial for the specific local needs in order to promote shared development, reduce potential risks and identify new business opportunities. This approach is based on the proactive involvement not just of important or potentially critical stakeholders, but also those who, while staying silent, represent the needs and requirements – often unexpressed – of the different local social and economic contexts. This complex relationship is managed by Eni through functions expressly dedicated to interacting with specific types of stakeholders and through the use of a web-based innovative platform, which enables stakeholders to be mapped, real time monitoring of their requests and management of the necessary response actions.

### ENI'S PEOPLE AND NATIONAL AND INTERNATIONAL LABOUR UNIONS

- Internal communication plan focused on strategy, targets, Eni's results and on integration topics, declined in:
  - a) Organization and process (Leadership Meeting; Global Engage; "NOI", for the team; Safety & Environment Day 2017);
  - b) Know-how integration and experience (best practices sharing, storytelling, support to organization and communication of defined initiatives);
  - c) Culture and behaviour.
- Meeting with national and international labour unions, in the field of Global Framework Agreement<sup>(a)</sup>, finalized to a dialogue on certain social and working situations in Countries of worker representatives' origin.

### CONTRACTORS, SUPPLIERS AND COMMERCIAL PARTNERS

- Required respect of Eni's Code of Ethics, Eni's Guidelines for the protection and promotion of Human Rights and Company's Model 231.
- Meetings with local companies addressed to illustrate the sustainability Eni's values (respect of Human Rights).
- Awarding of the best suppliers in terms of safety performance in the year with the Eni Safety Award.
- Possible communications of not conformity/improvement areas emerging as result of processes of qualification.

### LOCAL COMMUNITIES & COMMUNITY BASED ORGANIZATIONS

- Start of consultation activities with the authorities and the local communities for planning, management and realization of initiatives for the community in Congo (development and implementation of CATREP<sup>(b)</sup>), Iraq (planning of long-term education activities), Egypt (planning of sustainable activities connected to Zhor), Nigeria (renegotiation of single sustainability MoU regarding every community).
- Public consultation in permitting and operative processes in Myanmar, Mozambique, Montenegro, Mexico, Kazakhstan and Ghana.
- Constant dialogue with the Community Resettlement Committee in Palma area in Mozambique, supporting the resettlement process.

## Key issues

	PEOPLE AND NATIONAL AND INTERNATIONAL TRADE UNIONS	LOCAL COMMUNITIES & COMMUNITY BASED ORGANIZATIONS	CONTRACTORS, SUPPLIERS AND COMMERCIAL PARTNERS
Health and safety in the workplace	●		●
Climate change and energy efficiency	●		●
Management of environmental impacts		●	●
Protection of human rights		●	●
Integrity and transparency	●		●
Fairness and transparency of commercial policies			●
Challenges for development			●
Relations with the community and local development		●	●
Economic and financial value creation			●
Sustainable management of the supply chain			●
Asset integrity and emergency management			●
Corporate governance			●
Risks and vulnerabilities in the energy sector			●
Organizational environment and welfare	●		●
Response capacity to the consumers needs			●

(a) Global Framework Agreement on Industrial Relations and on International level and on Company's Social Responsibility, subscribed by Eni in 2016 with IndustriALL Global Union and with the Italian Union Labour Organizations of Industry.  
 (b) Centre d'Appui Technique et de Ressources Professionnelles.

**FINANCIAL COMMUNITY**

- Launch of the strategic plan in London and Milan and top management Road-show.
- Conference call on quarterly results.
- Participation in thematic conferences organized by financial institutions. Corporate governance Road-show held by Eni's Chairman in London, Paris and Milan.
- Engagement with investors about industrial topics, financial and ESG themes also relating to Shareholders' Annual meetings.

**DOMESTIC, EUROPEAN AND INTERNATIONAL INSTITUTIONS**

- Meetings on energy issues with local political/institutional members, national, European and international, included the Italian diplomatic representations abroad and foreign diplomatic representations in Italy and international organizations.
- Active participation to technical and institutional worktables, mixed/intergovernmental commissions, public consultations, international business forum and opportunities of dialogue promoted by Government and the Italian Parliament.
- Information and relation activity with national and local stakeholders to restart negotiations with MISE/Italian Regions.
- Continuous dialogue with European Commission and European Parliament about decarbonization themes, mobility, energy access and development.

**VOLUNTARY PARTICIPATION IN ORGANIZATIONS AND CATEGORY ASSOCIATIONS**

- Membership and participation to OGCI<sup>(c)</sup>, IPIECA<sup>(d)</sup>, WBCSD<sup>(e)</sup>, UN Global Compact, CIDU<sup>(f)</sup>, EITI<sup>(g)</sup>.
- Interaction/collaboration with Danish Institute for Human Rights and Business.
- Education initiatives and promotion of defined sustainability topics.
- Support to the specific materials realization (Guidelines, webinar, etc.) and sharing of the best practices.
- Cycles of meeting focused on Eni's suppliers crediting procedures.
- Conventions with company evidences about sustainability matters.
- Participation to associative organism and specialized worktables.

**CUSTOMERS AND CONSUMERS**

- Dialogue with the national and international Customers' Associations with focus on circular sustainability, in chemical and refining business.
- Workshop on sustainable environmental remediations realized by Syndial, about sustainable mobility and renewable energies.
- Sponsorization of "Mobilttime" project to promote the sustainable mobility in the Italian cities.
- Five local meetings organized with the Customers' Associations of the CNCU<sup>(h)</sup>.

**UNIVERSITIES AND RESEARCH CENTRES**

- Four-year renewal of Eni/MIT agreement on technology development for fighting the climate change.
- Three-year collaboration agreement with the University of Bologna on R&D themes on energy.
- Realization of "Eni Award Lectures", cycle of lessons given by the winners of the previous edition of the Eni Award and by members of the research Commission.

**ORGANIZATIONS OF INTERNATIONAL AND NATIONAL ADVOCACY**

- Proactive dialogue and sharing of informations on sustainability topics regarding the main sites of Eni's presence.



(c) Oil and Gas Climate Initiative.

(d) Oil & Gas association active in environmental and social issues.

(e) World Business Council for Sustainable Development.

(f) Interministerial Committee on Human Rights.

(g) Extractive Industries Transparency Initiative.

(h) Italian National Council of Consumers and Users.

## SUSTAINABLE DEVELOPMENT

### GOALS (SDGs)

The UN's 2030 agenda for Sustainable Development, presented in New York in September 2015, identifies 17 Sustainable Development Goals (SDGs) which represent common goals for the current complex social challenges and are an important reference for the international community. As part of these global challenges, energy plays

a fundamental role in the achievement of primary needs, the socio-economic development of Countries, protection of the environment and international security.

With this awareness, Eni has set itself the goal to define to what extent its activities are able to contribute directly or indirectly to achieving the SDGs.

For this purpose, in 2017, Eni launched a project with the Columbia Center on Sustainable Investment to develop a model for prioritizing the SDGs. This model allows the identification of the Sustainable Development Goals on which Eni can contribute through its business activities and associated projects.

#### COLUMBIA CENTER ON SUSTAINABLE INVESTMENT PRIORITY SDGS FOR AN ENERGY COMPANY WHICH OPERATES MAINLY IN AFRICA



As part of the Columbia Center on Sustainable Investment's analysis, Eni's initiatives, governance systems and incentive mechanisms were reviewed. The report found that Eni has initiatives impacting all 17 SDGs. The company is particularly committed to contributing to the achievement of SDGs 7 and 8. Its health and education programs for employees and communities contribute to SDGs 3 and 4 in

many Countries of operation. Significant efforts have been placed to follow best practices regarding environmental monitoring and reporting to avoid negative impacts on SDGs 14 and 15. In the last few years, a number of climate change activities have been developed that help address SDG 13. The report recognizes these important steps and encourages additional plans and timelines in respect of the

objectives of the Paris Climate Agreement. The report also emphasizes further opportunities to bolster SDGs 5 and 10 through gender-sensitive and participatory processes in local interventions. Furthermore, in line with SDG 17, Eni is committed to sharing competencies and economic resources with a variety of organizations toward the achievement of the SDGs.

*THE MAIN OBJECTIVES AND INITIATIVES ON THESE ISSUES ARE EXAMINED IN THIS DOCUMENT.*

# MATERIALITY:

## KEY SUSTAINABILITY ISSUES

The integrated planning process enables Eni to identify the key sustainability issues and consequently the related action plans and objectives.

The process starts with the definition of strategic guidelines, also on sustainability, issued by the CEO for the different business lines and

business support functions, which are the basis for the four-year strategic plan and later for the managerial objectives (MBO).



### SUSTAINABILITY GUIDELINES ARE DEFINED BASED ON 3 ELEMENTS



#### ANALYSIS OF SUSTAINABILITY SCENARIO

Analysis of emerging issues with regard to business context and the progress achieved on objectives.

THE ANALYSIS IS PRESENTED TO THE SUSTAINABILITY AND SCENARIOS COMMITTEE AND APPROVED BY ENI'S BOARD OF DIRECTORS.



#### RISK ASSESSMENT RESULTS

Identification of Eni's main risks including potential environmental, health and safety, social and reputational impacts.

THE CEO SUBMITS THE COMPANY'S MAIN RISKS TO THE BOARD OF DIRECTORS ON A QUARTERLY BASIS.



#### STAKEHOLDERS' PERSPECTIVE

Process that identifies the priority issues for the various company stakeholders.

THE ISSUES ARE IDENTIFIED ACCORDING TO GRI STANDARDS, AA1000 ACCOUNTABILITY AND IFC GUIDELINES<sup>4</sup>.

These Guidelines identify, by business area, the **key material sustainability issues that affect the company's ability to create value over the short, medium and long-term**. These issues are shown below under the three levers of the business model.



#### PATH TO DECARBONIZATION

- Combatting climate change: reduction of GHG emissions, energy efficiency, promotion of natural gas and renewables, biofuels and green chemistry
- Technological innovation



#### OPERATING MODEL

- Employment and diversity
- People's safety and asset integrity
- Occupational health and local communities health
- Reduction of environmental impacts (protecting water resources, biodiversity, oil spills)
- Circular economy and waste
- Human rights
- Integrity in business management (transparency, anti-corruption)



#### COOPERATION MODEL

- Access to energy
- Economic diversification
- Local development (education, access to water and sanitation, health)
- Local content



4) Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets.



# OPERATING MODEL

## MAIN RESULTS AND TARGETS



### PEOPLE

	PROGRESS IN 2017 VS 2016	OBJECTIVES FOR 2018-2021
<b>PROFESSIONAL CAREER PATHS</b>	Around 3,400 people involved in knowledge mapping campaigns to enhance high quality technical and professional skills and define technical career paths.	Continuous development of models for the definition of professional growth plans and enhancement of technical skills.
<b>WORLDWIDE MATERNITY AND PATERNITY POLICY</b>	Implementation of the OPI <sup>(a)</sup> on paternity and maternity leave to guarantee 10 days' leave on full pay to both parents in Italy and abroad.	Mapping of the ratifications of the main ILO Conventions in Countries where Eni is present (60 Countries).
<b>PARENTAL LEARNING PATH</b>	100 enrollments in the Maternity as a Master programme (MAAM).	Continue to develop the training potential of the parental experience.
<b>IN-HOUSE TRAINING</b>	+80% of in-house training (550 active trainers and a further 600 teachers with more limited teaching experience).	Maximization of the training provided in-house.
<b>RAISING AWARENESS ABOUT UNCONSCIOUS BIAS</b>	Planning and design of the programme to rise awareness of unconscious bias and the possibility of overcoming it.	Dissemination of the training and awareness campaign for a systemic cultural reflection on an ever more effective management of diversity and inclusion.
<b>SMART WORKING (ITALY)</b>	Pilot Smart Working project on new-parenthood in which 303 new mothers and fathers participated in 2017.	Confirmation of Smart Working for new parents and extension to people affected by certain health conditions; Gradual extension by organizational area; EniProgetti, EniServizi and Syndial involved in a first phase. On the basis of the first phase results, further extensions would be evaluated in the four years plan.

(a) Professional Operating Instruction.







### SAFETY

	PROGRESS IN 2017 VS 2016	OBJECTIVES FOR 2018-2021
<b>REDUCTION OF TOTAL RECORDABLE INJURY RATE (TRIR)<sup>(b)</sup></b>	TRIR 0.33 (- 6.8% vs 2016).	Zero injuries.
<b>IMPROVE PROCESS SAFETY AND ASSET INTEGRITY</b>	Definition and execution of process safety audit programmes for the business lines and at headquarter level.	Creation of a pool of internal process safety auditors to carry out audits using a uniform assessment method. Monitoring the implementation of corrective actions arising from the audits.
<b>CONSOLIDATION OF THE SAFETY CULTURE INSIDE AND OUTSIDE THE COMPANY</b>	The Inside Lesson Learned and Eni in Safety 2 projects have been launched to share and disseminate experience acquired in the field, through an analysis of mistakes and correct conduct.	Launch of a new campaign to promote safe behaviour in all work environments and in life more generally.

(b) Employees and contractors. TRIR: Total Recordable Incident Rate.



The operating model's excellence lies in the constant commitment to minimizing risks and to creating opportunities along the whole cycle of activities with respect to people, environment and safeguarding safety. Eni is focused on innovation, on support to Countries' development, on promotion of human rights, and on integrity in managing the business. "Noi", Eni's team, composed of over 32,000 people, makes all this possible.

 <b>HEALTH</b>  <b>PROMOTING HEALTH OF EMPLOYEES</b>	<b>PROGRESS IN 2017 VS 2016</b>  A strategic plan has been developed on health promotion for employees and their families to be applied in all Eni companies.	<b>OBJECTIVES FOR 2018-2021</b>  Implementation of the health promotion plan in accordance with the reference technical guidelines and the topic areas identified as priority.
 <b>RESEARCH AND DEVELOPMENT</b>  <b>INVESTMENTS IN R&amp;D</b>	<b>PROGRESS IN 2017 VS 2016</b>  €185 million (+15% vs 2016).	<b>OBJECTIVES FOR 2018-2021</b>  €776 million.
 <b>HUMAN RIGHTS</b>  <b>CONTINUOUS IMPROVEMENT</b>  <b>TRAINING AND AWARENESS RAISING</b>	<b>PROGRESS IN 2017 VS 2016</b>  The inter-functional working group "Business and human rights" has been set up.  The e-learning training on human rights continued and 3 modules have been prepared on Human Resources, Relations with the Territory and Security (delivery started) and planning has started on the Procurement module.	<b>OBJECTIVES FOR 2018-2021</b>  Finalization of the action plan with the main improvement areas in relation to international standards.  Delivery to the defined target, completion of the Procurement module and delivery of training on Human Rights with regard to Human Resources, Relations with the Territory and Security.
 <b>DIGITALIZATION</b>  <b>DIGITAL TRASFORMATION</b>	<b>PROGRESS IN 2017 VS 2016</b>  Digital acceleration phase started along the entire value chain.	<b>OBJECTIVES FOR 2018-2021</b>  Over 150 digitalization projects started in all the main operational areas, for asset integrity and to improve HSE performances.
 <b>TRANSPARENCY</b>  <b>TRANSPARENCY OF PAYMENTS</b>	<b>PROGRESS IN 2017 VS 2016</b>  Implementation of the new mandatory reporting regime and an EITI support community for subsidiaries.	<b>OBJECTIVES FOR 2018-2021</b>  Promoting the active role of subsidiaries in local EITI Multi-Stakeholder Groups.
 <b>RESPECT FOR THE ENVIRONMENT</b>  <b>% INCREASE FORMATION WATER RE-INJECTED</b>  <b>REDUCTION OF OPERATIONAL OIL SPILLS AND THOSE CAUSED BY SABOTAGE</b>	<b>PROGRESS IN 2017 VS 2016</b>  59% (+1% vs 2016).  -35% in the number of operational oil spills and spills caused by sabotage. €25.7 million invested in prevention (+20% vs 2016).	<b>OBJECTIVES FOR 2018-2021</b>  83% increase in re-injection by 2021 in Nigeria, Congo, Turkmenistan and Angola.  Further reductions in the number of events and volumes spilled due to investments of €111.1 million over the Plan, to which current costs of €66.7 million must be added.



## NOI -

## ENI'S PEOPLE



Eni's business model is based on internal skills, an asset that is built up over time and with dedication and which increases its value in the long-term. This is why people are a priority among the company's stakeholders and they are a key

element in achieving the objectives. Only people who are involved can be aware of the fact that their work, like the work of every single person in the company, none excluded, is part of a broader project and a common objective.

## THE TEAM

**32,195** PEOPLE  
 20,468 IN ITALY    11,727 ABROAD

**"EVERY SINGLE PERSON IS FUNDAMENTAL AND THE SPECIFIC ROLE OF EACH ONE CONTRIBUTES TO ACHIEVING OUR COMMON GOALS. INVESTING IN ONE ANOTHER, COLLABORATING WITH GENEROSITY AND HUMILITY, IS THE KEY THAT WILL ALLOW US TO TRANSFORM OURSELVES INTO AN EXCELLENT TEAM ABLE TO FREE UP ENERGY AND REALIZE OUR FULL POTENTIAL."**

CEO'S BLOG "THE ENERGY OF DIALOGUE", 14 APRIL 2017

Accordingly, considering the current scenario, Eni has chosen to go against the grain emphasizing the fundamental importance that attributes to its people. In fact, despite the Oil & Gas sector has recorded a reduction of more than 400,000 employees<sup>5</sup> in the period 2014-2016, Eni has kept its workforce essentially unchanged.

The team culture promoted by the CEO is based on placing at the centre of the business activities the human

element and the related skills and competencies.

This is a new communication approach directed at all company levels and guided by the desire to explore together: the profound transformation that Eni is undergoing, the company results, as well as the commitments undertaken towards people, the market, shareholders and all the other stakeholders.

A commitment that has been

strengthened since 2015 from the launch of the CEO's blog on the company intranet, triggering an open and direct dialogue with all Eni's people, which recorded over 240,000 hits<sup>6</sup> in 2017.

This intranet, MyEni, is a channel that is constantly evolving and engages more and more people through the narration of stories and internal skills, and over 20 million hits are recorded each year.

#### IN 2017, TO INCREASE PEOPLE'S ENGAGEMENT, THE CEO PARTICIPATED IN PERSON TO SEVERAL EVENTS:

##### LEADERSHIP MEETING: NOI, THE VALUE OF A TEAM (APRIL 2017)

- Meeting entitled "Noi, the value of a team" to concentrate on the value of Eni's people, on what has been built that has enabled Eni to achieve record results. It involved the top management

##### GLOBAL ENGAGE (MAY 2017)

- Evolution of the annual event to communicate strategies and objectives to promote greater direct participation and interaction
- Programme launched by the CEO with the "Global Engage with CEO" event: it involved a specific target of colleagues, under 40s with 5-10 years service, and it was streamed by over 23 thousand colleagues; furthermore, over 200 questions were posted live on #ASKCEO. The programme was then continued by all the top management with 13 live meetings of the business areas with different population segment and communication abroad and with operational sites - over 33 hits on the live streaming of the events

##### NOI FOR THE TEAM (JULY 2017)

- 6,000 managers met up to reflect on the "diffused leadership" business model (→ Detailed on next page)

##### YEAR-END EVENT (DECEMBER 2017)

- the CEO and the Chairman participated in the event addressed to young new hires to share the results of the year which was streamed live on MyEni, gaining over 11,000 hits

5) Source: Graves & Co.

6) Hits means the number of times the pages were clicked on.



**NOI FOR THE TEAM**

13 JULY 2017



“The six-legged dog is our home... We are the soul of this house, the facilitators, we are people who fuel the company. **Connection is the basis of our management model** because when highly technological, engineering, physics and mathematical departments are connected, it creates a driving force, new projects emerge and life is pumped into the company’s future...We must work to create a team which focuses on corporate priorities: this is where the **energy multiplies**, this is where the dog lights up”. Event “NOI for the team”, Claudio Descalzi, 13 July 2017. An event to reflect on the “diffused leadership” business model based on: **trust, humility,**

**generosity, dialogue and listening**, where each manager is a node in a network of flowing energy, connecting functions and skills, so that the company moves forward, in unison, towards its objectives.

The 6,000 managers who attended the event undertook the following commitments at the end of the day:

- Promote the sharing of goals and strategies
- Encourage cooperation at first hand
- Involve Eni’s people
- Invest time for Eni’s people
- Give and ask for feedback
- Do and ask for follow-up
- Define professional development paths

for Eni’s people

- Being aware of their role

As part of the action plan, 6 Team Building sessions were also carried out with level I and II managers with the aim of further encouraging inter-functional and cross-cutting integration.

**LISTENING, DIALOGUE, SHARING, TRUST AND PASSION ARE ESSENTIAL VALUES FOR ENI’S PEOPLE BECAUSE THEY ARE THE NECESSARY PROFESSIONAL SKILLS FOR A TEAM!**

**NOI FOR THE TEAM: 2017 TRAINING INITIATIVES:**

INITIATIVE	ADDRESSED TO	OBJECTIVES	PEOPLE INVOLVED	NEXT STEPS
<b>ENI TELLS ITS OWN STORY</b>	Middle managers from support function and Italian subsidiaries	<ul style="list-style-type: none"> <li>• Provide tools to better understand the business also through case studies</li> <li>• Transmitting key concepts and specific terminology about the way Eni operates</li> <li>• Bringing different activity areas closer together</li> <li>• Facilitating the creation of an internal network between colleagues and an open dialogue between functions.</li> </ul>	Approx. 230 learners and 130 in-house trainers	Involvement of other 450 people
<b>ENI ACADEMY</b>	New hires in Italy and abroad	<ul style="list-style-type: none"> <li>• Boost knowledge of Eni and its activities</li> <li>• Transfer and share Eni’s values, also by listening to the stories of top managers</li> <li>• Build long-lasting networking with other colleagues</li> <li>• Build and develop skills such as team building, integration, diversity and inclusion.</li> </ul>	90 in 3 editions	Involvement of all young new hires in Italy and abroad, with an average of approx. 300 people a year
<b>ENERGY TO LEAD</b>	Managers in Italy and abroad	<ul style="list-style-type: none"> <li>• Consolidate and develop a widespread and inclusive leadership</li> <li>• Strengthen a single corporate identity based on the values of integration and collaboration.</li> </ul>	Approx. 2,950, of which 790 international managers	Launch of new editions and involvement of all managers of resources in Italy and abroad
<b>MENTORING PROJECT</b>	Young middle managers (mentees) and senior managers (mentors)	<ul style="list-style-type: none"> <li>• Support mentees in building their own professional career path, also through the transfer of values and experiences from mentors, promoting also a culture of diversity which enhance intergenerational dialogue.</li> </ul>	32 mentors and 32 mentees	Launch of new editions with the involvement of approx. 60 mentors and 60 mentees



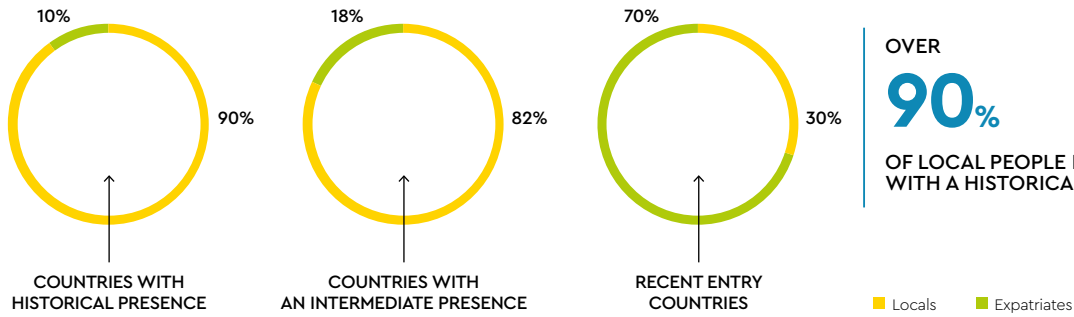
## Equal opportunities – Diversity as a resource

The commitment to managing and developing Eni's people is global, with no distinction between nationality or Country. In the upstream sector, the commitment to greater integration

with local companies is confirmed by the percentage of total local workforce standing at 30% in Countries that Eni has recently entered and reaching 90% in those where it built a long-standing

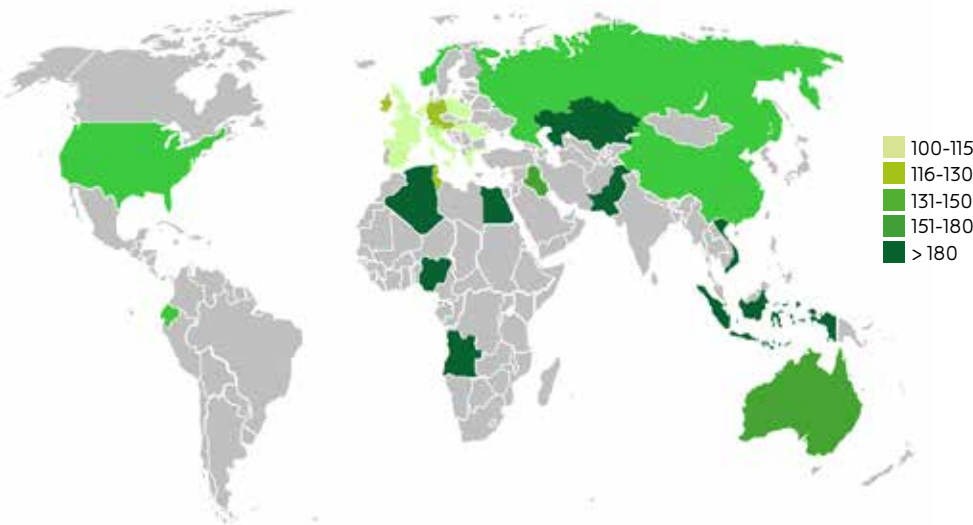
presence. Furthermore, in 2017, from an analysis carried out in 30 Countries, the minimum levels defined in Eni's remuneration policy are significantly higher than the market minimums.

### LOCAL ENI PEOPLE IN THE UPSTREAM SECTOR



### RATIO BETWEEN ENI MINIMUM WAGE POLICY AND MARKET MINIMUM WAGE (1<sup>ST</sup> DECILE)

(Middle managers – Senior staff – Employees)



Eni is aware that the promotion of gender equality is part of a cultural and identity evolution which lies in

an area of responsibility that goes beyond business growth objectives

and serves the culture of work and social development.

IN 2017

**7,580** WOMEN

**32%** PRESENCE OF WOMEN IN THE BOARDS  
**97%** PAY GAP WOMEN VS MEN

**25%** WOMEN IN MANAGEMENT POSITIONS  
**26%** WOMEN IN MIDDLE MANAGER POSITIONS  
**14%** WOMEN IN SENIOR MANAGER POSITIONS



## MAIN GENDER MANAGEMENT INITIATIVES 2017

- Identification of objectives to strengthen gender equality (with regards to attraction, recruitment in the company and presence on the Boards) and raising awareness in all the resources' management and development processes;
- Participation in national and international initiatives to develop female leadership including those promoted by Valore D, ERT and WEF<sup>7</sup>. A significant initiative is Inspiring Girls<sup>8</sup>, which aims to create greater awareness among girls of their talent, freeing them from gender stereotypes which hold back ambition, through a network of 100 internal role models (Eni professionals and managers) who can relate their own testimony;
- Participation in "Manifesto for female employment", aimed at enhancing female talent in the company<sup>9</sup>;
- Meetings with high school students to encourage technical and scientific studies and with undergraduates, using women's testimony about the company;
- Inter-company initiatives to promote technical careers for women (such as Girls in Motion) and motivational surveys for women employees.

## Welfare initiatives

In 2017, Eni created a welfare plan in line with its values, which have always placed the care and enhancement of its people at the centre. This plan, that confirms the consolidated initiatives in support of the families, has been further strengthened with:

- the launch of the EniFlex program which allows the conversion of a share of the participation bonus into

welfare goods and services, which can be purchased through a web platform, benefiting from the related tax and social security opportunities;

- the implementation of new initiatives aimed at caregivers for the management of non self-sufficient relatives and programs dedicated to elderly parents and the strengthening of initiatives in the

health sector (check-up "Prevent with Eni");

- the stipulation of a Welfare protocol with the social partners in which an important plan has been defined to strengthen supplementary health care and a closer collaboration with the schools through scholarships and specific initiatives for the inclusion of the new generations in the company.

## Skill enhancement

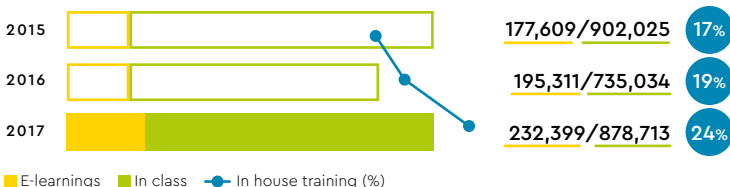
In addition to the training initiatives related to the "NOI for the team" message, Eni promotes the development of skills and merits by providing wide-ranging training, in terms of technical and behavioural

content. Further training initiatives are according to the needs of the different roles with the aim of upgrading and consolidating the skills of everyone. Eni confirms its focus on the development of core business skills.

### TOP-CLASS TRAINING INITIATIVES

- MEDEA MASTER
- COLLABORATION WITH THE BEST ITALIAN AND INTERNATIONAL UNIVERSITIES
- SCHOOL-WORK ALTERNATION PROGRAM
- FIRST LEVEL APPRENTICESHIPS

### TRAINING HOURS



### IN 2017 - AMOUNT INVESTED IN TRAINING



Furthermore, to prepare young graduates for work in the energy sector, Eni provides top-class training paths to integrate academic knowledge with

company know-how, autonomously (MEDEA Master<sup>10</sup>) and in collaboration with the best universities in Italy and in the Countries where Eni operates. It

also uses training programmes aimed at young university lecturers to enable them to acquire and transfer world class skills.

7) ERT - European Round Table; WEF - World Economic Forum.

8) Project promoted by Valore D, of which Eni is a main sponsor.

9) Promoted by Valore D with the patronage of the Italian presidency of the G7 and the Department for Equal Opportunities of the Council of Ministers of the Italian Presidency.

10) The Scuola Enrico Mattei Master - an MBA focused on two core subjects: Global Energy (GE) and Managing Technical Assets (MTA).



After the Protocol signed with MIUR and MLPS<sup>11</sup>, Eni continued the school-work alternation program which, in the three-year period

2016-2018, will involve over 6,000 students in various regions of Italy - and the First Level Apprenticeship which involves 180 students from

technical colleges and professional centres in different Eni operational sites and offices.

## STARTING FROM GELA: REDUCING SCHOOL DROP-OUT RATES

GELA, ITALY; SINCE 2016



### THE FIGURES

Dropping out of school is an old problem and it occurs in schools throughout the world. The Italian figures<sup>12</sup>, especially in schools in certain regions (e.g. Sicily or Campania, where the rate in 2016 was 27% and 18% respectively) are still a long way off the goal set by the European Union: 10% by 2020.

### THE CAUSES

Why do young people lose interest in school? There are many reasons for this: socio-economic context, lack of confidence in the future, little connection between school and the labour market and, in general, boredom.

### ENI'S RESPONSE

In Sicily, one of the regions most affected by this phenomenon, Eni has launched a project against dropping out of school at the Istituto Majorana in Gela, which had a very high drop-out rate. Eni has invested in teacher training and has provided classrooms and students with equipment and advanced technologies (iPads, multimedia boards, Wi-Fi connection and computers) with the aim of building a learning pathway using modern and innovative languages to create a more stimulating and engaging learning environment. The results were immediate: the drop-out rate fell from 48% to 13% in the first year (2016-2017).



Using technologies for teaching has also enabled children with disabilities to follow lessons more easily, working with applications that are designed especially for them. This commitment continued in the 2017-2018 school year: all the new 1<sup>st</sup> year classrooms have been equipped with modern technologies.

## Health

Eni considers health protection an essential requirement for the company and promotes physical, psychological and social well-being of Eni's people, their families and of the communities of the Countries in which it operates. The commitment towards employees health continued in 2017 through:

- the process of identifying, monitoring and controlling work risks, including those not specifically regulated, in close cooperation with the industrial

and health surveillance processes;

- the implementation of the programme to standardize company healthcare facilities by surveying and checking the structural, functional and equipment requirements and subsequent identification of corrective actions.

The regulatory system and the system for managing activities ensures Eni's commitment in the areas listed on the right:

- OCCUPATIONAL HEALTH AND INDUSTRIAL HYGIENE
- HEALTHCARE AND TRAVELLER HEALTH
- MANAGEMENT OF MEDICAL EMERGENCIES
- HEALTH PROMOTION
- HEALTH FOR THE COMMUNITIES

<sup>11</sup> MIUR: Ministry for Education, Universities and Research; MLPS: Ministry for Employment and Social Policies.

<sup>12</sup> MIUR: "La dispersione scolastica nell'a.s. 2015/2016 e nel passaggio all'a.s. 2016/2017" [School drop-out rates during the 2015/2016 academic year and before the 2016/2017 academic year].

**SAFETY**



**Safety at work**

Eni considers safety at work not just as a priority but also as a shared value within the organization and

this is why Eni continues to pursue commitments and actions to eliminate accidents among employees and

contractors. In 2017, the most important initiatives, concerned the following areas listed below.

SAFETY INDICES	SAFETY CULTURE	PROCESS SAFETY	EMERGENCIES MANAGEMENT
Adoption of the new Proactive Safety Index to increase awareness in the reporting and analysis of near misses and hazardous conditions.	Promotion of the safety culture through the project "Inside Lesson Learned" and "Eni in Safety 2", local Safety Days and Safety Road Shows.	Implementation of the Process Safety Management System, related audit protocol and of performance indicators.	Promotions of actions to improve emergency preparedness and response.

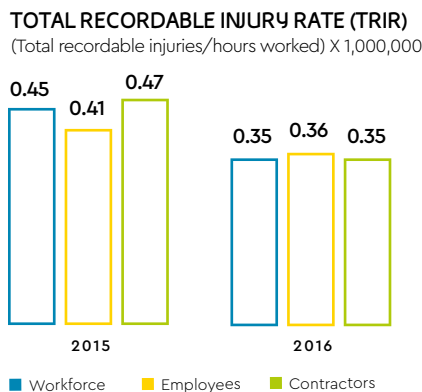
In 2017 there was a further significant reduction in the total recordable injury rate of the workforce (TRIR): -6.8% compared to 2016 both for employees (-17.2%) and contractors (-2%). Unfortunately there was one fatal accident on an offshore platform in Egypt: the contractor died from an electric shock due to accidental contact with live parts.

In 2017, two new safety performance indicators were adopted:

- Severity Incident Rate (SIR), which gives incidents with serious consequences a greater weight in the formula;

- Safety Culture Program (SCP), indicator of proactiveness which involves aspects concerning preventive management of safety (i.e. reporting of near misses and

hazardous conditions, monitoring of mitigating actions, dissemination of lessons learned and safety golden rules and execution of complex emergency drills).



**Safety culture**

Eni has always been committed to the continuous dissemination of the safety culture as an essential part of the company's activities, through

projects that promote healthy and safe behaviour in all work environments and in life in general. The goal is to motivate safety so that every single employee

is a safety leader at work, providing example to others, also thanks to the management commitment.

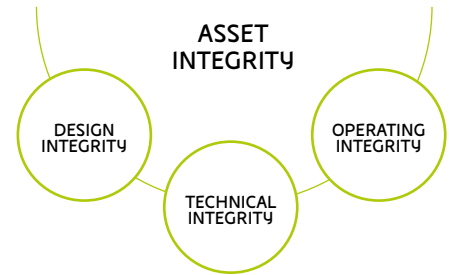
INSIDE LESSON LEARNED	ROAD SHOW	SAFETY PACT
18,000 people involved, both employees and contractors, in Italy and abroad, in the "Inside Lesson Learned" project: new methods for disseminating and sharing the lessons learned through video clips.	Safety Road Shows ongoing with top management, employees and contractors to share results, goals and new projects.	41 industrial sites/plants and over 1,900 firms involved in the signing of the Safety Pact, a sharing and collaboration initiative between Eni and its contractors to adopt and use innovative safety management tools.



## Asset integrity

Asset integrity is the ability of the asset to perform its required function effectively and efficiently in order to achieve the company targets in protecting people, the environment and the company's assets and reputation. By adopting an Asset Integrity Management System, Eni guarantees

the integrity of all its assets, for their entire life cycle, from the initial planning and design stage (Design Integrity), to procurement, construction, installation and inspection (Technical Integrity), to operational management and decommissioning (Operating Integrity).



### THE MAIN BENEFITS OF AN EFFECTIVE AND EFFICIENT ASSET INTEGRITY MANAGEMENT SYSTEM ARE:

Early identification, reduction and management of risks.

Greater safety and protection against any accidents.

Greater reliability of the asset's systems and subsystems.

Maximization of production.

Optimization of the inspection and maintenance costs.

Asset value maximization.

Reduction of losses due to unplanned shut-down.

### TECHNOLOGIES FOR MONITORING THE ASSETS AND ENSURE ENVIRONMENTAL PROTECTION

Eni has developed a series of technologies to ensure the protection of the marine environment.

#### → CLEAN SEA

Innovative technology developed by Eni, based on the use of an AUV (Autonomous Underwater Vehicle), which makes marine environmental monitoring and offshore asset inspection possible in an automatic way, optimizing the cost and duration of operations.

#### → RAPID CUBE

(Rapid Containment of Underwater Blowout Events): innovative

containment system, based on a proprietary technology patented by Eni, which allows to increase the capture of hydrocarbons in case of unexpected escape from submarine wells, thus limiting the environmental impact of the blowout.

#### → KILLING SYSTEM

Auxiliary system for securing (killing) submarine wells to be used in case of loss of accidental control during the drilling phase. The system maintains vertical positioning with respect to the well thanks to the remote coordinated control of two submarine vehicles (ROV), facilitating the reinsertion of the drilling string for the killing operations.

→ More details and video on [eni.com](http://eni.com)





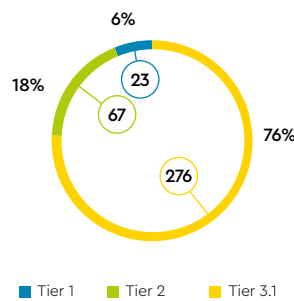
## Process safety

Eni has developed and implemented a **Process Safety Management System** with the aim of preventing and controlling, throughout the life cycle of its assets, uncontrolled releases of hazardous substances that can become major accidents, protecting the safety of people, environment, productivity, company assets and reputation. For this purpose, Eni has specialized staff and structures for the proactive identification, assessment and mitigation of risks that could result from process or equipment malfunctions or from inadequate procedures. Furthermore, the process safety standards of the various business lines and the auditing process have been harmonized to

enable comparison and consistency between the results and an activity was launched to monitor and report on any corrective actions that emerged. Continuous monitoring of process safety performance is carried out through the reporting of Losses of Primary Containment (LOPC) and the

analysis of the associated indicators Tier 1, Tier 2 and Tier 3.1. In addition, the commitment to disseminating the **process safety culture** is ongoing through communication and awareness raising activities such as newsletters and specific seminars.

NUMBER OF PROCESS SAFETY EVENTS



LOSSES OF PRIMARY CONTAINMENT: RELEASES OF GAS, LIQUIDS AND ANY FIRES AND EXPLOSIONS ASSOCIATED WITH THEM. TIER 1, TIER 2 AND TIER 3.1 INDICATE THE SERIOUSNESS OF THE CONSEQUENCES (FROM MOST SERIOUS TO LEAST SERIOUS) IN TERMS OF QUANTITIES RELEASED AND DAMAGES TO PEOPLE

## Emergency preparedness and response

Emergency management is essential to protect people, the environment or assets and facilities, when a critical condition occurs, after an event of industrial or natural origin that could result in a potentially hazardous situation, which requires exceptional and urgent measures. Eni's effective and efficient **emergency response** enables it to protect the "system" as a whole,

safeguarding the overall value of the company and, at the same time, the context in which operations are carried out. Emergency management is mainly **preparedness**, which consists mostly in prevention, and it is based on a careful identification and analysis of the risks in order to respond, when necessary, as quickly as possible. Drills are essential in order to prepare for emergency

situations in order to test response capacity in terms of plans, resources, vehicles and materials. Conducting drills involves Eni structures, vehicles and, in the complex drills, also Local or Central Authorities such as the Prefecture, Police, Port Authority and Fire Fighters.

OVER 200 COMPLEX DRILLS CONDUCTED IN 2017

### COLLABORATION WITH THE CIVIL PROTECTION DEPARTMENT

In 2017, Eni continued to support the Civil Protection Department in emergency management after the recent crisis caused by the sequence of earthquakes in Amatrice - Norcia - Visso in Italy. As part of the RETRACE-3D (centRAL italy EarThquakes integRAted Crustal modEl) coordinated by the Civil Protection Department, to build an advanced crustal model of the tectonic seismic structure responsible for the earthquake

in central Italy, Eni responded to the request for collaboration from the Department by setting up technical and scientific dialogue with the centres of competence such as the Istituto Nazionale di Geofisica e Vulcanologia (INGV), the Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA) and the National Research Council (CNR), making subsurface data available from Eni's own seismic technology unit.



## DIGITALIZATION

### AS A GROWTH LEVER



ENI'S DIGITAL TRANSFORMATION IS A STORY OF INTEGRATION OF PEOPLE, SKILLS, TECHNOLOGY AND IT SCIENCE. IT IS THANKS TO THIS MIX THAT ENI HAS BEEN ABLE TO ACHIEVE EXTRAORDINARY RESULTS, SUCH AS THE DISCOVERY OF THE ZOHR FIELD IN EGYPT, THE LARGEST EVER MADE IN THE MEDITERRANEAN SEA.

→ More details and video on [eni.com](http://eni.com)

Eni has been on a path of digital transformation for several decades and it has managed to transform the need to process large amounts of data into a significant competitive advantage. This digitalization path recently saw the launch of the HPC4 supercomputer at the Green data Center, making Eni's computer system the most powerful industrial system worldwide. Eni's digital transformation has wide-ranging transversal objectives:

- improvement of the staff's health and safety;
- further increase in the plants' level of reliability, operability and technical integrity, with knock-on benefits in terms of both safety and environmental impact;
- strengthening of economic-operational performances;
- development of new business models;
- acceleration of decision-making

processes, which will become increasingly data-driven. In the long-term, this digital transformation is part of a broader process of evolution that will make Eni even more integrated in its processes, as well as increasingly capable of combining emerging digital competences with traditional technical skills, open to innovation, quicker in operational and work processes, and increasingly attractive to young talent.

#### NEW DIGITAL TECHNOLOGIES TO SUPPORT THE HEALTH AND SAFETY OF OPERATORS

The new digital technologies for safety issues are the pillars of Eni's new strategy and the commitment of the whole company in the innovation process. Numerous projects have been launched in recent months:

- **ELECTRONIC WORK PERMITS (e-WP):** Eni makes available a computer application which supports the compilation, management and digital storage of Work Permits.
- **SMART SAFETY:** provides site staff with a series of Personal Protective Equipment with sensors able to signal potential hazardous or emergency situations.
- **UNMANNED AERIAL VEHICLES (UAV) FOR MONITORING ACTIVITIES:** redefines the execution parameters of certain site operations, using new UAV technologies (drones or other remotely piloted devices) and reducing exposure to different risk factors.
- **ENHANCED OPERATOR:** enables an increase of the safety and operability at field level through a series of applications and technologies used by operators in mobility, which support and simplify operational activities.
- **VIRTUAL REALITY APPLIED TO STAFF TRAINING:** enables reproduction of the real environment using visual and audio effects and it guarantees that the operations carried out by the operator are as faithful as possible to reality.



# RESPECT FOR THE ENVIRONMENT



Protection of the environment, based on the principles of prevention, protection, information and participation, is an essential

component of how Eni operates. To ensure a uniform approach that adheres to the best technologies and international practices, Eni adopts

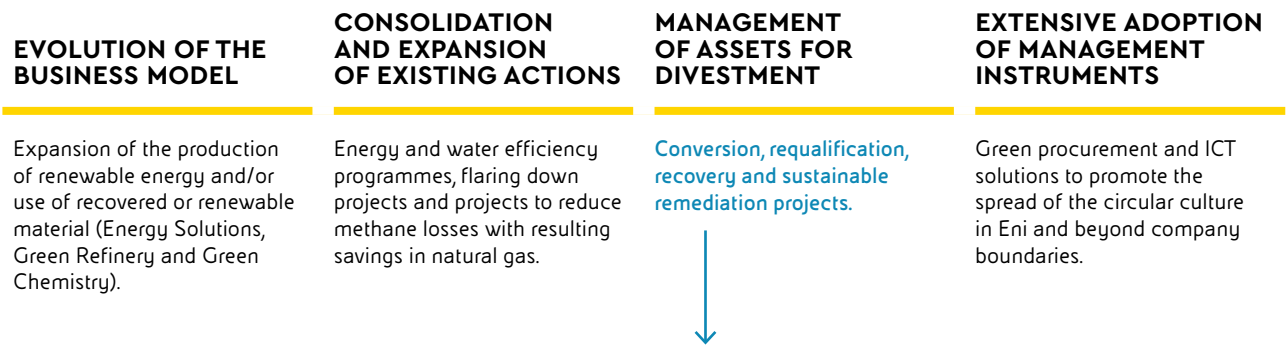
an integrated health, safety and environment Management System, certified under ISO 14001, in all its plants and production units.

## Circular economy

The circular economy is the economy that can regenerate itself, in which the withdrawal of resources and waste disposal are minimized, thanks to the optimization of production, the

products reuse and the recovery of waste. The path towards a circular economy represents a necessary challenge and an opportunity for Eni, in terms of both profitability

and improvement in environmental performances and it involves four areas, in which the contribution of research and technological innovation is fundamental.



## POSEIDON PROJECT ADRIATIC SEA, ITALY

THE OFFSHORE PLATFORMS ARE BEING TURNED INTO PARKS TO SUPPORT BIODIVERSITY



### PROJECT OBJECTIVE

The pilot project, in cooperation with the CNR (National Research Council) and ISMAR (Institute of Marine Science), has the goal of converting offshore platforms that are no longer in production, through minor technical modifications, into interconnected scientific stations with high technological content to study the marine environment. This conversion is repeatable and reproducible and aims to create the first technological marine park in the Adriatic Sea and in Europe, which enhances

offshore structures that would otherwise be removed, consequently modifying the ecosystem that has formed naturally in the surrounding marine area over time. The project is composed of 4 interconnected modules:

- **Eni Free Wave Over the Sea (EFOS)** to provide a public maritime radio communication service based on the latest wireless microwave technologies;
- **Evaluation Biomass Increment (EBI)** to study the marine fauna populating the Adriatic Sea and whose habitat lies

- under Eni platforms and to send data to researchers on shore;
- **Controlled Tracking Cetacean (CTC)** to monitor the migration of cetaceans and turtles in order to track their lifecycles and to gather useful information on sea conditions;
- **Pilot Fish Farm (PFF)** which involves the rearing of mussels, oysters and other molluscs, near selected and controlled platforms.

→ More details on [eni.com](http://eni.com)



## Efficient use of water

For years Eni has recorded rather low consumption of fresh water, thanks to the use of sea water (over 90%) mainly for thermal cooling. Fresh water is used (approximately 119 million m<sup>3</sup>, -7.9% vs 2016) essentially in the downstream production and the production of electricity and

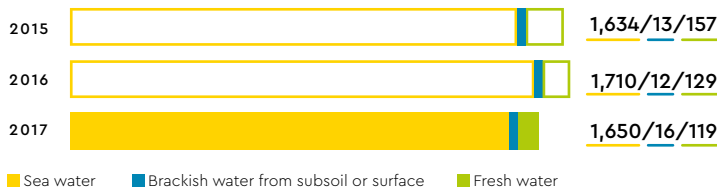
only a small part (8%) is used in the upstream sector.

As part of the circular economy, Eni invests in further improving water treatment systems, aimed at enabling industrial re-use of poor quality water<sup>13</sup>. In the downstream section, consistent volumes of water are made available

for industrial use (from 4.2 to 6.0 Mm<sup>3</sup>/year for the next 4 years), thanks to the groundwater treatment plants (TAF), while in the petrochemical sector, which is responsible for over 60% of Eni's fresh water withdrawals, the recycling/reuse rate of fresh water reached 90% in 2017.

### WATER WITHDRAWALS

(Million m<sup>3</sup>)



ONLY 8% OF THE TOTAL FRESH WATER WITHDRAWALS REFERS TO THE UPSTREAM SECTOR: EVEN THOUGH MORE THAN 50% OF THESE WITHDRAWALS ARE LOCATED IN WATER STRESSED COUNTRIES,

**ONLY 5%**  
OF THEM OCCURRED IN THESE AREAS

### WATER STRESSED AREAS

Eni performs an annual mapping and monitoring of water risks and drought scenarios to define long-term actions, also to prevent and mitigate the effects of climate change. Nearly all the withdrawals from water

stressed areas are concentrated in the upstream sector in which specific water management plans are used to reduce consumption. To support its commitment, in 2017, Eni joined the Alliance of Italian

Enterprises for Water and Climate Change, promoted by the Ministry for the Environment, with the aim of developing strategic lines to manage water resources and to promote climate change adaptation.

## OPTIMIZING THE USE OF FRESH WATER

BHIT AND BADHRA, PAKISTAN; 2015 - 2017



### PROJECT OBJECTIVE

To highlight improvement margins in the fresh water management in a water stressed area and to implement an action plan.

### 2015 - ANALYSIS OF FRESH WATER CONSUMPTION

in gas fields, by civil and industrial usage and by local communities from 7 wells, some of which suffering from water stress. The investigation highlighted areas for improvement in managing water both in infrastructures and in management

practices, as well as the need to increase awareness on the importance of water resources.

### MAIN IMPROVEMENT ACTIONS IMPLEMENTED

- Works on the water distribution network for civil and industrial usage;
- Reuse of water from the water treatment plants for irrigation;
- Plant optimization;
- Awareness raising actions on the

importance of water management in the daily tasks, among employees and local communities.

**40% DECREASE IN FRESH WATER WITHDRAWALS IN 2016-2017**

<sup>13</sup>) Such as industrial or civil drainage water, rainwater or contaminated groundwater.



## Oil spill management

The number of oil spills fell significantly in 2017, both in terms of operational spills<sup>14</sup> and spills from sabotage. However, the volume of operational spills (3,228 barrels) has increased since 2016 due to the leak in a storage tank in the Val D'Agri Oil

Centre occurred at the beginning of February. At the end of 2017 more than 2,400 barrels of oil had been recovered on the site, almost the total volume spilled. Acts of sabotage only occurred in Nigeria, where the volume spilled has decreased by 51% since

2014 (peak year). Prevention activities continued in 2017 with increasingly well-integrated actions in all areas: from research to the administrative level, from the technical areas of prevention to the increase of controls and direct interventions on assets.

### OIL SPILLS

#### EVENTS (Number)



Operational From sabotage

#### VOLUMES OF OIL SPILLS (Bbl)



OVER

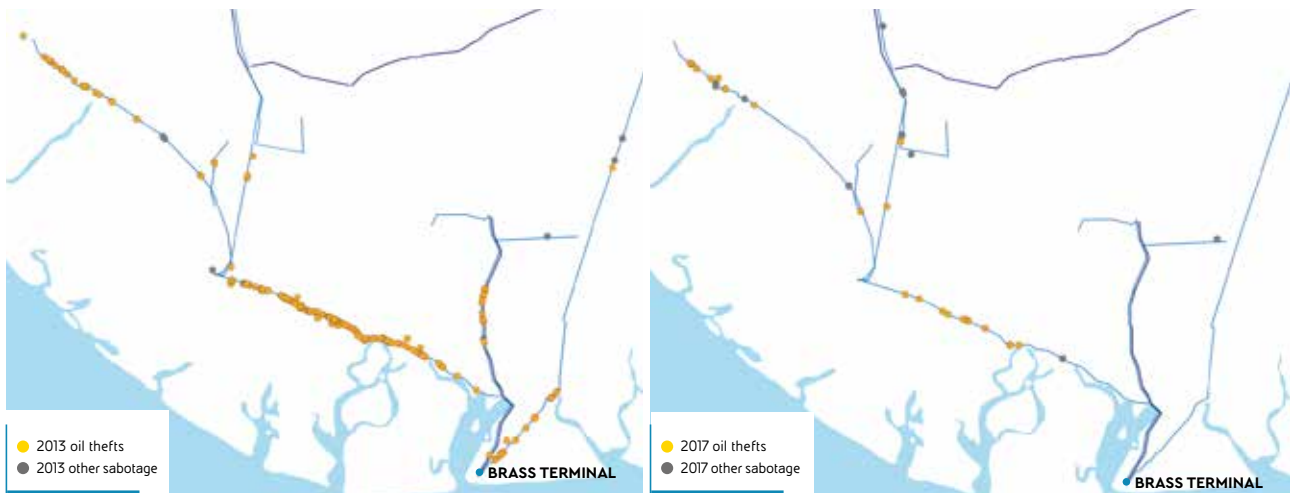
**25.7 € MILLION**

INVESTED IN 2017 IN OIL SPILL PREVENTION

**-35%**

NUMBER OF OPERATIONAL OIL SPILLS AND FROM SABOTAGE VS 2016

### OIL SPILLS FROM SABOTAGE IN NIGERIA



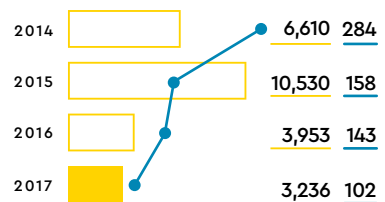
#### CONTEXT

In Nigeria, oil spills from sabotage are as common as they are devastating for the ecosystem and the socio-economic context of the Country. Similarly to other industry operators, Eni, from 2007 to 2014, recorded a significant increase of spills into the environment, safety problems and damages to assets.

#### RESPONSES ADOPTED

Eni has adopted the best available technologies, in accordance with national laws and international standards. In particular, innovative techniques were introduced to improve the early identification of losses along the pipelines (e.g. use of optical fibers) and to discourage the activity of oil theft (e.g. use of chemicals / mechanical barriers)

#### OIL SPILLS FROM SABOTAGE



Volume of oil spills from sabotage Number of sabotage events

**OIL SPILLS FROM SABOTAGE ARE THE CAUSE OF AROUND 90% OF THE SPILLS RECORDED IN RECENT YEARS**

<sup>14</sup> Oil leaks associated with asset integrity (e.g. corrosion, valve leaks).



**Sabotages are harmful to the aquatic life**

**-65%**  
OIL SPILLS EVENTS  
VS 2014

**-51%**  
VOLUMES OF OIL SPILLS  
VS 2014

CAMPAIGN LAUNCHED BY ENI TO RAISE AWARENESS ABOUT THE CONSEQUENCES OF HYDROCARBON SPILLS.

#ProtectOurLand

### ACTIONS TO RAISE AWARENESS IN LOCAL COMMUNITIES

Eni has pursued activities to raise awareness in local communities about the consequences of hydrocarbon spills for the environment and for the socio-economic context of the Country. Several activities have also been promoted to improve the quality of life of local communities and to avoid sabotage actions and oil thefts, such as:

- implementation and development of agricultural, livestock, fishing and trade activities (GRP 2.0 see the Cooperation Model's chapter);
- projects on access to energy, education and drinking water;
- reforestation project for mangrove forests in the areas most affected.

These activities, integrated with the multiple interventions and commitments of all the stakeholders to combat oil spills sabotages, have helped to significantly reduce the number of hydrocarbon thefts.

#### 2017 MAIN RESULTS

- -65% events of oil spills and -51% volumes of oil spills vs 2014;
- -91% thefts of hydrocarbons vs 2013 in the Swamp Area<sup>15</sup> (in 2013 production was interrupted to protect the safety of people and the environment);
- No pending clean-up activities;
- +50% direct surveillance, also thanks to the support of communities;
- +46% vs 2016 helicopters used for the assets' surveillance;

- Pipeline Monitoring System (e-vpms) extended to 35 km of pipelines;
- Installation of mechanical/cage protections at wells and anti-theft valves;
- Launch of the pilot campaign to raise awareness in 10 villages in the Swamp Area.

#### NEXT STEPS

- Constant focus in order to guarantee the integrity of industrial assets and to prevent operational spills;
- Continuous improvement of pipeline monitoring and surveillance activities;
- Scale up of the campaign to raise awareness about the environment and of the socio-economic development projects.

→ More details on the [NIGERIAN AGIP OIL COMPANY LIMITED \(NAOC\) website](#)

## Biodiversity

Eni operates in multiple environmental contexts worldwide, characterized by diverse ecological sensitivity and different regulatory systems. Management of BES (Biodiversity and Ecosystem Services) issues is a key component of the integrated Health, Safety and Environmental management system as well as of Eni's operating practices. In 2017, Eni updated its BES<sup>16</sup> Policy and

identified, among the international and national concessions exploited by Eni, those which overlap with protected areas<sup>17</sup> and/or priority sites for the conservation of biodiversity<sup>18</sup>. Eni's approach to the management of BES ensures that the interrelations between environmental aspects like BES, climate change, management of water resources and social issues, such as the sustainable development

of local communities, are identified and managed correctly. Eni evaluates the risks in terms of complexity of each project, and the value of the natural environment and local social context. By applying the Mitigation Hierarchy<sup>19</sup>, Eni prioritizes preventive mitigation measures, monitoring their effectiveness and adapting its management approach according to the results observed.

<sup>15</sup> Swamp area located at the end of the Niger delta.

<sup>16</sup> Biodiversity and Ecosystem Services. For more details, see the Policy published on eni.com.

<sup>17</sup> World Database of Protected Areas, February 2016.

<sup>18</sup> Key Biodiversity Areas: M'Boundi (Congo); Villano BLK10 (Ecuador); Ashrafi Development area, Belayim Land (Sinai) DL, Ekma (Sinai) DL, Feiran (Sinai) DL, Ras Gharra (Sinai) DL (Egypt); Sanga-Sanga (Indonesia); Zubair (Iraq); OML 60, 61 and 63 (Nigeria); Concessions in DICS, DIME and EniMed (Italy); Bhit, Badhra and Kadanwari (Pakistan); Block 110/14c Lennox Field, Block 110/15a all, Block 48/30a all, Block 52/4a all, Block 52/5a all (England); Nikaitchuq (United States) - 2017 elaboration of 2016 data.

<sup>19</sup> The sequence of actions to prevent and avoid impacts and, where this is not possible, reduce any impact to a minimum, restore and, where significant residual impacts remain, compensate the risks and impacts related to biodiversity on communities and on the environment.



**AN EXAMPLE OF BIODIVERSITY MANAGEMENT OPTIMIZATION**

M'BOUNDI, CONGO; 2016-2017



*In line with its own policies, the conservation of biodiversity, ecosystems and natural resources is one of Eni's main action principles*

**AREA**

Since 2007, Eni operates the M'Boundi oil field and its satellites Zingali, Kouakouala and Loufika, located approximately 35 km north east of Pointe-Noire, at the edge of the tropical rainforest. The site is considered priority for Eni due to the presence, nearby, of protected and important areas for biodiversity at international level and due to its operational complexity.

**BIODIVERSITY ACTION PLAN (BAP)**

Eni, in conjunction with the NGO Flora and Fauna International (FFI), has implemented a Biodiversity and Ecosystems Services (BES) assessment which has led to the definition of a BAP to manage the sensitivities identified by applying the company's best practices.

The BAP implementation has been entrusted to the international NGO Wildlife Conservation Society (WCS), which, between 2016 and 2017, carried out field monitoring and confirmed the presence of iconic and important species for conservation, such as gorillas and chimpanzees, around the Loufika platform, where the forest is still little disturbed by human activities. This presence suggests that production activities are compatible with the persistence of these species, which are however threatened in their habitat by unregulated use of natural resources, by poaching and deforestation.

**PRIORITY ACTIONS**

Some activities already implemented by Eni are a first solution, such as:

- controlling roads access;
- prohibition for employees and contractors to transport and consume game meat;
- adoption of health measures to stop the transmission of diseases to the primates;
- raising awareness among workers and local communities on the importance of the area's biodiversity.

The success in defining and implementing long-term mitigation measures in the Loufika area will depend on the involvement of all territory users, on the commitment of local authorities, and will have to be driven mainly by the development of alternatives for economic growth based on the sustainable use of natural resources.

**PRODUCTION IN THE BARENTS SEA**

Eni produces hydrocarbons in the Barents Sea, where, in 2016, off the coast of Norway, the Goliat<sup>20</sup> reservoir started

production. The specific environmental and climatic features of the area entail the need for a sustainable approach

which is made possible due to cutting-edge technologies. In this context, Eni's approach involves:

<p>Offshore drilling operations in ice-free areas only, which are considered workable areas where the operational risk is minimum and manageable with the know-how and best technologies currently available.</p>	<p>The use of the best drilling technologies, reducing the diameter of wells, managing pressure, blow-out preventer and robotic systems to prevent and contain any oil spills.</p>	<p>Local native populations are involved, they are informed and their activities are protected. Their skills in managing emergencies are enhanced.</p>	<p>Activities are carried out only in periods that have a minimum impact on the surrounding habitat, with the application of specific biodiversity conservation models for the local realities and pioneering oil spill prevention plans.</p>
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20) More details on eniday.



# RESEARCH AND DEVELOPMENT



Research and Development (R&D) is a key element for Eni's transformation into an integrated energy company in a decarbonization context. In addition to strengthening the core business through the development of technologies able to reduce exploration risks and maximize operational efficiency, R&D deals with the development of new solutions in the renewables sector,

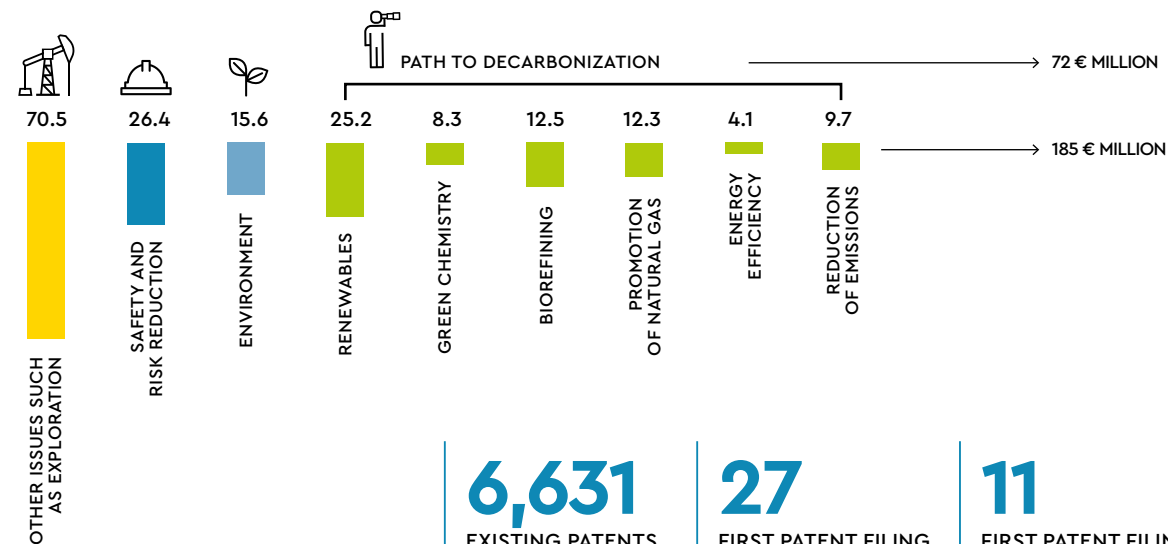
supporting the Green Refinery, innovation in the valorisation of biomass, remediations and environmental protection, and supporting the transition stage towards a gradual decarbonization<sup>21</sup> of the energy mix. This is possible through the promotion of the use of gas and also through new business opportunities such as the conversion of carbon dioxide and hydrogen

sulphide into products with added value.

Moreover, to enhance internal skills, Eni is committed to spreading knowledge across all the functions and also through the Knowledge Management System (#KMS), which in 2017 recorded another increase in the number of Eni's people actively involved, confirming the importance of a sharing culture.

## R&D EXPENDITURES 2017

(€ million)



### 6,631

EXISTING PATENTS

### 27

FIRST PATENT FILING APPLICATIONS IN 2017

### 11

FIRST PATENT FILING ON RENEWABLE SOURCES

## Tangible value generated by R&D

Eni has been committed to identifying the value generated by applying innovative technologies developed in-house and with third parties.

In 2017, the estimated tangible value generated was €914 million. The 25% reduction compared to 2016 is mainly attributable to the presence, in 2016, of benefits arising from the

application of innovative technologies for the discovery and development of the super-giant Zohr gas field in Egypt. The main technologies that contributed to the 2017 result were:

- The application of the proprietary drilling technology e-cd™ in the exploration wells and in the development of Egyptian offshore which have significantly reduced drilling times.
- The extension to other wells of the use of emerging technologies able to reduce oil well abandonment estimations for activities in Italy and Angola.
- The application of proprietary technology to monitor pipelines e-vmps™ with a significant reduction in thefts and therefore in the recovery costs and reclamation.
- The use of proprietary software for processing seismic signals which guarantees results at industry excellence level and significant cost savings in licences and code maintenance.
- The application of experimental and innovative fluid characterisation procedures which have brought significant savings in offshore production in Angola.

21) For more details, see Eni for 2017, Path to decarbonization, Research and development for energy transition, pag. 28.



## HUMAN RIGHTS



"RESPECT FOR HUMAN RIGHTS IS A CRUCIAL TOPIC, A PRIORITY IN OUR WAY OF DOING BUSINESS AND IT RELATES TO THE MANAGEMENT OF MANY COMPANY ACTIVITIES."  
(CLAUDIO DESCALZI, CEO)



Eni undertakes to ensure respect of internationally recognized human rights<sup>1</sup> as part of its activities and to promote its respect as part of activities contracted out to, or conducted with partners, in line with the requirements of the UN Guiding Principles for Businesses and Human Rights (UNGPR) of 2011, also included in the review of the OECD's Guidelines for multinationals

of the same year. As confirmation of this commitment, in March 2017, Eni started an inter-functional working group on "Human Rights and Business" to better monitor and manage the risk of any violations and to promote a continuous improvement of its performance, in line with the main international standards and best practices regarding human rights and business.

INTERFUNCTIONAL WORKING GROUP ON "HUMAN RIGHTS AND BUSINESS" SUPPORTED BY THE DANISH INSTITUTE FOR HUMAN RIGHTS

THE HUMAN RIGHTS' SECTION ON ENI.COM WAS UPDATED IN LINE WITH THE UNGP REPORTING FRAMEWORK  
([www.ungpreporting.org](http://www.ungpreporting.org))

### | Eni training activities on human rights

Following the awareness campaign started in 2016, in 2017 Eni prepared training modules for the most relevant functions on the management of human rights such as Human Resources, Community Relations and Security (whose training module has already been delivered).

These courses, developed with the support of the Danish Institute for Human Rights, are aimed at creating a language, a common and shared culture about human rights within the company and improve understanding of the possible impacts of business on human rights.

ABOUT

# 24,000

PEOPLE TRAINED ON HUMAN RIGHTS THROUGH E-LEARNING IN 2016-2017



The most relevant aspects related to human rights and business are strictly related to the sector and the

operating context, and are defined as those with a higher potential risk and on which the greatest efforts

should be concentrated, also in terms of communication with stakeholders.

## SALIENT ISSUES

**HUMAN RIGHTS IN THE WORKPLACE**

**HUMAN RIGHTS AND SECURITY**

**HUMAN RIGHTS IN THE SUPPLY CHAIN**  
(SEE SUPPLIERS MANAGEMENT CHAPTER)

**RESPECT FOR HUMAN RIGHTS IN COMMUNITIES**  
(SEE COOPERATION MODEL CHAPTER)

### | Human rights in the workplace: industrial relations

Respecting the rights of the people working in Eni and for Eni is fundamental for building mutually satisfactory and

lasting relationships. In line with this commitment, in 2017 Eni held the first annual meeting on Corporate Social

Responsibility in the context of the Global Framework Agreement<sup>22</sup> signed with the trade unions.

#### FIRST ANNUAL MEETING WITH TRADE UNIONS, AS PART OF THE GLOBAL FRAMEWORK AGREEMENT

SAN DONATO MILANESE, ITALY; DECEMBER 2017



#### OBJECTIVE

During the meeting, Eni's 2017-2020 Strategic Plan was presented, along with a focus on employment, the main HSE performance indicators and Eni's sustainability approach. The meeting was also an opportunity for discussion and examination of the various social and trade union organisations active in the home Countries of the workers' representatives.

→ More details on [eni.com](http://eni.com)

#### PARTICIPANTS

Eni representatives, the international trade union federation IndustriALL Global Union, the main Italian trade unions, the members of the Select Committee of the European Works Council and a delegation of workers' representatives from Eni's businesses in Ghana, Mozambique and Tunisia.

#### NEXT STEPS

In 2018, a training programme on the Global Framework Agreement on International Industrial Relations and Corporate Social Responsibility will be delivered and will involve all Eni employees worldwide.

22) Global Framework Agreement on International Industrial Relations and Corporate Social Responsibility, signed by Eni in 2016 with IndustriALL Global Union and with the Italian trade union organizations.



## Human rights and security

Eni manages its security operations in accordance with the international principles on human rights and also

in line with the indications of the Voluntary Principles on Security & Human Rights.

Eni has designed a consistent set of rules, processes and instruments to ensure that:

Suppliers of security forces are selected, among other things, according to criteria related to human rights.

The contractual terms include provisions on respect for human rights.

Security operators and supervisors receive appropriate training on respect for human rights.

The events considered most at risk are managed in compliance with international standards.

Eni also delivers training initiatives for public and private security forces and refresher courses for Eni security personnel.

When planning these initiatives, the public security forces are considered partners rather than participants

because of their involvement from the very early stages of the planning, valuing their input and support. From 2009 to date, training sessions have been carried out in Eni offices in Rome and San Donato Milanese (2009), in Egypt and Nigeria (2010),

in Pakistan and Iraq (2011), in the Republic of Congo and Angola (2012), in Indonesia and Algeria (2013), in Mozambique (2014), in Kenya (2015), in Venezuela and Ecuador (2016) and in Nigeria (2017).

### A WORKSHOP ON SECURITY AND HUMAN RIGHTS FOR THE NIGERIAN SECURITY FORCES

ABUJA AND PORT HARCOURT, NIGERIA; 20 NOVEMBER 2017



#### PROJECT OBJECTIVE

Raising awareness among the Nigerian security forces on the promotion and protection of human rights to align the rules of engagement with international standards and best practices.

#### RECOGNITION

The Eni training programme for security and human rights has been recognized as a best practice by the "Responsible Business Advancing Peace", the joint publication between the UN's Global Compact and the Principles for Responsible Investment (PRI).

→ More details on [eni.com](http://eni.com)

#### INITIATIVE

Eni has organized a three-day seminar to support the spread of the human rights culture among the Nigerian public and private security forces and to train them about respecting human rights and avoiding excessive use of force. The courses were held by an external trainer and organized in accordance with the Voluntary Principles on Security and Human Rights (VPSHR).

#### PARTICIPANTS

- Over 300 members of the Security Forces;
- the Lieutenant General Tukur Yusuf Buratai, Chief of Army Staff in Nigeria, together with the highest ranking members of the Nigerian security forces;
- the Director of the National Commission for Human Rights with other relevant members of the organization;
- the NAOC/AERN/NAE Managing Director and NAOC General Manager District<sup>23</sup>

**ENI MANAGES SECURITY ACTIVITIES IN FULL COMPLIANCE WITH HUMAN RIGHTS, WITH PARTICULAR REFERENCE TO ASPECTS SUCH AS THE PROTECTION OF PHYSICAL INTEGRITY, THE RELATIONS WITH LOCAL COMMUNITIES AND THE RESPECT OF PRINCIPLES SUCH AS THE RIGHT TO LIFE, TO HEALTH AND FREEDOM OF EXPRESSION.**

23) Nigerian Agip Oil Company (NAOC)/Agip Energy and Natural Resources (AENR)/Nigerian Agip Exploration (NAE).



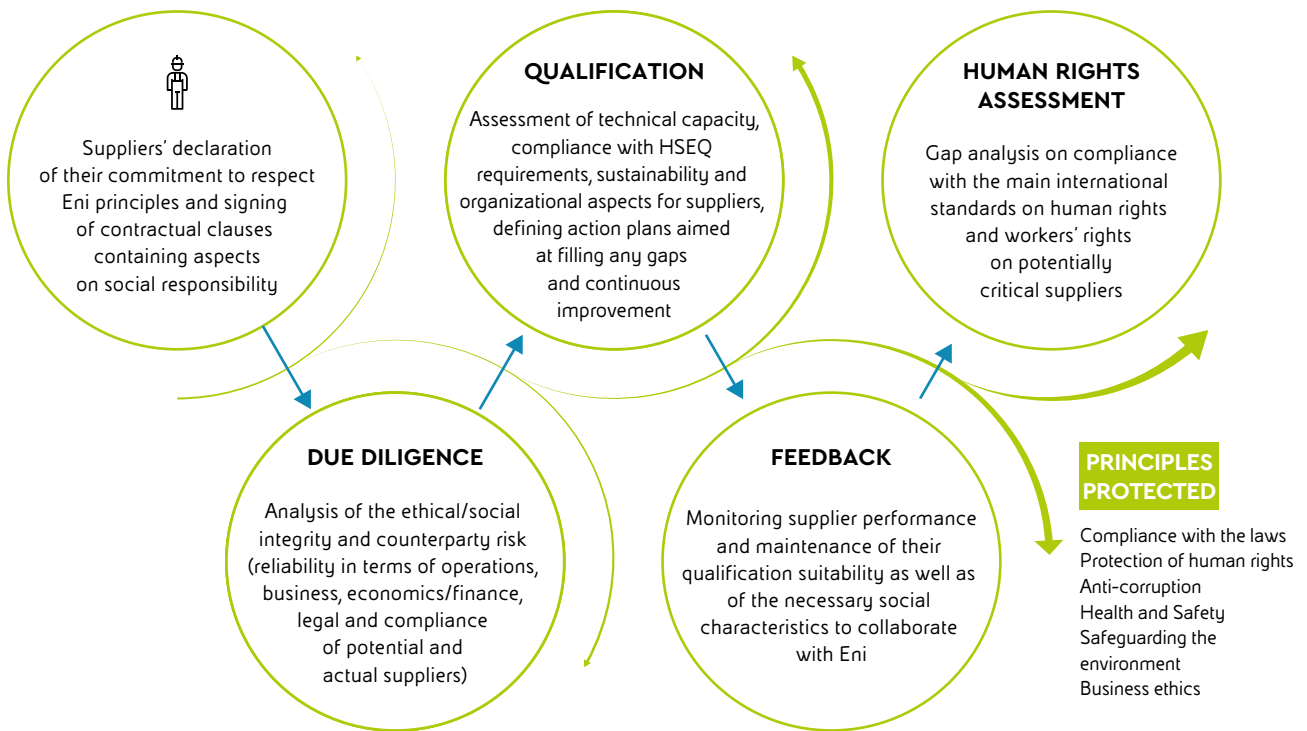
## Supply chain management

Eni is aware of the important role played by its supply chain in realizing its commitments with regard to social responsibility and as such it has implemented a management model to promote its values with suppliers and to involve them in the risk prevention process. As part of the procurement process,

Eni requires that suppliers make a formal commitment to respecting principles such as the protection and promotion of human rights, high standards of safety at work, environmental protection, anti-corruption, compliance with laws and regulations, ethical integrity and correctness in relations, respect for

antitrust laws and fair competition. Eni performs selection and management processes aimed at analyzing the reliability of its suppliers, assessing their technical capacity, monitoring their performance and integrity, verifying that the suitability and social requirements necessary for collaboration with Eni are maintained.

### SUPPLIER SELECTION AND MANAGEMENT PROCESS



DURING 2017, MORE THAN 5,000 SUPPLIERS WERE SUBJECT TO CHECK AND ASSESSMENT WITH REFERENCE TO SUSTAINABILITY ASPECTS: FOR 24% OF THESE SUPPLIERS POTENTIAL CRITICALITIES AND/OR POSSIBLE AREAS OF IMPROVEMENT WERE IDENTIFIED; FOR 5% OF SUPPLIERS CHECKED, THE CRITICALITIES REVEALED LED TO THE PRO-TEMPORE SUSPENSION OF RELATIONS WITH ENI

This management model enables Eni to constantly monitor its suppliers and to suspend relations if suppliers

do not meet the minimum acceptable standards laid down by Eni. Furthermore, Eni is involved in

numerous engagement activities with suppliers such as:

Local meetings with local enterprises, organized with trade associations and/or local authorities, during which Eni's values and principles related to sustainability are illustrated.

Individual meetings with select suppliers as part of the assessments on human rights, to raise and create awareness on the issue of the Promotion and Protection of Human Rights.

Annual events with the participation and awarding of suppliers who have achieved the best safety performance and who have distinguished themselves for their commitment (Safety & Environment Day).



## HUMAN RIGHTS ASSESSMENT IN THE SUPPLY CHAIN



### STIMULATE A DEVELOPMENT-ORIENTED APPROACH AND CONTINUOUS IMPROVEMENT ON HUMAN RIGHTS' RESPECT

#### → BACKGROUND

Over time Eni has boosted its commitment to encourage its suppliers to develop skills on sustainability issues and to promote the main ILO standards.

A model has been implemented to identify the areas most at risk, for which contractual leverage is used, and focus its efforts.

#### → AREA

Identification of an African Country, considered at high risk in terms of human rights violations and selection of a local supplier belonging to a sector that has been identified as critical for workers' rights.

#### → PROCESS

The assessment is carried out with the aim of understanding the supplier's strengths and weaknesses on issues of social responsibility, particularly on workers' rights, and increasing awareness of this issue through:

- supplier engagement;
- on site visit;
- check of social policies, procedures, employment contracts applied;
- sample checks of sensitive documents;
- individual and/or group interviews on a representative group of workers;
- sharing the results and definition of the action plan required in order to fill any gaps found.

#### → CRITICALITIES FOUND AND ACTIONS REQUIRED

- Lack of transparency in employment contracts with regard to remuneration conditions;

- Impossibility for women who fall pregnant during the trial period to take advantage of maternity leave;
- No clear indication of the number of annual holidays due.

The results of the assessment have been used to:

- Define a monitoring plan on a group of employees to check that information on salary calculation and the related payment is traced precisely and accurately;
- Define an improvement plan to fill the gaps found in the employment contracts applied, particularly concerning employees' maternity leave and annual holidays.

#### → FOLLOW UP

The recommendations have been adopted and implemented by the supplier within the agreed time.

#### → LESSONS LEARNED

Key elements for success: involving the parties concerned more effectively in the process, demonstrating adequate cultural sensitivity in conducting interviews with workers and presenting results as an opportunity for development and continuous improvement.

Challenges: putting interviewed workers at their ease, avoiding them feeling intimidated and ensuring that there are no repercussions when delicate information is revealed, therefore ensuring that the interviews correctly reflect the actual working situation.

**172 HUMAN RIGHTS ASSESSMENTS CARRIED OUT TO DATE SINCE 2008 ON ENI SUPPLIERS AT 14 SITES AND 41 PEOPLE TRAINED AS QUALIFIED SA8000 AUDITORS**



# TRANSPARENCY

# AND ANTI-CORRUPTION



Improving governance and transparency in the extraction sector is crucial in order to foster a proper use of resources and prevent corruption, increasing awareness among local

communities and encouraging governments to publish a more exhaustive disclosure on payments, investments and revenues generated by Oil & Gas activities.

To achieve these objectives, Eni adheres to international initiatives and publishes a more complete disclosure on payments, investments and revenues generated by the Oil & Gas activities.

## ENI AND EITI

Since 2005, Eni actively takes part in the Extractive Industries Transparency Initiative (EITI). This global initiative promotes responsible and transparent use of the financial resources generated in the extractive sector and prevention of corruption. Eni follows EITI's activities at international level (as an observer in the Board meetings) and at local level (through local trade associations).

## TRANSPARENCY OF PAYMENTS TO GOVERNMENTS

In line with the EITI standard, since 2015 (2014 data) Eni has provided a voluntary disclosure on payments made to Governments and, since 2017 (2016 data), has published its "Report on payments to Governments" in compliance with the European Directive 2013/34 EU.

## ENI'S TAX STRATEGY

Eni provides public access to its tax strategy, in order: i) to calculate the taxes in the different systems where Eni operates in a correct way; ii) to mitigate the risks of legal and economic double taxation on profits; iii) to prevent possible disputes with the tax authorities by activating the available instruments.

## ENI'S INTEREST REPRESENTATION ACTIVITIES

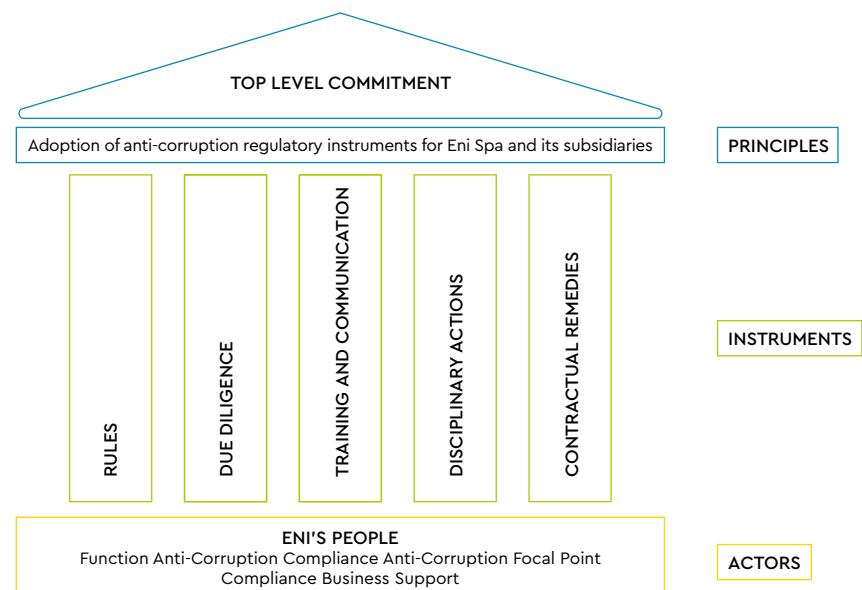
Eni believes that carrying out interests' representation activities with various institutions is both a duty and a need, not only to protect the company's interests, but also to provide the necessary information to comprehensively assess the impacts. This is why Eni cultivates transparent dialogue with the Institutions and organized bodies of civil society in all the Countries in which operates. In this regard, in 2017 Eni actively participated in the National Energy Strategy consultation, promoted by the Ministers of Economic Development and of the Environment and the Environment and Protection of Land and Sea, providing opinions and proposals to the institutional bodies which are working on defining the country's long-term energy strategy.

## Eni's Anti-Corruption Compliance Program

The repudiation of all forms of corruption has been one of the fundamental ethical principles of Eni's Code of Practice since 1998 and this is why Eni has a system of rules and controls aimed at preventing corruption (Anti-Corruption Compliance Program).

ENI SPA WAS THE FIRST ITALIAN COMPANY TO ACHIEVE ISO 37001:2016 "ANTIBRIBERY MANAGEMENT SYSTEMS" CERTIFICATION

### ENI'S ANTI-CORRUPTION COMPLIANCE PROGRAM





Aware that the first element for the development of an effective strategy against corruption is an in-depth

knowledge of the prevention tools, in 2009 Eni launched a capillary awareness and training activity,

through a periodic compulsory training programme which consists of:

**E-LEARNING COURSES**

Online courses aimed at training the entire company population.

**INTERACTIVE WORKSHOPS**

In class training events for staff at risk of corruption.

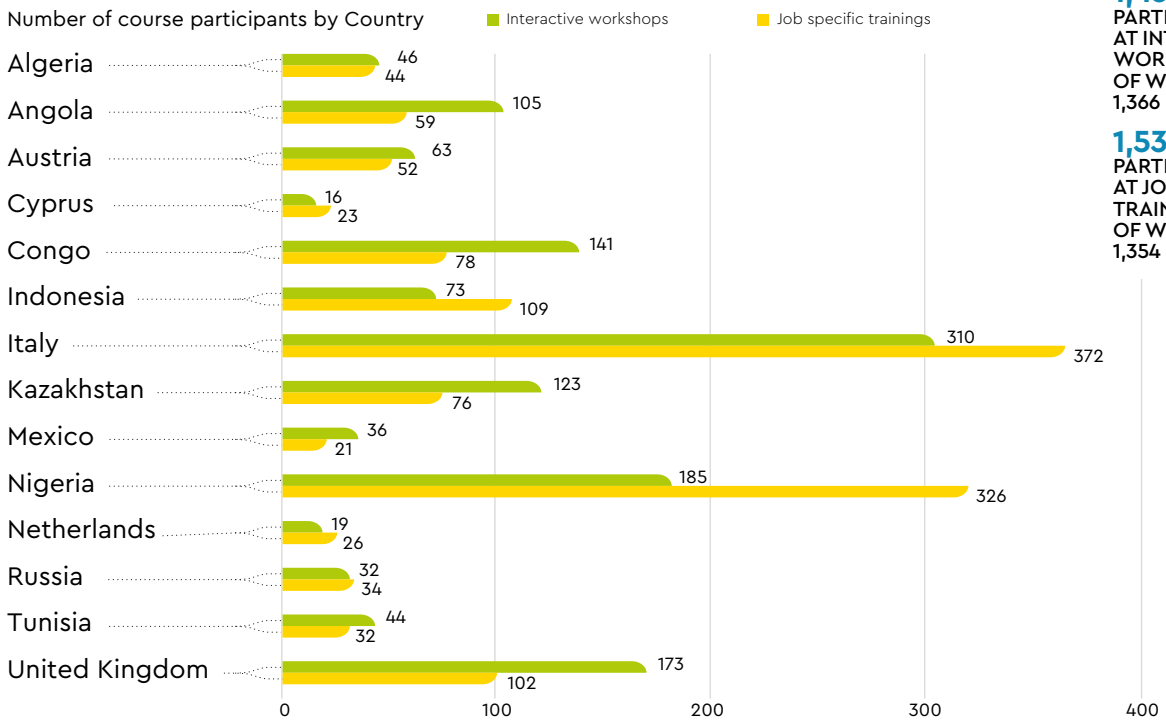
**JOB SPECIFIC TRAININGS**

In class training events for professional areas at risk of corruption.

In class workshops are carried out in areas considered at high risk of corruption on the basis of the Corruption Perception Index published by annually Transparency International and taking into account Eni's presence in the individual sites.

**On-site anti-corruption workshop 2017**

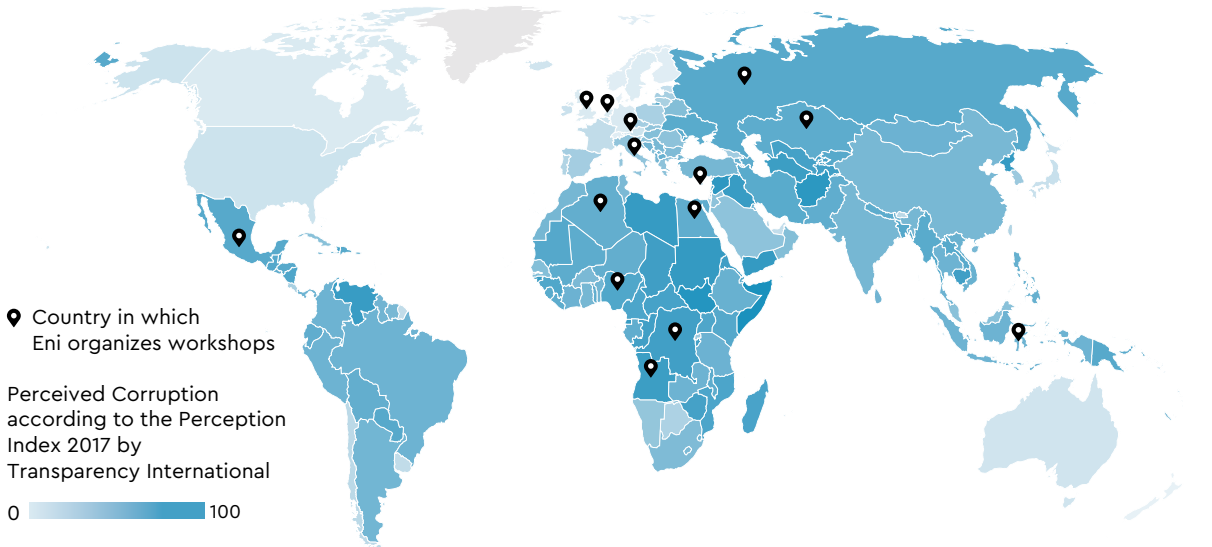
Number of course participants by Country



**1,434**  
PARTICIPANTS  
AT INTERACTIVE  
WORKSHOPS,  
OF WHICH  
1,366 ON SITE

**1,539**  
PARTICIPANTS  
AT JOB SPECIFIC  
TRAININGS,  
OF WHICH  
1,354 ON SITE

**Countries in which Eni organized on-site anti-corruption workshops in 2017**





# COOPERATION MODEL

## MAIN RESULTS AND TARGETS



### ACCESS TO ENERGY

#### DISTRIBUTION OF GAS TO LOCAL MARKETS

#### PROGRESS IN 2017 VS 2016

- +17% vs 2016 of gas sold to local markets (56 billion m<sup>3</sup>);
- Development of OTCP project in Ghana.

#### OBJECTIVES FOR 2018-2021

- Continue to increase the percentage of gas sold to local markets;
- Guarantee supply of gas to power up to 1 GW in Ghana, power generation, enough to convert to gas 50% of the electricity production in the Country.



### IMPACT ASSESSMENTS

#### LOCAL CONTENT VALORISATION

#### PROGRESS IN 2017 VS 2016

The assessment has been extended in Angola and in central northern Italy.

#### OBJECTIVES FOR 2018-2021

Extend the model to the Countries where Eni has greater presence.

#### ASSESSMENT OF PROJECT IMPACTS/BENEFITS FOR THE COMMUNITIES

Collaboration with the Politecnico di Milano has begun to develop a methodology.

Methodology development and start up of two pilot tests for access to energy projects in Congo and Nigeria.

#### SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Analysis carried out to prioritize the SDGs on which Eni can contribute the most.

Realization of a pilot test in a Country where Eni has operational activities.



### PUBLIC-PRIVATE PARTNERSHIPS

#### FAO - FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

#### PROGRESS IN 2017 VS 2016

Collaboration agreement signed in Nigeria.

#### OBJECTIVES FOR 2018-2021

Realize a project to increase access to water in North East Nigeria.

#### CIHEAM-INTERNATIONAL CENTER FOR ADVANCED MEDITERRANEAN AGRONOMIC STUDIES

Collaboration agreement signed.

Realize an aquaculture project in Egypt.

#### FACULTY OF AGRICULTURE OF UNIVERSITÀ DEGLI STUDI DI MILANO

Collaboration agreement signed.

Develop agricultural-zootechnical projects in Congo and Mozambique.



Eni's distinctive mark has always been its willingness to meet the development needs of the Countries of presence through concrete actions realized in collaboration with local authorities and stakeholders in order to create long-term value. In particular, with its business, Eni aims to extend access to energy in an efficient and sustainable way also to reduce socio-economic gaps. Fighting energy poverty is the first step towards meeting the primary needs associated with education, health and economic development, areas in which Eni realizes specific initiatives. These initiatives are planned in accordance with the Country Development Plans, the UN 2030 Agenda and the National Determined Contributions (NDC – COP21), with the public/private partnerships perspective.



## COMMUNITY INVESTMENT

### PROGRESS IN 2017 VS 2016

#### COMMUNITY INVESTMENT

€70.7 million<sup>(a)</sup>.

### OBJECTIVES FOR 2018-2021

€400 million of which €99 million in the first year of the plan.



## LOCAL DEVELOPMENT PROJECTS

### PROGRESS IN 2017 VS 2016

#### ACCESS TO OFF-GRID ENERGY

Projects in 7 villages in the Niger Delta (Nigeria) through the installation of 2,700 kW of capacity.

Approximately €4 million of investments expected.

#### ECONOMIC DIVERSIFICATION<sup>(b)</sup>

Launch of the CATREP (Center d'Appui Technique et de Ressources Professionnelles) to provide agro-technical services to the 25 villages involved in the HINDA project (Congo).

Approximately €150 million of investments expected.

#### EDUCATION<sup>(c)</sup>

Around 5,000 students in 11 schools in Congo involved in the Hinda project and expansion of 7 schools in the Niger Delta (Nigeria).

Approximately €110 million of investments expected.

#### ACCESS TO WATER AND SANITATION

40,000 people benefitted from the maintenance of 23 wells in Congo, the realization of 6 new wells in Nigeria and one well with a desalination plant in Kenya serving approximately 1,500 people.

Approximately €48 million of investments expected.

#### HEALTH

900,000 people involved in communities health initiatives in 10 Countries where Eni is present.

Approximately €34 million of investments expected.

(a) Including amounts relating to resettlement and livelihood restoration.

(b) Including infrastructures, agricultural and food security projects and projects supporting micro-entrepreneurship.

(c) Including the construction of schools, projects for primary and secondary education, vocational training, teachers training and university scholarships.



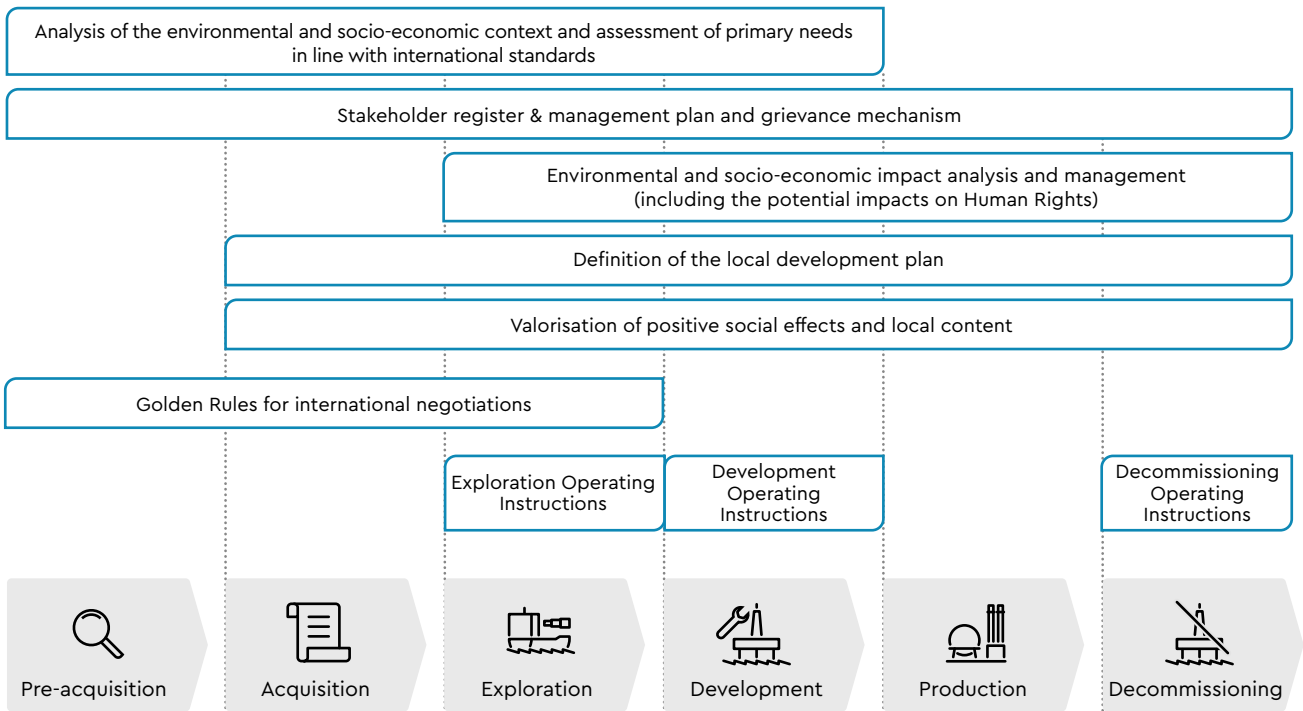
# SUSTAINABILITY IN THE BUSINESS VALUE CYCLE

A sustainable approach characterises all Eni's activities starting from negotiation, passing through all the operational processes from exploration to decommissioning. For this approach to be effective it needs to be systematic and applicable

in all operating contexts. In this sense, Eni is committed to better integrating this approach at organizational level and in the company regulatory system. This integration is necessary to define a more structured action plan for the

local context which ensures respect for standards of excellence during all business phases, in accordance with the Country Development Plan, in line with the UN 2030 Agenda and the National Determined Contributions (NDC - COP21).

## Integration of sustainability issues in business activities



## Benefits arising from integration: long-term value creation



Eni's business projects envisage preliminary analysis of the local socio-economic systems, also through a mapping of the stakeholders and their requests to fully understand the context and the

needs of communities in relation to the environmental and socio-economic impacts, including the potential impacts on human rights. Furthermore an assessment of risks and opportunities is performed on

the basis of Eni's presence in the local context. These tools ensure the definition of Local Development Plans to support the Country's needs, also thanks to the definition of Local Content plans.



Furthermore, Eni ensures that the sustainability issues are formalized and included in the regulatory instruments for the business

processes, such as for example, in the exploration, development and decommissioning processes. The Golden Rules, to be applied during

the negotiation phase, were defined in 2017 with the aim to include sustainability aspects in the oil contracts.

**SUSTAINABILITY ASPECTS**

**GOLDEN RULES FOR NEGOTIATIONS**

Eni has defined a new set of guidelines aimed at supporting the negotiations phase. The objective is to create value in the short, medium and long-term, in the Countries where Eni is present, through the integration, in oil contracts, joint venture agreements and other contracts, of important sustainability issues such as governance, local development, access to energy, local content, sharing and transfer of knowledge and competences, environmental, social and health impact assessment, environmental protection and remediation and human rights.

**EXPLORATION OPERATING INSTRUCTION**

Sustainability aspects within business activities and related regulatory instruments have been introduced. The aim of these operating instructions is to describe the actions to be implemented during the exploration, development and decommissioning activities, to ensure that they are carried out:

**DEVELOPMENT OPERATING INSTRUCTION**

- taking into account stakeholders needs and expectations;
- ensure that any negative impacts on the local context are minimized and any positive ones are maximized;

**DECOMMISSIONING OPERATING INSTRUCTION**

- with the full consent of the local communities and the agreement of the involved authorities, while creating value for the hosting territory in full respect of the local culture and values.

THE INTEGRATION OF SUSTAINABILITY IN THE DIFFERENT ACTIVITIES' PHASES ENABLES ENI TO MAXIMIZE THE BENEFITS FOR LOCAL DEVELOPMENT, TO REDUCE RISKS OF ALL KINDS AND TO SEIZE NEW BUSINESS OPPORTUNITIES.

**ISO 26000 compliance**

The assessment of risks and impacts at local level takes place also through compliance check according to the UNI ISO 26000<sup>24</sup> Guideline, which

defines the continuous improvement of its management system and includes human rights among its subjects. In 2015 and 2016, 14 local

subsidiaries have been evaluated. Specific Action Plans were developed, starting from 2017, to fill the gaps identified.

**MAIN STRENGTHS:**

- EMPLOYMENT RELATIONS AND WORKING CONDITIONS: EMPLOYMENT, DEVELOPMENT OF HUMAN RESOURCES AND SOCIAL DIALOGUE
- APPLICATION OF AN INTEGRATED HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT SYSTEM
- ATTENTION TO THE NEEDS OF LOCAL COMMUNITIES AND THEIR INVOLVEMENT

**MAIN AREAS FOR IMPROVEMENT IDENTIFIED:**

- DEFINITION OF POSITIONS DEDICATED TO THE MANAGEMENT OF SOCIAL RESPONSIBILITY IN ALL THE LOCAL SUBSIDIARIES
- SYSTEM FOR MONITORING THE EFFECTIVENESS OF SOCIAL INITIATIVES
- SUSTAINABILITY COMMUNICATION AT LOCAL LEVEL

24) It defines the principles and priority issues to be followed in order to act in a socially responsible way.



# ACCESS TO ENERGY: AN INTEGRAL PART OF THE BUSINESS MODEL



"WE ARE AN ENERGY COMPANY. WE ARE WORKING TO BUILD A FUTURE WHERE EVERYONE CAN ACCESS ENERGY RESOURCES EFFICIENTLY AND SUSTAINABLY."

### ENI'S MISSION

The issue of access to energy has always been one of Eni's priority commitments and this is clearly reflected in Eni's Mission.

Energy is a central element for almost the major challenges and opportunities that the world is facing today. Whether it is work, safety,

climate change, food production or increasing income, access to energy is essential<sup>25</sup>. Energy poverty<sup>26</sup> has two faces:



### 1.1 BILLION PEOPLE DO NOT HAVE ACCESS TO ELECTRICITY

- 600 million people in Sub-Saharan Africa do not have access to electricity;
- Average per capita consumption of 200 kWh in Sub-Saharan Africa, 5,900 kWh in Europe, 13,000 kWh in the USA.



### 2.8 BILLION PEOPLE DO NOT HAVE ACCESS TO CLEAN COOKING

- 850 million people in Sub-Saharan Africa
  - 1.8 billion people in Asia
- do not have the resources to keep their homes sufficiently warm or cook in a not harmful way for the health and the environment.

## Construction of infrastructure for the production and transport of gas

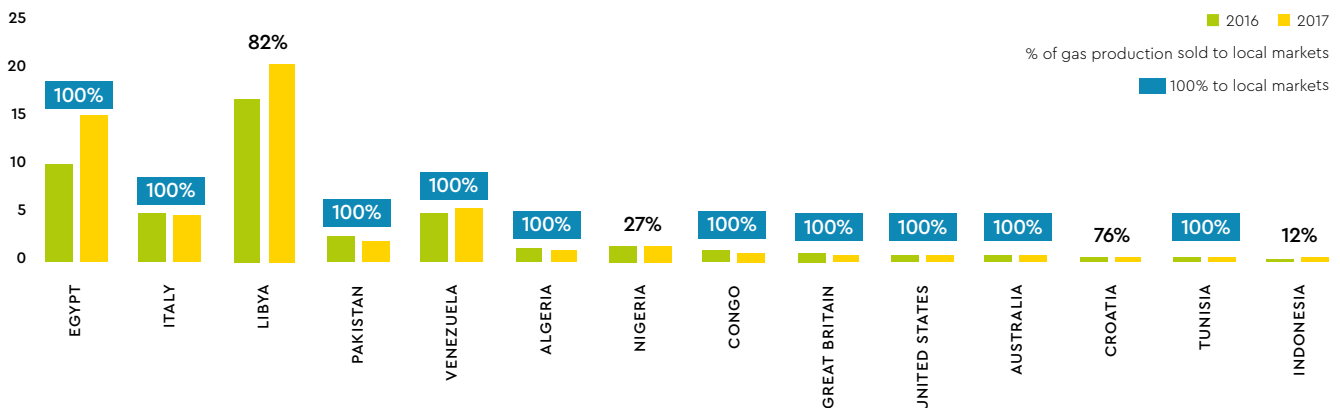
The strategy to reduce social and economic gaps by developing energy sources is an integral part of the business model. In this regard, Eni invests in building infrastructures for the production and transport of gas for both export and local consumption for electricity generation. This aims at developing local markets, aware that growing together reinforces the

company's credibility and opens new business opportunities as well as consolidates the link with Countries. This has allowed Eni to reach new local markets and guarantee Countries energy independence, which is necessary for economic growth. Overall, Eni supplies the domestic markets in 14 Countries thanks to a supply of 56 billion cubic metres of

natural gas in 2017 (+17% vs 2016). In particular, in 10 Countries Eni sells its entire production to supply the domestic market.

**56 BILLION M<sup>3</sup>**  
OF GAS SOLD TO LOCAL MARKETS

SALES OF GAS TO LOCAL MARKETS (billion m<sup>3</sup>/year)



25) Sources: UNRIC, United Nations Regional Information Centre.  
26) Sources: International Energy Agency, Energy Access Outlook 2017.



## Construction of thermal power stations

In Africa, Eni invests in the construction of thermal power stations by using the associated gas which was traditionally used to be flared. The aim is to diversify the energy mix, which is currently composed of 50% biomass and 50% coal, introducing a cleaner source such as natural gas. In this way Eni has become the biggest producer of electricity out of all the oil companies.

To date, Eni has invested a total of approximately \$2 billion in Sub-Saharan Africa in the construction and restoration of networks and power plants in Nigeria (Kwale Okpai power plant with an installed power capacity of 480 MW) and in Congo (CEC and CED power plants), with a significant reduction of gas flaring in both Countries. This successful model will be soon replicated in other Countries where Eni is present.

IN THE SUB-SAHARAN REGION INSTALLED CAPACITY OF APPROX

**1GW**

FOR OVER 18 MILLION PEOPLE



More details on Eniday  
The Centrale Electrique  
du Congo - The story

### THE INTEGRATED PROJECT THAT BRINGS ENERGY TO THE COUNTRY

GHANA; SINCE 2015



#### THE PROJECT

Offshore Cape Three Points (OCTP) is an integrated deepwater project that includes two phases:

- development of oil fields; the oil production was launched in May 2017;
- development of gas fields (expected in 2018).

The OCTP development project is a concrete example of Eni's dual flag approach: 49% of contracts were awarded to local companies, about 2,300 Ghanaians are currently employed in the various projects and operational activities and each year 1.3 million dollars are intended for scholarships and training.

→ More details on [eni.com](http://eni.com)

#### ACCESS TO ENERGY

The project, supported by the World Bank, will allow the supply of domestic gas to national power stations for at least 15 years, thereby satisfying the demand for energy in both urban and rural environments and in the areas where it is most needed. Long-term production of non-associated gas will sustain the growth of the domestic thermal energy sector by accelerating the industrial development of Ghana. Developing

Ghana's national-gas resources is a high priority because it will improve access to energy in the country, increase revenue from the sector - meaning subsidies can be reduced, and create additional income for the government. The OCTP project means natural gas is available locally and affordably, ensuring a cleaner and more stable and secure energy supply.

**A UNIQUE PROJECT TO DEVELOP NON-ASSOCIATED GAS IN DEEPWATER ENTIRELY FOR THE DOMESTIC MARKET IN SUB-SAHARAN AFRICA.**



## AN EXAMPLE OF TEAMWORK:

### EXPLORATION ACTIVITIES IN MYANMAR



WE CONSIDER HUMAN RIGHTS FROM THE EARLIEST ASSESSMENT STAGES OF NEW PROJECTS TO AVOID HARMFUL CONDUCT AND TO HELP TO IMPROVE ACCESS TO FUNDAMENTAL RIGHTS.



→ More details on eniday

#### → CONTEXT

Myanmar - Onshore block RSF-5, Magway region. In this remote area, characterised by extreme climatic conditions, land is the only way of

subsistence for the local population and life revolves around the seasons, crops, water supplies and the small economic activities developed.

#### → EXPLORATION ACTIVITIES

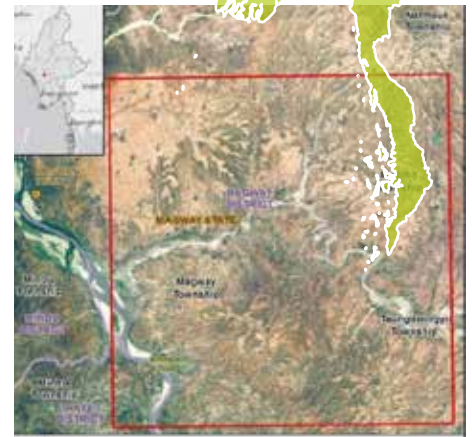
Eni has been a protagonist in the new course of the Burmese economy since 2014, when it acquired four oil licences (2 onshore and 2 offshore) and became a player in the energy sector. In 2016-

2017 in the RFS-5 block, Eni completed exploration activities involving 3D onshore seismic surveying in an area of over 520 km<sup>2</sup> that involves 16,800 properties.

#### → PROJECT OBJECTIVE

Guiding the exploration activities, which have entailed the temporary occupation of agricultural land, implementing the recommendations that emerged from the human rights impact assessment, conducted by

Eni with the support of the Danish Institute for Human Rights (DIHR). This analysis was completed in July 2016 and published<sup>27</sup> in support of the commitment to transparency and collaboration with



all the stakeholders. Following the recommendations received from DIHR, Eni implemented a series of mitigation actions that have characterized and influenced the entire course of the project (1 year).

#### → POTENTIAL CRITICALITIES HIGHLIGHTED FROM THE IMPACT ANALYSIS CARRIED OUT BY THE DIHR:

- The process for access to and temporary use of land, considering the 16,800 properties there;
- the need to guarantee the adequacy of working conditions to the local workforce involved in the project through Burmese subcontractors (93% of the local workforce with an average presence of 550/600 workers on site).

27) Results on the website: [https://www.eni.com/docs/it\\_IT/enipedia/presenza-internazionale/asia-e-oceania/myanmar/dihr-eni-myanmar-rsf-5-human-rights-report-final.pdf](https://www.eni.com/docs/it_IT/enipedia/presenza-internazionale/asia-e-oceania/myanmar/dihr-eni-myanmar-rsf-5-human-rights-report-final.pdf)



### → MANAGEMENT MEASURES ADOPTED BY ENI

- Definition and implementation of a procedure to manage the relationship with the local communities involved in the project, from the preliminary identification of the people affected by the project until payment of compensation;
- Organization of several public consultations with the involvement of authorities, trade organizations and

local communities to guarantee the proper management of the temporary land acquisition process and to share the formula adopted for payments and salaries, since no references are envisaged in local regulations;

- Structuring, from the very beginning of the activities, of a local grievance mechanism, without delegating the management of it to the contractor,

but establishing a strong presence in terms of supervision with a team of 60 professionals on site;

- Signature of binding agreements with the seismic contractor and relative local subcontractors, aimed at guaranteeing alignment of general working conditions to the provisions of the Burmese labour law, to Eni standards and to the main international standards.

### → FOLLOW-UP

Once the project ended, at the beginning of 2018:

- The Danish Institute for Human Rights returned to visit the area and assess the impact of operations in the area by interviewing workers, the villages involved, NGOs and CBOs and local authorities, carrying out 18 interviews with 150 people in Yangon and Magway. According to the

DIHR, the general consensus among stakeholders was very positive, both for the work carried out and the thorough and systematic approach adopted to build a relationship of mutual trust with the communities with regard to human rights and the workforce.

- A large government delegation led by the Minister of Energy and Electricity and by the Chief Minister of Magway visited the Eni Base Camp, defining the project an unprecedented model in the country for the application of international HSE and sustainability standards.

AT THE END OF JANUARY 2018, ENI SUCCESSFULLY CONCLUDED ONE OF THE MOST EXTENSIVE LAND SURVEYS EVER ACQUIRED ON SITE



## UNDERSTANDING THE RISKS TO PREVENT IMPACTS



### Interview with Tulika Bansal, Senior Adviser Human Rights and Business, Danish Institute for Human Rights (DIHR).

**In your opinion, what is the added value in relying on a third party, such as the Danish Institute for Human Rights, to carry out a Human Rights Impact Assessment (HRIA)?**

In accordance with the UN Guiding Principles on Business and Human Rights, companies should assess and address their potential and actual human rights impacts drawing on independent human rights expertise. When Eni entered Myanmar, Eni and DIHR decided to collaborate on a HRIA of Eni Myanmar's seismic survey in Magway region, in order to understand its potential human rights risks and impacts. The benefit of conducting this HRIA is that DIHR understands the human rights and business context in Myanmar as one of the founders of the Myanmar Centre for Responsible Business. Also, working with DIHR in conducting this HRIA, Eni engaged with various stakeholders in Myanmar on the issue of human rights very early on in the process, before its activities started. This engagement with business partners, Civil Society Organizations (CSOs) and community members through an independent third party, helped to build a sustainable relationship with them and demonstrate that Eni had all intentions to do business right.

**Which activities has the Danish Institute for Human Rights carried out with Eni in Myanmar?**

In 2016 DIHR conducted a HRIA of Block RSF-5 in Magway region. In preparation for the HRIA, desktop research on the human rights context and a mapping of relevant stakeholders to engage with during the in-country assessment were carried out. DIHR collaborated with the Environmental, Social and Health Impact Assessment (ESHIA) team, alongside whom the HRIA was carried out, to align the fieldwork process and avoid consulting the same stakeholders twice. During the 2-week field assessment, the team interviewed Eni HQ staff and workers, its business partner MPRL, NGOs and CSOs, and community members. The purpose was to understand Eni Myanmar's potential footprint in the area, and how its activities could have impacts on land, livelihoods, safety and security and workers' rights. Following the assessment, DIHR developed a human rights report with the assessment findings and recommendations for Eni, including a checklist of actions Eni and its seismic contractor should take to avoid or mitigate negative impacts in preparation for, during and after its seismic campaign.

In 2017 Eni and DIHR decided to conduct a follow-up assessment in 2018 to evaluate how Eni had implemented the checklist and other controls, in particular regarding consultation and engagement, land management and compensation, access to grievance mechanisms and contractor relations. During a one-week visit, DIHR spoke with all relevant stakeholders in Magway, in particular with community members whose land had been accessed, to hear first-hand how Eni had performed.

**Could you share some challenges and the most valuable lessons learned from this activity?**

One of the challenges related to the assessment was peoples' perceptions of oil and gas projects in Myanmar and in particular in Magway. Due to negative past experiences, community members in Magway were worried about new companies coming in. Providing communities and CSOs with proper information beforehand, meaningfully engaging and consulting with them before and during the assessment and establishing a well-functioning grievance mechanism where affected persons could lodge grievances, proved successful methods to help taking away this worry.

Also, in preparation for the seismic activities, it proved difficult to obtain consent from all community members to access their land for the seismic survey. Lack of understanding and technical knowledge led to some villagers initially consenting to accessing their land, but later changing their minds fearing that their land and livelihoods would be affected. A key lesson learnt is that properly explaining the process, including technical aspects and what potential damages could look like is necessary for landowners and users to understand what the impacts could be. One of the positive aspects of this exercise was the successful implementation of the checklist that DIHR developed ahead of the seismic campaign. By doing this in a timely manner, Eni was able to integrate the checklists into its internal policies, procedures and practices, including when identifying a contractor, before the project started and thereby minimizing negative impacts.

A discussion on the implementation of the checklist and challenges was also carried out between Eni and DIHR, allowing to provide feedback and to plan for the follow-up assessment before the end of the project.





# LOCAL DEVELOPMENT PROJECTS

The cooperation model is based on the “dual flag” approach, which means that Eni cooperates with host Countries,

interacting on an continuous basis with local institutions and stakeholders in order to identify the necessary

interventions to respond to the needs of local communities.

## PILLARS OF THE COOPERATION MODEL:

### COMMUNITY INVESTMENT

Definition of interventions to support local development which are not only located in the areas of Eni's operations, but are designed with a broader scope and aligned to national development plans. Better living conditions in the Countries where Eni operates can also contribute to the creation of a dignified life and reduce migrant flows.

### PUBLIC-PRIVATE PARTNERSHIP (PPP)

Definition of Public-Private Partnerships with different kinds of organizations to pool together resources, not just economic resources but also in terms of ability, know-how and experiences. In particular, strategic partnerships have been formed with national and international organizations and institutions and other local cooperation agencies/bodies, such as the collaboration with the International Finance Corporation (IFC), which allowed Eni to adopt procedures in line with the international best practices.

### INSTRUMENTS AND METHODOLOGIES

Definition of instruments and methodologies that enable Eni to identify the needs of local populations, define targets and measure the impacts of its initiatives. For example, the Local Content Project was launched to assess the effects of Eni's activities in operational context.

## MAIN PARTNERSHIPS IN AFRICA

### FAO - NIGERIA

#### FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

Water access project for the population affected by the humanitarian crisis in the north-east of the Country<sup>(a)</sup>.

### POLITECNICO DI MILANO

#### CONGO AND NIGERIA

Eni Impact Tool: Pilot project to measure the socio-economic impacts of energy access programs.

### UNIVERSITÀ STATALE DI MILANO

#### CONGO

#### AGRARIAN FACULTY

Technical support to the CATREP activities (Centre d'Appui Technique et de Ressources Professionnelles).

### HALO TRUST - ANGOLA

#### NON-GOVERNMENT BRITISH ORGANIZATION BRITANNICA

Collaboration for mine removal in the districts of Huíla and Namibe.

(a) In particular in the states of Adamawa, Bauchi, Borno, Gambe, Taraba and Uobe.

### UNIVERSITÀ DI BOLOGNA/CIHEAM<sup>(b)</sup>

#### EGYPT

Design and implementation of an aquaculture program in Port Said.

### E4IMPACT - KENYA

#### FOUNDATION, SPIN-OFF OF ALTIS - ALTA SCUOLA IMPRESA E SOCIETÀ OF UNIVERSITÀ CATTOLICA

Project to promote entrepreneurship in Kenya, in particular female and high-impact entrepreneurship, to stimulate the opening of new companies to the internationalization and to create employment opportunities for young people.

### UNHCR - KENYA

#### UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES

Project for the electrification of schools in the Dadaab refugee camp through the supply of renewable energy.

### UNIVERSIDADE E. MONDLANE

#### MOZAMBIQUE

Collaboration for the training of university professors and the launch of a specialized course in oil engineering.

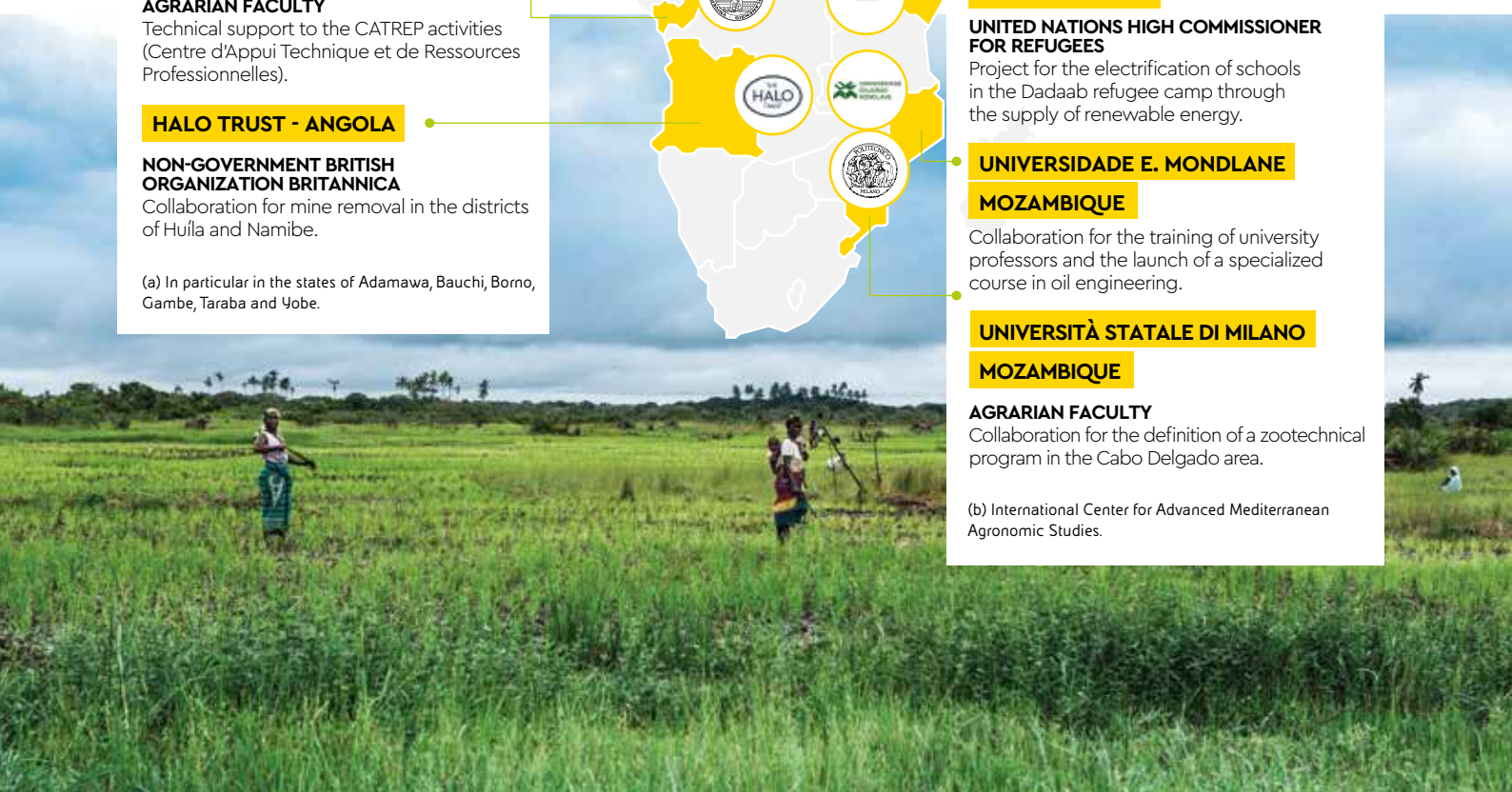
### UNIVERSITÀ STATALE DI MILANO

#### MOZAMBIQUE

#### AGRARIAN FACULTY

Collaboration for the definition of a zootechnical program in the Cabo Delgado area.

(b) International Center for Advanced Mediterranean Agronomic Studies.





## Interventions supporting local development

In addition to industrial projects to develop natural gas, Eni promotes a broad portfolio of initiatives for

communities in the Countries where it operates. These initiatives are designed to create independent and

sustainable development paths based on local needs, in synergy with the business objectives.

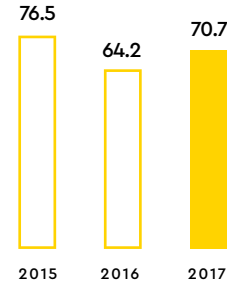
€ million

### COMMUNITY INVESTMENT 2017 BY SECTOR OF INTERVENTION

ACCESS TO ENERGY OFF GRID	1.1
EDUCATION AND TRAINING	17.4
WATER AND SANITATION	0.7
ECONOMIC DIVERSIFICATION	30.2
HEALTH	7.1
OTHER ACTIVITIES <sup>(a)</sup>	14.2
<b>TOTAL</b>	<b>70.7</b>

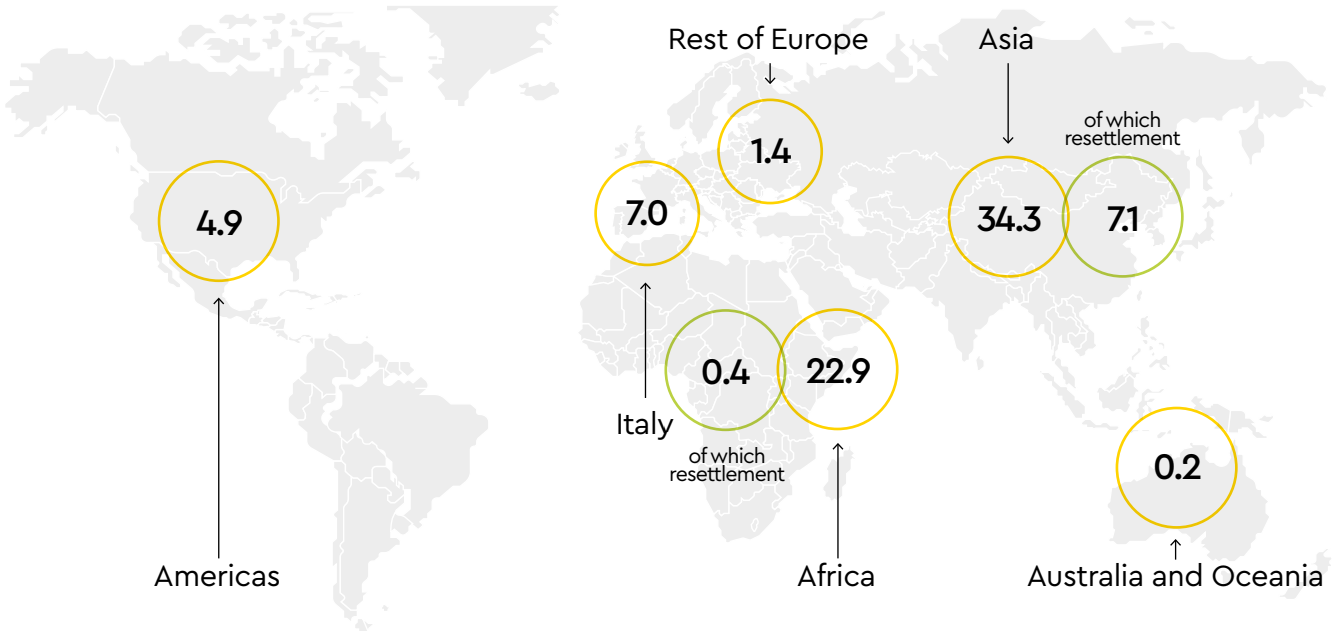
(a) Other activities include: €3.6 million Life on land; €7.5 million Livelihood restoration & Resettlement; €3.1 million Stakeholder and sustainability management.

### COMMUNITY INVESTMENT (€ million)



### COMMUNITY INVESTMENT 2017 BY GEOGRAPHICAL AREA

€ MILLION



In the following pages are described some examples of initiatives to support local communities in the Countries in which Eni operates. On the eni.com website it is possible to deepen both the case studies mentioned in Eni for 2017 and the other social projects that Eni carries out, by Country and by sector of intervention.



## Economic diversification

Eni promotes actions to boost local socio-economic development in an independent and sustainable way using actions to develop

activities such as agriculture, micro-entrepreneurship and construction of infrastructure. These actions allow new job

opportunities to be created for people and enterprises and promote female and young people empowerment.

### WE EAT WHAT WE GROW AND WE GROW WHAT WE EAT

INDONESIA; 2016-2017



*Over 50 families have cultivated at home vegetables and fruits for their own domestic need.*

#### CONTEXT

In the 1950s, Handil Baru and Handil Baru Darat were areas with abundant plantations growing coffee, coconut, rice and other products; the local economy was based on agriculture. These nature's gift was abruptly ceased to exist due to El Nino happened in early 80s, forcing those farmers to take jobs with Oil & Gas companies operated in the area. The land became sterile, the coffee industry disappeared. The industrialization of rubber plantations has exacerbated the situation, going from historical heterocultures to becoming monoculture plantations.

#### PROJECT GOAL

1) Reduce poverty for locals by creating economic opportunities based on their

agricultural skills while reducing their dependency to the Oil & Gas industry;  
 2) Ensure environmental sustainability by maximizing the use of uncultivated and non-productive lands abundant in the area;  
 3) Support local communities through the construction of a Centre for the agriculture development.

#### NEXT STEPS

Strengthening the Centre in terms of production to make it a centre of excellence with the involvement of other 100 families.

#### RESULTS AND BENEFICIARIES

- Over 50,000 mangrove trees were planted along the coast to protect the community against continued sea erosion.

The conservation rate for mangrove trees reached 70% when the plantation was managed by the local community (vs 40% forecast by statistics);

- In 2017, the Joglo Tani centre for agricultural development was built in collaboration with the local community and Eni. Local people donated their lands (2 hectares) to be used for this purpose;
- 51 families involved in the cultivation of fruits and vegetables for their own domestic needs, with the immediate benefit of saving up to 100-200 USD per month per family;
- Provided support in acquiring knowledge and facilitating meetings between local communities and experts in the agricultural sector.

→ More details on [eni.com](http://eni.com)

## A PROTAGONIST'S STORY

Interview with Celestina Aaron, native of Rivers State, in Nigeria, as a testimony of the benefits of the Green River Project



**"THE MOST IMPORTANT THING I WILL NOT FORGET, IS THEY ARE NOT ONLY TEACHING US, THEY ALSO EMPOWER US"**

**Return to agriculture: with advanced methodologies, focusing on communities and micro credit.**

The Green River Project (GRP) was launched in 1987 and is aimed at developing a sustainable agricultural and food production system to promote the social and economic well-being of the rural populations of the Niger Delta, where Eni operates.

**How has the Green River Project affected your life?**

I was first introduced to NAOC - GRP by my mother. She was taught on different farming methods, food processing and marketing. On the demise of our father, my mother scaled up her farming using improved seedlings and skills acquired from GRP to increase her yield. The revenue generated from sales of farm products sustained the family and provided our education.

When I got married, my mother in law registered me as a member of the GRP farming group. I was trained in modern manioc production techniques, off season vegetable

production, home economics and value addition. I devoted time to perfect the skills acquired from these training and I have never regretted. I have also made use of the GRP's micro credit system a couple of times which has boosted my agri-food enterprise. The income I have earned has financed other family projects, providing the food and education my family needs, at home and abroad.

**Has the GRP affected other women in your community?**

The importance of GRP cannot be over emphasized. I decided to involve other women in my Community to embrace GRP and change their life benefitting from it. Today we have 32 Co-operative Societies that have formed a Co-operative Union called Egbema Diamond Farmers Union. Currently, I am the president of Nrizuruike women co-operative, I cannot end this success story without appreciating and commending the efforts of the management, the programme managers and the entire Eni team.



Green River Project: Video made in collaboration with CNN International

<http://advertisementfeature.cnn.com/2017/grp/>



## Education and training

Eni's commitment to education is accomplished through education programs aimed at promoting and improving access to education, in close collaboration with local communities and authorities, contributing to guaranteeing

education to the new generations. This commitment includes the construction of schools, projects for primary and secondary education, vocational training, teachers training and university scholarships. The involvement of families and the

surrounding communities is essential and achievable by raising awareness on importance of education as a driver for a better future and for the growth of an informed and inclusive society.

### A 360° APPROACH TO PROMOTE EDUCATION

PAQUITEQUETE, MOZAMBIQUE; SINCE 2014



*In the Country, Eni has focused on education, in cooperation with the provincial authority for education, the local council of Pemba and representatives from the community.*

#### CONTEXT

The project takes place in the oldest part of Pemba, a fishing area, which is also the poorest and where school attendance is low.

#### PROJECT OBJECTIVE

Supporting the quality of education, not just through renovations of the school facilities but also with the development of knowledge and skills, improving access to schooling in the area.

#### NEXT STEPS

Due to the success achieved, not just in terms of participation, learning and collaboration of the children, the teachers and the whole community, the project will be rolled out to the Wimbe Primary School in 2018.

#### FOCUS ON "APRENDEMOS BRINCANDO"

The project aims to provide children with a teaching programme that encourages reflection on cultural and environmental similarities between their local area and the world, stimulating curiosity, interest and imagination, and supporting their active participation. The distinctive elements of this project have been:

- Teaching materials like magnetic planispheres, magnetic maps and related kits, classifying the areas in environmental, anthropic and cultural terms.

- The role of "facilitators". Staff specialized<sup>28</sup> in the use of the new materials, managing classes (in the broadest sense) and collaboration with the teacher. In their first years at school, children do not speak Portuguese but instead speak their mother tongues. However, integration happens immediately with the children, who welcomed the presence of facilitators as an element capable of increasing interest and attention. Collaboration with the teachers took longer, but it turned out to be the cornerstone for motivating the children.

### BETWEEN 2016 AND 2017, OVER 900 PUPILS WERE INVOLVED WITH AN INCREASING PARTICIPATION AND A REDUCTION OF THE DROP-OUT RATE



More details on Enivideochannel

Sustainability projects in Mozambique: Powering Mozambique

→ More details on eni.com

28) The facilitators were chosen in conjunction with associations in Mozambique and trained on site, under the supervision of an international consultant and a local pedagogical coordinator.



## ENI'S COMMUNITY INVESTMENT STRATEGY IN IRAQ

Eni, in line with the principles of its mission and following the priorities and needs of the country, has oriented the planning of social projects in three areas:

**1. EDUCATION** - Eni supports projects to improve access to primary education for all in the area of Zubair. With the commitment of "educating the new generations to build the country", Eni proposed a 2017-2022 education

strategy, to be implemented through two types of interventions: (i) infrastructural for 80 school buildings; (ii) pedagogical and vocational training.

**2. HEALTH** - The health program includes interventions in the main structures of the Governorate of Basra: the oncology pediatric hospital of Basra and the educational hospital for adults, whose long-term objective is the training of doctors and medical personnel in Iraq and in Italy.

### 3. ENVIRONMENT/INFRASTRUCTURE

- In 2017 many initiatives have been developed in the Zubair district, from roads to drinking water systems and sewage systems. Furthermore, a collaboration with the Government of Basra started to improve the quality of the Al-Buradieiah water treatment plant and to reclaim some polluted and / or abandoned sites and transform them into parks for the citizens.

## IRAQ, A COMMITMENT FOR EDUCATION

ZUBAIR, IRAQ; SINCE 2017



*"Sport encourages individuals to face challenges, build interpersonal relationships and unite their efforts to achieve common goals." Ban Ki-moon, Secretary General of the United Nations*

### CONTEXT

In the south of Iraq and in accordance with the education strategy agreed at top management level, colleagues are offering their time and means to implement individual initiatives to demonstrate that the commitment to a Responsible and Sustainable Enterprise goes beyond working hours. The project "Life Skills Training Through Basket-Girls' Empowerment" is a confirmation of this.

### PROJECT OBJECTIVE

Using sport to replicate daily situations and to analyse feelings, relationships and challenges that everyone must face in order to promote female empowerment, team work and self esteem.

### RESULTS AND BENEFICIARIES

- Life skill training through basketball: this pilot project was launched at the Gennat infant school in Al-Burjazia, Zubair. 40 female students from Year 5 (10-11 years old) were involved in a programme that combines sport (basketball) and education. This programme allowed to talk about concepts like leadership, team work, self esteem, etc.
- Awareness Campaign on Energy & Environment Special Edition:

"Sport & Education": organization of a special edition of this campaign at the Weedad school for young workers.

The school hosts around 90 students. A small football tournament was organized followed by an interactive lesson on Energy and the Environment.

### NEXT STEPS

Over 50,000 students are expected to benefit from these training activities in the next 6 years.

**COLLEAGUES OFFER THEIR TIME AND MEANS DEMONSTRATING THAT THE COMMITMENT TO A RESPONSIBLE AND SUSTAINABLE ENTERPRISE GOES BEYOND WORKING HOURS**

→ More details on [eni.com](http://eni.com)



## | Water, sanitation and hygiene (WASH)

Access to water and basic sanitation is considered a priority for development and therefore promoting safe and reliable access to

water is a priority for Eni, as part of its local intervention strategy. Initiatives promoting access to water resources and improve

hygiene and sanitation conditions include the building of wells, water purifying plants, water distribution networks and sewers.

### EVERY DROP COUNTS

PROVINCE OF SINDH, PAKISTAN; SINCE 2013



*Access to clean and safe drinking water is one of the essential requirements for development and for the well-being of communities.*

#### CONTEXT

In the Nara desert, in particular women and girls are forced to walk 2-5 km to collect water and cannot use their time on livelihood or earning income activities. Health and hygiene are also compromised due the lack of access to adequate water.

#### PROJECT OBJECTIVE

Improve the living conditions of local communities through the supply of water.

#### RESULTS AND BENEFICIARIES

- Participation in the Bhit Rural Sustainability Program (BRSP),

coordinated in partnership with local NGOs to improve the living conditions of local communities through the construction of water facilities in the Bhit and Badhra areas: hand pumps, wells dug, tanks for the rainwater collection to supply 2,000-5,000 people of the local communities.

- Construction of infrastructures for domestic use and for livestock in collaboration with a local NGO in the Kadanwari area: 11 solar powered milking machines, 11 hand pumps and two reverse osmosis systems to meet the needs of 500-600 people and domestic animals.

- Construction of and installation, with the support of a local NGO in the coastal area, of 42 hand pumps, nearby offshore blocks, for the benefits of 123 families and 3 storage tanks for drinking water accessible to 82 families.

#### NEXT STEPS

Eni will continue its commitment to raise awareness among employees and local communities on the importance of adequately managing water resources in daily activities and furthermore, to extend access to the primary needs of local communities.

→ More details on [eni.com](http://eni.com)



## Community health

Community investments include health initiatives for communities which consist in the implementation of specific initiatives, in line with local health policies and international best practices, to improve health conditions and promote the welfare of the local communities. These initiatives represent an important instrument to improve Eni's effectiveness

as a partner for development. The main initiatives implemented, during 2017, concerned: improvement of healthcare staff's skills, the construction or upgrading of healthcare facilities and the supply of adequate equipment, access to drinking water, information and promotion about health issues of interest to the local population.

# 900,000

BENEFICIARIES  
IN 10 COUNTRIES  
WHERE ENI OPERATES

### HEALTH PROMOTION AS "CULTURE"

PORT SAID, EGYPT; 2017



*Eni considers protecting health as an essential instrument for improving the living conditions and well-being of individuals and promoting the socio-economic development of communities in accordance with strategic directions and local programmes.*

#### CONTEXT

The villages of El Jaraba'ah, El-Manasra and El Deebea are characterized by low living standards, poor infrastructures and almost no job opportunities. The recent economic crisis has negatively affected the standards of living of many local communities in Egypt. According to the Egypt Network for Integrated Development, around 85% of rural areas in Egypt do not have access to the public network of health and hygiene services or water supply.

#### RESULTS AND BENEFICIARIES

The Family Health Unit was renovated, equipment and furnishings were provided and the Primary Health Care services were improved, serving a local population of around 7,500 people distributed across 3 villages (El

Jaraba'ah, Al Manasra and Al Deebea).

In particular, the healthcare services refer to:

- Treatment of endemic diseases
- Emergency room
- Mother and child clinic
- Health and Immunisation promotion
- Pharmacy services
- Laboratory
- Nutrition
- Health education
- Dental services
- Management of safe water and offshore environmental sanitization, for 65 families

#### PROJECT OBJECTIVE

Provide support to local health authorities to deal with an increasing demand for basic healthcare services and hospitals for emergencies.

#### NEXT STEPS

The Al Garaba Health Unit was chosen by the Ministry of Health as the Pilot Unit for a New Health Strategy in line with the Egyptian Government's "The new health insurance law".

The Unit itself will be a reference functional structure for a prevention campaign for priority endemic diseases and health promotion for the 7,500 inhabitants of the area of influence of the industrial project with the collaboration of the Faculty of Medicine of Port Said University. Support work will continue to help provide access to basic services (60 thousand inhabitants in the Emirates District) and emergency burns unit for the entire Governorate of Port Said (690 thousand inhabitants).





## Other activities

In developing new projects, Eni is committed to ensuring that various alternatives are considered when choosing an area to acquire, with the aim of minimizing negative impacts on local communities.

If the relocation of families and the loss of livelihood are unavoidable, Eni ensures that the process for defining

fair and sustainable compensation measures is quick. With the aim of improving, or at least restoring, the living standards of the communities involved, Eni applies principles and methods that comply with international standards, such as the IFC Performance Standard on involuntary resettlements.

IN ACCORDANCE WITH THE REQUIREMENTS DEFINED WITHIN THE "LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT" STANDARD OF THE INTERNATIONAL FINANCE CORPORATION (IFC)

### RESETTLEMENT OF THE BEREZOVKA AND BESTAU VILLAGES

BEREZOVKA AND BESTAU, KAZAKHSTAN; 2015-2017



*"Karachaganak Petroleum Operating (KPO) believes in the principle of Social Responsibility, this resettlement project is one of the biggest commitments in the sector."*  
Renato Maroli, KPO General Director<sup>29</sup>

#### CONTEXT

Resettlement was decided and guided by the region's authorities, in anticipation of the further development of the Karachaganak field.

#### PROJECT OBJECTIVE

As the co-operator of KPO<sup>30</sup>, Eni had a controlling role in the resettlement, in the commitment towards improvement (or at least maintaining the initial level) of housing standards and livelihood conditions for the two communities.

#### NEXT STEPS

Monitoring and assessment actions will be carried out on the resettlement results. In Araltal, a new nursery school with 320 places with modern interactive equipment and equipment for language learning and sport was opened in January 2018.

#### RESULTS AND BENEFICIARIES

The resettlement of 464 families (2,005 people) was planned and implemented in two stages, between July 2015 and December 2017, supported by consultations with residents for an informed choice.

The new settlements have been chosen very carefully: located a few kilometres from the villages, Aksai and its suburb Araltal allow the people from Berezovka and Bestau to opt for a town apartment or a house with a garden, without changing their rural lifestyle. Families can still maintain their previous social networks while living in privileged areas of the new urban development of Aksai.

In both urban and rural contexts, the lodgings are larger than their previous ones, equipped with utilities, parking spaces and playing areas for children. The settlements are close to vital health facilities, schools, shops and recreational centres.

Teachers and doctors have been given jobs in Aksai, farmers have been offered lots, while entrepreneurs have received economic compensation against any losses arising from the relocation process. Aksai is also a city that offers lots of opportunities for the unemployed.

**THE KEY OBJECTIVE IS THAT HOUSING STANDARDS AND LIVELIHOOD CONDITIONS OF ALL RESIDENTS ARE IMPROVED OR AT LEAST KEPT AT THE INITIAL LEVEL**

→ More details on [eni.com](http://eni.com)



<sup>29</sup>) From the video "Time for a change", produced by KPO Corporate Affairs: <https://www.youtube.com/watch?v=2DI1PNsBgk4>

<sup>30</sup>) Consortium Karachaganak Petroleum Operating.



## LOCAL CONTENT



Local Content valorisation and its monitoring have double value for Eni: in terms of competitiveness, they allow to represent the benefits generated at local level by Eni's presence in the territory and to support the company in defining the Local Content Plans in the Countries. Moreover, for Countries the knowledge of the macroeconomic sectors more activated by Eni is a useful indicator to direct national economic development investments. As a result,

in 2016, Eni launched an inter-functional project to develop a simple model that can easily be replicated to assess direct, indirect and induced effects of Eni's activities in operational contexts. These effects are attributable to economic, employment and intellectual capital impacts that Eni's business generates directly at local level and indirectly along the supply chain. The ELCE (Eni Local Content Evaluation) model, validated by the Politecnico di Milano measures:

**LOCAL CONTENT IS THE ADDED VALUE THAT THE COMPANY CAN BRING TO THE SOCIO-ECONOMIC SYSTEM OF THE COUNTRIES IN WHICH ENI OPERATES, OR RATHER THE WAY IN WHICH THE COMPANY, IN CONDUCTING ITS BUSINESS, CAN BE A DRIVER OF DEVELOPMENT.**

The effects that can be directly attributed to Eni, such as the purchase of goods and services, taxes and wages paid to employees; number of employees trained and investments in local employees training activities.

The indirect effects related to economic, employment and social impacts regarding Eni's suppliers along the whole supply chain.

The induced effects calculated using multipliers estimated based on Country's macroeconomic indicators (e.g. greater household consumption or new local jobs created as a result of the economic development of the Country arising from Eni projects).

The model was applied for the first time to a pilot project in Ghana, during the construction phase of the OCTP project platform, helping to define a Local Content plan in

line with the IFC and World Bank requirements. In 2017, the model was extended to the production phase of the OCTP project, in Angola (West Hub and East Hub) and to Central

Northern Italy, studying the value generated in the operational sites of Ravenna (Upstream/Downstream) and Sannazzaro (R&M).

CATEGORY OF IMPACTS	DIRECT EFFECT	INDIRECT EFFECT	INDUCED EFFECT
<b>ECONOMIC IMPACT</b>	<ul style="list-style-type: none"> <li>• Eni purchases expenditure for local goods and services</li> <li>• Eni wages paid to local employees</li> <li>• Eni taxes paid</li> </ul>	<ul style="list-style-type: none"> <li>• Spending on local goods and services along the supply chain</li> <li>• Salaries to local employees of the supply chain</li> <li>• Taxes paid by suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Effect of household consumption as direct and indirect employees spend their wages within the local economy</li> </ul>
<b>EMPLOYMENT IMPACT</b>	<ul style="list-style-type: none"> <li>• Local jobs directly involved in the project</li> </ul>	<ul style="list-style-type: none"> <li>• Local jobs along the supply chain directly involved in the project</li> </ul>	<ul style="list-style-type: none"> <li>• Local jobs created in the private sectors, due to household consumption</li> <li>• Local jobs created in the public sector, due to Governments revenues</li> </ul>
<b>HUMAN CAPITAL DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>• Eni training expenditure for local employees</li> </ul>	<ul style="list-style-type: none"> <li>• Differential present value of lifetime earnings expectancy between trained and not trained employees</li> </ul>	<ul style="list-style-type: none"> <li>• Household consumption generated by differential lifetime earnings expectancy</li> <li>• Government revenues (additional taxes)</li> </ul>



# REPORTING PRINCIPLES AND CRITERIA

## Reporting system

Eni published its first Consolidated Non-Financial Information in 2017, in a dedicated section of the Integrated Annual Report, to provide continuity to the process, started in 2010, to integrate non-financial information in the Annual Report following its participation in the International Integrated Reporting Council (IIRC) in order to prepare integrated financial statements. In line with previous years, Eni has

decided to continue to publish Eni for as a voluntary disclosure document focused on Eni’s case studies and stories. The document is prepared in accordance with the “Sustainability Reporting Standards” of the Global Reporting Initiative (GRI) with an “in accordance - core” level of compliance and also taking into consideration the “Oil & Gas industry guidance on voluntary sustainability reporting” produced by

IPIECA/API/OGP. Furthermore, the contents are in line with the Advanced Level of the Differentiation Programme and the additional sustainability aspects provided for by the Blueprint for Corporate Sustainability Leadership of the UN Global Compact. Lastly, eni.com provides further information on sustainability issues in order to supplement the information provided in its reports.

## Materiality, boundary and quality principles

Materiality is the result of a process of identification, evaluation and prioritization of sustainability issues that significantly impact on the

Company’s capacity to create value in the short, medium and long-term (see “Materiality: key sustainability issues” on page 13). This document

was subject to a limited assurance by an independent company, auditor of Eni Group’s consolidated financial statements as of 31 December, 2017.

CORRELATION TABLE BETWEEN THE KEY SUSTAINABILITY ISSUES FOR ENI AND GRI STANDARDS

	KEY SUSTAINABILITY ISSUES	GRI STANDARDS	INSIDE BOUNDARY	OUTSIDE BOUNDARY AND LIMITATIONS	
PATH TO DECARBONIZATION	Climate change	GRI 201 Economic Performance GRI 305 Emissions	✓	Suppliers and customers (RNES <sup>(a)</sup> ; RNEC <sup>(b)</sup> )	
		GRI 302 Energy	✓		
	Technological innovation	-	✓		
OPERATING MODEL	Employment and diversity	GRI 401 Employment GRI 404 Training and Education GRI 405 Diversity of governance bodies and employees GRI 202 Market presence Market presence	✓		
	Occupational health and local communities health	GRI 403 Occupational H&S	✓		
	People’s safety and asset integrity	GRI 403 Occupational H&S	✓	Suppliers	
	Circular economy and waste	GRI 306 Effluents and Waste	✓		
	Environment		GRI 303 Water	✓	
			GRI 306 Effluents and Waste	✓	
			GRI 304 Biodiversity	✓	
		GRI 307: Environmental compliance	✓		
	Human Rights	GRI 412 Human Rights Assessment GRI 410 Security Practices GRI 406 Non-Discrimination GRI 414 Supplier Social Assessment	✓	Local security forces; Suppliers (RNES <sup>(a)</sup> )	
	Integrity in business management	GRI 205 Anti-corruption	✓	Suppliers (RPES <sup>(c)</sup> )	
COOPERATION MODEL	Access to energy, economic diversification, Local development	GRI 203 Indirect Economic Impacts GRI 413 Local Communities	✓		
	Local content	GRI 204 Procurement Practices	✓	Suppliers (RNES <sup>(a)</sup> )	

(a) RNES = Reporting not extended to suppliers.  
 (b) RNEC = Reporting not extended to customers.  
 (c) RPES = Reporting partially extended to suppliers.

## INDEPENDENT AUDITORS' REPORT



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### Independent auditors' report on "Eni for 2017 - Sustainability Report" (Translation from the original Italian text)

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

We have carried out a limited assurance engagement of Eni for 2017 - Sustainability Report (hereinafter also the "Report") of Eni S.p.A. and its subsidiaries (hereinafter "Eni Group") as of December 31, 2017.

#### Directors' responsibility on the Report

The Directors are responsible for the preparation of the Report in accordance with the *GRI Sustainability Reporting Standards* issued in 2016 by GRI - *Global Reporting Initiative*, that are detailed in the paragraph "Reporting principles and criteria" of the Report, as well as for that part of internal control that they consider necessary in order to allow the preparation of a Report that is free from material misstatements, even caused by frauds or not-intentional behaviors or events. The Directors are also responsible for defining the Eni Group's commitments regarding the sustainability performance and for the reporting of the achieved results, as well as for the identification of the stakeholders and of the significant matters to report.

#### Auditors' responsibility

It is our responsibility the preparation of this report on the basis of the procedures carried out. Our work has been conducted in accordance with the criteria established by the principle *International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for the engagements that consist in a limited assurance.

This principle requires the respect of independence and other ethical requirements in compliance with professional standards and applicable legal and regulatory requirements in Italy and the maintenance of a comprehensive quality control system compliant with the requirements of the *International Standard on Quality Control 1 (ISQC Italy 1)* as well as the planning and the execution of our work in order to obtain a limited assurance that the Report is free from material misstatements.

The procedures included inquiries, primarily with company's personnel responsible for the preparation of the information included in the Report, document analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

These procedures were related to the compliance with the Standard *GRI 101: Foundation 2016* for defining content and quality of the Report and are summarized below:

- a. comparison of the economic and financial data and information included in the Report with those included in the Eni Group's consolidated financial statements as of December 31,

EY S.p.A.  
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2017 on which we issued our audit report, pursuant to art. 14 of Legislative Decree dated January 27, 2010, n.39 and pursuant to art. 10 of Regulation (EU) n. 537/2014, on April 6, 2018;

- b. analysis, through interviews, of the governance system and management process of the issues related to sustainable development regarding Eni Group's strategy and operations;
- c. analysis of the process relating to the definition of material aspects included in the Report, with reference to the identification modalities in terms of their priority for the different stakeholders' categories and to the internal validation of the process outcome;
- d. analysis of the operation of the processes that support the generation, recording and management of the quantitative data reported in the Report. In particular, we have carried out:
  - interviews and discussions with personnel of Eni S.p.A., and of the subsidiaries Eni Congo SA, Eni Muara Bakau BV, Syndial S.p.A. and Versalis S.p.A., to obtain an understanding about the information, accounting and reporting system in use for the preparation of the Report, as well as about the internal control processes and procedures supporting the collection, aggregation, data processing and transmission of data and information to the department responsible for preparation of the Report;
  - on-site verifications at Porto Marghera refinery of Eni S.p.A., Porto Marghera production sites of Versalis S.p.A. and Syndial S.p.A., Litchendjili Onshore production site of Eni Congo SA and Jangkrik offshore production site of Eni Muara Bakau BV;
  - analysis on a sample basis of the documentation supporting the compilation of the Report, in order to confirm the processes in use, their adequacy and the operation of the internal control for the correct reliability of data and information in relation to the objectives described in the Report;
- e. analysis of the compliance and internal consistency of the qualitative information included in the Report to the guidelines identified in paragraph "Directors' responsibility on the Report" of the present report;
- f. analysis of the stakeholders engagement process, with reference to the procedures applied, through the review of minutes or any other existing documentation about the main topics emerged from discussions with them;
- g. obtaining of the representation letter, signed by the legal representative of Eni S.p.A., about the compliance of the Report with the guidelines indicated in paragraph "Directors' responsibility on the Report", as well as to the reliability and completeness of the information and data presented in itself.

Our engagement is less in scope than a reasonable assurance engagement in accordance with ISAE 3000 Revised and, as consequence, 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.



### **Conclusion**

Based on our work, nothing has come to our attention that causes us to believe that Eni for 2017 - Sustainability Report of Eni Group as of December 31, 2017 is not in compliance, in all material aspects, with the *GRI Sustainability Reporting Standards* issued in 2016 by GRI - *Global Reporting Initiative*, as stated in the paragraph "Reporting principles and criteria" of the Report.

Rome, May 4, 2018

EY S.p.A.  
Signed by: Riccardo Rossi, Partner

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



Eni SpA

**Registered Office**

Piazzale Enrico Mattei, 1 - Rome - Italy  
Share capital: € 4,005,358,876.00 fully paid-up  
Business Register of Rome,  
taxpayer's code 00484960588

**Other Branches**

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San Donato Milanese (MI) - Italy

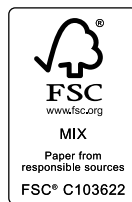
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Luanda - Angola - (photo: Maria Cioni)