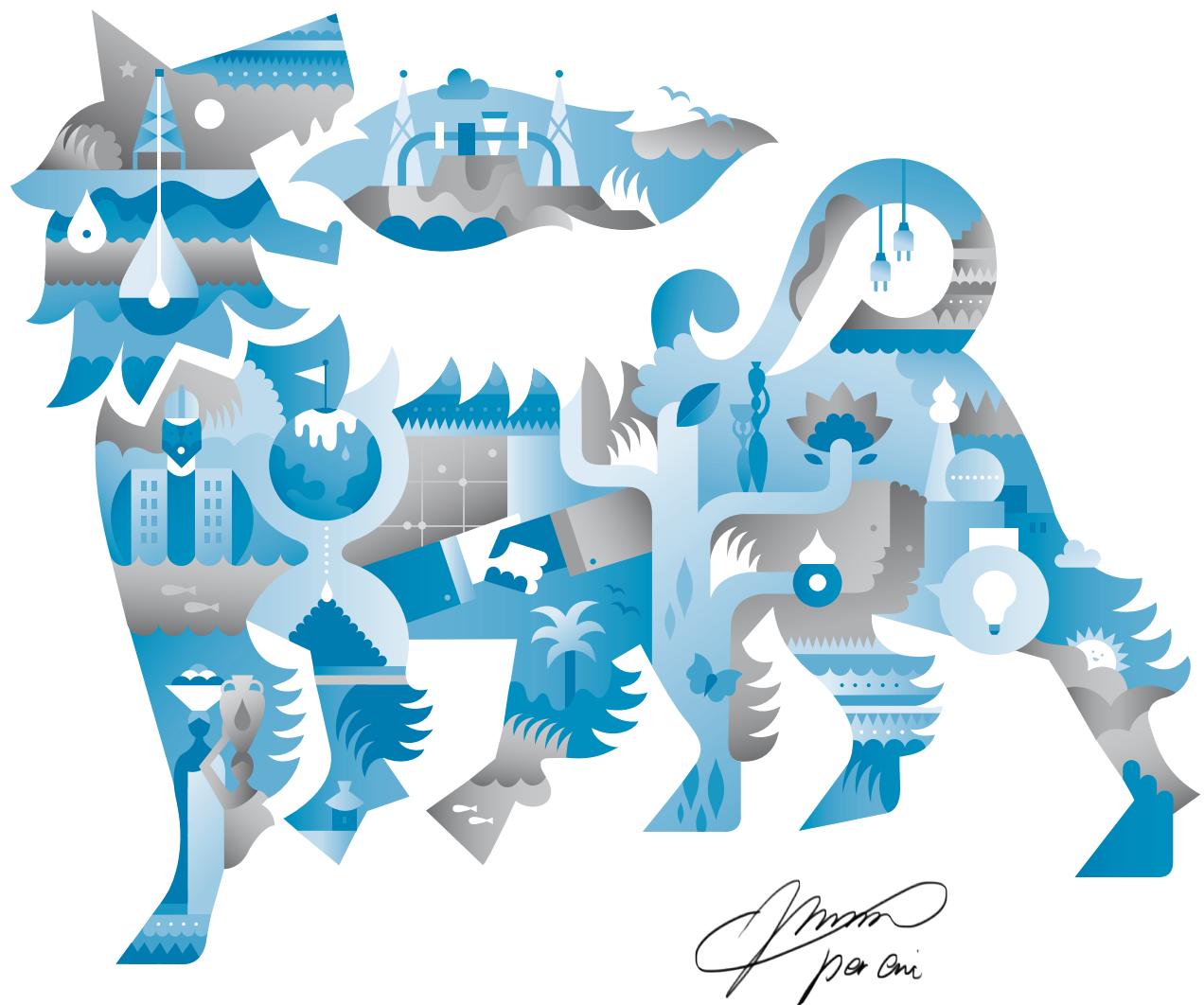


eni for 2011



J. M. Peroni

Mission

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

eni for 2011

UN Global Compact
Communication on Progress

eni confirms its inclusion in the main sustainability indexes





CEO's message

In 2011 **eni** extended its presence in the world and strengthened its commitment to achieve sustainable growth.

We have always established agreements for mutual collaboration with producer Countries to effectively meet local needs. We share our experience and knowhow to foster inclusive growth and ensure access to energy to populations without it. This is a crucial goal for the development of Countries, as the UN Secretary General recognized within the "Sustainable Energy for All" initiative launched in 2012. Our commitment to support Countries in making the most of their resources is founded on an integrated approach aimed at ensuring the respect for the environment and human rights throughout the value chain, securing safe, proper working conditions to all of our people, and supporting Countries to improve efficiency, transparency and strengthen the fight against corruption.

These priorities lead our strategies and are turned into actions and results, as this document testifies. They are the heart of **eni**'s business model, which is historically and strategically grounded on partnering with Governments to foster sustainable local development.

Our long-voiced will to contribute to drawing a common path for sustainable development is the reason for our participation in the LEAD program of the Global Compact, the UN initiative which brings together companies, institutions and civil society organizations.

We will keep striving to build common actions within the Global Compact so that goals, such as universal access to energy, too complex to be reached individually, will become a reality.

Paolo Scaroni


Chief Executive Officer
and General Manager

Introduction

eni for is the new annual sustainability reporting document which illustrates the Company's commitment to sustainable development.

The process of integrating sustainability information with financial disclosures in **eni** Annual Report, started in 2010, led to the identification of the main drivers of sustainability which contribute to long term value creation.

The Integrated Report describes the connections between financial and non-financial factors and shows how long term growth is based on an operating model which gives priority to innovation, inclusion, cooperation, excellence, integration and responsibility.

eni for is complementary to the Annual Report and illustrates the strategies and actions taken to reach the objectives of sustainable growth. In addition the document shows how, in pursuing its business objectives, **eni** is a socially responsible actor

and contributes to the economic development of the Countries where it operates.

eni's business model for the creation of sustainable value is founded on a wealth of distinctive assets, guidelines for industrial actions (drivers), deriving from strategic management choices consistent with the long-term nature of the business, the continuous interaction with all stakeholders in a framework of stringent and clear rules of governance. This model is consistent with the "Blueprint for Corporate Sustainability Leadership" drawn up by the Global Compact for companies actively committed to supporting sustainability.

In this document, **eni** lays out its operating way in response to stakeholder expectations and in particular those of the Global Compact, the United Nations initiative

launched in 2000 to promote a sustainable global economy. **eni** has always been committed to this partnership which brings together both public and private sectors since the very beginning. Furthermore, this has led to a concrete implementation of the Global Compact principles in the areas where **eni** has focused its efforts in promoting sustainable development.

The protection and promotion of human rights, compliance with safe and equitable working conditions, protection of the environment through technological innovation, the fight against corruption within the company and among its industrial partners - these are the founding principles of **eni** operating way, aimed at long term value creation.

In this document, **eni** has adopted the principles of the Global Compact as a key to understand the results and the actions taken during the year.

THE GLOBAL COMPACT PRINCIPLES

- Human Rights**
 - 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
 - 2 make sure that they are not complicit in human rights abuses.
- Labour**
 - 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
 - 4 the elimination of all forms of forced and compulsory labour;
 - 5 the effective abolition of child labour; and
 - 6 the elimination of discrimination in respect of employment and occupation.
- Environment**
 - 7 Businesses should support a precautionary approach to environmental challenges;
 - 8 undertake initiatives to promote greater environmental responsibility; and
 - 9 encourage the development and diffusion of environmentally friendly technologies.
- Anti-Corruption**
 - 10 Businesses should work against corruption in all its forms, including extortion and bribery.

eni for places special importance to the relations with the stakeholders and describes the shared processes and management systems over the value chain as well as the actions to promote greater awareness of the various business stakeholders. Effective and constructive relationships are key factors in building durable, reliable and long lasting partnerships for any company. **eni** is aware of such values and is continuously committed to

building a solid and strategic network of relationship with stakeholders. In this perspective, the application of sustainability principles must be extended beyond the company's boundaries to the entire value chain. **eni** is thus committed to promoting its principles among its stakeholders, especially among its suppliers, industrial partners, organisations, clients and consumers, along with agreed values and goals, mutual trust and understanding.

In conclusion, **eni** is aware that solutions to the great global issues and to specific needs of local development can only be found with the collaboration of different social actors, not just public, but also private, profit and non-profit. The Global Compact, as a network of companies, organisations and representatives of civil society, can add up the efforts of individuals and steer them towards the achievement of concrete results. **eni** is actively committed to promoting wider access to energy, in order to further development the Countries where operates.

○ Millennium Development Goals (MDGs)



Eradicate extreme poverty and hunger



Achieve universal primary education



Promote gender equality and empower women



Reduce child mortality



Improve maternal health



Combat HIV/AIDS, malaria and other diseases



Ensure environmental sustainability



Develop a global partnership for development

eni for 2011 describes how the integration of the development of local energy systems into its core business activities enabled **eni** to seize new business opportunities while laying the foundations for local growth. Partnerships with local authorities and joint ventures with several organisations was also made this development possible. **eni** also illustrates the results of the approach based on cooperation in the areas of health, education, local content, agricultural development and environment. The projects listed in the document show how **eni** is committed to the activities and the Millennium Development Goals drawn up by the United Nations.





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Sustainability and strategic decisions

- **enī** and the Global Compact
- Good Governance
- Stakeholders engagement
- The strategic priorities

eni and the Global Compact

eni is an integrated energy company with about 80,000 people in 85 Countries around the world. Its corporate culture and business model are the successful factors that make eni one of the major players in the activities of exploration and production of oil and natural gas, generation and marketing of electricity, petrochemicals, engineering and construction.

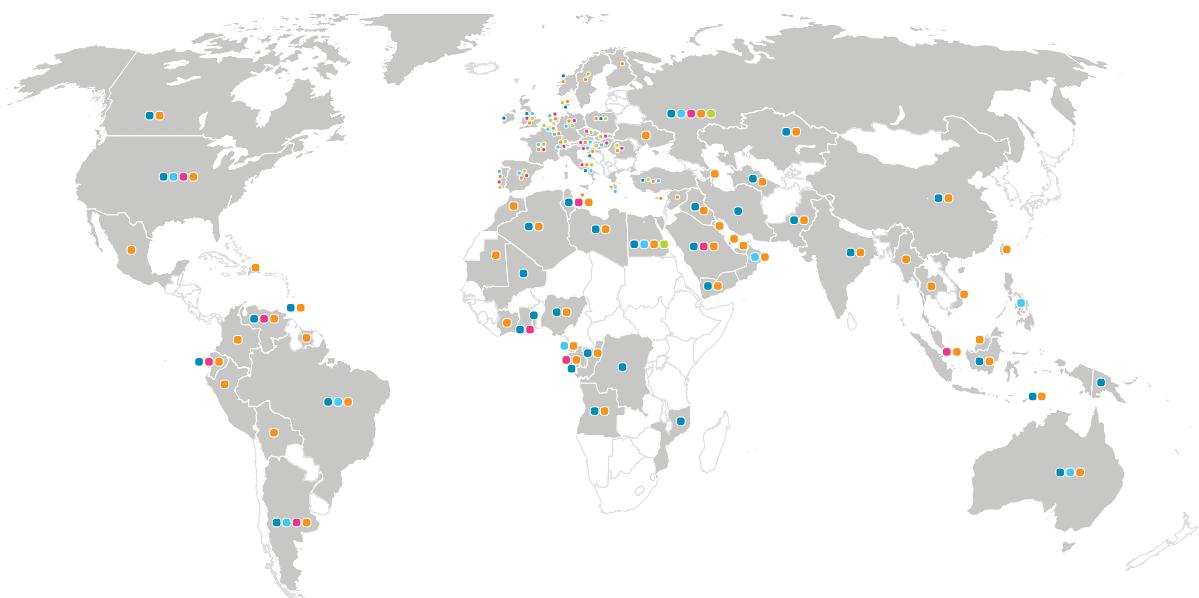
eni's history, corporate culture and operating way are competitive levers to gain an international size over time, founded on a consolidated presence in different Countries around the world. Cooperation, integration, innovation, inclusion of people, excellence and responsibility drive eni's work in the continuous interaction with all the stakeholders in a clear and strict governance framework. Well combined key elements of the business model lead to wise investment choices, prevention

of or mitigation of risks and the achievement of strategic objectives in the short, medium and long term.

Cooperation in the development of the territories where eni works, expresses the ability to understand local needs and the willingness to contribute to their fulfilment. eni is committed to provide concrete response to problems and needs of the Countries where it operates, in synergy with the development strategies of these Countries and with

reference to the Millennium Goals. The model of cooperation with producing Countries, or rather the will to invest with a long-term prospective and the flexibility of offering solutions to the requirements of the Countries, has been an integral part of corporate strategy from the very beginning. This is now transforming into ever greater integration among the company development projects and the development of growth opportunities in the territories where eni is hosted.

ENI IN THE WORLD



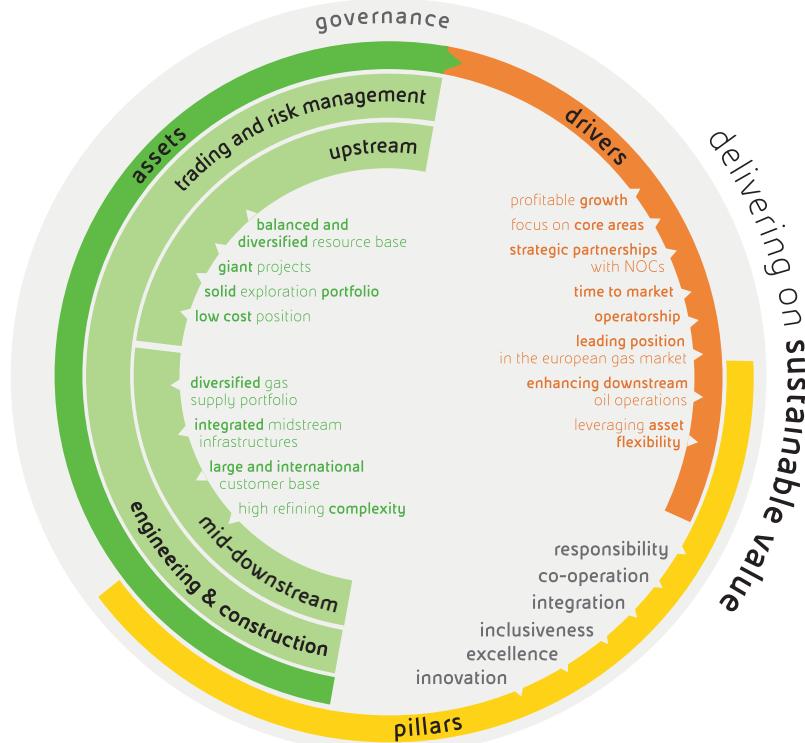
eni has been able to integrate in its business the development of local energy systems, seizing new opportunities and creating a basis for development in the host Countries where energy poverty is a crucial problem.

Integration of all activities along the energy supply chain is a source of crucial synergies for facing market challenges and ensuring competitive advantages. The integrated approach enables greater flexibility in managing relation with producing Countries, to whom **eni** proposes solutions that each and every time are adapted to the specific requirements for technology, infrastructure and economic growth of the local society.

Innovation key element for accessing new energy resources, improving recovery from the subsoil and the efficiency of its use, ensuring respect and responsible use of natural resources. **eni**'s commitment to technological research not only targets the development and application of innovative technologies and processes for an advanced recovery of hydrocarbons but also enhancing renewable energy and developing innovative methods of environmental conservation. Thanks to technological innovation **eni** offers competitive solutions and is recognised as a reliable partner in the Countries where it operates.

Excellence in running the operations, hinges on making use of best practices, quality systems, advanced technology and safety systems to ensure full respect for the community and the environment. Environmental responsibility is core to acting sustainably, especially when considering the environmental impact of the activities on the health and wellbeing of the communities who live in the territories. Examples of current projects taken forward by **eni** regard the reduction in polluting emissions and greenhouse gases

BUSINESS MODEL



eni's excellent strategic positioning and competitive advantages leverage on a business model for the creation of sustainable value founded on a wealth of distinctive assets, guidelines for industrial actions (drivers) deriving from strategic management choices consistent with the long-term nature of the business. Cooperation, integration, innovation, inclusion of all **eni** people, excellence, and responsibility inspire **eni**'s operations in the continuous interaction with all stakeholders in a framework of stringent and clear rules of governance.

(through energy efficiency initiatives and flaring down projects), the decrease in fresh water use, the assessments on safeguarding the ecosystems and biodiversity.

Inclusion of all **eni** people with their broadly expressed diversity, combines with health and safety protection in the workplace, as well as their personal development and involvement in the Company's goals. Thanks to the competence of its people and their diversity, which **eni** enhances inside its corporate structure, as well as to its ability to integrate with different local contexts, **eni** guarantees a distinctive portfolio of products

and services that allows it to gain significant advantages in terms of competitiveness.

Responsibility in terms of commitment to transparency in the business management, in the fight against corruption, and in the respect for human rights in every sphere of our work, is requisite for effective contribution toward the development of Countries and societies. **eni** promotes the respect of human rights and the fight against corruption in all the activities under its direct control and, more broadly speaking, also in the supply chain and in the relations with all the stakeholders.

Cooperation, integration, innovation, inclusion of people, excellence and responsibility mark eni's operating strategies and are fully reflected in the active participation and promotion of the Global Compact principles and in the contribution to the achievement of the Millennium Development Goals.

In its activities, **eni** has established solid relationships with the stakeholders to maintain a constructive dialogue aimed at the dissemination and development of best practices that allow it to be a reliable and competitive partner. This approach is based on the respect of universal principles such as the protection of human rights, the adoption of the best standards of work, caring for the environment and communities and fighting corruption. All of this is reflected mainly in the responsibility towards all the

stakeholders, through compliance with current legislation and the adoption of the best standards, the inclusion of its people through fair and non-discriminating management policies, the excellence of operations through the adoption of quality systems and advanced technologies. Furthermore the tendency to seize business opportunities in initiatives may contribute to local development. Furthermore, the integration, innovation and cooperation skills are competitive levers that allow **eni** to stand out from other

oil & gas companies while consolidating its presence in many developing Countries and contributing to the Development Goals of the United Nations. The result of this approach were **eni**'s membership in the Global Compact in 2001 in its capacity as a leading Italian company and the active participation in this network. In this way **eni** chose to strengthen its commitment to the sustainable management of its business as part of a stable and recognised network with the aim of sharing excellent

ENI AND THE GLOBAL COMPACT: INITIATIVES AND WORKING GROUPS

	Year of participation
Signing the declaration of commitment "Caring for Climate: the Business Leadership Platform"	june 2007
Participation in the First Meeting of Signatories of Caring for Climate	october 2008
Signing by the CEO of the Statement for the respect and support of human rights during the 60 th Anniversary of the Universal Declaration of Human Rights	december 2008
Membership in the campaign of the United Nations against Climate Change Seal the Deal!	september 2009
Participation and intervention in the UN Leadership Forum on Climate Change	september 2009
Membership in the Human Rights Working Group	october 2009
Signing by the CEO of the Letter on UN Convention Against Corruption	november 2009
Participation and intervention in the Second Meeting of the Caring for Climate Signatories	april 2010
Entry in the expert group on "Business and Peace" and hands-on in the "Responsible Business in Conflict-Affected and High Risk Areas" working group	may 2010
Participation in the UN Global Compact Leaders Summit 2010: Building a New Era of Sustainability	june 2010
Participation in the Third UN Private Sector Forum: the Millennium Development Goals	september 2010
Entry in the Global Compact LEAD	january 2011
Participation in the UN Global Compact Week	may 2011
Membership and participation in the LEAD Task Force: Communicating Corporate Sustainability Leadership	may 2011
Development, membership and participation in the LEAD Task Force: Sustainable Energy for All Business Action	june 2011
Participation in the UN Private Sector Forum 2011 on Sustainable Energy for All	september 2011
Participation and cooperation in the organisation of the European Global Compact Local Networks Meeting: Public-Private Joint Efforts Towards Rio+20	october 2011
Entry in the LEAD Steering Committee	march 2012
Entry in the LEAD Task Force: Co-Creating new forms of UN-Business Partnerships	march 2012

practices and developing strategies and solutions to tackle common challenges. The relations with the Global Compact and the United Nation system have intensified in recent years, in consideration of the strategic value that the initiative is acquiring as part of a greater multilateral cooperation.

In November 2010, within the Global Compact, **eni** was invited to join the LEAD platform, an initiative reserved for the global companies deemed able to play a leading role at international level for the sustainable development by actively promoting the Millennium Development Goals of the UN. In January 2011, during the launch of the LEAD Program, **eni**'s Chief

Executive Officer pointed out the need for a global effort to be made to organise and stimulate the private sector to combat energy poverty. With the aim of supporting the Initiative of the UN Secretary-General "Sustainable Energy for All", **eni** promoted the Task Force on Business Action as part of the Global Compact LEAD. By 2030 the initiative intends to: ensure the universal access to modern energy services; double the growth rate for energy efficiency; double the percentage of renewable energy in the global energy mix. The Task Force is an integral part of the Initiative and has the task of assuring the contribution and commitment of the private sector. The Task Force began its activities in June 2011 and

today relies on the participation of 24 multinationals, two development banks and three international organisations.

Within the LEAD platform, **eni** supports the "Blueprint for Corporate Sustainability Leadership" launched in 2010 and renewed its pledge to achieve the Development Goals through the presence of objectives in the sustainability plan.

eni also continued to support the Italian Global Compact Network for the distribution of the initiative in Italy. In particular, in 2011 **eni** participated in the annual meetings of the Local Italian Network discussing the role of public-private cooperation.

LOCAL NETWORKS OF THE GLOBAL COMPACT WORLDWIDE



Since 1999, when the Global Compact initiative was launched, international awareness on sustainability has grown significantly. The expansion of the number of Global Compact Local Networks worldwide shows the success obtained by the initiatives. The Local Networks, currently present in more than 80 Countries, work as an information platform, guaranteeing support and coordination to companies and organisations adhering to the Global Compact, by promoting the initiative and ensuring a constant dialogue between all the members according to a multi-stakeholder approach. The main activities performed by the Local Networks concerned transversal projects on all the principles and partnerships for development.

Good Governance

eni considers Corporate Governance as a fundamental value in its business model, trusting that Good Governance is a prerequisite for achieving its corporate mission while respecting standards of fairness and profitability.

eni is confident that a well governed company must take a long-term view that integrates social and environmental responsibilities in analysing risks and searching for new opportunities. Thus **eni** has integrated the sustainability in all the corporate processes: from planning to implementation, monitoring and control, to the prevention and management of risks.

In 2011 **eni** has started the process of gradual integration of the sustainability disclosure in the Annual Report by taking part in the international process of developing an integrated framework promoted by the IIRC, being one of the 56th pilot companies.

In 2012, in order to underline its contribution to creating value for itself and for its stakeholders due to its sustainability approach, **eni** disclosed on its sustainability results in the Annual Report.

Sustainability is an integral part of **eni**'s governance model and represents the motor of a continuous improvement process that contributes to the achievement of the business targets (for further information please refer to Annual Report 2011, "Governance").

The Board of Directors, which takes decisions concerning internal control and risk management, defines the fundamental lines of the Corporate

Governance and plays a central role in defining and approving the sustainability policies and results, which are then presented at the Shareholder's meeting.

Each sustainability objective is pursued through projects and initiatives defined in specific short and medium-term action plans. The planning process involves all the business divisions and areas and defines important projects and activities for the sustainability included in the Strategic Plan and submitted for approval to the Board of Directors.

In the management remuneration policy, the variable component linked to the results obtained by the company assumes particular importance, through incentive systems tied to the achievement of economic/financial, business development and operative objectives defined in the context of the sustainability of results coherently with the Strategic Plan of the company.

eni believes that an effective internal control and risk management system contributes to protecting social assets, process efficiency and effectiveness, financial reporting reliability, compliance with laws and regulations as well as company procedures.

eni undertakes to promote and maintain a suitable internal control system that includes instruments, organisation structures, corporate standards and rules aiming to allow the healthy and correct running of the business in line with the set targets defined by the Board of Directors. This control system works through a process of identifying, measuring, managing and

monitoring the main risks and through the structuring of suitable information flows aimed at ensuring the circulation of information. The structure of **eni**'s Internal Control System constitutes an integral part of the company's organisational and management model and it involves – with different roles – administrative bodies, supervisory bodies, control bodies, top management

and all personnel, and complies with the principles contained in the Corporate Governance Code, the applicable regulations, the relevant "CoSO Report" framework and the national and international best practices. In this context, **eni** has decided to develop a new model for integrated risk management, in a logic that enriches the existing organisation system.

eni pursues the adoption of Corporate Governance best practices, promoting them within and among its stakeholders.

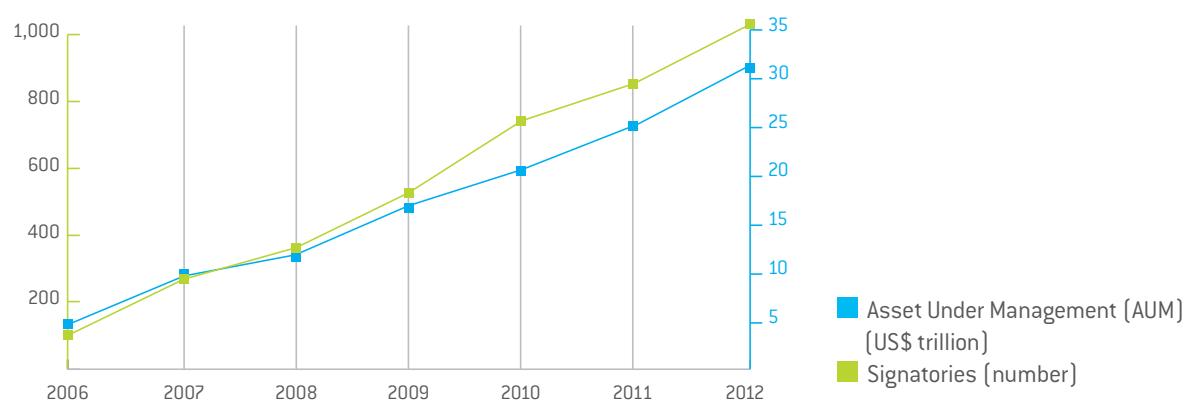
eni undertakes to spread and promote inside the organisation the values that characterise its governance system with an emphasis on excellence and by seizing the improvement opportunities that may result. At the same time, for the sixth year running, the Board implemented a self-assessment program (so-called "board review") regarding its composition and operation, and was the first in Italy to test a "peer review" program, an assessment of the contribution to the operations of each director by the remaining members of the board. Important initiatives relating to the governance system undertaken in recent years also regard the promotion of the participation of shareholders in the life of the company, the awareness of the shareholders and the Board on

subjects that are part of the business model and the spreading of good governance practices in line with the principles contained in the Code of Ethics.

eni's commitment to the implementation of Good Governance practices nationally is confirmed by the 35 proposals launched during 2011 to innovate the Italian system of Corporate Governance for listed companies. The proposals are a contribution to the national and international debate on the efficiency of corporate governance and originate from an analysis conducted by eni starting from the best foreign practices that have not yet been applied to the Italian system and which the company pays special attention to due to the international size of its activities. Some of the proposals were

implemented in the new edition of the Corporate Governance of listed companies in December 2011. Defining the composition of the bodies of unlisted subsidiaries and the related designation criteria were the matters of initiatives aiming to ensure the compliance to the recent legislation related to the gender balance (so-called "Legge sulle quote rosa" Gender Equality Law). eni decided to promote the early enforcement of the regulation on 1st January 2012 by scheduling a training plan for the new members of the administration and control bodies of companies controlled by eni, men and women, with special focus on the contribution from diversity in the boards (for further information please refer to: "Corporate Governance Report" and "Remuneration Report").

INVESTORS AND INVESTMENT STRATEGIES



Principle for Responsible Investment - PRI is an initiative launched in 2006 by UNEP Finance and UN Global Compact. It is an international network consisting of subjects (large companies, institutional investors, asset managers, funds) that choose to follow certain responsible investment principles. From 2006 to March 2012 participation in the PRI initiative grew both in terms of signatory companies (more than 1,000) and the assets managed by them (which reached US\$ 30 million): the figures confirm investor's growing interest in studying the non financial aspects in detail and the connection with the creation of value in the long-term. Data was recorded during the various growth "stages" of the initiative, from its launch to the inclusion within the PRI Advisory Council of members that do not hold assets, such as Financial service providers and Managers.

Source: United Nations Principles for Responsible Investment Initiative (PRI).

Stakeholders engagement

eni is aware of the importance that relationships hold: in terms of opportunities for mutual discussions, growth and enhancement and it strives to establish continuous communication, participation and involvement to promote consensus and trust, to improve decision-making processes and to help out in stakeholders possible contrasts.

eni adopts a stakeholders management system that focuses on establishing stable, solid and long-lasting relationships aiming to share business objectives and to engage stakeholders.

Considering the complexity of the contexts and of the relationships the company establishes as well as the multiplicity of parties involved, the strategies of communication with and involvement of stakeholders are founded on some reference objectives, including the preventive identification of potential critical issues, the systematic involvement of the key players in each activity phase, the definition and sharing of common principles in order to pursue a proactive approach towards the stakeholders and greater integration of the shared commitments.

eni carries out periodic surveys aimed at understanding the perception of its stakeholders regarding its operations.

Examples are the surveys conducted on **eni**'s staff to analyze the working environment and the surveys addressed to the population, the opinion leaders or the press in order to evaluate **eni**'s reputation and the main drivers behind it.

Moreover, the units responsible for the management of each category of stakeholders allow to implement

engagement methods that foresee different types of consultations.

In cooperation with entrepreneurs Associations and Confindustria **eni** actively participates in Technical Committees and Working Groups specifically focused on sustainability (Rio+20 project; "Comitato Tecnico Energia"; "Commissione sviluppo sostenibile"); communicates and collaborates with Assomineraria e Federchimica, organizes guided tours at oil & gas sites in order to inform the business community on safety and environmental issues. In cooperation with the financial community (including SRI) **eni** organizes quarterly results presentations, annual strategy presentations, one-to-one meetings and conference calls.

In the context of its relationship with the Italian government and local bodies **eni** takes part in interinstitutional working groups and service conferences, mainly focused on the topics of environment and technological innovation.

Together with the European Commission **eni** promotes bilateral discussions, also for the purpose to of promoting the creation of company associations that can focus on topics related to sustainable development.

eni's industrial relations are characterized by the engagement with the trade unions through information,

consultation and negotiation activities. Furthermore, industrial relations provide support to **eni**'s divisions and subsidiaries in order to foster improved organizational and efficiency processes.

Moreover, **eni** supports research and development, cooperating with Universities and International Research Institutes, also through Eni Corporate University and Fondazione Eni Enrico Mattei, with the aim of exploring new business opportunities for the future of energy.

In the context of its relationship with the UN relationship with UN, starting from 2010, **eni** is included in the Global Compact LEAD program and has adhered to the Global Compact Task Force "Sustainable Energy for All". **eni** will contribute with its participation to the "Access to Energy" initiative, promoted by the World Business Council, to the development of advocacy processes with the aim of promoting among International Organizations and Governments the conditions necessary for the private sector to be able to contribute to the energy access in developing Countries.

eni informs and involves local communities, promoting preventive, free and informed consultations with the aim of considering their demands regarding new projects, impact assessments and development initiatives.

Stakeholder	Engagement
Employees	Survey aiming to collect opinions and expectations on the company.
Industrial relations	Engagement with the trade unions through information, consultation and negotiation activities.
Government and local bodies	Interinstitutional working groups, service conferences, parliamentary hearings.
Local communities	Preventive, free and informed consultation in order to consider their concerns on new projects, impact assessments and the initiatives of.
EU institutions	Bilateral discussions, public consultations, parliamentary hearings.
Relations with international and national organisations	Participation in programmes, Task Forces and working groups.
Associations and NGOs	Participation in working groups, implementation of multi-stakeholder initiatives, study meetings.
Financial community (including SRI)	Quarterly result and annual strategy presentations, one to one meetings and conference calls, preparation of answers to rating agency questionnaires (DJSI, Ftse4Good etc.).
Business associations and Confindustria	Active participation in Technical Committees and Working Groups.
The academic and research world	Partnerships and research projects with Universities and national and international research institutes.
Customers and Consumers	Periodic satisfaction surveys, meetings with consumer associations.
Suppliers	Support to the improvement process downstream of the negative assessments emerging from audits.
Media and Press	Relations with the press and media on the main subjects of interest.

Ongoing dialogue, respect for local communities and assessment of impacts are the underlying assumptions for an effective cooperation with the aim of creating value for the territories involved.

To identify, define and manage the initiatives for local communities (Community Investment), **eni** developed a management system that envisages the use of various operating tools:

Stakeholder Management Process: aims to identify the stakeholders, their needs and expectations.

Social Baseline Analysis: studies the economic, social, political and cultural context of a Country or a geographic area of interest for the oil & gas projects in order to understand the situation of the local communities and find a starting point to monitor the results in the future through the Community Investment activities.

Social Impact Assessment: assess the potential social impacts of an operational project on the analyzed area and defines the appropriate measures to avoid, reduce, compensate or mitigate the negative ones and enhance the positive ones.

Community Investment Planning: provides the methodology to support **eni**'s operating units in the identification and design of the initiatives. It is based on the Logical Framework tool, a design matrix that presents the intervention logic, the indicators to be applied to measure the level of attaining the objectives, the verification sources and the external factors that may affect the creation of the initiative.

Monitoring & Evaluation: a system that constantly monitors the activities created and periodically assess the level of the target with the aim of improving the performance of the Community Investment initiatives.

The strategic priorities

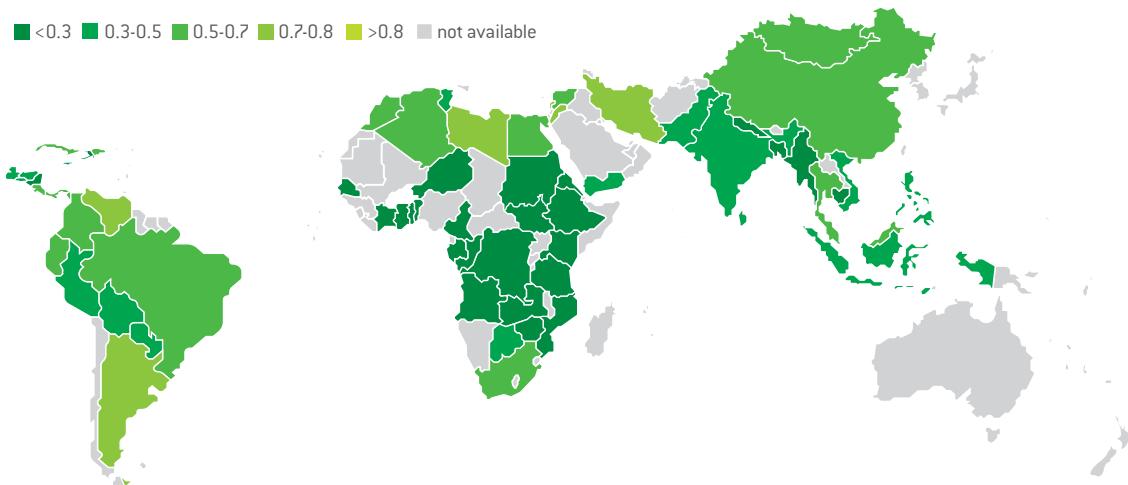
In defining strategies eni analyses international scenarios, stakeholders requirements, performances achieved and its commitments.

Energy poverty represents one of the main obstacles to the social and economic development of a Country. Consequently this has increased the awareness of the role played by energy companies to increase access to energy for large segments of the population. In many Countries where **eni** works, access to energy has become a priority in the development promoting strategies also with reference to achieving the Millennium Development Goals promoted by the UN. In its capacity as a player in local development, **eni** has decided to

assume a leading role at international level on the subject of access to energy. This was done also by promoting a collective action that contributed to the setting up of the "Sustainable Energy for All" task force of the Global Compact. The scarcity of natural resources is increasingly linked to the objectives of poverty reduction and the growth of the global population. For companies, the ability of assessing the risk deriving from their presence in sensitive areas due to the scarcity of resources or the presence of high natural value is becoming crucial and of primary

importance and so is the desire to restrict the impacts of their activities and study alternative mitigation strategies. Together with other fundamental ecosystem services, water management is recognised as a strategic element for companies, and therefore is at the core of studies and research activities aiming to reduce risks and protect water bodies, in consideration of the importance this resource has for the local communities. The shift in focus from mere environmental impacts to

ENERGY DEVELOPMENT INDEX



The International Energy Agency (IEA) drew up the Energy Development Index (EDI) in order to better understand the actual level of energy development. This indicator tracks the progress made by the Countries that are converting to the use of modern fuels: about 2.7 billion people still utilize traditional biomass for cooking purpose. The calculation of the EDI is in line with the one of the UNDP's Human Development Index and consists of four indicators, each examining a specific aspect of the energy poverty: energy consumption for industrial purposes, electricity consumption for residential use, use of modern fuels for domestic use and population with access to electricity.

the potential implications they may have on the health and wellbeing of the local communities and, more generally, on human rights becomes clearer and clearer.

Furthermore, at regulatory level the main innovations concern some new standards that have an important impact on the companies in terms

of sustainability: the extension of legislative decree 231/2001 to crimes of an environmental nature, with penal sanctions being enforced for this type of crime; the application of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which provides new rules on the transparency of financial flows;

the approval and distribution of the "Guiding Principles on Business and Human Rights" issued by the special Representative of the United Nations on human rights, for which companies are requested to prevent the risk to commit violations or to be accomplice in violations committed by their own partners.

eni has identified four priority areas in its 2012-2015 sustainability plan: increasing a broader safety concept within the work environment, access to energy, Rio+20 and Human Rights in the business context.

In consideration of the trends found in the complex international energy situation, eni identified, in its sustainability planning process, four strategic areas to be developed in the four-year period 2012-2015. These areas regard occupational safety, the subject of access to energy, Rio+20 and human rights in the business context. For each of these

four areas, priority objectives and improvement areas are defined which give rise to short and medium-term projects. The monitoring of the results and performance obtained from implementing the strategic drivers and projects is ensured by a reporting system that periodically compares the objectives and the results reached. These four priority areas are

supplemented by the improvement actions conducted on all the subjects that are important for sustainability. Overall the subjects tackled in the sustainability strategic planning meet the principles of the Global Compact and express a commitment to contribute to the Millennium Development Goals of the United Nations.

Area	Key objectives 2012-2015
Safety	Complete the coverage (100%) of the main assets of the e&p and r&m sectors with asset integrity evaluations and improvement actions to carry out by 2015.
Human Rights	Alignment of internal processes with the UN Guiding Principles on Human Rights and Business.
Diversity	Obtain 30% of women in the Board of Directors of the subsidiaries in Italy, since the renewals of the Board of Directors expiring in 2012 and complete a feasibility study to define the target of women in the Board of Directors of the subsidiaries in Italy and abroad by 2012.
GHG emissions	Reduce GHG emission index per ktoe of net operated production by 40% within 2015 compared to 2010 (reduction of about 7 million tonCO ₂ eq).
Energy efficiency	Savings about 350 kton/ year of CO ₂ due to energy saving projects in the Refining and Petrochemicals sectors.
SO _x emissions	Reduce SO _x emissions by 22% within 2015 compared to 2010 in the Refining sector.
Water	Increase re-injected water in the reservoir by 15% within 2014 compared to 2011.
Oil Spill	Extend the "Oil Spill Contingency Plan" to all the e&p subsidiaries by 2014 and reduce the operational oil spill volumes per unit of production by 15% compared to 2011.
Green economy	Build an industrial complex for the production of organic monomers and organic polymers in Porto Torres, with an investment of € 500 million and the conversion of the existing site. The project involves the construction of 7 production plants in the next 5 years.
Access to energy	Complete the integrated project in Congo (1 billion); continue work related to IPP Okpai electrification in Nigeria. Assess the feasibility of initiatives in other African Countries.
Local Communities	Update the Model of Cooperation in line with the objectives of the United Nations, including tools to evaluate the effectiveness of community projects.
Transparency	Active participation in the EITI in order to involve new Countries to join the initiative.

Implementation of the Global Compact principles

- The regulatory system
- Human Rights
- Labour standards
- Environment
- The fight against corruption

The regulatory system

eni has adopted a regulatory system to identify roles and responsibilities to guarantee its functionality and effective operativity, in line with a reference framework consisting of: legal requirements, By-laws, Code of Ethics, Model 231, Corporate Governance code and CoSO Report.

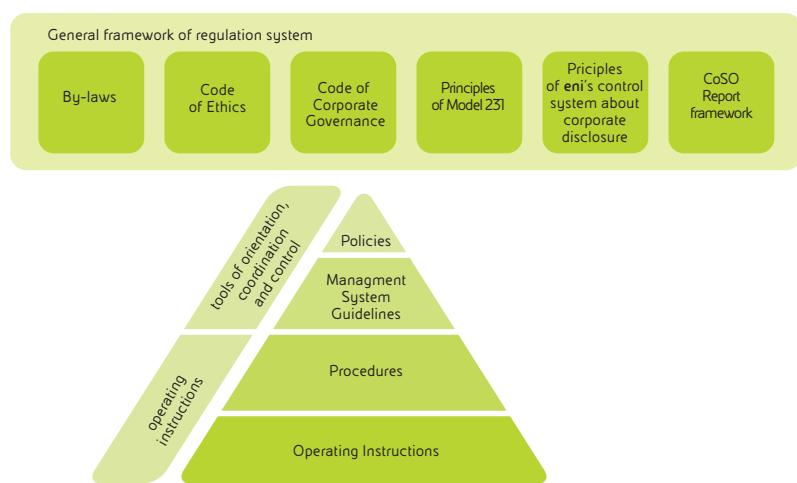
The regulatory system is composed of orientation, coordination and monitoring tools (Policy and Management System Guideline - MSG) and operating instructions (Procedures, Operating Instructions). The Policies are issued by the Board of Directors and set out the mandatory general principles and rules which are to guide eni's business. The MSG's are used to manage operative processes and support business, including sustainability issues. Each company must adapt its own regulations to the provisions of the individual MSG's by means of suitable procedures and operating instructions.

In particular, specific policies and MSG's are available to support the implementation of the ten principles.

This regulatory system allows to identify, measure, manage and

monitor the main risks present in all the Group's entities.

ENI REGULATORY SYSTEM



GC Area	Framework of Reference	Policy	MSG
Human Rights		Our people Our partners in the value chain	Anti-Corruption MSG
Labour standards	Legal requirements By-laws Code of Ethics	Global Compliance Corporate Governance Operating excellence	Anti-trust code MSG HSE MSG Procurement MSG
Environment	Model 231 Corporate Governance Code	Our institutional partners Information management Sustainability	Technological R&D MSG Finance and Accounting MSG Security MSG
The fight against corruption	CoSO Report	Our tangible and intangible assets The integrity of our operations	Human Resources MSG

eni is committed to identifying, among its vendors and external partners, suitable levels of professionalism and shared corporate values.

The procurement MSG provides a set of guidelines shared throughout the company and across all markets in which eni operates. Vendor management is a set of activities with four principal phases: vendor details

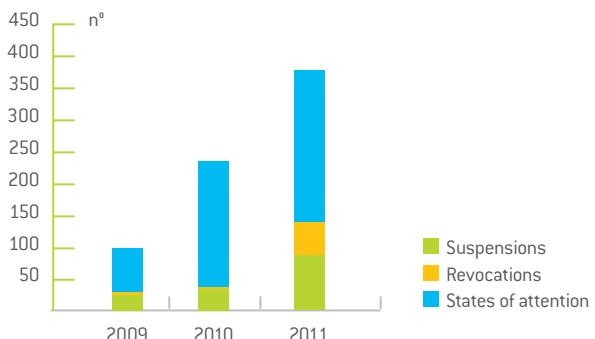
and goods group management; market intelligence; vendor qualification and feedback management.

The qualification process consists in evaluating, verifying and monitoring the technical and managerial capacity, the ethical, economic and financial reliability of a vendor according to objective elements. In particular, **eni** selects vendors able to guarantee references and capabilities also with reference to the fight against corruption, environmental protection, promotion of healthy and safe work conditions, protection of freedom against discrimination, prohibition of forced labour and child labour, freedom of association and collective bargaining.

Vendor evaluation must respect the principles of transparency, fair treatment and the Code of Ethics, and concludes with the definition of a qualification rating which includes the outcome of the evaluation and the

major areas of poor performance and potential improvement. A vendor's qualification generally applies for 36 months, except for cases in which different or specific periods of time apply.

ACTIONS IN RESPONSE TO NEGATIVE FEEDBACK OF SUPPLIERS



In 2011, **eni** continued its commitment to the diffusion of the Vendor Management System (VMS) among its subsidiaries, with the objective of extending coverage to all Countries. In particular, VMS was launched and consolidated in 12

Countries in which **eni** has business activities: 6 in North Africa and the Middle East (Libya, Tunisia, Algeria, Egypt, Iran and Iraq), 2 in Sub-Saharan Africa (Angola and Congo), as well as in Russia, Pakistan, China and Australia. VMS is also being rolled out

in Kazakhstan (KPO), the United States and Venezuela. The Countries have been chosen giving priority to geographical areas which are at greatest risk for the company in terms of sustainability issues and human rights.

eni offers local companies its technical support and training programmes, to achieve ever higher standards and levels of performance with the objective of acquiring international certifications as well as new possible supply agreements.

Staff training activities have been initiated at subsidiaries in order to consolidate the professional position of "Local Supplier Quality Engineer and Vendor Management Coordinator", with responsibility for System management and actuation of audits.

SUPPLIERS		2009	2010	2011
Procurement by macro-class*	(€ million)	35,205	32,626	34,275
- works		-	6,718	7,215
- services		-	15,029	16,674
- goods		-	6,326	7,181
Top 20 procurement percentages	(%)	25	18	20
Suppliers	(number)	35,113	33,961	34,064
Qualification cycles run during the year	(number)	22,108	33,700	29,362
- of which negative	(%)	9	12	13

* The data include infra-group procurements for an amount of 2,122 million euros.

Human Rights

Internationally, recent decades have been marked by the development of a variety of soft law tools (guidelines, declarations, etc.) intended to qualify the role and responsibilities of multinationals in relation to Human Rights.

This is the context of the “Guiding Principles on Business and Human Rights” developed by the UN Special Representative for “Business and Human Rights”, John Ruggie, to implement the “Protect, Respect and Remedy” framework drawn up in 2008 in which states, corporations and NGO's have for the first time achieved a consensus on the obligations of business in relation to human rights. The two UN resolutions with which the Human Rights Council has approved the work of Ruggie call upon businesses to take action to minimise the risk of actively or passively promoting human rights violations committed by subjects with whom they have institutional and commercial relations, as well as preventing the risk of directly violating human rights. The European Commission has also agreed to undertake regulatory action, both voluntary and mandatory, and introduce economic incentives for more sustainable management of business activities and promote greater transparency in social and environmental matters. The oil industry as a whole has intensified its efforts to assure alignment of its practices with the requirements of the United Nations and the European Union. IPIECA, the international oil & gas industry association of which **eni** is a member, launched the Business and Human Rights Project in June 2011, an

initiative aimed at developing and sharing methodologies to implement the Guiding Principles, and in

particular the dispositions governing due diligence and the grievance mechanism.

eni believes that respect of Human Rights is essential to inclusive development of people, territories and businesses. To this purpose, it is committed to the respect and promotion of internationally accepted Human Rights in its activities and in those entrusted to third parties.

The work done by **eni** in recent years is thus directed to both prevent the risk of human rights violations and complicity in third party abuses, in line with the due diligence requirements introduced by Ruggie, and to expand the promotion of access to fundamental rights on the part of people who live in the local communities in which the company has located its operations. A fundamental stage in this process has been the drawing up and integration of the internal regulatory system, starting with the approval in 2007 of the Human Rights Guidelines. This specific document, complementary the Code of Ethics, has been supplemented by the Sustainability and People policies,

issued in 2011, and the Security MSG, which makes reference to the respect of human rights. Progress is being made towards the integration of human rights into all existing regulations, as well as assuring proper representation of the matter in those currently being drawn up. The Sustainability policy includes a section dedicated to the theme of human rights which describes the position of the company on the most delicate areas. In particular, in case of divergence between local and international standards, **eni** agrees to develop solutions which enable behaviours to be founded on international standards, while taking local principles into account.

eni has constantly been coming up with management tools to monitor Human Rights respect in all areas of activity. Every year new solutions are drawn up in order to cope with the gaps within the areas of improvement.

In 2011, in response to the great importance accorded to corporate implementation of the Guiding Principles, and to a number of areas of improvement identified in assessments, the planning process was supplemented with a dedicated Business and Human Rights area

which includes the priority objectives associated with this theme for the years 2012-2015. Such objectives are related to: monitoring of the health of local communities, monitoring of work standards in relation to international standards, with special attention to the

supply chain; implementation of the SA8000 audit plan in the supply chain; adoption of monitoring and action plans to promote gender diversity throughout the company; activation of actions to increase the number of locals in foreign management positions.

eni employs an internal standard (Whistleblowing) to manage reports from the company and its subsidiaries related to problems and violations in the area of internal monitoring, company information, financial responsibility of companies, fraud and other matters, reported by staff, members of corporate bodies and third parties.

PRIORITY THEMES IN THE PROMOTION OF HUMAN RIGHTS

Along with peace, security and development, human rights are one of the three pillars of the United Nations. In 1993 the Member States of the UN decided, under the direction of the Human Rights Commission, to establish the Office of the High Commissioner for Human Rights (OHCHR). The OHCHR, formed of representatives of 47 Member States, is the principal body for the promotion, protection and implementation of human rights worldwide, and works to assure proper fulfilment of their responsibilities by those responsible for the defence of such rights.

The figure summarises the priority themes the Office has decided to develop over the two year period 2012-2013. The 11 commitments are divided into three principal areas: (i) to assure greater respect of international human rights standards by all States, including institutions and judicial systems, along with laws, policies and national programmes; (ii) to increase the ratification of national and international instruments for the defence and promotion of human rights, and increase controls of certain vessatory clauses regarding human rights; (iii) to develop accountability



■ Changes in national protection systems ■ Changes in the international protection system
 ■ Changes on the involvement of other actors in human rights work

mechanisms in line with international human rights standards to monitor, investigate and re-direct States in

cases of human rights violations, whether civil, political or economic, social or cultural.

REPORTS**2011**

Reports on probable violations of human rights	(number)	43
Reports of violations of human rights resolved in the year, of which:	(number)	44
- groundless or partially grounded reports, with the adoption of corrective or improvement actions		18
- groundless reports		26

Since 2011, data relating to allegations of human rights violations have been systematically identified, collected and analysed. The themes relate to vendor safety in the workplace, violations of smoking prohibitions by employees, more general problems related to working conditions and harassment of employees.

eni has contributed to the activity of the Global Compact in relation to Human Rights by actively participating in both national and international conferences and various working groups concerned with the matter.

As part of the International Work Group on Human Rights, **eni** has contributed to defining guidelines for human rights reporting and, in the Italian local network, has promoted the initiation of study and discussion of associated themes. **eni**'s membership of the UN's Expert Group Business and Peace and

its active participation in the working group on Responsible Business in Conflict-Affected and High-Risk Areas confirm the company's commitment to conduct its business in line with the principles of shared responsibility and transparent collaboration with local actors. The initiative promotes

the application, in a pilot Country, of corporate guidelines which integrate the management of human rights into the modus operandi of businesses, and give the required support to the development of suitable and effective human rights strategies. The project aims to highlight the importance of sustainable development worldwide. **eni**, in detail, has applied Guidance in Pakistan, employing also the results of the Human Rights Compliance Assessment conducted by the local Danish Institute.

eni has set up, in collaboration with the Danish Institute, a project intended to evaluate the risk prevention assessment of Human Rights violations in certain areas of operations which are particularly important.

As part of the human rights project launched in 2008, eight Human Rights Compliance Assessment (HRCA) were conducted. The first aimed to evaluate the internal regulatory system, and the other seven, run at foreign subsidiaries (Nigeria, Kazakhstan, Algeria, Egypt, Angola, Republic of Congo and Pakistan) were intended to verify the ability to prevent the effective risk of violations in the field. This process yielded important results not only in terms of information about potential risks of violations, but also

in terms of increased awareness among all participants. The areas for improvement identified among several subsidiaries were reported to the coordinating body, triggering processes of analysis and corrective action plans at various levels (subsidiary, division and Corporate). To this end, **eni** established the Working Group on Human Rights with the aim to develop valid solutions in response to the problems identified by the HRCA, create culture and awareness among operators in relation to processes with impact

on human rights, and define a management system to guarantee internal monitoring, as required by the Guiding Principles. The working group was composed of the company departments most affected by the problems in question. The first activities, run in 2011, focused on:

Follow-up: of the first assessment run in 2008 in Corporate and the e&p division (Rome and Milan) to master the progress made and pending issues, in accordance with the results of the HRCA carried out.



Respect of human rights in the supply chain

Five Workshops:
on the respect of human rights with various company departments moderated by the Danish Institute for Human Rights, to promote discussion of the criticalities and opportunities identified by the assessments, the associated improvement plans and agreement of local best practices. These activities involved more than one hundred employees, specialists and managers.

Furthermore, as part of the Working Group on Human Rights, four interdepartmental task forces were established, focusing on the following remits:

Impact Assessment:
the objective is to verify and, if necessary, complete the integration of human rights into internal standards and regulations to run impact assessments in line with international principles and best practices;

Land Management:
the objective is to define a unified standard to govern land acquisition processes, starting from existing instruments in various locations in line with international principles and best practices;

Human Resources and Third Party Staff Standards:
the objective is to monitor the application of international worker's rights standards at **eni** partner's operations, in consideration of applicable local regulations, and with special attention to supply chain partners;

Grievance Mechanisms:
the objective is to determine whether and how to integrate grievance mechanisms, with special reference to local communities, taking into account international standards and best practices.

The implementation of criteria that guarantee the respect of human rights in the supply chain was launched in 2008 with the adoption of the guidelines for the protection and promotion of human rights, which contain a section dedicated to vendor relations. Over the years, a variety of corporate instruments have been drawn up to regulate selection and acceptance into **eni**'s vendor list, regulatory and contractual instruments which govern the working relationship, as well as monitoring instruments to verify and update the state of conformity and conduct of companies.

At this time, contracts stipulated by **eni** with vendors include human rights clauses, which sanction non-performance with cancellation of the contract. Vendors are subjected to qualification and audit, inspection & expediting, as well as performance evaluation and verification of corrective actions. The method of qualification, management and development of the supply chain implemented by **eni** provides for vendor evaluation by means of criteria based on the check lists and questionnaires used in the international SA8000 certification standard. In the area of qualification and pre-

qualification, vendors are required to complete self-assessment questionnaires which include questions aimed specifically at determining the level of compliance with **eni**'s requisites. The vendor thus submits a signed self-certification (preliminary qualification) of conformity to the requirement of enforcement of respect of human rights among all employees and sub-vendors. **eni** generally runs more than 370 qualification audits per year worldwide. The **eni** Vendor List lists more than 7,110 qualified vendors. To achieve qualification, a vendor must declare his adherence to international human rights standards and principles, including the Universal Declaration of Human Rights, the principles of the Global Compact and **eni**'s Code of Ethics, as well as the specific requisites of SA8000 certification. These include the respect of: minimum age of workers, prohibition of forced labour, prohibition of discrimination, freedom of association and collective bargaining, working conditions, health and safety, legal requirements in relation to employee housing, working times, salaries and other indemnities, and social contributions.

VENDORS

eni promotes close engagement with local communities to better identify the needs of the most vulnerable categories.

eni is committed to respecting the law of local communities and participating in decision making processes, by means of consultation and dialogue, with the aim of

achieving consensus on crucial matters such as impact evaluation and mitigation, compensation and the sharing of the benefits derived from economic activities.

Human Rights issues are considered from the very beginning of project feasibility studies. Special attention is paid to respecting the special rights of indigenous populations.

eni informs and involves local communities, promoting preventive, free and informed consulting, and considers their claims in relation to new projects, impact evaluations and development initiatives.

As regards the impact on local communities, all projects aimed at developing the local territory and

in favour of the community are realised with the direct involvement of the interested parties. Projects

promoted by eni provide for the creation of management committees composed of eni and communities representatives and the provision of training in the project sectors and its management. eni also takes all efforts to prevent resettlement; if this is not possible, it conducts preventive consultation with the interested parties with the aim of reaching agreement, thus ensuring adequate compensation for the acquisition of rights to the territory.

ENGAGEMENT OF LOCAL COMMUNITIES

Engagement	Activities
Preventive consultation on business projects and impact assessments	<ul style="list-style-type: none"> Public information meetings on exploration activities in Mozambique, on drilling and geological prospecting in Indonesia; with the stakeholders among the indigenous populations in Norway; with local communities in Italy (Val d'Agri, Ravenna, Porto Torres); Public consultation on impact studies and assessments: Public EIA in Indonesia, ESHIA forum and public workshops in Nigeria; meetings for seismic activity ESHIA in Togo, presentation of results to the Agricultural Survey, seminars and public meetings for the restitution of the results of environmental protection and biodiversity projects in Kazakhstan, HSE workshops and engagement actions in Algeria.
Collection of claims	<ul style="list-style-type: none"> Community Grievance Mechanism in Kazakhstan, Nigeria, Pakistan; Application of whistleblowing procedure in the subsidiaries; Focus group at Mantua (Italy) on sustainability performance.
Community perception surveys and studies	<ul style="list-style-type: none"> Periodic surveys to identify the perception of host communities in Italy and abroad.

eni is committed to guarantee the involvement of communities via consultations and forums before launching any important business project. In 2011 in Nigeria, 3 preventive consultations were held with local communities (Environmental Impact Assessment EIA Public Forum) in advance of the

start of drilling & exploration in the Bayelsa and Delta States. In Mozambique, eni is applying all Community Relations procedures and has adopted a Communication Plan which provides for consultations in Local Community Consultation Committees, with special attention

to vulnerable groups. Preventive information meetings were held in 2011 to present to the community of Cabo Delgado (fishing, tourism and regulatory authority representatives) exploration and drilling reports and to discuss the assessment of the potential impacts.

eni respects the special rights of indigenous populations, with special reference to their culture, lifestyle, institutions, links with their land and development models.

eni has adopted specific policies in relation to indigenous populations, in confirmation of its commitment to respect the human rights of such people and involve them in corporate decision making. **eni** has adopted the Indigenous Peoples Policy in Australia and Norway, and has drawn up special reports and relational instruments

with the community in Ecuador, to ensure full and effective involvement of local communities in its areas of operations.

In Ecuador, the agreements governing relations between the company and the local communities are given in the Constitution of the Republic of Ecuador and international treaties, in particular

Pact 169 stipulated with the ILO. The company works in line with the Guidelines on the Protection and Promotion of Human Rights, the Code of Ethics and company policy. A copy of the Code of Ethics has been distributed to local populations and representatives of the organisations of Ecuador.

Security activities are of fundamental importance to the respect of Human Rights due to their interconnection with key issues such as the physical safety of people, relations with the community and respect of principles such as the right to life, health and freedom of expression.

eni has taken numerous actions to reinforce its commitment to risk prevention, training, crisis and emergency management and dialogue with stakeholders. In the belief that training is an important tool for risk prevention, **eni** has established a Human Rights & Security training programme involving Security Managers and the security forces,

both public and private, working at **eni** sites in Italy and abroad. The initiative aims to promote awareness among operators in relation to human rights issues and the **eni** Code of Ethics, by identifying and communicating potential criticalities deriving from failure to respect human rights. The project, launched in 2009, has led to sessions in the Rome and San Donato

Milanese offices (2009), as well as in Egypt, Nigeria (2010), Pakistan and Iraq (2011), with a total of 221 participants drawn from public and private security forces. **eni** intends to continue in its promotion and training in Human Rights and Security in 2012, in other Countries in which the company has operations.

eni in Pakistan

Participation and inclusion as motors of development

eni has been present in Pakistan since 2000 and is the largest International Oil Company (IOC) operating in the Country. eni maintains a leading position through an exploration portfolio that currently comprises 10 licences. Since the start of the activities up to 2011, eni has invested over 1.5 billion dollars, of which 300 million dollars in exploration activities. eni has initiated and developed support activities to sustain the development of the communities in the Bhit area (District of Sindh) and, from 2000 to 2011, has invested over 4.6 million dollars in healthcare, education and access to water projects.

In 2002, eni started the Bhit Rural Support Project (BRSP) in the District of Dadu – aimed at meeting the basic needs of the local populations – by consolidating and enlarging the network of relations through partnerships with NGOs and local communities. To carry out the project, eni avails itself of the collaboration of a local NGO specialised in development cooperation, namely the Goth Seenghar Foundation (GSF). The activities carried out include the right of access to basic services, in particular healthcare, water and education. The operational intervention plan – Sustainable Community Investment Plan (SCIP) – initiated in collaboration with the local authorities, is shared, reviewed and approved on an annual basis with the government.

The philosophy underlying the BRSP consists in involving the local communities through inclusive organisations – the Village Development Organisations (VDO) – and developing their potential in specific sectors in order to promote their autonomous and sustainable development. Once the VDOs are established, training activities are

organised in order to make them autonomous and efficient, alongside regular engagement activities for the management of social projects. The identification and verification of community needs occurs through various analysis tools comprising inclusive mechanisms and gathering of demands on-site through visits by experts. The context analyses are conducted by an additional local body specialised in development issues and accredited at an international level. The project helps approximately 15,000 people.

In particular, the healthcare initiatives in favour of the communities have led to:

- an improvement in the mortality rate and, in general, of the indicators on women's health, as recorded by the local Department of Health and by the WHO;
- an improvement in the access to high-quality water, which has determined the transformation of previously nomad populations into sedentary populations, as evidenced by on-site assessments;
- an increase in high-quality education for the local youth, as recorded by the local Department of Education and by the communities.

The activities are monitored regularly by the NGOs and by eni. In addition to these measures, a grievance mechanism has been established to acquire and respond to the legitimate demands of the local communities.

Human Rights Compliance Assessment

In May 2011, eni undertook the Human Rights Compliance Assessment (HRCA) in Pakistan, which involved over twenty people from various company units. The

assessment, carried out with the aid of the Danish Institute for Human Rights, was preceded by a training session on human rights and business. Six meetings were held to analyse the issues raised by HRCA, and were attended by specialists and local managers who oversee the most sensitive areas and processes. At the end of the week of meetings, the Danish Institute held a de-briefing session on the issues that emerged, on the basis of which an initial discussion was held on-site with all the subjects involved. The Institute subsequently drew up a report analysing the subsidiary's exposure to the risks relative to human rights, the strong points and aspects to be tackled to improve performance. After discussing the final report with the functions involved, the subsidiary then drew up an overall improvement plan. The importance of the Action Plan highlights each function's commitment towards identifying and implementing improvement actions, starting from the recommendations of the Danish Institute, and their incorporation into the management systems and daily processes.

Respect for and promotion of human rights in the supply chain

In the context of supplier qualification in Pakistan, eni has initiated a process geared towards guaranteeing full compliance with the requirements adopted at a corporate level, including those concerning respect for human rights, in order to promote international principles and standards, and inspire local companies to pursue a virtuous growth and development process. As with all eni suppliers worldwide, the Pakistani companies are required to comply with the international standards on human and work rights

incorporated in the supply contracts. In 2010, the application of the Vendor Management System, which implements the rules adopted in the context of the **eni** regulatory system, was extended to Pakistan; moreover, a Local Supplier Quality Engineer was specifically trained to manage the system and implement the auditing activities, through the obtainment of the ISO9001 Lead Auditor Certification. By implementing the VMS, **eni** is able to offer the Pakistani companies the necessary support and development required for achieving the standards and performance levels complying with the requirements, so that these companies may become even more competitive on the market. Following the system's implementation, a series of auditing activities were initiated on local suppliers for their qualification and development; as of today, more than 260 "historical" Pakistani suppliers have been qualified. Any suppliers that failed to conform to the test requirements were supported in the gap analysis and in the implementation of improvement actions.

In order to integrate the procedure, in 2011 specific SA8000 audits were initiated, for which two local SA8000 auditors were certified.

Training on Human Rights and Security issues

Developing respectful relations with local communities constitutes the key for safeguarding **eni**'s security. This was the essential conclusion that emerged from the training sessions on Human Rights and Security conducted in Pakistan, with the aid of C&F Conseil, aimed at security personnel. The project, completed in November 2011 at the Bhit site, involved personnel dedicated to security, managers and security personnel of **eni**, in addition to representatives of Pakistani public security forces, for a total of 80 participants.

The central theme of the training focused on "Voluntary Principles on Security and Human Rights" (VPSHR or VPS), a set of guidelines developed by companies operating

in the extraction sector, governments and Non-Governmental Organisations (NGOs).

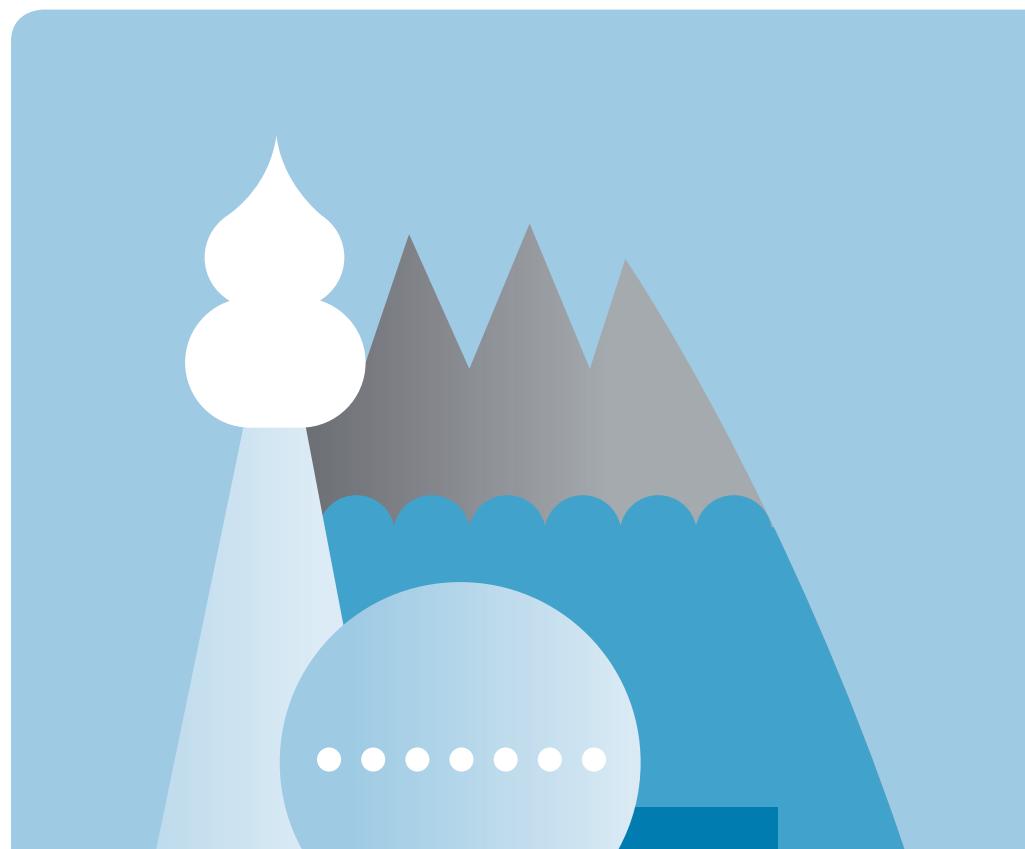
These principles require: (i) the carrying out of risk assessments concerning the violation of human rights related to security aspects; (ii) the implementation of mechanisms for signalling violations; (iii) the training of own security personnel, contractors and members of public security forces, to acquaint them with the VPS requirements and the promotion and safeguarding of human rights.

Moreover, the training sessions also highlighted the values relative to human rights as set forth in the **eni** Code of Ethics. **eni** selected a co-trainer – a Pakistani ex high-ranking officer – to manage the training sessions, which were held in both English and Urdu. The training activity included academic sessions aimed at promoting knowledge of human rights, as well as practical laboratory sessions. Feedback from participants was also used to illustrate the issues involving the human rights being analysed.

Two important conclusions emerge from these training sessions:

- sensible and respectful answers to the community's concerns are essential for mitigating security risks;
- the collaboration between security personnel and sustainability functions is necessary in order to share the views and dynamics expressed by the local community, and for using this information to plan local development actions.

The experience in Pakistan represented a first success in the Country that encouraged **eni** personnel, contractors and public security forces to work together, and helped to strengthen the platform for future relations with the various communities. Further activities followed the training project: the "Respect Human Rights" initiative, aimed at promoting knowledge of and encouraging human rights, and the creation of a Pocket Size Card that each security agent is required to wear while on duty.



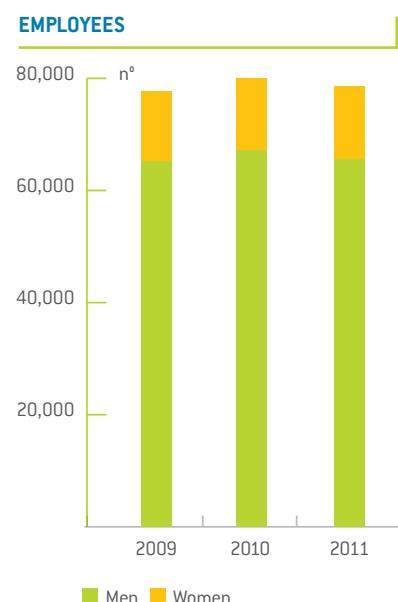
Labour standards

The promotion of international working standards in all areas is the subject of eni regulatory documents, national and international trades union agreements, people management and development processes, and training and communication initiatives.

In 2008, **eni** drew up a Code of Ethics which makes explicit reference to worker's rights and the freedom of trades unions, as well as the rejection of all forms of discrimination, forced and child labour.

The strategic importance of persons is further highlighted by the Our People policy, which states that "people are an essential and fundamental factor in the very existence of the business, and corporate objectives can only be achieved thanks to their commitment and professionalism". The policy underlines the importance of the human factor and the drivers which determine development and

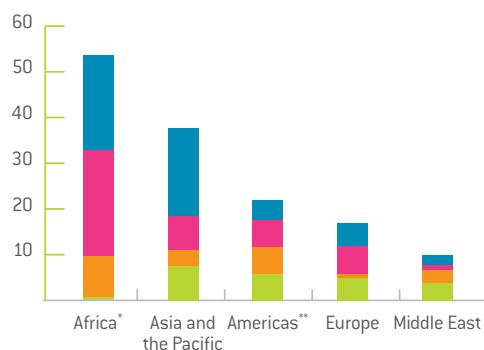
valorisation, identify the principles and values driving actions and behaviours, and affirms **eni**'s support for the values expressed in the Universal Declaration of Human Rights. In brief, **eni** "promotes, in working relations, the adoption of behaviours based on mutual respect, and condemns practices such as mobbing and harassment". Operatively, the criteria of application of labour standards are defined in the Human Resources MSG, which regulates and defines all processes in the area of human resources, in employment contracts and trades union agreements stipulated at the national and international level.



ILO DECENT WORK PROGRAMME

The International Labour Organization (ILO) is the United Nations agency specialised in drawing up and promoting the minimum international standards governing working conditions and basic workers rights.

In 2004, the agency decided to launch the development of Decent Work Country Programmes (DWCPs), conceived as instruments to support the implementation of UN principles in the target Countries. The DWCPs have two major objectives: to promote decent work as a key to the development of Countries; the construction of a knowledge framework and instruments to promote collaboration between the ILO and governments, worker's



* There are two sub-regional DWCPs for East African Community (EAC) and Southern African Development Community (SADC).

** There is one DWCP for OECS members (Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and Monserrat).

█ No programmes under development
█ Stage I: Preparatory phase (1)
█ Stage II: Draft DWCP document (2)
█ Stage III: DWCP final document (3)

associations and business associations on the objectives, specific to each Country, of assuring decent work in conditions of liberty, equality, security, and dignity for all men and women. The framework is implemented in the Country Programmes drawn up

in relation to the specific national situation and requirements in relation to worker's rights. The progress and development of the DWCPs are constantly monitored and evaluated at the European level to guarantee alignment between national and international objectives.

eni acknowledges the importance of freedom of association and establishes an open, ongoing dialogue with representatives of workers to provide information, consulting and gain better terms of negotiation.

Industrial relations are conducted in coherence with the **eni** reference framework and national regulations, from the 2001 Industrial Relations Protocol to the Accord for development and competitiveness and for a new model of industrial relations stipulated on 26 May 2011. The latter is intended to promote the adoption of organisational models capable of improving efficiency and competitiveness, enabling a more flexible response to the market, reinforcing the established system of participation to enable rapid decision making and setting definite times for trades union negotiations. The principles drawn up in the accord

have been confirmed in the Agreement Protocol for "Green Chemistry" at Porto Torres, stipulated by the Prime Minister's Office, and the consequent industrial reconversion of the Porto Torres site which, along with the development of new technologies, provides for a series of actions such as production stoppages and use of social security to support the project in all phases.

In relation to international industrial relations activities, we would highlight **eni**'s relations with the European Works Council (Comitato Aziendale Europeo - CAE). The meetings provide for periodic reporting on the progress of **eni**'s

activities and health and safety issues.

eni is committed to valorising and applying the principles of human and worker's rights, diversity, business ethics, respect for trade unions and other stakeholders, cooperation, health and safety and protection of the environment.

To achieve this objective, **eni** has stipulated an international, extra-EU accord with the ICEM (International Federation of Chemical, Energy, Mine and General Worker's Union).

To promote ever more inclusive and transparent dialogue with **eni** staff working in all areas, 2010 saw the launch of a project in relation to **eni**'s industrial relations in its Countries of operation, in collaboration with SDA Bocconi, which aims to map industrial relations processes at the international level, analyse the economic scenarios of the most important Countries in which **eni** has operations and further investigate local industrial relations systems.

eni refuses any form of discrimination, corruption, forced labour, child labour, and acknowledges and protects the freedom, dignity and equality of all people.

eni operates within the reference framework of the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the ILO – International Labor Organization – and the OECD Guidelines on Multinational Enterprises.

To ensure the implementation of the universal rights of man in Countries in which it operates, **eni** runs Human Rights Compliance Assessments (HRCA), a programme of actions covering all areas of operations potentially exposed to human rights violations. The HRCA's dedicate ample space to working standards

and develop widespread awareness of potential areas for improvement, also in relation to the specific local conditions. In general, the assessments have so far uncovered no serious human rights violations in the Countries under consideration. In order to disseminate international working standards in the various Countries, specific seminars were held in 2011 for international Human Resources staff, with the involvement of the major labour law institutes of Russia, Kazakhstan, Belgium, the Netherlands, France and Germany, with the participation

of local lawyers specialised in labour law. These seminars illustrated the body of international law governing discrimination issues and examined local legislation in this regard. In order to further support local operations, training seminars will be held in 2012 to cover areas of local interest and further examination of international labour standards. The first seminars will be held in North African Countries. Furthermore, in collaboration with the ILO's International Training Center, a project has been launched which runs web seminars on international law on discrimination.

Health and safety are a priority for eni, and all organisational solutions guarantee their respect and protection via a management system based on standards and procedures, monitoring tools, on site audits and continuous training.

By means of the systematic identification of hazards and risk evaluation, **eni** guarantees in all its operations and other activities, as

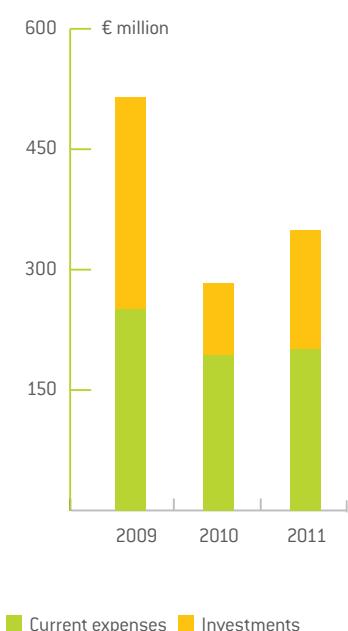
required by established law, the identification and implementation of appropriate prevention and protection for human resources and assets

throughout operations. Accidents are identified and registered by means of a central information system which enables development of internal investigations and analyses aimed at implementing suitable improvement actions.

eni has set up a Crisis Unit to handle significant emergencies.

Each year, specific objectives are assigned to managers to assure continuous improvement of their activities and safety indicators.

SAFETY INVESTMENTS AND EXPENSES



Advanced training and high levels of competency are the best guarantee of safety and health. 2011 saw the launch of the **eni** in safety programme, an integrated plan for safety training and information which has the objective of reinforcing the safety culture in **eni** and spreading its values throughout the organisation, replacing managers at all levels as active promoters of the culture and behaviours aimed at operative excellence.

VENDORS



Application of the SA8000 certification standard

In 2009, **eni** adopted the SA8000 standard to its supply chain in order to supplement existing instruments with specific audits to determine the conduct of the companies with whom its works, with special attention to areas of major risk for the company.

eni runs the audits in collaboration with an independent certification body.

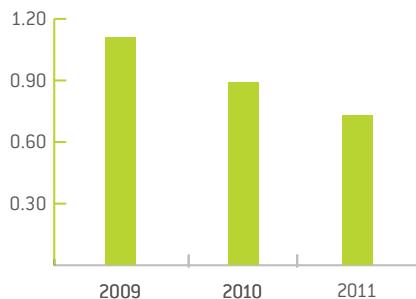
Since 2008, **eni** has run 32 SA8000 projects worldwide, of which 22 are audits and 10 are follow-ups; it has developed verifications to evaluate the conformity of vendors to SA8000 in China, Angola, Congo, Pakistan and Nigeria, and has planned and run follow-ups to identify corrective actions in response to non-conformities. In particular, eight SA8000 audits were run in 2011, 4 in Pakistan and 4 in Nigeria. In order to render effective

the integration of such practices within the company, special training courses were held in order to update the resources responsible for undertaking the audits. By 2011, 12 SA8000 auditors have been certified in **eni**, 3 of whom come from companies operating in Angola, Congo and Pakistan.

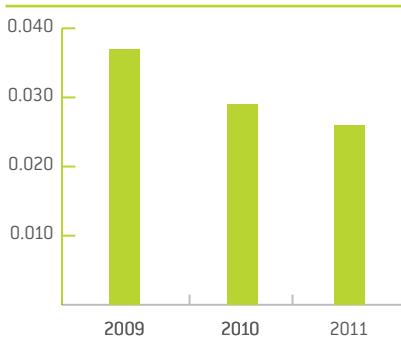
The results of these audits have highlighted certain major criticalities with special reference to: health and safety in the workplace; working times; pay and other indemnities; management systems. The non-conformities were principally related to social security payments. In cases of non-conformity, **eni** has initiated implementation by means of support and monitoring of action plans defined by the vendor and corrective actions in line with the agreed plans.

The actions taken by eni in recent years have resulted in improved of safety indexes.

INJURY FREQUENCY INDEX



INJURY SEVERITY INDEX



Prevention, protection and health promotion activities are aimed at supporting the right to operate in proper working conditions. This goes for all eni people and is intended to protecting the health of local communities.

eni has adopted a standardised approach based on the development of a health management system in line with the OHSAS 18001 standard in all its operations: the majority of major industrial sites have been certified to this standard. The levels of health are maintained by means of periodic environmental monitoring campaigns in factories, application of advanced systems to evaluate exposure to hazardous substances and collaboration with the authorities. In the next years the completion of the OHSAS 18001 certification plan is foreseen which, for the sites with significant HSE risk, will occur by 2013. In particular, for the exploration and production sector 27 subsidiaries out of 39 have been certified. In gas & power many certifications have been awarded including the Tigaz group companies, the Livorno refinery has obtained certification, the engineering and construction sector has confirmed its certification acquired in previous years as has

the petrochemicals sector, with the exception of the last acquired plant at Oberhausen.

In 2011 in the context of Primary Prevention, which aims to spread correct life styles to prevent disease, the pilot phase of the "myto" (my trainer on line) project was completed. This program is designed to promote greater and more regular physical activity among employees, along with healthy eating habits and generally more healthy lifestyles. Myto is a website available via the company intranet.

As part of Secondary Prevention, which detects illness at an early stage to prevent its development, in 2011, 3,213 employees have voluntarily participated in the "Early Diagnosis" for cancer screening, proposed by eni in collaboration with the LILT (Lega Italiana per la Lotta ai Tumori) and with similar health organisations.

Finally, as part of Tertiary Prevention, which aims to cure illness and promote rehabilitation to prevent further disease, in 2011, eni, in collaboration with the Ministry of Health and AIMAC (Associazione Italiana Malati di Cancro - Italian Cancer Sufferers Association), has launched a pilot project to promote proper information to employees about cancer.

To promote company wide awareness of actions in favour of cancer patients and their families foreseen by established regulations, the "Solidarity in actuating regulations to protect cancer patients in the workplace" project has been launched, approved by the Ministry of Health and Social Policy.

A series of activities in the area of prevention for locals and their families have also been initiated, via programmes at foreign locations (e.g. HIV and HPV screening), medical assistance and management of health emergencies for employees and their families.

HEALTH

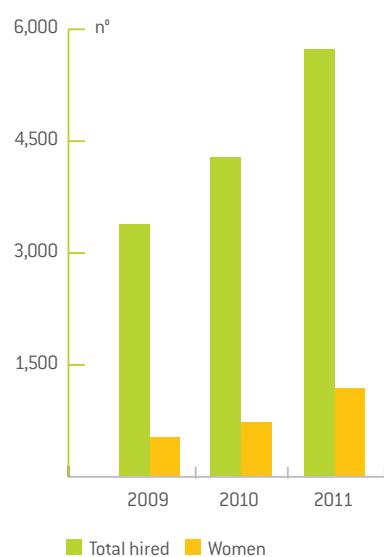
		2009	2010	2011
Professional illnesses reported	{number}	127	184	135
Diagnostic checkups	{number}	302,622	320,397	345,535
Service provided by company health structures	{number}	392,111	411,242	512,046
- of which to employees	{number}	207,156	294,699	415,514
Vaccinations provided by company structures	{number}	32,909	34,117	31,810
- of which to employees	{number}	28,452	22,026	21,330
Health costs per capita	{euro}	1,041	722	1,032

The promotion of behaviours aimed at valorising diversity, inclusion and non-discrimination is one of the major challenges eni has set itself.

In the Our People policy, **eni** states its respect for the personal dignity of all people and that it offers equal

opportunities without distinction of race, colour, gender or any other condition not connected to the requisites of their position. Considerable progress has been made in gender diversity in recent years. The number of female employees has increased continually, especially in higher positions.

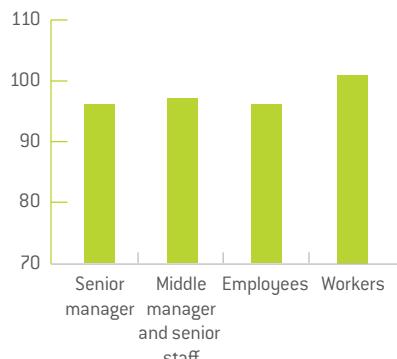
academic institutions. During 2011, an analysis of **eni**'s female population in relation to their careers, and a collaboration with the Diversity Management Observatory of SDA Bocconi was initiated. The objective is to produce a dashboard of indicators to monitor the effectiveness of **eni**'s equal opportunities policies.

EMPLOYEES HIRED

In 2011, **eni** had 13,185 female employees, making up 16.75% of the overall workforce. In Italy, of 1,323 new employees taken on, 20.79% were women. In 2011, the rate of replacement for women increased over 2010 both in Italy and abroad.

The pay gap analyses, run with a methodology that neutralises, in comparing levels of pay, any effects of position and years of service, indicated a general uniformity of pay. **eni**'s commitment to gender diversity is also present in the objectives of the 2012-2015 strategic plan. The main objectives include: development of actions in support of increasing the percentage of female staff overall and in managerial positions; identification of a base of women who are "ready for board", in order to increase the number of women on boards of directors and trades union committees.

Diversity is also the subject of collaborations with important

FEMALE/MALE PAY GAP

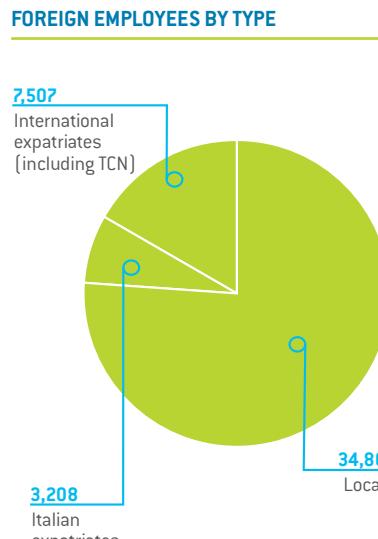
The pay gap was measured worldwide for over 80% of the **eni** work force (more than 65,000 employees in more than 50 Countries). The results of the global analysis indicated an insignificant gap (female pay 98%).

enì is committed to creating a work environment in which different personal and cultural characteristics are regarded as resources and tools for mutual enrichment.

enì is committed to developing international careers with the aim of valorising professions and at the same time responding to the requirements of business growth. Action to increase the number of local staff in managerial positions has included 206 surveys of potential in Nigeria, Tunisia, Algeria, Angola, Pakistan and Norway.

enì's commitment to internationalisation is also present in the objectives of the 2012-2015 strategic plan. The principal objective provides for an increased presence of local staff in managerial positions (middle and senior) in foreign offices. This objective must be pursued principally by means of increased local training, attraction and recruitment.

To guarantee decent working conditions, enì provides reference



In 2011, there were 45,516 foreign employees - 57.85% of the total work force. Local staff made up 76.5% of employees abroad.

salary levels for local staff in relation to market data available per

Country and monitored annually by international providers.

RELATIONS BETWEEN ENI AND MARKET MINIMUM SALARIES



The comparison between the minimum levels set out in its policies by enì and the minimum market levels supplied by the providers (first decile of local pay practices) refers to the population of middle managers and senior staff. The analysis covers a sample of around 15,000 staff in 28 Countries selected as representative in terms of business presence and strategic value.

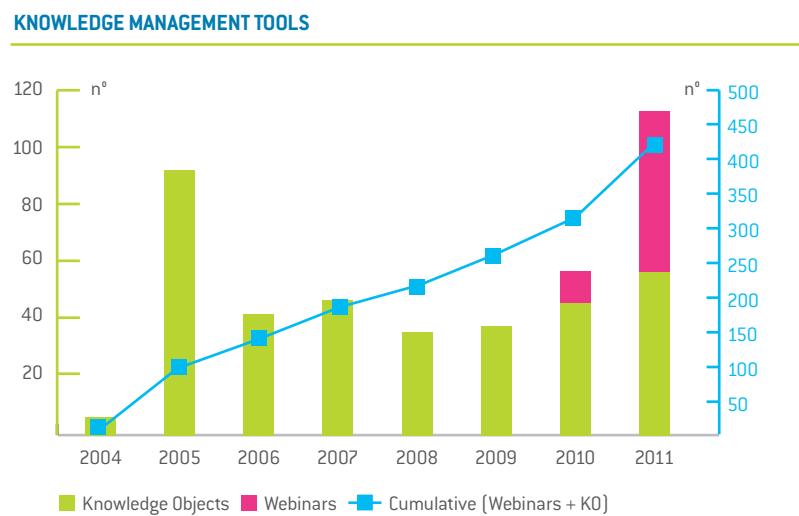
For management which offers equal opportunities to all, eni valorises merit by means of evaluation of competencies and career development.

In 2010, the **eni** Model of Excellence plan was defined and rolled out. This plan represents the instrument for enabling development of a common language in favour of greater communications between workers and their superiors.

In relation to this issue, with reference to feedback, in order to promote excellence at all levels of **eni**'s organisation, the extension plan of the Model of Excellence will be rolled out to staff and workers, using behaviour indicators specific for the target in question.

During 2011, the implementation of the "Feedback 360°" process continued, which increases people's awareness of their behaviour by reporting the perceptions of their direct superior, colleagues and collaborators.

Launched in 2008 among senior managers, it has been extended to junior managers in Italy and will be consolidated in 2012 as a process also for international operations. As part of the valorisation of competencies, the Knowledge Owner project has been relaunched in 2011, by identifying 187 Knowledge Owners in possession of excellent competencies who are expected to mentor younger staff members, draw up proposals for the development of knowledge and professionalism and



be available for teaching activities at the Eni Corporate University. A useful tool for promoting the development of individual competencies and permitting wider participation in the solution of operational challenges is Knowledge Management. In 2011, KM initiatives have confirmed a trend of increased diffusion already encountered in recent years, and highlighted a continuous commitment to the widespread use of instruments in support of knowledge management,

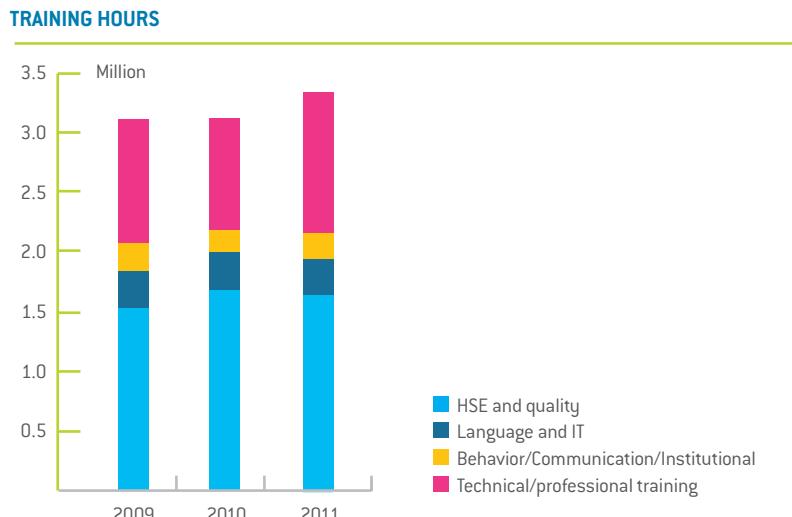
in order to make access to information as widely available as possible.

The investment in training up a faculty of internal teachers, qualified and certified for certain specific and across business areas has continued, involving around 200 persons in 2011, among Knowledge Owners and staff capable of transmitting their work experience to young people, with the aim of reinforcing the partnership between generations.

For eni people continuous training represents a tool and opportunity for learning, inclusion and development.

In 2011, training covered four main issues: development of professional areas of strategic value to **eni**; realisation of initiatives to support business processes, with special reference to foreign projects; diffusion of a culture oriented towards certain values considered strategic by **eni**; training in support of compliance. Special emphasis was placed on cross-company training in order to

spread founding values of **eni** with the aim of promoting increased integration among employees. The investment made over the recent years in a common and shared leadership style has continued through the implementation of training programs aimed at achieving the expected results and at creating a healthy organizational climate.



In 2011 the second edition of the “eni secondo te” climate survey was undertaken to assess the degree of satisfaction and engagement of eni people, the quality of relationships, the evolution of results achieved in 2008 and the perception of the change occurred within both corporate and market conditions.

The second edition of the climate survey was held between October and November 2011 and involved **eni**, its Italian and foreign subsidiaries, and the Petrochemical sector. Of the 32,580 employees asked to express their opinion, 70.5% responded from 47 Countries, a percentage which expresses a serious interest in dialogue with the company, as witnessed also by a high number of persons, around 25% of respondents, who gave one or more suggestions, many of which were highly constructive and concrete. Compared with the climate survey run in 2008, the response rate fell by 8% but the number of online responses increased by 15% over paper responses.

The data has yielded positive overall results. The level of satisfaction is high: more than half of respondents expressed a rating of 8 to 10 for overall satisfaction on a 1-10 scale. The profile that emerges is of a population satisfied with its relations with colleagues, attentive to rules and

ready to share their knowledge. **eni**'s people appreciate the professional competency of their superiors and their coherence with company values, but ask for greater attention to the development of the person (leadership style), greater promotion of teamwork and better communications among departments.

Overall, employees feel themselves to be supported materially (work/private life, benefits, prevention/promotion of health) and consider the company to be overall sustainable, attentive to safety, the environment, local communities and the client/market. The dialogue with employees and their involvement is also implemented by means of constant, constructive internal communications, characterised by the wide diffusion of the myeni intranet portal, and the Cascade programme, aimed at all **eni** staff with the objective of transmitting the company's strategies. In 2011, besides Italy, the programme involved 40 foreign Countries in a total of 565 meetings.

Attention to people needs and wellbeing, a condition based on a well balanced relationship between their private and working lives, is what motivates eni's welfare activities.

Welfare activities are primarily linked to the themes of Family, Health, and Time & Money Saving. In response to the increasing demand for conciliation between private and working life, in 2011 we increased our offer of family services by means of company childcare schemes and school camps for older children, both

in cities and in vacation spots. In 2011 the Welfare Project has been extended to medium sized and peripheral business units, through the consultation of people (via questionnaires and focus groups) and the analysis of demands and expectations for the implementation of new initiatives.

Environment

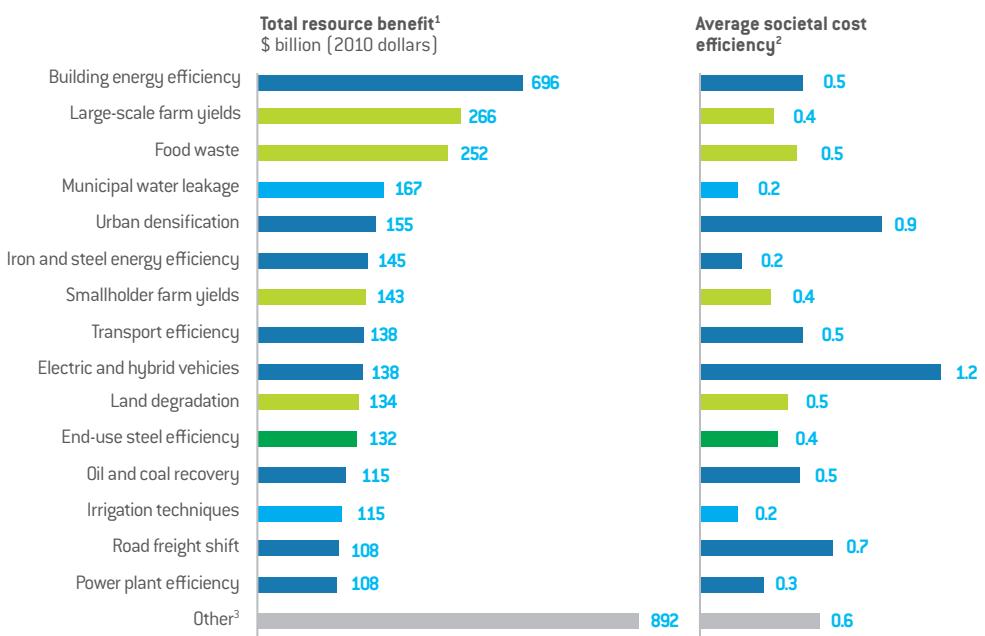
eni assigns an important value to the environment explicitly citing it in its corporate mission. The protection of the environment is an essential part of its operations and goes beyond mere regulatory compliance.

The concept of environmental protection is tightly interwoven with sustainable development. In the last two decades the correlation between a correct management of natural resources and the wellbeing of communities has become increasingly evident. Proper

management of the environment thus becomes a way of safeguarding fundamental human rights, inasmuch as it can be considered a human right that of living in a non degraded environment and enjoying the benefits that this may offer.

Recently, three environmental issues required attention: greenhouse gas emissions and climate change, water quality and scarcity, and the key role of the ecosystems.

MANAGEMENT OF RESOURCES AND ENVIRONMENTAL ASPECTS



In order to match the future need for growth and consumption it will be necessary to identify a way to use natural resources that could make possible the minimization of their impoverishment and the environmental impact there to associated.

The McKinsey report "Resource Revolution: Meeting the world's energy, materials, food, and water needs" Among these, through a cost/benefit analysis, the 15 key methods that maximize productivity without compromising the availability of natural resources and that achieve benefits

on the environment, biodiversity and climate change have been identified. The first three items of the chart cover one-third of the potential: in particular, the first shows how energy efficiency in construction could cover for the most part future needs at a low social/environmental cost.

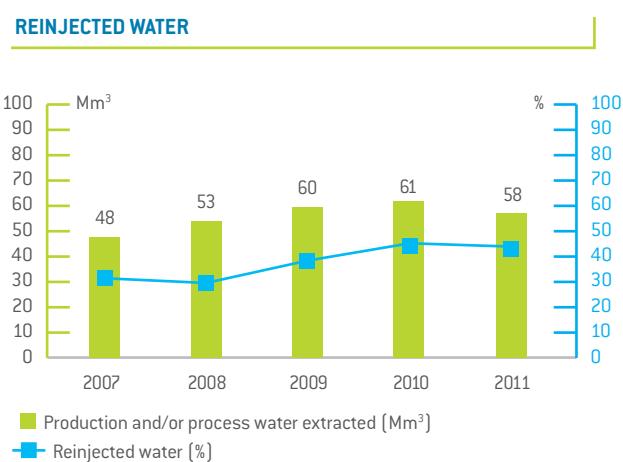
The three themes are particularly relevant for energy companies and require the implementation of actions strictly connected with industrial operations. Furthermore, they add to the constant commitment of reducing the environmental impact of our activities and the new theme of reduction of the impact of the end consumer by distributing eco-compatible products and behaviours. As evidenced by its policies, in particular the

Sustainability and Operational Integrity policies, **eni** conducts its activities in conformity with international accords and standards, and with the laws, regulations and national policies of the Countries in which it operates, also in regard to the environment. **eni** manages health, safety and environmental issues in an integrated way by means of the principles of precaution, prevention, protection and continuous improvement at all levels of the

company. Operations are conducted with minimal environmental impact and optimal use of energy and natural resources. **eni** also invests in technological research and innovation to create products and processes with the nest eco-compatibility, including collaborating in the development of new technologies. **eni** also promotes the production of safe and eco-compatible products, and provides its clients with all the information required to use them properly.

eni is aware that access to water resources is a major theme in development and is committed to optimizing the use of fresh water in its production cycle in order to limit the impact on its availability for local communities.

To evaluate the impact of its activities in areas under hydrological stress, where even limited consumption of fresh water may be in competition with primary necessities, **eni** has decided to apply the Global Water Tool developed by WBCSD and adapted to the oil & gas industry with IPIECA in 2011. The tool also enables forecasting the impact of climate change on water resources to 2025 and 2050, and in the future will enable us to understand the relationship between areas under hydrological stress and areas rich in biodiversity. Following the analysis of more than 270 production sites, 12% of them, including those in Algeria, Egypt, Libya, Tunisia, Pakistan and the UAE were found to be located in areas subject to hydrological stress and 20% of them in areas critical to health, such as Angola, Congo, Indonesia, Nigeria and Pakistan. In these Countries, **eni** has started or is starting projects



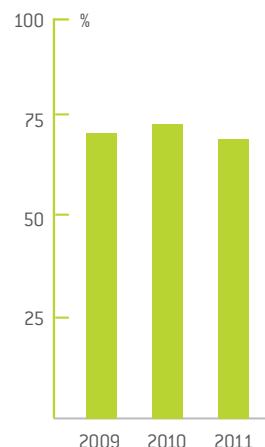
to optimise hydrological resources in line with the best international standards, and is financing social projects for the water supply and provision of hygienic services in rural areas (for further information refer to "Commitment to local development"). In 2011, reinjected produced water – fossil water contained in extracted oil – reached 43% of a total of 58.16 Mm³

of extracted water. In the exploration & production sector water injection projects continued in Kazakhstan, Nigeria, Algeria, Tunisia, Indonesia and the UK with the aim of reaching 63% reinjected production water by 2014. Reinjection of production water allows a reduction in the quantity of production water discharged on the surface.

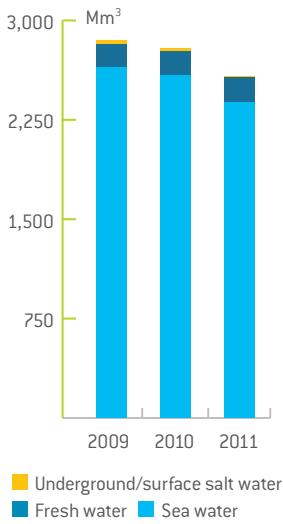
For downstream and power generation activities, the use of closed cycles, or sea water cycles in the case of coastal installations, yields cutting edge fresh water per

product unit indices. The indices of consumption of Italian power stations, thanks also to the use air cooling systems, are around 0.015 m³/kWheq.

PERCENTAGE OF FRESH WATER REUSED



WATER WITHDRAWAL



eni has defined a carbon management strategy to reduce its climate altering emissions with the principles expressed in international conventions, including the principles of the United Nations Framework Convention on Climate Change and the Kyoto Protocol.

eni's carbon management strategy will not only satisfy the regulatory requirements resulting from the national ratification of the Emissions Trading Directive, but also allows to seize the opportunities associated with all existing and under development policies that aim to counteract the problems connected to climate change (promotion of: renewables, hydrogen, geological sequestering of CO₂, efficient technologies, energy saving measures). The Sustainability policy also highlights the importance of the climate strategy: "eni invests in scientific research also with the aim of developing new technologies to

reduce climate altering emissions and for more efficient and sustainable energy production". For the purpose to improve our performances on control of GHG's ejection, eni has launched an initiative aimed to define a goal for GHG emissions reductions and to enforce a worldwide GHG stock-taking on the basis of the standard ISO14064. This process includes also an improvement of planning and monitoring processes of this initiative and the design of new projects related to flaring down, energy efficiency and renewable energies. The eni action plan for mitigating climate change is focused principally on the reduction of gas flared and the



Transporting petrochemical products

In the context of refining sector, the environmental impact of transporting petrochemicals in the network can be estimated to a good approximation by considering that in 2011 transport accounted for a distance of 47,088,000 km. Assuming a mean consumption of oil tank trucks of around 1 litre of diesel per 2 km of route, this results in emissions of around 63,000 tons of CO₂. Logistics optimisation systems have been in use for some time (the integrated TIP platform) which enables continuous monitoring of transports, thus resulting in improved management of vehicles and minimisation of routes combined with optimised commercial speeds.

A project is currently underway to evolve the platform which will enable real time processing of weather and traffic information to improve the management of transport even in unpredictable road conditions.

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promotion of energy efficiency. The commitment to improving energy efficiency and the low carbon policy have resulted in significant reductions in fundamental GHG emissions in 2010 and 2011. This reduction is the outcome not only of a fall in production in certain sectors, but also of the actuation of the company's carbon management strategy. The achievement of emissions reduction objectives requires implementation in the short and medium term of flaring down and energy efficiency initiatives and, in the long term, development of low-carbon technologies such as Carbon Capture and Storage (CCS) and renewables.



Combating climate change

en i has adhered, for the third consecutive year, to the initiative of the Carbon Disclosure Project (CDP) aimed at promoting climate change mitigation activities in the supply chain. The project provides for analysing the carbon management strategies, greenhouse gas (GHG) reduction strategies, reporting and improvement/best practices programmes implemented by en i's principal vendors.

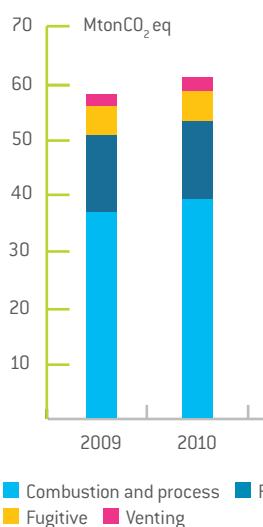
The selected vendors compile an online questionnaire in relation to:

- Disclosure of their environmental policies in relation to climate change and greenhouse gas reporting;
- Disclosure of their improvement targets;
- Reduction of emissions linked to potential cost reductions;
- Possible competitive advantage in relation to the reduction of their carbon footprint.

The participation in this initiative will enable en i to evaluate and manage the risks and opportunities linked to climate change for a significant part of its supply chain business, so as to better direct its choices and increase awareness of its own carbon footprint, including indirect GHG emissions generated by its contracted activities/products.

VENDORS

DIRECT GHG EMISSIONS



In the exploration and production of fossil fuels, en i is committed mainly to reducing flaring gas. According to the World Bank, annual flaring and venting gas amounts to around 140 billion m³, which is equivalent to 30% of the EU's consumption of natural gas. In 2011, the total amount of gas sent to flaring by en i was 4.43 billion m³.

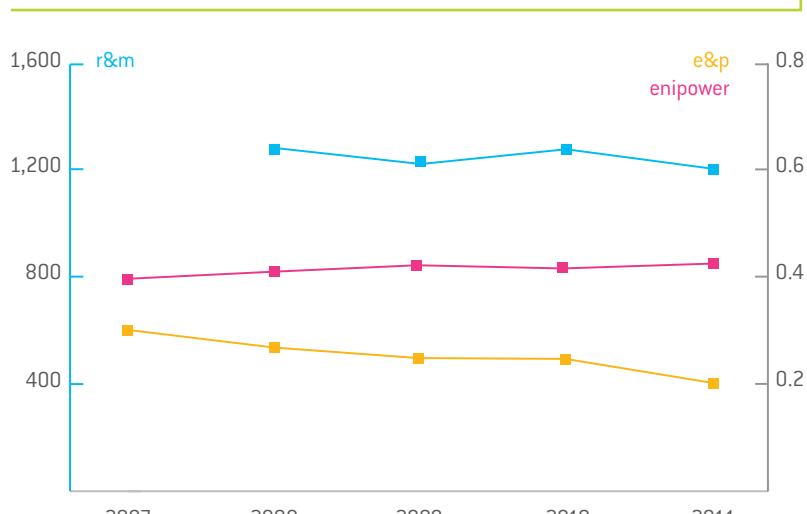
The flaring down projects foresee significant investments due to the objective of reducing the amount of gas sent to flaring by 80% by 2015 (compared to the volume burnt in 2007). The volume of gas sent to flaring has fallen by 52% compared

to the volumes burnt in 2007. This value is affected by the significant reduction of production in Libya for most of 2011. Assuming a constant production in Libya throughout 2011 the reduction achieved would have been equal to 42%, 10% higher compared to the reduction obtained in 2010 on the previous year (32%). During 2011, due to technical problems suffered in Nigeria related to the local distribution of gas and electricity, not related to en i's plant management, the flaring activity was reactivated for a short period of time; in particular it was necessary to proceed with flaring of 3% of the gas produced in Kwale and of 6% of that produced in Ebocha.

The overall investment for flaring down projects in Nigeria amounts to further 0.8 € billion, that will enable en i to reach a quota of usage of associated gas at over 95% of produced gas by 2014.

Along with Nigeria and the Congo, other important flaring down projects are being run in Libya, Algeria and Turkmenistan. The investment required to complete these projects and exploit the resulting gas in upcoming projects is more than € 4 billion in the 2012-2015 period. For further information please refer to "Sustainable Energy for All".

GHG EMISSION INDEX



- r&m: emissions of GHG/uEDC [tonCO₂ eq/kbbl/SD]
- e&p: emissions of GHG/100% net operated hydrocarbon production [tonCO₂ eq/ktoe]
- enipower: emissions of GHG/kWheq [kgCO₂ eq/kWheq]



In addition to the commitment to reduce gas flaring, **eni** has initiated energy efficiency programmes and research into the best process solutions. In its thermoelectric production, **eni** has promoted the use of natural gas in place of fuels with higher climate altering emissions. **eni**'s thermoelectric plant, renewed in the last ten years, has a CO₂ emissions index (equal to 0.410Kg CO₂/kWheq) which is significantly lower than the European (0.672 Kg CO₂/kWheq) and Italian (0.535 Kg CO₂/kWheq) averages (source of data: Terna 2009) and guarantees, thanks to the combined co-generation cycle, the supply of technological or remote heating steam, thus enabling exploitation of the energy contained in the natural gas combustion fumes. In Countries in which it has operations, **eni** has set up infrastructure for the production and transport of gas for local consumption, thus making available an essential energy source for development. For further information please refer to "Sustainable Energy For All".

Regarding the production of fuels, Italian refineries have invested in upgrading their plants to refine higher performance and less polluting fuels. The increase in refining processes has resulted in an increase in CO₂ emissions which is more than balanced by the potential reduction of emissions by the end client. The energy saving projects have enabled us to achieve a quota of 500 ktoe of energy savings per year, thanks to structural interventions undertaken only in the 2008-2011 period.

In the petrochemicals sector, projects concluded in 2011 will provide savings, in service, of around 26 ktoe and over 66 ktCO₂. Initiatives to improve energy efficiency include management initiatives such as the adoption of Energy Management Systems (EMS), which can yield considerable savings at very limited expense. During 2012 the construction of **eni** "Green Data Center", whose started in October 2011, will be completed: testing on

Research into low impact fuels

eni is constantly involved in r&d into cutting edge products for the transport sector, and has for years been working to develop advanced fuels and lubricants, to optimise engine efficiency and reduce polluting emissions. The final objective is to offer high environmental quality fuels and lubricants, in anticipation of new legislation, including EU bio-fuel targets for 2020.

In February 2010, the Lombardy Regional Government and **eni** stipulated an agreement for the distribution of "BluDieselTech formula Milano" special diesel in around 50 service stations: a high quality diesel developed in **eni** laboratories, characterised by a total aromatics content of less than 18% (compared to the average of 25% in commercial diesels) and a total poly-aromatics content of less than 3% (compared to an average of 8%). 2011 saw the introduction of the eniblu+ line, a new category of blue products composed of superior quality fuels (one diesel and one gasoline), designed to ensure complete valve and

injector cleaning and assure excellent engine performance. modern refinery technologies and stringent laboratory testing have resulted in products with a high detergent power, thanks to the blue clean molecule which completely removes deposits and impurities and is able to maintain the engine at maximum efficiency and restore any lost performance. The results of tests run on the **eni** blu+ range have been validated by the CNR's Engine Institute, one of the most important bodies for research into combustion and the improvement of the energy efficiency of engines.

The new blu diesel+ guarantees cleaning of the injection system and maximum engine power. Road tests have demonstrated that the continuous use of blu diesel+ can give fuel savings of up to 4%. In the refinery sector, **eni** has scheduled investment in the first industrial plant with the Eni Slurry Technology (EST) which completely converts the residue of heavy crude, tar and refinery oil for the production of clean fuels.

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the first samples of the innovative offline technology UPS systems (built in line with **eni** specifics" registered a 99.4% performance, a record for these types of systems.

The technologies used will allow a saving of over than 350 thousand/tons per year of CO₂ and "achievement" of the world record of P.U.E. (ratio of power consumption on total consumption of IT equipment) less than 1.2.

Some **eni** plants have recently adopted EMS in compliance with the new EN16001 and ISO50001 standards, and others are scheduled to do so in the near future. With its

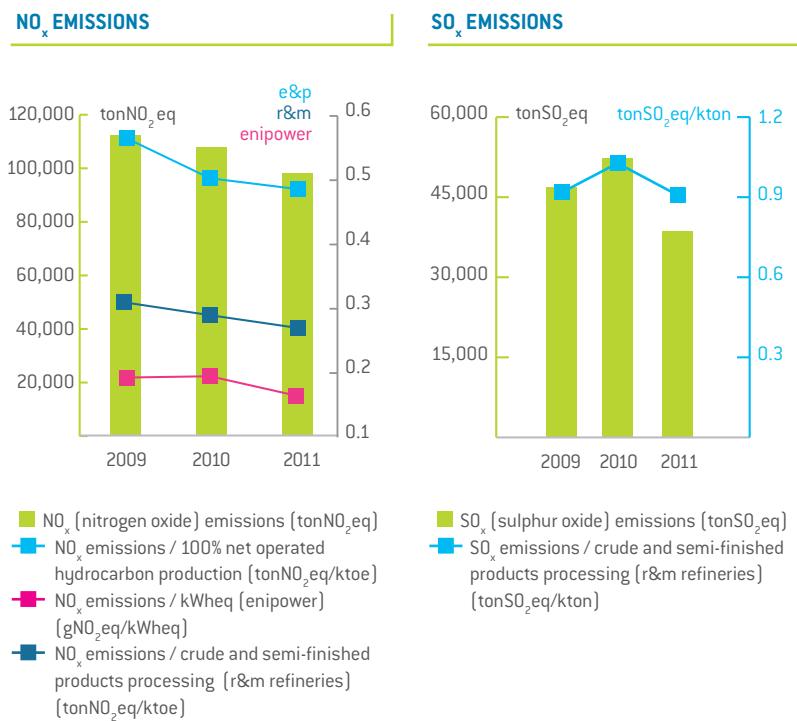
participation in the IPIECA Climate Change Working Group of IETA (International Emissions Trading Association), **eni** is involved in the international debate regarding the development of post Kyoto negotiations. In particular, **eni** is an observer at the major negotiations of the United Nations on Climate Change (including the most recent Conference of Parties on Climate at Durban in December 2011) and, in June 2011, was invited by the World Bank to the launch meeting of the Partnership for Market Readiness, an initiative to launch mechanisms for sectorial emissions reductions in the

major emerging economies. Moreover, **eni** is evaluating the opportunity to develop new projects concerning forest conservation in Italy and abroad (deforestation is responsible of around 1/5 of global

emission of GHG). For this purpose, **eni** has already made contact with primarily private and public subjects that already lead in this sector. This activity, besides guaranteeing an improvement in reputation,

may improve relationships with institutions and local entities in **eni**'s areas of operation, creating opportunities for development through the sales of "carbon credits".

Emissions of sulphur and nitrogen oxides resulting from combustion processes is currently a minor part of the corporate footprint, thanks to the ongoing replacement of fuels with more efficient alternatives, the ongoing elimination or replacement of diesel units, and the use of low sulphur fuels and VlowNOx burners in power generation plants. The latter in particular are widely used in **eni** combined cycles: emissions of NO_x/kWh in the power generation sector have been reduced by 80% since 2001 thanks to the gradual application of best technologies (until recently composed of DrylowNOx burners) which produce limited emissions even at low production loads. SO₂ emissions have also gone from around 100 kton in 2003 to 38 kton in 2011. On the basis of these results, **eni**'s attention in recent years has moved to the definition of innovative methodologies for monitoring and limiting emissions. In the second half of 2010, **eni** launched the "Development of a VOC monitoring system" project based on the Wireless Sensor Network technology. The system is composed of a network of weather and environmental sensors (VOC) which is easily configurable and scalable, and able to monitor both very



extensive areas (e.g. the perimeter of a site) and critical areas of plant. The principal characteristic of the network, i.e. wireless communications which can be controlled remotely (over the internet), reduces operating and structural costs and provides for mobile monitoring stations. The pilot

project enabled the definition of a standard for the creation of a wireless network on an industrial scale. **eni**'s proprietary WSN technology can be extended to all **eni** plants both for the pilot project and for potential further applications (e.g. monitoring odorous emissions).

eni considers the conservation of biodiversity, ecosystems and natural resources to be strategic objectives.

eni working methods are in line with the principles of the Convention on Biological Diversity (CBD), ratified during the Summit of Heads of State at Rio de Janeiro in 1992, which defines the concept of biodiversity and of sustainable use of resources.

eni has also run specific projects, such as that launched by WBCSD together with the International Union for the Conservation of Nature and the Fondazione Eni Enrico Mattei. The project has defined the first methodology for the evaluation of ecosystem impact published in 2011 and accounts for the company's

influence on the supply of ecosystem services and the effects that the potential impact of emissions, discharges and changes in soil use, may have on them. During 2011 eni applied the methodology developed in conjunction with the WBCSD in order to define within IPIECA a scheme for the pre-assessment of the ecosystem services affected by the operating activities of the company in the operating areas. This allows to better assess the risks and opportunities connected with the development of new plants and, by permitting to consider industrial activities in

a broader perspective, it allows to consider the relationship between the health of ecosystems and the wellbeing of communities.

eni has also participated, since 2008, in the Proteus project, promoted by UNEP-WCMC. This instrument gives access not only to the World Database on Protected Areas (WDPA) but also to the Integrated Biodiversity Assessment Tool (IBAT) and enables eni to map the operating areas and identify those areas, legally protected or not, rich in biodiversity. The mapping of operational sites in relation to areas with high levels of biodiversity and eco-system services, conducted in collaboration with Flora and Fauna International, will enable us to differentiate operations in relation to such environmental factors and to identify areas of priority for the implementation of the Biodiversity Action Plan (BAP).

eni has already run projects on biodiversity conservation by developing site specific management methods aimed at safeguarding of protected local species and their habitat.

In particular, in 2011, eni has completed the Arctic Sea Biodiversity (Norway) project, aimed at developing an operative protocol for the study and conservation of offshore biodiversity, with special reference to the Arctic Sea. The project has contributed to the development of best practices in similar operative contexts, defining a Biodiversity Action Plan (for example, methods for evaluating and conserving biodiversity, with special reference to critical species) which will be implemented in 2012.

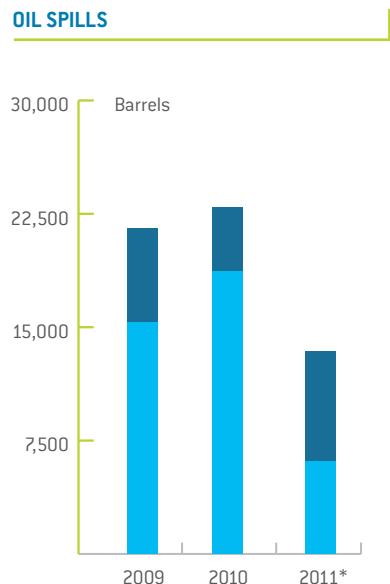
We have also completed the High Level and Site Specific Biodiversity Risk Assessment (HBRA/SBRA), as well as the Biodiversity Action Plan for the M'Boundi site in Congo, to identify actions to mitigate the impact on biodiversity and eco-system services, and to exploit conservation opportunities from

emerging environmental markets. In 2011, again, eni launched in Ecuador the measurement of biodiversity indicators in relation to the baseline identified in the biodiversity study completed in 2010, in order to implement suitable environmental management criteria. Since 2006, eni has been a member of the international OGP Joint Industry Programme "E&P Sound and Marine Life", which involves 10 oil & gas companies in scientific research with the aim of filling in gaps in our knowledge about the potential effects of acoustic emissions generated by seismic measurements and other offshore e&p activities on marine life. The project is currently in its terminal phase and will be concluded in 2013. The total oil spill volume caused by sabotage and operations has been reduced by around 41%. Along with the replacement of

obsolescent pipeline, eni has improved its emergency response activities and is completing its Oil Spill Contingency Plan which will be an integral part of the emergency documentation in all partner companies. We are also running gap analyses under the international ISO15554 standard, creating documents dedicated to the Emergency Response Strategy (ERS) and the Emergency Response Plan (ERP). Specific management training activities, exercises to evaluate emergency response capacity and Emergency Response Drills complete our prevention activities, which set a standard of excellence for the industry. We are also running a project to limit the effects of potential spills in sensitive areas such as the Barents Sea and the Lofoten Islands: these activities regard the development/

improvement of techniques to protect and clean the coastline, detect and monitor spills, adapt equipment to extreme environmental conditions and study the behaviour of spilled oil close to the coast. The project will terminate in 2013. In the engineering and construction sector in 2011 a spillage of 3,724 barrels of high pressure crude oil was registered due to damage of operational equipment in Algeria. 46% of the volume of accidental spills are due to events in Algeria, 22% in Nigeria, 14% in Egypt and 5% in Tunisia and 5% in accidents occurred in Gela (Italy).

In the e&p sector, there has been a decline in operational oil spill volumes (2,930 barrels in 2011, -23% compared to 2010) and in the number of events (92), down 30% compared to 2010, the outcome of ongoing prevention measures. 2011 saw a decline in spills due to sabotage (-67%): 99% of events of this type have for years been limited to Nigeria while the remaining 1% is restricted to Egypt. In Nigeria, in particular, where the subsidiary NAOC manages around 3,000 km of pipelines, over than 90% of accidental spills are due to sabotage and the residual part to technical or



Sabotage and terrorism

Operational

*2011 data include the oil spill of 3,724 bbl in the e&c sector

operational causes: in comparison with the first years of 2000 these types of events have increased about 6 times driven by sabotage and oil robbery. To contribute to the rehabilitation of the areas affected by oil spills in Nigeria, in the next few years the activities of characterization and clearing up of contaminated sites will continue and alternative methods to those currently used will be employed

using field testing.

This activity also responds to a recent report by UNEP which highlights the need to set up alternatives to the RENA method, as largely used in Nigeria. To reduce the number of events due to sabotage, we are running a project for the remote monitoring of pipelines with innovative technologies such as sensors distributed on optic fibre lines and hydrophones.

eni has been involved in the activity of decommissioning large Italian industrial sites for over 10 years, where episodes of contamination of the environment occurred prior to eni's take over.

To deal with rehabilitation requirements (waste from which accounted for 90% of all waste materials in 2001), **eni** has set up a company (Syndial) whose well-established experience in rehabilitation is available to all **eni** companies.

2010 saw the launch of the green remediation project (which will conclude in 2012) to define excellence criteria for remediation and maximise the environmental rehabilitation of contaminated ground with the best available technologies guaranteeing the involvement of local communities

and stakeholders. Having successfully completed the total restoration of the area of Cengio in Italy, Syndial is completing the rehabilitation of numerous sites of national importance such as Assemimi, Crotone, Gela, Mantua, Porto Marghera, Porto Torres and Priolo.

The environmental management system, integrated with safety and health management systems, is the landmark for all production activities and provides systematic integrated audits.

To monitor and mitigate the principal environmental impacts, the company periodically monitors numerous performance indicators including direct and indirect GHG emissions, energy consumption, NO_x and SO_x emissions, water withdrawal and discharge, oil spills and waste production.

An environment, health and safety coordination committee guarantees the diffusion and application of best practices and periodically gathers together all relevant eni business managers.

To manage emergencies, eni has set up action plans to minimise and contain the impact of emergencies on health, the population and the environment. The emergency plans define the roles, responsibilities and procedures for workers in charge with implementing the emergency response measures.

In 2011 the overall number of ISO14001 certifications has grown, in confirmation of the company's commitment to extending coverage to all sites of operation. Existing EMAS registrations have also been reconfirmed.

MANAGEMENT SYSTEM CERTIFICATIONS AND REGISTRATIONS

e&p	r&m	g&p	petrochemical	
Operating company	Refineries	Depots and plant	Power stations	
ISO14001	31/39	5/5	26/26	7/7
EMAS	4/5	3/8	3/7	2/15

Ensuring growth of sustainable energy consumption, reducing the environmental impact of fossil fuel exploitation, accessing new sources of hydrocarbons, often in remote areas, producing high quality fuels - these are just some of eni's major challenges.

CLIENT



Development of low impact products

In the petrochemicals sector, 2011 witnessed the continued commitment to developing processes and products increasingly in line with the requirements of low environmental impact and compliance with established law. 7 degrees of E-SBR rubber have been industrialised (3 Europrene and 4 Intol) for green tyres thanks to the use of extensor oils with low content (less than 3%) of polycyclic aromatics (PCA per 76/769/EEC, in force since 01/01/2010). This results not only in conformity of the finished product in terms of emissions, but also higher product performance. Again in 2011, NBR nitryl rubbers were industrialised with a new, more efficient and non-volatile anti-oxidant (60% savings of the amount used) which allows to eliminate emissions in finishing operations and to improve the environmental impact of this type of product.

In addition to this there is the growing commitment to renewables, whose contribution to global energy sources is destined to grow over the long term. **eni** thus continues to invest in research, with 1.1 billion euro set aside for the coming four years.

eni is developing technologies, instrumentation, software and workflows to improve and support its activities such as drilling and operation completion in extreme environments. Special attention is being dedicated to operational and environmental safety issues, especially in relation to deepwater, high pressure and temperature wells (HTHP), and to the monitoring and mitigation of the environmental risks associated with e&p, especially in fragile environments. Our advanced technologies, some of which are proprietary, have enabled us to achieve a blowout index of 0 in the 2005-2011 period.

Other activities focus on the detection and monitoring in real time of toxic gases (H_2S), on the prevention, containment and recovery of oil spills and on technologies and models to

predict and quantify subsidence. Furthermore, **eni** intends to develop and optimise technologies for the valorisation of non-conventional

gases and develop marginal fields and resources at the limit of cost efficiency, both offshore and on shore.

The application of the most advanced technologies, training of staff and contractors, and effective monitoring of operations enable us not only to reduce the risks for the environment but also to make resources which are not safely accessible for people and populations available.

eni's objective is also to develop methods and technologies to reduce GHG emissions derived from our operations by means of CO_2 sequestering in sites which are mineralogically

exhausted, reuse of CO_2 (Enhanced Oil Recovery-EOR or Enhanced Gas Recovery - EGR), and reductions at source (studies in the use of solar and alternative energy in surface facilities).



Strategic alliance with Stanford University

In the context of the scientific collaboration agreements stipulated in February 2011, a new strategic R&D alliance has been initiated with Stanford University. Under the terms of this agreement, over the next four years **eni** will invest over 10 million dollars in the university's research into core oil & gas technologies and environmental protection. During 2011, research has been

initiated into sediment management, bioremediation and environmental microbiology, and the large scale development of fluorescent sensors for site characterisation. In the area of core business research, projects were launched to develop new molecular instruments for identifying gas accumulations and evaluating the residual potential of mature fields.

The fight against corruption

eni believes that corruption is an intolerable obstacle to business efficiency and fair competition. For this reason, it considers ethical integrity, respect for the law and fairness to be an inderogable obligation for its staff.

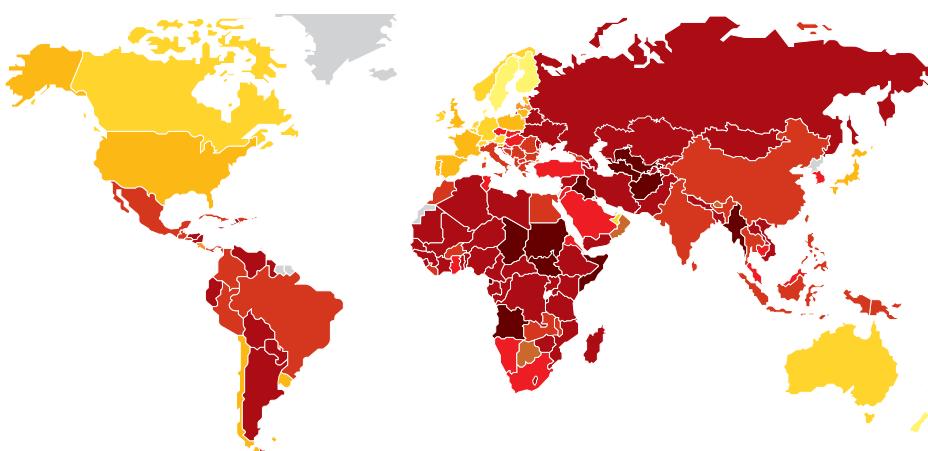
The **eni** Code of Ethics expressly prohibits "corruption, illegitimate favours, collusion, solicitation, direct or via third parties, of personal or career advantage for oneself or others". To implement this commitment in the business,

in November 2009 the company voluntarily extended its compliance program to the risks of corruption, adopting the Anti-Corruption Guidelines and their Ancillary Procedures. In 2011, with the support of the company's leadership, the

programme was updated with the establishment (1st January 2012) of the new Anti-Corruption Management System Guideline (MSG) approved by the Board and drawn up in line with applicable legislation and International Conventions.

CORRUPTION INDEX

■ 9.0-10.0 ■ 8.0-8.9 ■ 7.0-7.9 ■ 6.0-6.9 ■ 5.0-5.9 ■ 4.0-4.9 ■ 3.0-3.9 ■ 2.0-2.9 ■ 1.0-1.9



The corruption index is an indicator published annually by Transparency International to report the perceived level of corruption of public officials and politicians. The score runs from one to ten, increasing as the perceived level of corruption diminishes.

In 2011, corruption was the focus of numerous protests, both in Europe, hit by the recession, and in North Africa. The European Commission has estimated the cost of corruption in the EU to be 1% of GDP, i.e. 120 billion euro a year. This money is not only subtracted from vital sectors such as education and health care, but also slows down economic growth by depressing foreign investment, as measured by the IMF.

In case of divergence between local and international standards, eni agrees to develop solutions which implement behaviour based on international standards, while taking local principles into account.

In its pursuit of excellence, within its Sustainability Policy, **eni** is committed to promoting international best practices in Countries in which local standards diverge from international ones.

eni's regulatory system has been expanded with the introduction of the Global Compliance Policy. This policy not only underlines

eni's commitment to the constant monitoring of the development of standards, but also refers to the organisational and regulatory controls and communication/information

instruments available in the company to verify the adequacy of and promptly update the compliance rules, including in reference to national and international best practice.

In its Anti-Corruption MSG **eni prohibits all forms of corruption and makes a clear distinction between allowed and prohibited behaviour, identifying the areas most at risk of corruption, depending on the type of activity.**

VENDORS



The fight against corruption

With reference to anti-corruption, **eni** requires its vendors to sign the following declaration as part of the qualification process: "to commit, on behalf of the directors, staff and collaborators of the signatory business/company, to the rigorous observance of Italian Legislative Decree 8 June 2001, n.231 and established Anti-Corruption legislation and, in particular, to abstain from offering, promising, providing, paying or accepting, directly or indirectly, any request for a gift made by a public official, or authorising anyone to provide or pay, directly or indirectly, any amount of money, utility, benefit, advantage or any type of value to a public official in violation of the above mentioned regulations".

Contents described in MSG are discussed further in the Anti-Corruption Regulatory Systems aimed to prevent corruption and mainly related to eleven specific topics (reporting, liberality, contractual clauses, sponsorship, recruiting, etc.). Such international regulations aim

to provide a framework on anti-corruption's rules and procedures that **eni** has already set up and to assure compliance to its Code of Ethics, Model 231 and Anti-Corruption international laws. The regulation is applied to all **eni**'s subsidiaries in Italy and abroad.

eni promotes dialogue with its stakeholders and considers transparency to be a fundamental element of its business model, to be pursued through its relations with stakeholders in the creation of sustainable value.

The adoption of a transparent approach to all interlocutors, represented by communities, institutions, industrial partners and NGO's, promotes solid, lasting relations and allows the effort for local social

and economic development to be maximised. In 2011 **eni** reinforced its engagement with relevant stakeholders such as Transparency International, with which **eni** has long-established relations.

eni acknowledges the value of awareness among its staff in relation to corruption and invests in training programmes on Anti-Corruption legislation and instruction in order to spot Red Flags.

In 2011, training for at risk staff in Italy and abroad continued, with an obligatory training programme aimed at the most at risk lines and departments.

This activity involved the completion of e-learning courses about anti-corruption, extended to key officers and with interactive workshops for the discussion of specific themes and practical situations which can arise in the company's business activities.

26 workshops were held during 2011 in Italy and abroad, at the Corporate, Division and main subsidiary levels. Around 1,890 staff members received training. Training included 4,725 hours of course time, with a duration of 2.5 hours per event. In 2012 a new cycle of e-learning will be held for newly nominated Key Officers, also in the light of new international legislation and internal procedures.

eni has set up dedicated channels to report violations, whether suspected or confirmed, including those regarding corruption.

The information channels provided by the procedure on "reports, including anonymous, received by eni" permit employees, members of company organs and third parties to forward, even confidentially or anonymously, reports on internal control system

problems or other matters violating the Code of Ethics. eni guarantees that it will receive, analyse and launch an investigation run by Internal Audit, the outcome of which is subjected to the competent monitoring and vigilance authorities.



The respect of Anti-Corruption regulations

eni imposes the observance of all regulations, including those regarding corruption, on its business partners, with special attention to the Covered Business Partners - partners that act on behalf of eni or have a significant contact with public officials given their work for eni (e.g. joint ventures, intermediaries, consultants, dealers, franchisee, etc.). eni promotes mediation and discussion with the principal petrochemical industry operators, aimed at sharing the company's Anti-Corruption policy and the most important international principles governing the matter. Particular importance in this regard must be given to its work in the Gulf of Mexico, England and Nigeria. In the Gulf of Mexico, meetings have been held with Joint Venture operators.

eni has also taken part in the Fraud Awareness Working Group, an initiative sponsored by Shell to provide multinationals working in West Africa which are particularly subject to the risk of fraud and corruption with a platform for sharing best practices, interacting with judicial authorities and promoting awareness of new systems to combat corruption. In the United Kingdom, eni has taken part in initiatives promoted by oil & gas UK Ltd, an NGO grouping together British oil & gas companies, with the objective of reinforcing the offshore oil & gas industry working in close contact with sectorial companies, governments and other interested parties.

INDUSTRIAL PARTNERS

eni adheres to the Global Compact and is committed to respecting the UN Convention on corruption, the OECD Convention on corruption of foreign public officials and the Transparency International's Business Principles for Countering Bribery.

We also collaborate with the Global Compact Working Groups on the 10th Principle, both nationally (Italian GC Network) and internationally. As part of the Working Group on the 10th Principle of the Global Compact, **eni** has helped to establish an ad hoc oil & gas Sector working group. This

working group ran a series of studies in 2011, with special reference to due diligence and the possibility of creating a standard guideline for all adhering oil & gas companies. The first results of this work were presented to the Annual Meeting held in Marrakech in October 2011 and the

next report will be discussed at the Rio+20 Conference.

eni was also invited by the Italian Prime Minister's Office as part of the IPA 2007 project "Strengthening Anti-Corruption Inter-Agency Cooperation", supported by the EU, to meet in November 2011 with a delegation from the Croatian Ministry of Justice and its Anti-Corruption Authority, in order to present the work done by **eni** in relation to the prevention of corruption, thus contributing to "qualify the Italian commitment to the project".

eni also promotes the fight against corruption by participating in conferences and through its membership in international sectorial and multisectorial working groups.

In 2011, **eni** attended a series of meetings held by the International Bar Association with the bar associations of the interested judiciaries, jurisdictions and aimed at the senior partners of the major law firms worldwide on the theme of combating corruption. At OECD

eni took part in the Anti-Corruption Working Group instituted by the G20, with the task of processing recommendations on the theme that the industrial sector of G20 Countries had forwarded to heads of State and Governments.

eni's Director of Legal Affairs was

nominated as Confindustria's representative in the said working group. Finally, **eni** attended the World Conference on Least Developed Countries, with a special focus on governance and the fight against corruption.



The collaboration agreement with ISPAC

In October 2011, **eni** signed a scientific collaboration agreement on "anti-corruption and the private sector – the role of corporate compliance programmes" with the International Scientific and Professional Advisory Council of the United Nations on Crime Prevention and Criminal Justice (ISPAC), and with the United Nations Office on

Drugs and Crime (UNODC). The agreement represents an important international initiative for scientific collaboration between the public and private sectors, run by experts on corruption from 5 major universities, supported by the legal affairs department of **eni**, the only company participating in this programme.

ENI'S REPORTING ON THE 10TH PRINCIPLE ACCORDING TO THE GUIDELINES OF THE GLOBAL COMPACT

		Internal level	External level	Collective level
Commitment and Policy				
B1 Publicly stated commitment to work against corruption in all its forms	Diffusion of the Code of Ethics and Model 231, available on the company website, to all those with whom eni has relations. Update of the Anti-Corruption Guidelines in the new Anti-Corruption Management System Guideline.			
B2 Commitment to be in compliance with all relevant laws, including anti-corruption laws	Commitment to officially subscribe to the highest relevant international standards (GC Principles, UNCAC and OECD Conventions). Subscription to EITI and reinforcement of the role of promoter in Countries of operations which do not subscribe to the initiative in collaboration with the Foreign Ministry. Commitment to respect the Business Principles for Countering Bribery of Transparency International. Participation in the Working Group of the GC on the matter of anti-corruption (national and international scope). Statement on the occasion of the EITI Plenary Meeting (held in Paris).			
D2 Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption	Scientific collaboration agreement with UNODC on anti-corruption.			
D3 Carrying out risk assessment of potential area of corruption	Divulgation of eni's anti-corruption compliance program to partners in at risk areas of operation.		■	
D4 Detailed policies for at high-risk areas of corruption	Technical legal support in anti-corruption matters supplied by the internal department, also with the aim of implementing Anti-Corruption procedures in eni and its subsidiaries.			
D5 Respect of anti-corruption legislation by business partners	Request to respect applicable law, including Anti-Corruption law, by business partners, in particular the Covered Business Partners , which operate in areas at greatest risk. Participation in international and national round tables and working groups to identify best practices.			■
Implementation				
B2 Translation of commitments to action	Participation in national and international round tables and working groups to identify anti-corruption best practices: working groups of the UNGC and the Italian GC Network .			
B4 Support by the organization's leadership for anti-corruption	eni Anti-Corruption regulations approved by the Board and adopted by subsidiaries.			
B5 Communications and training on anti-corruption for all company staff	Training of eni key officers , e-learning courses and interactive workshops. Diffusion of internal Anti-Corruption regulations also on the company intranet portal.			
D6 Actions to encourage business partners to apply the commitments	Publication of the procedure governing Joint Ventures for the prevention of illegal activity. Promotion of an adequate compliance programme in companies and bodies in which eni has a non-controlling interest, Covered Business Partners and other partners operating in areas at risk of corruption, and maintenance of such a programme .			
D7 Management responsibility and accountability in the implementation of policy	Responsibility of all eni staff in respecting regulations and anti-corruption instruments. Presence of dedicated whistleblowing channels. Special training for top management.			■
D8 Insertion of new clauses regarding human rights in purchase contracts	Insertion of clauses regarding human rights in new purchase contracts . Action in cases of violations of the law or internal Anti-Corruption regulations.			
D10 Anti-Corruption accounting and auditing procedures	Internal monitoring of consultancy and support activities delivered in relation to requests.			■
D11 Participation in voluntary initiatives	Participation in the Fraud Awareness W.G. , and initiative sponsored by Shell with the aim of providing multinationals operating in West Africa with a platform for sharing best practices in the matter.			
Monitoring				
B7 Monitoring and development process	Updating and periodic review of Anti-Corruption regulations. Examination and evaluation of internal monitoring by Internal Audit of respect of eni Anti-Corruption regulations. Application of the SA8000 standard in the supply chain.		■	■
D13 Management of violations	Management of reports received directly and indirectly by the company and subsidiaries via the eni regulatory instrument on anonymous reports. Divulgation of the reporting procedure to employees and publication on the company website.		■	■
D14 Publication of legal proceedings in relation to AC	Publication of the most significant fines and sanctions in the Annual Financial Report.	■		
D15 Publication of legal proceedings in relation to AC	Use of independent certifications of the AC programme.	■		■

Level of actuation of the action:

■ completed ■ in process

■ to be started

The table shows the level of completion of reporting on the 10th Principle at 3 levels of analysis:

1. **internal:** describes how eni handles the matter of transparency and corruption by defining policies, procedures and programmes;
2. **external:** describes action taken by eni to share its experience and good practices with stakeholders;
3. **collective:** describes eni's commitment to uniting its forces with those of other companies and stakeholders to promote transparency and combat corruption.

eni has engaged the Extractive Industries Transparency Initiative (EITI) since 2005, promoting the publication of the financial flows it generated in the Countries whose governments have subscribed such initiative; in addition, in collaboration with MAE, it strives to facilitate the whole process in Countries which have not formally engaged EITI yet.

In relation to the new regulations on transparency **eni** considers that an approach consistent with EITI is the most effective to contribute to the goal of the clear usage of revenues in the interest of local communities and their development.

In 2011 dialogue continued with the main organizations that handle the matter. **eni** participated in international roundtables on the implementation of EITI in the operative realities that adhere to the initiative. The engagement with institutional actors that participate in the EITI process was further enhanced.

PAYMENTS* MADE BY ENI TO GOVERNMENTS OF COUNTRIES THAT SUBSCRIBE TO THE EITI INITIATIVE

Country	Year**	Amounts in local currency [in thousands]	Amounts in US\$ [in thousands]
Kazakhstan (KPO)	2009	13,964,745 (KZT)	96,496
			407,162
Kazakhstan (KCO)	2009	1,611,151 (KZT)	11,133
Norway	2010	7,469,831 (NOK)	1,237,198
East Timor	2009		185,853
Nigeria	2008		51,248
Congo	2010	25,357,083 (CFA)	1,158,822
			112,279
Mozambique	2009	1,735 (MZN)	65

*Payments include income taxes, VAT, royalties and other direct and indirect taxes.

** Last local financial year in which the data is referenced and in which the EITI disclosure has been made.

ROYALTY PAID BY ENI IN ITALY IN 2011

Geographic area	Year	Amounts in euro [in thousands]
Italy*	2011	203,886
- of which Basilicata	2011	53,516

* The data includes EniMed, Adriatica and Ionica.

Norway was the first OECD Country to implement the EITI criteria. In 2010 it was nominated by the EITI Board as a compliant Country. The EITI Report for 2010 is currently being drawn up. **eni**, with its Norway subsidiary, has been part of the MSWG since its establishment, together with representatives of other petrochemical companies, such as Shell and Exxon, institutional representatives and national exponents of civil society (Transparency International and Publish What You Pay). In 2009 Republic of Congo published the first EITI Report. In 2010 the second report concerning the period

from 2007 to 2009 was published. The third report was issued in 2011. **eni** takes part in MSWG since 2008. By 2012 the Country should complete validation and obtain compliance. In 2010 the EITI Board nominated Kazakhstan as a "close to compliant" Country. At the present time the Country is still "close to compliant" with the option of completing compliance validation by end 2013. In 2011 the Country published the 2009 EITI Report. The possibility of reporting the data for 2010 and 2011 is currently under consideration. Nigeria, with NEITI act (Nigerian

Extractive Industries Transparency Initiative) is the first Country to have a legal framework which supports implementation of the initiative. In 2011 it published the EITI Report for 2006-2008. In the same year, NEITI (the local EITI) started training the involved parties in the reporting process. Mozambique, according to the EITI Board, has made significant progress but some requirements for compliance have not yet been achieved. By 2013 the Country should complete the compliance validation process. In 2010 the Multistakeholder Working Group was established and in 2012 the 2009 EITI Report was published.

eni in East Timor

EITI Implementation

Due to its commitment in spreading the information made available from the initiative among its inhabitants and communities, East Timor constitutes one of the most important experiences in implementing the EITI.

eni is present in the Country with exploration and production activities, it also participates in the Multi-Stakeholder Working Group and is actively involved in illustrating the initiative to local communities.

Since 2006, **eni** has been involved – through its subsidiaries **eni** Australia Ltd and **eni** Timor Est S.p.A. – in exploration and production activities in East Timor. In November 2006, **eni** signed five offshore Production Sharing Contracts (PSC) relative to an area extending over more than 12,000 km², in the Timor Sea in East Timor. In the context of the exploration work programme, **eni** made a commitment to invest in sustainable development in East Timor. This commitment involved a US\$ 9.5M investment in terms of work, services and local goods, social development initiatives and infrastructure projects for oil extraction. The development of the Kitan oilfield further enhanced **eni**'s presence and the company's opportunities for growth in the Timor Sea. In the Kitan project, **eni** operates (with 40% equity) on behalf of INPEX Timor Sea Limited (35%) and Talisman Resources Pty Ltd (25%), partners of the current joint venture. Following the discovery of the Kitan field, the formal approval of the Kitan Field Development Plan (FDP) was

approved by ANP on 22 April 2010. The development of the project, from discovery to production, followed an accelerated programme, and the Kitan field started producing in the 4th quarter of 2011. **eni** is involved in the Field Development Plan for a series of investments (for a value of US\$ 15M for the entire duration of the field, which should be at least 5 years) to build a National Library, and a series of activities regarding training and employment. A first "Training and Employment Plan" was submitted to the ANP (Autoridade National de Petroleo – National Oil Authority) and is currently under way. The company also has a 10.99% share in the gas condensate field in Bayu-Undan and in the relative LNG plants, in addition to a 100% share in the Blacktip gas field currently being developed and an 80% share in 4 exploration blocks administered by Timor-Leste, (Bayu Undan and Kitan are unused blocks between Timor and Australia; Blacktip, which whose development is complete, is not linked to Timor; following the release of an exploration block, in Timor there are still 4 block as of 31.12.2011).

The EITI implementation process in the East Timor context

East Timor was one of the first Countries to declare its commitment in the context of the Initiative, by formally adhering to EITI in 2003. Following the engagement to EITI, between 2006 and 2007 the Multi-Stakeholder Working Group (MSWG) was set up: it comprises institutional representatives (members of the public administration, State

Secretariat for Natural Resources - SERN, the Ministry of Finance, the Banking and Payments Authority – BPA) and representatives of civil society and oil companies (among them **eni**, alongside Conoco Phillips, Inpex, Petronas and Woodside).

In 2007, MSWG adopted an Action Plan (for the years 2007-2009) defining the key aspects for implementing EITI, which was recently updated for the activities relative to 2012-2013. Some of the main activities include the following:

- establishment of a local Secretariat;
- identification and development of an ad hoc reporting model according to EITI guidelines;
- appointment of a subject responsible for acquiring/ consolidating and reconciling the operating data published by the parties involved in the process;
- publication and diffusion of the EITI reports containing the assessments emerging during the consolidation process;
- appointment of an independent Validator with the task of finalising the validation process.

Recently the action plan has been updated considering the activities planned for years 2012-2013.

The role of civil society in the implementation process

In 2011, besides the meetings of the Multi-Stakeholder Working Group (8 meetings during the course of the year), constant efforts were made to diffuse the EITI report among local communities of certain regional areas in East Timor.

The involvement of people in the territory and the relative strengthening of the role played by local NGOs (La'o Hamutuk, East Timor Development Action and Peace-ETADEP, Farming Study Group-FSG-, Feto Hadomi Familia-FHF) generated greater awareness of the process both nationally and internationally. The first EITI report was issued in late 2008 and the Country achieved EITI Candidate status in 2009. The final validation report was approved in April 2010 by MSWG and in July 2010, East Timor achieved the status of EITI compliant Country. Civil society was actively involved in promoting awareness among the entire population regarding

the new information made available by EITI and regarding the relative positive repercussions that a transparent reporting process of oil revenues may generate in the sustainable development of the territory.

This commitment also included an intense training activity aimed at the more rural areas as well.

The last training activity was held on 14th-17th November 2011, but a new session has already been scheduled for 2012.

Civil society has highlighted the fact that, regardless of the current level of sensitisation at a regional and national level, the involvement of rural

communities represent a primary aspect. As a result, the local NGOs are inviting the Multi-Stakeholder Working Group and the State Secretariat for Natural Resources to review the strategy and communication process to be adopted for enhancing the effectiveness of the initiative's promotion and diffusion in the territory.

To date, the MSWG is also committed to appoint a new Aggregating Body (AB) which should consolidate the operating data published in the forthcoming EITI Report (2012) geared towards the new validation process and confirmation of the Country's EITI status to occur in 2015.



Contributing to the United Nations Goals

- The United Nations Conference: Rio+20
- Sustainable energy for all
- Commitment to local development

The United Nations Conference: Rio+20

eni was one of the few private companies to participate in the United Nations Conference on the Environment and Development held in Rio de Janeiro in June 1992 (Earth Summit).

The 1992 Rio Declaration set the basic principles that gave shape to the concept of sustainable development and, through Agenda 21, stimulated global and local Sustainability policies. In the wake of the Summit, within the United Nations, the international community adopted three important treaties: the Framework Convention on Climate Change; the Convention on Biological Diversity; and the Convention to Combat Desertification. The international standard system, still

active today, is aimed at ensuring the right to the economic and social growth, guaranteeing environmental protection.

eni was an active participant at the Rio Conference. In 1991 the "Eni-Eco '92" organizational committee was established through which the company also performed a role in the communication and promotion of the Conference. Participation in the Earth Summit envisaged a strong support for the

international political process: eni, the only Italian company among the 20 present, participated in 1990 in the foundation of the Business Council for Sustainable Development (now the World Business Council for Sustainable Development), industry's organization for sustainability, which was mandated to convey the private sector's contribution to the Earth Summit. It was through the contribution of the WBCSD that the term eco-efficiency was coined.

eni has continued along the path outlined at the Earth Summit and has continued to integrate the relevant principles into its business strategy.

Over the last 20 years the concept of sustainability, which has always been a part of eni's operating way, has systematically been integrated throughout the company processes: from planning, monitoring and control to risk prevention and management; from operations to reporting and external communication of social and environmental performances.

eni has developed tools able to convert the principles defined within the Earth Summit into real commitments and results. Examples are the Carbon Management Strategy that, supported by specific objectives, aims to minimize the impact of climate change; the mapping of operational areas characterized by biodiversity,

the development of management plans and the adoption of a Corporate Ecosystem Valuation tool (CEV) developed in cooperation with WBCSD, IUCN and 13 other multinational companies; the adoption of the Global Water Tool developed by the WBCSD that has led to the mapping of areas of water stress in which eni operates.

eni also supported the Rio Conference through its Independent Research Centre established just a few years earlier, in 1989, the Fondazione Eni Enrico Mattei (FEEM).

The foundation supported the Italian Delegation by providing skills for a wide range of topics and collaborating in drafting the "Carbon Tax, Technology Cooperation and Global Warming" document. The relationship between FEEM and the Italian Delegation has remained strong over time, especially

the work performed for the United Nations Commission on Sustainable Development, the negotiations for the Kyoto Protocol in terms of the United Nations Framework Convention on Climate Change and the activities of the Intergovernmental Panel on Climate Change (IPCC). In the same period, FEEM transferred this experience to industry preparing a procedural handbook for environmental reporting. Enichem and Snam were the first companies to produce an environmental report adopting the FEEM model which gave an important push towards this type of reporting in Italy.

The Earth Summit experience deeply affected research at FEEM: the foundation, for its part, has continued to support the international community's efforts in sustainable development. Throughout the years, in fact, FEEM has developed a set of tools that provide a solid scientific base for setting and evaluating Sustainability policies. From this point of view the models developed - the World Induced Technical Change Hybrid Model (WITCH, which allows the costs and efficiency of climate change mitigation policies to be evaluated) and the Intertemporal Computable Equilibrium System

(ICES, which measures the impact of climate change on welfare) - play a fundamental role. Moreover, FEEM has put enormous efforts into preparing the FEEM Sustainability Index, a tool to evaluate the interaction between economic, social and environmental factors. The index, published for the first time in 2009, measures, in an integrated way, the trends of environmental, social and economic performances of the national policies and forecasts future impact. This is a unique tool for evaluating the global trend towards sustainable development, Country by Country.

Twenty years after the Earth Summit, at the second United Nations Conference for Sustainable Development (Rio+20), the international community renewed its commitment to sustainable development.

Rio+20 changes completely the view of sustainable development, going beyond the idea of a balance between environmental protection and economic growth to the concept of a green economy in which environmental sustainability ensures economic and social well-being. It also upsets the strategy for sustainable development, giving industry and enterprise the task and the ability to develop and to implement this vision, guaranteeing

the sustainability of development. Above all, the energy sector is called on to contribute towards this goal. This sector is, in fact, responsible for the majority of CO₂ emissions, as well as for guaranteeing the conditions for economic growth, the distribution of service and industrialization: energy is one of the fundamental crossroads for environmental protection, economic growth and social welfare. **eni**'s wide range of resources and

solutions make the green economy a reality today. Following the Earth Summit, **eni** intensified its path of sustainability and developed a unique system of skills, solutions and technologies for sustainable development, in terms of promotion, support to international political process and adoption of innovative solutions. This is the heritage that **eni** shares for Rio+20 and through which it intends to contribute to the future of sustainable development.

eni began a process to promote and communicate the principles and objectives of Rio+20.

For the results of Rio+20, to become a reality, it is essential that societies reminded of their importance, support them and expect them to be implemented. This is why **eni** has established "Energythink", a joint project with Legambiente (on Italian environmental protection association) that has been exploring energy sustainability with young

researchers and students at Italian Universities since 2009. With Rio+20 approaching and this year being the 2012 United Nations International Year of Sustainable Energy for All, "Energythink" is addressing one of the basic topics of the conference: universal access to modern energy services. **eni** and Legambiente have decided to organize two events.

The first was held in Venice on March 13, in collaboration with Università Ca' Foscari and Fondazione Eni Enrico Mattei, to highlight Rio+20 and to attract the attention of both students and the media. This event also drew well-known international speakers such as Fatih Birol, Chief Economist at the International Energy Agency and an expert in energy access issues. "Energythink" also included the participation of **eni**'s Chairman, Giuseppe Recchi. Along with the

conference, FEEM organized a workshop, "Energy Poverty and Access to Energy in Developing Countries", in which researchers from across Europe discussed how to create a scientific community capable of supporting policy making on a global level. The second "Energythink" event will take place in October at the Università Bocconi with the objective of communicating the achievements of Rio+20 to the Italian community of students

and researchers. Leading up to the conference, FEEM also organized "Passport to Rio+20" in Milan on April 20. The meeting described and discussed sustainable development timeline starting from the 1992 Conference and the main topics that were and must be addressed on a worldwide basis. Prominent Italians of the years 1992 and 2012, as Domenico Siniscalco, Minister for the Environment when the Earth Summit was held, were invited to participate.

eni proactively supports international political processes with the aim of encouraging them to collect the emerging global challenges and finding practical solutions for sustainable development.

In terms of energy, the United Nations Secretary-General, Ban Ki-moon, decided to launch Sustainable Energy for All in order to assist the process of Rio+20 with a movement capable of promoting the energy sustainability. The initiative sets three objectives to be reached by 2030:

- to assure universal access to modern energy services;
- to double the rate of growth of energy efficiency;
- to double the percentage of renewable energy in the world energy mix.

Sustainable Energy for All unites the commitment from governments to adopt the necessary measures and reforms; from industry to invest in solutions and technologies; from society organizations to ensure public awareness. Global Compact, WBCSD, World Bank, UNIDO, UNDP and many other United Nation agencies are giving their support. This is the largest public-private partnership ever undertaken. The commitments adopted are an integral part of Rio+20 and represent an assurance that the Conference

objectives will be ratified in terms of sustainable energy. By concentrating its efforts on energy access, **eni** has been supporting Sustainable Energy for All since its launch in September 2011. **eni** plays a prominent role in this initiative and has contributed to the development of its structure and mission. **eni**'s support of Sustainable Energy for All, however, stems from before, from January 2011 when the CEO, Paolo Scaroni, during the LEAD Luncheon, recognized the need to coordinate the efforts of private industry in order to attain sustainable energy and announced **eni**'s intention to take a leadership role in this effort. In few months, working in close contact, **eni** and Global Compact developed a Task Force within LEAD that today sees the participation of more than 20 multinational companies, two international development banks and three international organizations. The Task Force supports the definition of concrete commitments to take action by private companies and provides a toolbox of solutions that guide companies, on one hand, in adopting business models functional

to reach the Sustainable Energy for All objectives and that facilitate policy makers, on the other, in creating the conditions needed for these objectives to be realised on a wide scale. As a result of the official launch of Sustainable Energy for All, the Task Force, promoted by **eni** has been integrated within the initiative: in the UN Private Sector Forum of September 2011, **eni**'s Chairman took the formal commitment to support the initiative. In addition **eni** is an active partner of the Access to Energy Initiative of the World Business Council for Sustainable Development. The initiative recently published "Business Solutions to Enable Energy Access for All". This is a tool through which the private sector outlines solutions ready to be implemented and identifies the conditions that government and authorities must ensure so that these can be scaled and replicated. Furthermore, the commitment to the Corporate Circle of the Earth Institute at Columbia University has been renewed. In this context, **eni** is discussing innovative solutions for access to energy.

The experience eni gained over the years, has led eni to develop a strategy for Sustainable Energy for All that calls for innovative solutions in terms of access to energy, energy efficiency and renewable energy.

The support to universal access to energy services is strongly featured in **eni**'s strategy in the Countries where it operates. The priority given to interventions on access to energy comes from the business opportunities related to them and the urgency in the operating territory. **eni** provides partner Countries with three solutions:

- production of electric power through associated gas;
- distribution of gas to aid the development of the local markets;
- implementation of solutions for energy distribution.

Increasing the rate of energy efficiency is a priority for all **eni**'s business sectors. There are three

lines of action through which the company means to improve its own energy efficiency:

- reducing the energy consumption of processes, plants and buildings;
- providing consumers with products to improve the efficiency of their energy consumption;
- spreading a culture of responsible and sustainable energy use.

Renewable resources represent an important factor in the sustainability of the energy mix now and in the future. The competitiveness of these resources, however, is still limited: there are obstacles in terms of technology and integration with the existing systems that must be resolved. For renewable resources

to be able to double their effect on the world's energy mix without sacrificing economic sustainability, in addition to applying the best technology available, investments have to be made in scientific research and industrial innovation. This knowledge guides **eni**'s commitment in the field of renewable energy through:

- supporting research and develop partnerships with universities;
- producing photovoltaic systems that meet standards of excellence;
- innovating and converting industrial processes and products.

This is the concept of Sustainable Energy for All that **eni** takes with it wherever it operates.

Sustainable energy for all

eni has been able to integrate the development of local energy systems into its core business by taking new opportunities and by creating the basis for the development in the Countries where it operates, especially in those areas where energy poverty is a crucial issue.

Access to energy is a pre-requisite to the economic and social development of Countries. As an integrated energy company, when running its activities, **eni** has been able to catch the business opportunities that contribute to the development of local energy systems. The strategy followed through the years envisage the creation of energy plans to exploit precious resources for the Countries,

the realization of infrastructure for the development of local energy markets with particular attention to the gas market, the optimization of production processes with gas flaring recovery, the construction of infrastructures to produce and distribute electricity.

eni supports governments in producing Countries and plans integrated solutions that, in addition to

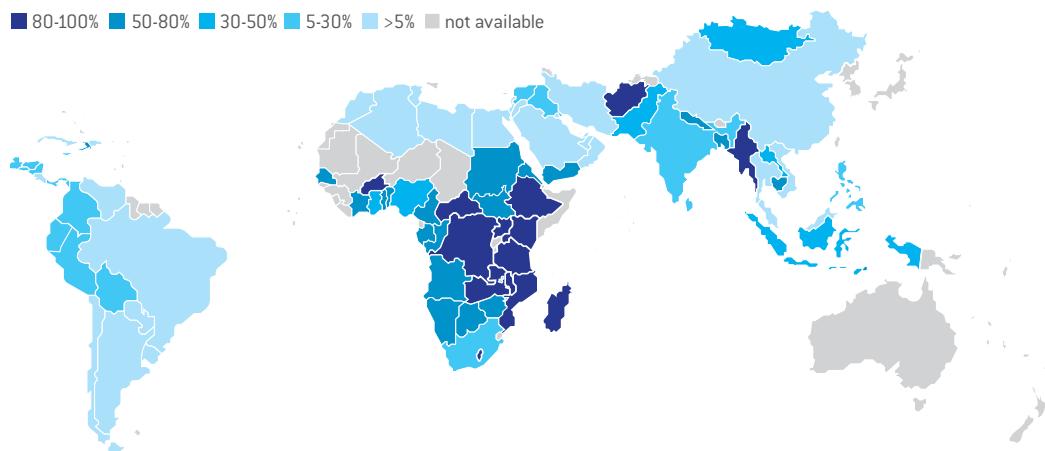
the development of hydrocarbons, call for the development of local energy systems. These solutions involve not only supporting national companies in the production of important energy resources for the Country but also the construction of the infrastructures necessary for their use and valorization, as well as planning the training required to manage all of the services related to the energy sector.

One of eni's distinctive characteristics is its management of a hydrocarbon production portfolio that gives special importance to natural gas.

In 2011, natural gas produced represented 46.5% of **eni** total hydrocarbon production. Natural gas represents one of the energy resources with the best characteristics for sustainable development: it is an abundant energy

POPULATION WITHOUT ACCESS TO ELECTRICITY

■ 80-100% ■ 50-80% ■ 30-50% ■ 5-30% ■ >5% ■ not available



People without access to electricity are around 1.3 billion equal to 20% of world population. 84% of these live in rural areas: 95% in Sub-Saharan Africa and in the least developed regions of Asia.

source with limited impact in terms of emissions. **eni** has always been committed to the development of the opportunities offered by natural gas for the social and economic growth of the Countries in which it operates. **eni**'s history speaks for itself, starting with the first well discovered in Italy in 1944 to the construction of the big infrastructures for gas transportation

in Russia, the Netherlands, Algeria and Libya. Most natural gas production is located in Africa, a continent which contributed for 43.3% of the total production. In Africa, **eni** has always invested in gas transportation infrastructure, setting the basis for the development of local markets, contributing to the economic growth of the Countries. Specific examples

are Egypt and Algeria, Countries where access to a precious resource like natural gas is accompanied by growth in the GDP per capita. In Africa, data for the sale of natural gas shows an increase compared to the volumes for export, proof of the growth in the economic fabric which is based on greater energy consumption.

There are several natural gas development projects carried out both through business investments as well as investments in social projects. Both methods are defined by partnership agreements with governments and by listening to local communities' needs.

Gas development projects involve the entire energy sector and range from the construction of infrastructures for the gas production, to transport and distribution, through building power plants to produce electricity. Correlated studies evaluate the local energy needs as well as the impact they have.

ACCESS TO ENERGY AND VALUE ENHANCEMENT OF NATURAL GAS: MAIN PROJECTS AND AREAS OF INTERVENTION

Area	Activities/Results	Progress
Algeria	Natural gas production in the MLE [Menzel Ledjmet East] field through a 350 MSCFD treatment system: this is the first natural gas development project in Algeria.	Underway, completion foreseen in 2012
Angola	Feasibility study for the design of a gas-fired IPP. Participation in the project to construct the Soyo liquefaction plant operated by a consortium ad hoc: the associated gas therein stored, will be enhanced by 10% in the local and/or continental market.	Included in MoU Completion foreseen in 2012
Congo	Development of the Marine XII Litchendjili gas project in the CED plant and the CEC plant. Integrated project for electrification: 2 power plants supplied with recovered associated gas; rehabilitation of high voltage transmission network from Pointe Noire to Brazzaville; installation of the medium and low voltage distribution in the city of Pointe-Noire.	See details
Ecuador	Feasibility study for the electrification of local communities in the Hinda area. Construction of the electricity network to serve 73 families (increase the access to electricity in the area by about 15%).	
Kazakhstan (Karachaganak)	Construction of local networks for the transport and the distribution of electricity and gas. Gas distribution and electricity to the local market.	See details
Kazakhstan (Kashagan)	Construction of local networks for the transport and the distribution of electricity and gas. Gas distribution and electricity to the local market.	Underway
Libya	Gas distribution to the local market.	Underway
Mozambique	Energy Market Analysis in order to evaluate the energy needs of the Country.	Completed
	Realization of basic engineering studies for the LNG plant in Brass.	Underway
	Participation in the construction of the Bonny Island LNG plant.	Completed
Nigeria	Construction of the IPP di Kwale Okpai powered by recovered associated gas. Feeding of the Rivers State Power Plant (RSG). Financing of social projects for the construction of energy structures and infrastructure.	See details
Egypt Tunisia	Gas distribution to the local market.	Completed
Venezuela	Electrification of the Punta Macolla area.	Technical planning

In addition to planning projects for the development of new gas fields, eni has been defining programmes in order to better use the value of gas associated to hydrocarbon production.

During the next four years, investments of about 4 billion euro are planned for the use of associated gas in the major development projects operated by **eni** in the

following Countries: Algeria, Angola, Congo, Iraq, Italy, Nigeria, Norway and Turkmenistan. The largest part of the gas obtained will be distributed locally or sent to power plants.

A significant portion will be developed through LNG terminals, and the remainder will be re-injected into the reservoir.

Flaring reduction is among the main objectives related to the development of associated gas.

Part of the total investment for gas valorization, is destined to the completion of the flaring down projects in Algeria, Congo, Nigeria, Libya and Turkmenistan. Between 2007 and 2011, **eni** has reduced the gas sent to flaring from its operations and is investing in new energy infrastructures to increase re-use with the objective of 80% by 2015 (for further information please refer to "Environment"). Gas flaring is particularly important in Africa, where **eni** operates in 14 Countries and is one of the main oil companies in terms of hydrocarbon

production (about one million barrels of oil equivalent per day). In spite of the wealth of energy resources, the lack of access to sources of clean, reliable, and low-cost energy represents a serious problem to the continent. The main causes include the lack of infrastructures and local markets for the use of natural gas and electricity. The construction of energy systems requires, in fact, significant investments with long-term economic returns.

eni can count on strong relationships along the entire energy sector and has

been able to transform gas flaring from an environmental risk into a business that offers the opportunity for social development: **eni** was the first IOC to invest in the production of electricity in Africa using associated gas. The key factors that have contributed to the success of these projects are the willingness to make long-term investments, the flexibility in adopting solutions for the specific needs of the Country and the ability to use basic skills for the development of the host communities.

In Sub-Saharan Africa, **eni** has established the basis for energy development of Countries using associated gas to produce electricity for use by the local population.

4 powers plants
in Congo and Nigeria
(Okpai, RSG, CEC, CED)

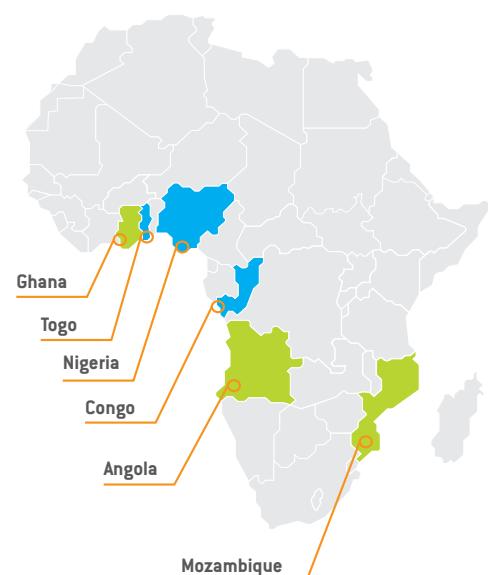
60%
of electricity
production in Congo

20%
of electricity
production in Nigeria

860 MW
electric power installed

1.27 USD\$ billion
total investments
in Congo in 2011

13 million
potential users



In the Republic of Congo, the M'Boundi onshore field is a model of large scale investment in relation to access to energy. Starting from 2007, **eni** is committed to convert it in a sustainable energy hub for the Country, reducing as much as possible gas flaring.

The aim of this project is to increase the availability of energy for Pointe-Noire and Brazzaville, the capital, as well as the supply of electricity to many smaller cities currently without access increasing the Country's ability to develop its energy resources. In Congo, three quarters of the population lives without access to sources of modern energy. The Country features a high population concentration in the major cities of Pointe-Noire and Brazzaville and the largest part of industry activities is localized to Pointe-Noire. Until 2008, the public electricity service was characterized by continuous unscheduled interruptions due to insufficient production capacity and an unreliable distribution network that dates back to the 1960s. Consumption at Pointe-Noire, the industrial area, remained essentially constant from 2003 to 2008, at about to 600 GWh, mainly due to the poor supply.

In this context the government of the Republic of Congo decided to develop,

Focus

Congo

Population (million): **3.7**

Population without electricity (%): **63**

Electric power installed by **eni** (MW): **350**



in collaboration with **eni** (active in the Country since 1968), an integrated Plan to construct and revamp power plants and distribution networks, with the elimination of gas flaring among the objectives. The project began in 2007 and foresees:

- The construction of the Centrale Electrique du Congo (300 MW, completed in November 2010);
- The revamping of the Centrale Electrique de Djeno (an additional 25 MW for a total of 50 MW, in full service since 2009);
- The installation of the associated gas treatment and transportation system from the gas field to the power plants (completed in 2009)
- The development of a gas and condensates to supply gas to the CEC (underway);
- The revamping of the national electricity network (RIT project) to facilitate the distribution of

electricity throughout the Country (officially delivered in December 2011);

- The revamping of the medium and low voltage electric network in Pointe-Noire (DEPN) (Medium Tension Phase Project delivered in 2011, Low Tension Project under way).

The total investment of the project amounts to 962 million euro (1.34 billion US dollars); of these, as of 2011, 912 million euro (1.27 billion US dollars) has been invested. The interventions in the power plants fed by associated gas have led to a significant reduction in gas flaring. Overall, the two power plants represent 60% of current electricity production in the Country. The energy produced is distributed to the Pointe-Noire where, thanks to these power plants, about 310,000 people are served today.

The gas from the M'Boundi field is collected and transported through a 55 km gas pipeline to Djeno area, where it contributes to supply two power plants. The State holds an 80% share in the Centrale Electrique du Congo and **eni** has a 20%. **eni**'s commitment has allowed the Country to surpass one of the most important barriers for energy access: the access to credit for financing large infrastructure.

The integrated project is not limited to power generation but also involves the downstream factors, that is the transport and distribution network:

the National Electrical Grid project (RIT) completed in December 2011, contributed to restructuring the 220 kV high voltage line between Pointe-Noire and Brazzaville and the 8 electricity substations; the Pointe-Noire electrification project - DEPN, developed in phases, foresees an improvement in power distribution in the city of Pointe-Noire. The first phase (Medium Tension Project), completed at the end of 2011, involved: the construction and rehabilitation of 6 satellite medium voltage power stations; the construction of 10 new medium voltage feeders for a total of approximately 120 km of cable; as well

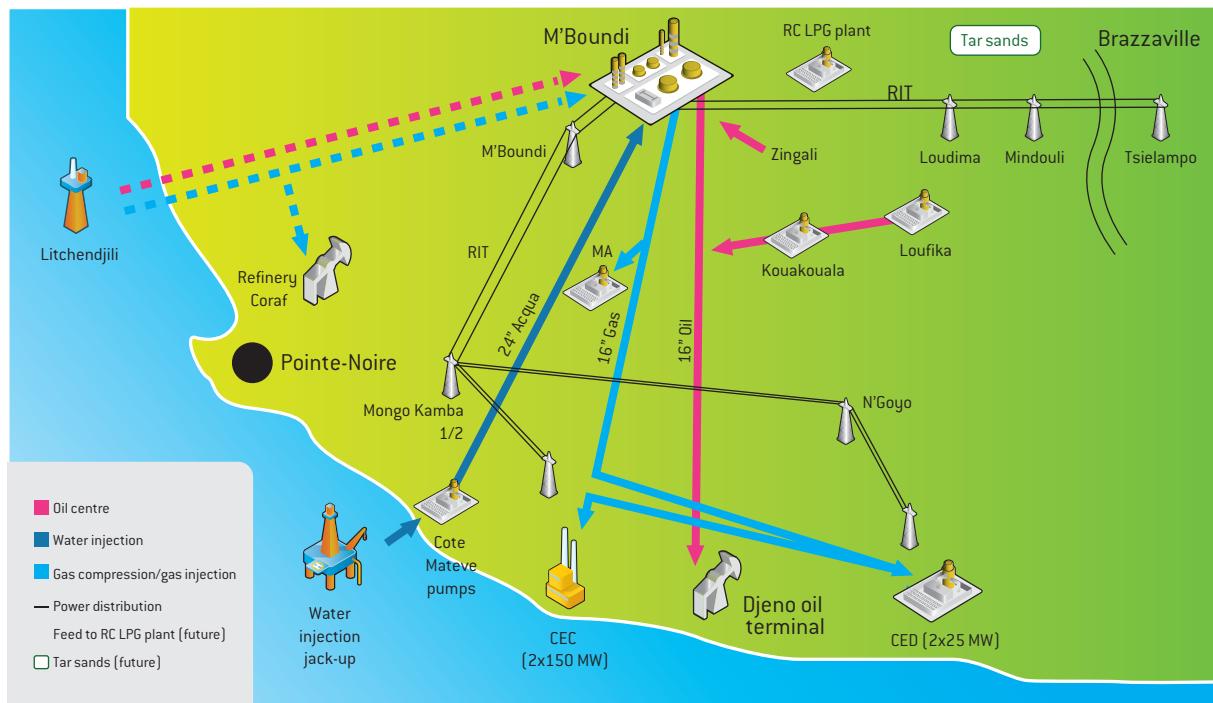
as the laying of 40 km of fibre optic cable for better management/control of the electric power distribution. The second phase (Low Tension Project) foresees: the construction of 55 medium voltage transformer cabins and the revamping of 16 existing ones, and for each cabin, the construction of a low voltage aerial distribution network for about 3 km to power new users and for public illumination. The project was developed in conjunction with the primary Italian electric power utility, responsible for engineering, supply and supervision of the project, and was assigned in September 2011 with

a date to start work foreseen for the first half of 2012. By 2013, through

renovation and extension of the high voltage distribution network, some

140,000 people will benefit from a new connection to the mains.

DEVELOPMENT OF LOCAL ENERGY SYSTEM



PROJECT TO PROMOTE ACCESS TO ENERGY IN CONGO

Project	Activity	Results
Centrale Electrique de Djeno (CED)	<ul style="list-style-type: none"> Doubling the capacity of the Djeno electricity power plant, from 25 MW to 50 MW. The power plant is powered by the associated gas from the M'Boundi field; The power plant has been in operation since December 23, 2008, and the turbine since April 1, 2009. 	<ul style="list-style-type: none"> The user basin is about 2.7 million people; It uses 95 MSCFD of gas; The annual electric power consumption per capita in the area where eni has invested increased from 350 kWh in 2009 to 462 kWh in 2010, compared to a national average of only 157 kWh per year; 310,000 people are served by the electricity produced by CEC+CED in Pointe-Noire; At the end of 2011 the complete revamping of the existing network, and the installation of 10 new feeders and 4 medium voltage cabinets was completed and delivered by eni to the SNE company.
Centrale Electrique du Congo (CEC)	<ul style="list-style-type: none"> Construction of a gas turbine in open cycle with an installed capacity of 300 MW fueled by associated gas from the M'Boundi field. The plant was designed to be upgraded with a further 150 MW turbine and be coupled with heat recovery boilers (combined cycle plant transformation). <p>The first turbine generator has been operating since March 28, 2010 and the second since November 20, 2010.</p>	
Réhabilitation Infrastructures de Transport (RIT) 2008-2011	<ul style="list-style-type: none"> Revamping and reconstruction of the high voltage line (220 kV) from Pointe-Noire to Brazzaville (550 km) and of the 8 electricity substations. <p>The primary substation of the CEC has been in operation since March 23, 2010. eni delivered all 8 electricity substations and all the high voltage lines to the Congan company in charge of electricity distribution and maintenance on December 16, 2011.</p>	
Distribution Network Pointe-Noire (DEPN) 2010-2013	<ul style="list-style-type: none"> Revamping and expansion of the Pointe-Noire distribution network. Extension of the medium voltage network. Construction and overhaul of 6 satellite medium voltage power plants powered by the N'Goyo and Mongo Kamba 1 substations; Construction of 10 new medium voltage feeders for a total of about 120 km of cable; Laying 40 km of fibre optic cable for better management/greater control of electricity distribution. <p>Extension of the low voltage network (activity started: February 2012, underway).</p> <ul style="list-style-type: none"> Construction of 55 new medium to low voltage transformer cabinets and overhaul of the 16 existing ones; Construction of an aerial distribution network for each cabin, about 3 km. 	

In Nigeria, 76.5 million people, approximately 50% of the population of the Country have no access to electricity. In spite of this energy poverty, Nigeria is the second largest Country in the world for gas flaring (10% of the total). The Gas Master Plan, prepared by NAOC in agreement with the Nigerian Federal Government for the progressive elimination of gas flaring from the Country, includes a number of projects for the use of associated gas involving the completion of compression and expansion stations on the existing pipeline network and the construction of electricity power plants. The use of LNG technology has allows the associated gas to be commercialized and represents a driving factor for the growth and development of the regions at the Niger Delta and **eni**'s commitment to further development of the exploration and production of hydrocarbons in the Country.

eni contributes to the solution of the problem of access to energy in Nigeria through the following activities:

- Supply of electricity and natural gas through the Independent Power Project, specifically 2.9 TWh supplied to the Power Holding Company of Nigeria by the Okpai Independent Power Plant (completed by **eni** and inaugurated in 2005, installed capacity 480 MW, serving 10 million customers, data estimated based on the total annual population having access to energy);
- Supply of gas to the power station of the River State Government (installed capacity 150MW, people served around 1 million, figures estimated on the basis of total annual consumption for population with access to energy);
- Supply of electricity to the communities through the construction of networks connected to the **eni** industrial systems (capacity 25.3 MW, 28 beneficiary communities, 200,000 people served);
- Supply of electricity to the communities through off-grid

Focus

Nigeria



Population (million): **154.7**

Population without electricity (%): **49**

Electric power installed with **eni** contribution (MW): **511**

system (6 MW installed, 31 beneficiary communities, 63,000 people served).

In terms of the Independent Power Project, in 2005, **eni** and its partners (Nigerian National Petroleum Company and Conoco-Phillips), inaugurated a combined cycle power plant in Okpai with a 480 MW capacity from 2006 to 2010, the plant used 2.9 billion of scm of gas (associated and non associated). In 2011, via the Okpai power plant, **eni** contributed to resolving the problem of energy access in the Country through the supply of energy to the Power Holding Company of Nigeria (PHCN), for a total of 2.9 million MWh, using 565 MMSCM of gas (associated and non associated), equal to about 15% of annual national

consumption. In November 2006, this project was recognized as a CDM within the Kyoto Protocol, and today represents the second largest flaring down project in the world by size. The Okpai Power Plant uses combined cycle technology, minimizing nitrogen oxide emissions per kWh produced. The sustainability of electricity and steam production is guaranteed by the natural gas-combined cycle cogeneration, which represents the best available technology for thermal-electric production. In fact, the technology and the fuel used allows the highest efficiency to be attained for electric power generation from fossil resources (up to 12 % greater than that of the latest coal plants), reducing the emission of pollutants for every kWh produced.

Used gas (MMSCM)	Energy sold to PHCN (MWh)	People served
565	2,920,144	10 million

In addition to the gas sent to Okpai, **eni** also supplies the gas to feed the

Rivers State Government power plant.

Gas delivered to RSG from the Ob-Ob plant in 2011 (MMSCM)	Installed Capacity (MW)	People served
123.8	150	1 million

Moreover, **eni** supplies electricity to communities through the construction of networks connected to its industrial systems. This activity involves construction of energy infrastructure to supply the communities of Bayelsa,

Imo and Rivers States, maximizing the benefits generated from the presence of the industrial activities. The electricity is supplied to the communities by connection to **eni** structures present in the swampy zone

– including the Ogboinbiri and Obama supply stations, the Brass terminal, Tebidaba (project underway), both onshore, including the Ob-Ob gas power plant, the Ebocha oil plant, the Kwale gas plant and the Okpai IPP.

Thanks to these operations, today the energy absorbed by the 28 communities connected to **eni** industrial plants is 25.3 MW (for an estimated total of 200,000 people).

During 2011, operations were performed at 7 plants with the objective of supplying energy to 16 area communities. In particular, among the completed projects, there is the installation of 10 transformers in collaboration with the Rivers State government in the towns of Aggah, Mgbede, Obrikom and Omoku; and completion of the electricity supply to the community of Oruama. Finally, **eni** supplies energy to the local

communities by constructing special off-grid systems to integrate the connections to the network built. From 1998 to today, **eni** has supplied generators to 31 communities in the area, corresponding to an estimated population of 63,000, with a total installed capacity of 6.076 MW. The operations are now underway: in 2011 electricity was supplied to the town of Krokrosei for a total of 292 KW installed.

PROJECTS TO PROMOTE ACCESS TO ENERGY IN NIGERIA

Project	Activity	Results
Okpai Power Plant	Construction of a power plant with installed power of 480 MW. The power plant has been in operation since May 2005.	<ul style="list-style-type: none"> • People served 10 million • Gas Supplied in 2011: 564.88 MMSCM
RSG power plant	Gas supply to electricity power plant with installed power of 150 MW.	<ul style="list-style-type: none"> • People served 1 million • Gas supplied in 2011: 123.8 MMSCM
Investments in social projects	<p>Completed projects:</p> <ul style="list-style-type: none"> • Construction of buildings and energy infrastructure in the states of Bayelsa, Imo and Rivers • Progress of operations: 100% <p>Projects underway:</p> <ul style="list-style-type: none"> • Construction of buildings and energy infrastructure in the states of Bayelsa and Rivers. • Progress of operations: 35% 	<ul style="list-style-type: none"> • Projects completed benefiting 8 local communities • 3 systems for the supply of energy, 1 generator, 5 operations to improve and extend the electric power, 1 substation • Project underway benefiting 18 local communities

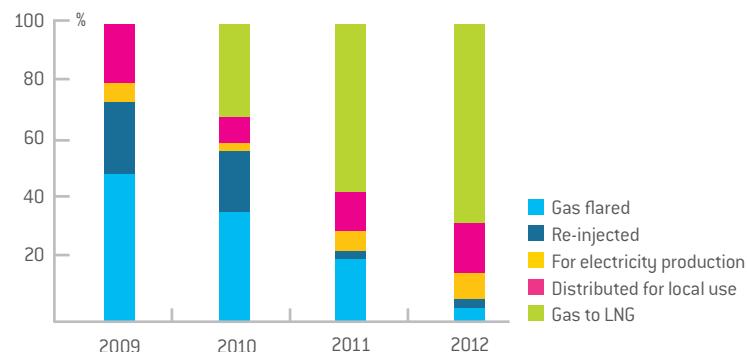
On a Country wide level, the activities have had multiple results: in Nigeria, where **eni**'s commitment against gas flaring dates back to 1970, the use of associated gas is currently 85%, a result that was reached with the aid of the Okpai 480 MW gas power plant. The objective of reducing flaring within the territory and the associated gas usage equal to 95% of the production, is foreseen by 2014, supported by the Ebocha and Ob/Ob gas compression plants completed in 2011 and forecast projects for treatment plants.

The gas has been recovered in part for local use (about 10% in 2011), in part for the production of electricity

(5% in 2011), in part destined to the liquefaction terminals for commercialization, and the remaining

part has been re-injected, allowing for a more efficient collection of the deposits (2% in 2011).

USE OF GAS IN NIGERIA (% EQUITY PRODUCTION)



The KPO Consortium (32.5% owned by **eni**), in agreement with the local Authorities, Western Kazakhstan, and according to the terms of the Final Production Sharing Agreement - FPSA, as of 1998, has contributed to the development of an integrated project for energy infrastructure, with the objective of improving the access to energy in the area. The main operations were: the Uralsk Gas Pipeline (UGP) project and the Uralsk Gas Turbine Power Station (GTPS) project.

The UGP project was completed successfully in 2011, and represents one of the main development projects for the local gas market. The project involved the construction of a gas pipeline about 300 km long to support more than 100,000 inhabitants, residing in five districts in western Kazakhstan (WKO) for a total investment of about 300 million US dollars. The GTPS project for the construction of the electric

Focus

Kazakhstan

Population (million): **15.9**
 Per capita consumption of electricity (MWh): **4.5**
 Electric power installed by **eni** (GWh): **785**



distribution and remote heating networks is part of the Industrial Development Programme of WKO. The networks will be connected to the new gas fed power plant in Uralsk and will supply heating and electric power to the residents of Uralsk. The project calls for the replacement of the heating lines, construction of electric lines, and the construction of four high/medium voltage transformer substations. The

project was completed in 2011 for a total investment of approximately 23 million US dollars.

In addition to these projects, KPO supplies part of the gas extracted from Karachaganak and the electric power produced by the gas fed power plant at the Karachaganak Processing Complex (KPC) to the local market, thus contributing to the supply of secure energy in the region.

PROJECT TO PROMOTE ACCESS TO ENERGY IN KAZAKHSTAN

Project	Activity	Results
Uralsk Gas Pipeline UGP	<ul style="list-style-type: none"> Construction of a gas pipeline for use by the local population. The work was completed in 2011. 	<ul style="list-style-type: none"> People served 0.3 million.
Uralsk Gas Turbine Power Station GTPS	<ul style="list-style-type: none"> Construction of a gas thermal-electric power plant. Installed power 45 MW; Construction of power lines; Repair of the remote heating lines. <p>The power plant has been in operation since 2004; the lines were completed in 2011.</p>	<ul style="list-style-type: none"> Supply of heating in the north-east area of Uralsk (heating capacity - 75 Gcal/hour); Met the local demand for electricity in the WKO region (electric capacity - 54 MW); Excess electric power supplied to the national network was 378,202 MWh in 2011.
Local gas Supply	<ul style="list-style-type: none"> Part of the gas extracted by Karachaganak is used for the local market. 	<ul style="list-style-type: none"> The total volume of sweet gas supplied locally was 130.895 MSCM in 2011.
Local energy Supply	<ul style="list-style-type: none"> Part of the electric power produced by the gas thermal-electric power plant in KPC is destined for the local market. 	<ul style="list-style-type: none"> Excess electric power supplied to the national network was 407,000 MWh.

eni's commitment to improve energy efficiency focuses on three lines of action: performing work on its plants and buildings in order to reduce energy consumption; developing products and services that allow more efficient energy consumption; informing and educating customers and consumers about sustainable use of energy.

In order to achieve energy efficiency **eni** has defined an action plan that envisages short and medium term initiatives (above all Flaring Down and plant Energy Saving operations) and long-term initiatives focused on low-carbon technology development (Carbon Capture and Storage and Renewables).

In its plants and buildings **eni** has performed a number of operations that involved all business areas. In the exploration & production sector, the primary commitment called for the definition of gas flaring reduction projects aimed at the construction of structures and energy infrastructure for the use of hydrocarbon-production

associated gas, in partnership with the producer Countries. The most important progress in 2011 involved the associated gas recovery project at the ZEA, ZEK and ROM fields in Algeria through the installation of multiphase pumps and the construction of a pipeline for the transport of oil and gas to the BRN plant, where associated gas will be separated, treated and re-injected into the BRSW field (start-up forecast for 2012). Important advances also occurred in Congo and Nigeria (for further details please refer to). In the Refining sector, the North Star project called for a series of managerial actions and investments for the five refineries, which in 2011 led to energy savings of 42 ktoe,

that will reach total savings of 31 ktoe/year when the projects will be at full operation. Implementation of the Energy Management System was completed at the Taranto, Sannazzaro and Livorno refineries, in compliance with the ISO 50001 standard of 2011. Certification of these refineries to the ISO 50001 standard is expected during 2012, which will be added to the certification of the Venice refinery received in 2011.

In terms of power production **eni** is committed to a number of projects, such as re-powering gas turbines and operations for air condenser performance recovery, aimed at recovering the average yield of the cycle. In the petrochemical sector, the energy saving projects completed in 2011 have led to energy savings equal to 11 ktoe, at full operation these operations will provide yearly savings of about 26 ktoe/year. Moreover, structural works were performed on numerous buildings owned by group companies in order to improve the energy performance indices; some works involved the use of solar panels for both electricity and hot water.

eni's objective is to develop innovative, efficient, sustainable processes from a social-environmental point of view, focused on quality fuel production with the objective of optimizing engine efficiency, reducing emissions and using production methods that are increasingly sustainable.

As emphasized by the European 2020 standards and EU directive on the quality of fuels, biofuels will represent an alternative source of renewable energy to fossil fuels in vehicle transport on the condition that they are produced according

to sustainable criteria and do not place themselves in competition with food production. Taking into account these aspects, **eni**'s efforts in refining are aimed at the reduction of the environmental impact, the production of high performance fuels

that ensure better fuel economy, and the investment in the motor vehicle natural gas market. In terms of **eni**'s industrial refinery processes, in May 2011, at the Sannazzaro de' Burgondi refinery, work started on the construction

of the plant that will see the first industrial scale application of EST technology (Eni Slurry Technology) capable of completely converting heavy oil, bitumen and refinery waste into motor vehicle fuels with minimum environmental impact, without generating heavy metals, coke, or fuel oils (which are characterized by high CO₂ emissions when burned). In terms of high performance products, **eni** began production of LST BluDieselTech and BluSuper fuels in 2001, far earlier than the requirements specified in the norm. Furthermore, during 2011, the "eniblue+" line was introduced, a new category of blu products consisting of superior quality fuels (diesel fuel and gasoline), developed to guarantee complete cleaning of the valves and injectors, thus providing drivers excellent performance and lower maintenance costs. The road tests showed that

continuous use of "blu diesel+" provides a 4% fuel saving in diesel. In terms of the use of natural gas for motor vehicles, **eni**'s commitment has taken concrete form in a series of investments in Italy and abroad to develop the network of methane fuel stations. **eni** is the market leader in Italy in terms of the number of fuel stations and volumes of methane sold for motor vehicles. It has more than 100 service stations in Italy and

plans to double this over the next few years. The "LNG Blue Corridors" European project in which the r&m and g&p divisions participate, consists of constructing a series of corridors across the EU, on the East-West corridor, along which it will be possible to fuel light vehicles with CNG (Compressed Natural Gas) and heavy vehicles with LNG (Liquefied Natural Gas), thanks to a network of LNG and L-CNG fuel stations.

SALES R&M IN ITALY 2011 - KTON

lead free gasoline	2,533
blu super	62
diesel fuel	4,957
bludiesel	493
LPG	288
lubricants	2
methane	24
total retail sales	8,359

In terms of the services supplied, the gas & power sector supplies its customers with technical consulting to promote energy savings initiatives in a variety of areas. In 2011 these activities consisted mainly of feasibility studies for new cogeneration plants and for identifying

the operations required to receive Energy Efficiency recognition. Other services included technical consulting for the construction of fuel stations and the development of methane powered vehicles for public and commercial transportation. **eni** is committed to inform, educate,

and promote energy saving behaviour with suppliers, consumers, customers, and its employees through a series of dedicated initiatives like "Eni 30%", "Eni si toglie la cravatta" and public service information regarding the use of methane for motor vehicles and the reduction of pollutants.

Staying up to date with the cutting-edge laboratories and centres of excellence working on the most advanced technological innovations represents a necessary activity to **eni** in order to guarantee the quality of research.

eni benefits from collaborations with universities and research centres in Italy and abroad: in 2011, the overall investment was equal to about 30 million euro, almost one third of the total external costs (excluding Saipem and PE). Among the more important collaborations are the alliances with MIT, the Politecnico di Milano, the Politecnico di Torino and the CNR. In addition to

these partnerships, signed in 2011, is the new strategic agreement with Stanford University, which provides for an investment of more than 10 million US dollars over the next four years.

eni, moreover, intends to add further value to the extraordinary knowledge and skills that the Eni Award creates access to: the prize

was officially instituted in 2007 in order to develop innovative ideas for a better use of energy sources, to promote environmental research and to develop the new generations of researchers. Every year, this award recognizes the best results on a worldwide level in the field of hydrocarbon science, the environment and renewable energy.

In terms of biomass, **eni**'s research is focused on the development of second and third generation biofuels.

The microorganism project for biodiesel focuses on the use of microorganisms (yeasts and bacteria) that are able to accumulate considerable quantities of lipids in their cells, similar to those that can be obtained from oleaginous plants and that can subsequently be transformed into biodiesel. The raw material used by the microorganisms comes from the treatment of lignocellulosic biomass, thus avoiding competition with the food growing market. The yeast strains identified have greater productivity than traditional oleaginous plants, including palms. At the Centro

Ricerche per le Energie Non Convenzionali - Istituto Eni Donegani in Novara, a 200 litre fermentation line is already in operation. Relationships have been established with potential technological partners, with whom preliminary technical-economic evaluations have begun, demonstrations and talks on industrialization of the process have begun.

In terms of research and development of biofuels, **eni** has developed the Ecofining™ technology, in collaboration with UOP, which has the objective of using vegetable mass to produce Green Diesel. The production technology is based on the hydrogenation of the triglyceride content in lipid materials (vegetable oil, cooking oils,

and animal fats) to mainly create a product with superior characteristics, primarily in terms of heating value. In November 2010, the American Institute of Chemical Engineers (AIChE) presented **eni** and UOP with the "Sustainable Energy Award 2010" for the developments in this field. Other projects are being developed, in particular for the production of biomass oil from micro-algae.

Furthermore, the research activities at the Istituto Eni Donegani have led to the definition of a proprietary "liquefaction" process that allows the conversion of a variety of organic waste into bio-oils with yields of up to 42% (dry weight) corresponding to an energy recovery of more than 80%.



The strategic partnership with Massachusetts Institute of Technology

The most significant alliance, in terms of scientific cooperation, is the partnership with the Massachusetts Institute of Technology (MIT), signed in 2008, and focusing on new generation solar power generation and technologies to support the core business. The **eni**-MIT alliance is set for five years and involves an overall financial commitment of 50 million US dollars. Throughout 2011, research activities continued on one of the most important results of the **eni**/MIT Solar Frontiers Center: the ultra-flexible solar cell consisting of a thin layer of photo-active material coated with a transparent plastic sheet, that allows the cell to be

folded without breaking or reducing performance, allowing it to be used on irregular surfaces without requiring bulky metal supports. Furthermore, studies have begun aimed at the production of solar cells on a paper base, rather than on plastic, as if they were a printed document. This innovative technique is used to create a device that could be applied in general terms to produce cells on plastic and flexible substrates. A "paper cell" may be a low-cost solution for applications in which the key aspect is not lifespan, but the speed of installation and the ease of shipping, as well as environmental sustainability.

Through the Green Chemistry project, eni is positively influencing the entire national chemical industry, paving the way to technological innovation and sustainability, sorting positive effects on employment.

Through its subsidiary, Versalis, **eni** has established an industrial re-conversion project for the Porto Torres petrochemical industrial area through the Matrica JV in partnership with Novamont. The Protocol of Understanding for "Green Chemistry" in Porto Torres was signed on May 26, 2011 and in addition to **eni** and Novamont, involved national agencies (the Prime Minister's Office; the Ministry for the Environment, Land and Sea; the Ministry for Labour and Social Welfare; the Ministry for Agriculture and Forestry; and the Ministry for Economic Development), local agencies (the Region of Sardinia, the Province of Sassari, the City of Alghero, the City of Sassari and the City of Porto Torres), and trade unions (CGIL, CISL, UIL, UGL, FILCTEM, FEMCA, UILCEM and UGL Chimici).

In the transition from traditional monomers and petrochemical polymers to "bio" monomers and polymers, the project calls for a total investment of 500 million euro, for the construction of biochemical plants with an integrated upstream supply chain of vegetable raw material, and for a research centre for Green Chemistry. A biorefinery is going to be built for the production of intermediate and finished products (bio-plastics, bio-lubricants, etc.), using agricultural raw materials. An innovative element in the project is the involvement of the agricultural industry through the creation of a supply chain for vegetable oil, the basic feedstock for the chemical plants. This

supply chain would produce both oil and biomass, which will be the basic feedstock for the solid biomass power plant included in the project, thus creating an integrated process. The Green Pole in Porto Torres will be one of the largest in the industry, worldwide, thanks to the innovative features of its production, the integration of the production chain, and its size, with an overall installed capacity of 350 kton/a. The green project involves a number of businesses in the area in order to acquire information on the "zero input" crops and non-competitive use of foodstuffs, given the design of the supply chain and the development synergy for the products in the biorefinery.

February 13, 2012 saw the inauguration of the new "Centro Ricerche di Matrica" in the Porto Torres plant, which works closely with the Novamont research organizations and **eni**. The research centre currently occupies 700 square metres and will shortly expand to cover an area of more than 3,500 square metres with the start-up of the pilot plant. The same day, the Convention Framework was signed with the regional research system, CNR, Università di Cagliari, Università di Sassari, the Region of Sardinia and Matrica, with the objective of maximizing the possible synergy between the parties involved and enhancing the scientific and technical skills for the development of research programmes.

CLIENT



Commitment in the photovoltaic sector

As far as commitment to the production of renewable energy is concerned, **eni**, through its subsidiary enipower, operates in the entire photovoltaic cycle: design, construction and supervision of the installation of photovoltaic systems in Italy and abroad. **eni** has commissioned enipower to install numerous photovoltaic plants on cafeterias, car parks, and above all refuelling stations, whose roofs are covered with photovoltaic modules (installed power 1,800 kW). This is combined with the installation of large photovoltaic plants, at **eni**'s industrial sites, increasing the economic value and environmental re-qualification of industrial areas that otherwise would not be usable, such as permanent landfills. Currently, the projects, involving the Gela, Mantua, Brindisi and Ferrandina sites, are completing the authorization phase. These interventions take advantage of the synergy with existing production operations (such as the electricity distribution networks at the plant, which are connected to the electric cabins for the conversion of the energy generated by the modules to alternating current) and ensure complete integration of the works at the site without any impact on the landscape.

Commitment to local development

eni contributes to the creation of growth opportunities for people, communities and businesses in the territories in which it operates, above all through creating employment opportunities and by transferring skills to develop professionals locally.

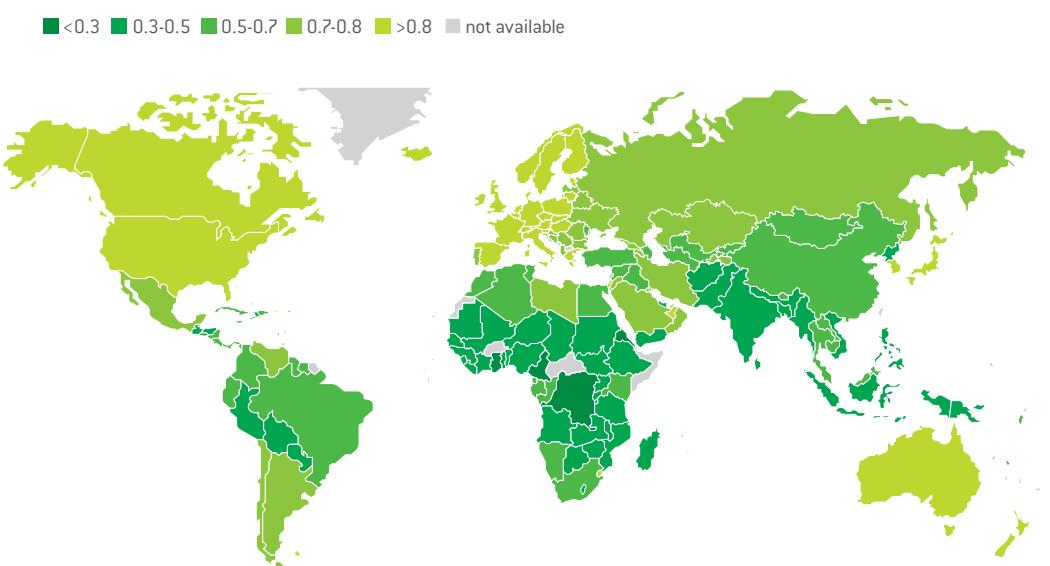
Its long-term presence in the territories and the application of a distinctive model of cooperation allow **eni** to be recognized as a reliable partner for the creation of activities aimed at developing individual, durable, sustainable progress through the identification of priority needs at a local level and the creation of solutions to satisfy them.

eni's distinctive ability to be an active

partner in the territories in which it operates, assuming citizenship and cooperating with its ability as an international operator in the construction of local opportunities, is the "Dual Flag" approach that is the cornerstone of its relationships with the Countries in which it operates. Thanks to this model **eni** has become the top operator in Africa, expanding activities from the historical regions of presence,

like Nigeria and Egypt, to new Countries, like Mozambique. The main areas of **eni**'s interventions for local development involve: (i) enhancement and expansion of local content; (ii) agricultural and social-economic growth, (iii) promotion of health; (iv) access to water and hygienic-sanitary services along with the promotion of a responsible use of natural resources; (v) education.

HUMAN DEVELOPMENT INDEX



The Human Development Index (HDI) was introduced by the economist Mahbub ul Haq at the end of the 1980s and was calculated for the first time in 1990 for the first UNDP Human Development Report. The HDI provides an overall measurement of the development of an area that goes beyond the simple economic dimension. The HDI combines three dimensions: health (measured in terms of life expectancy at birth), education (measured as the mean expected and actual number of years of education) and the standard of living (through the income index).

eni works to improve life conditions in many developing Countries within the framework of the Millennium Development Goals defined on a global level by the United Nations.

The ability to establish partnerships is an essential component of eni's model of cooperation, and allows eni to offer its local partners an extensive network of knowledge and skills, as well as sharing resources and the ability for the activities performed with the communities, organizations, and other local entities promotion of the development.



MAIN PARTNERSHIPS FOR LOCAL DEVELOPMENT

Goal	Partner	Activities/Results in 2011
Development and strengthening of relationships with the Countries of presence	Governments, local institutions	<ul style="list-style-type: none"> Strategic agreements with the producing Countries: cooperation agreements signed with the Ukraine, China, Algeria, South Africa, Libya, Angola, and Venezuela; Memorandum of Understanding for "Green Chemistry" in Porto Torres; Memorandum of Understanding with local agencies in Italy (Ravenna area, Brindisi); Convention with the City of Sannazzaro de' Burgondi for the EST (Eni Slurry Technology) plant; Dialogue and definition of agreements already active in the operating territories and activities of collaboration and comparison with local institutions in Italy and abroad; MoU with Ministries of the Republic of Congo for the integrated development project in Hindia.
Partnerships for development projects	Local agency/NGO for development	<ul style="list-style-type: none"> Partnerships signed for local development with: UNNATI in India; AVSI in Congo and Ghana; Timor Aid, Associaçao Comunidade Para O Desenvolvimento de Timor-Leste in East Timor; Planet Earth Institute/UNESCO in Angola; RAHI Medical in Nigeria; Zero in Norway, Mulawarman University in Indonesia for SIA; GRID-Arendal of the UNEP in Kazakhstan; and aster, Nomisma Energy in Italy.
Community investment	Organizations, agencies/NGO and international Research Centres for development	<ul style="list-style-type: none"> Partnership with Earth Institute for the definition and realization of joint projects aimed at local development and the achievement of the MDGs; Participation at the Millennium Villages Project Retreat, Dar es Salaam, July 27-28, 2011; Consultation with representatives from Earth Institute at the eni headquarters in Congo Brazzaville; Training activities at Columbia University; Partnership with AVSI for development projects in Sub-Saharan Africa.
	Local communities	<ul style="list-style-type: none"> MoU for development projects: MoU with 26 communities in Block 10 in Ecuador; MoU with 7 communities in Nigeria; MoU with 6 local NGO in Congo; Periodic meetings for local development projects in the operating Countries, including 16 Village Council meetings in Kazakhstan; Participation in the meeting of the Thamarrurr Regional Aboriginal Authority Committee (Australia); Meetings in Congo for the "Projet Intégré Hindia".



The partnership with Earth Institute of Columbia University

With the intent to improve the effectiveness of operations to promote local development in the Countries where it operates, eni has renewed its strategic partnership with the Earth Institute at Columbia University for 2012.

Founded and directed by Jeffrey Sachs, this Research Centre studies the problems related to sustainable development and the creation of activities and projects aimed at reaching the MDGs in developing Countries. Confirmation of the Institutes's involvement is part of wide-ranging

project of collaboration aimed at making eni's activities in a few areas coherent within the overall framework of the MDGs and identifying among other things:

- Specific areas of collaboration (like the definition of innovative tools to measure the company's impact on the local communities);
- New business models to improve energy access with the aim of local development (the so-called "energy-led development" approach).

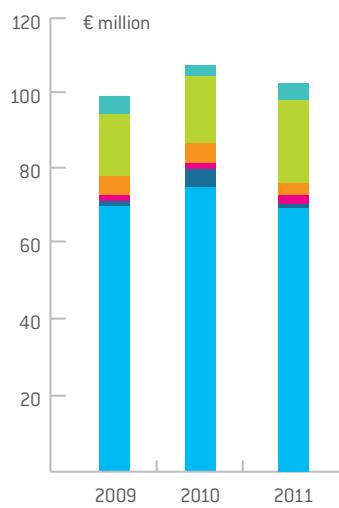
In 2011, eni's overall expenses for the territory on which it operates were about 102 million euros and included: investments in favour of the local communities, donations, membership fees, sponsorships, as well as contributions to the Fondazione Eni Enrico Mattei and to Eni Foundation.

eni invested nearly 70 million euro (approximately 70% of the total) in "social" projects. These projects have been established within terms of agreements or conventions with local stakeholders and are aimed at supporting and promoting the development of the communities and the Countries where eni is a guest.

This amount decreased compared to 2010, which can be attributed to the disruption in activities in Libya following the political events of last spring. The Fondazione Eni Enrico Mattei and the Eni Foundation received contributions for approximately 4 million euro respectively and 3 million euro respectively.

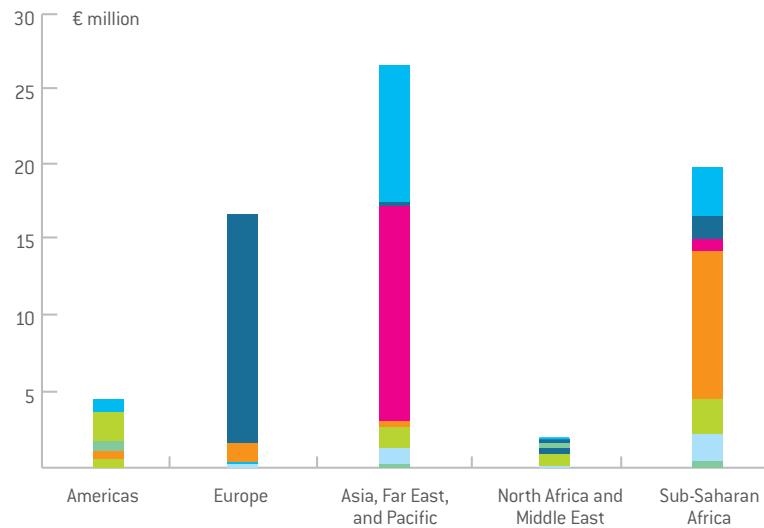
In Sub-Saharan Africa, investments went from 16 million euro in 2010 to nearly 19 million euro (about 30% of the total) and testify to the growth of eni's activities in that region. The investments planned for access to energy projects shown here are net of the interventions for gas enhancement and business.

TOTAL EXPENDITURES FOR TERRITORY



- Investments in favour of communities
- Short-term investments and donations
- Contributions to Eni Foundation
- Association memberships fees
- Sponsorships fo the territory
- Contributions to the Fondazione Eni Enrico Mattei

INVESTMENTS IN FAVOUR OF COMMUNITIES BY TYPE



- Development of infrastructures
- Environment
- Access to energy
- Relationships with communities
- Socio-economic development
- Training/professional coaching
- Instruction and education



Local content

eni promotes the employment of local businesses and the direct purchase of local goods and services, contributing to the growth of markets that operate within the value chain of the energy industry and strengthening the local supply chain.

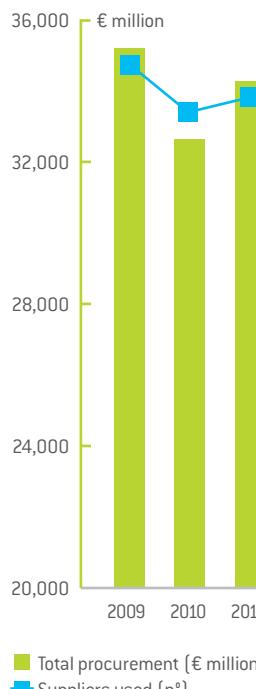
In 2011, with its direct demand for goods and services for the development of its business, **eni** employed more than 34,000 suppliers around the world, for a total procurement of more than 34 billion euro. On a total of 8,740 million euro ordered in 2011, 6,510

million euro involved expenses for operating projects, of which 56.4% was ordered from local suppliers. In 2011, the procurement from local markets covered over 50% of the total in a number of Countries, including Nigeria (67%), Iraq (59%), India (54%), Indonesia (56%), with peaks of over

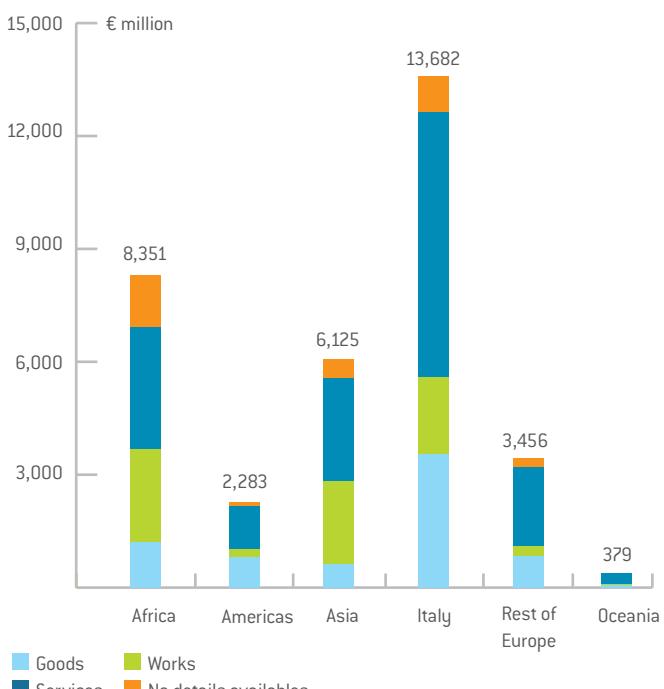
75% in other Countries, including Egypt, Ecuador and Brazil (respectively 76, 78 and 93% local procurement in 2011).

eni actively promotes the improvement of local suppliers through activities aimed at expanding capacity, which allow for greater managerial growth and the acquisition of international qualifications in terms of the environment, quality, health and safety, finance, and project management. In this way, **eni** contributes to enhancing and strengthening local content concretely increasing the international competitiveness of enterprises involved in the value chain.

TOTAL PROCUREMENT AND SUPPLIERS USED



TOTAL PROCUREMENT BY GEOGRAPHIC-AREA



Projects in the COUNTRIES

In **Kazakhstan**, **eni** has established the Local Content Development Project, aimed at maximizing the participation of local businesses to supply goods and services by defining the existing and potential local capacity and then identifying

specific plans to involve the businesses present in Western Kazakhstan. Through the systematic application of prequalification criteria and the evaluation of market research results, **eni** has identified a strategy for Local Content

Development based on various integrated projects. Among these, the Aksai Industrial Park (Technopark) is an innovative project aimed at creating the effective transfer of technology and know-how from major top

international producers to Kazakh companies and their investors, and to stimulate economic growth in second generation industry in Aksai. The project framework calls for the installation of a complex of buildings, capable of supporting and attracting international investors and stakeholders in the Aksai area. In 2011, five companies based in Aksai and involved in the Industrial Park project have started implementing the ISO 9001, ISO 14001, ISO 29001 and OHSAS 18001 standards thanks to the support of the KPO consortium.

In **Australia**, in 2011, **eni** performed an in-depth analysis within its expanded strategy for the development of local content. Market Intelligence activities were performed in order to obtain a greater understanding of the area's potential and the capability of suppliers, and to create new opportunities to become part of

the **eni** supply chain, maximizing the participation of the Australian (mainly the North Territory) and East Timor markets in business. Various suppliers from both regions completed the pre-qualification process with the objective of wide area development. To stimulate local businesses to become more competitive, in 2010-2011 **eni** Australia organized educational workshops dedicated to the operators in different industries; in East Timor, various meetings were organized with local suppliers and other interested organizations to improve the knowledge of local markets and to promote good working practices and better operating standards at suppliers already on the Vendor List. A quarterly newsletter provides transparent information about **eni**'s engagement activities with suppliers.

In **Ghana**, according to the "Local Content and Local Participation

in Petroleum Activities – Policy Framework" and the Petroleum Agreement, **eni** is required to give preference to materials, goods and services produced in Ghana, if such materials, services and goods can be supplied under the same conditions (or better) in terms of price, quality and delivery compared to those from abroad. In this context **eni** is engaged in maximizing the participation of local enterprises and allocating contracts to companies in Ghana, with particular attention to small businesses, even adding a specific clause to the Local Content that mandates that the contractor use, in turn and as commercially and technically feasible, local labour, goods and services. In order to maximize the participation of local companies, **eni** has activated opportunities to support and assist the development of technology and skills for working and specializing in the oil industry.

eni provides its technical and managerial skills, as well as training activities, to promote the local growth of knowledge and skills in many Countries where it operates and to create foundations for the development of future managers.

eni establishes and maintains relationships with universities in the Countries where it operates and creates important initiatives to support the training and professional development of students and local staff. Programmes are held through Eni Corporate University, the group company that manages relationships with universities and manages staff selection, recruitment and training. For over 50 years, the Scuola Mattei has organized a Master course in Energy and Environmental Management and Economics (MEDEA) for international students, motivated in receiving top level

training in the energy industry. Since it was founded, 2,687 worthy students have participated to the MEDEA benefiting from yearly scholarships (currently valued at about 25,000 euro). Overall, about 300 students have come from African Countries. The Countries with the highest representation are Nigeria, Egypt, Algeria and Libya, with a progressive increase in participants through the years. In the next academic year (2012-2013), a significant number of students from Mozambique and Angola are expected. For **eni** people, Eni Corporate

University provides high level training in the areas of greatest interest for the business (drilling, maintenance, geosciences, HSE, project management, economics, human resources management, etc.) contributing to the professional development of highly skilled experts and managers. In 2011, about 224,000 hours of training, equivalent to about 28,000 days, were provided to African resources. Of note is the growing, consistent presence of participants from state companies and/or government agencies, registered through various **eni** subsidiaries.

Among the most recent collaborations, the following should be highlighted:

- In Algeria, in conjunction with the Université de Sciences et Technologie de Oran, a Master's in HSE (Health, Safety, Environment) was created. The two-year Master course was created in cooperation with Saipem and enrolled of 25 Algerian students;
- To support eni East Africa, in

Over the years, Eni Corporate University has increased its collaboration with the universities of Countries in which it operates, creating a network of about 40 institutions.

Mozambique, in collaboration with the Mondlane University in Maputo, a partnership has been initiated to target programmes to identify and

select young graduates to participate in an educational programme to support business initiatives.



THE ACADEMIC NETWORK IN THE FOREIGN COUNTRIES WHERE ENI OPERATES

Geographical area	Country	University (projects)
Europe	Austria	Technische Universität, Vienna (EU project on biofuels)
	Belgium	Louvain University
	France	IFP-Paris (Tempus project); UPMF-Grenoble
	Germany	Duisburg-Essen Univ.; H.Heine Univ., EBC HochSchule, Dusseldorf; Ludwig-M. Univ., Munich
	Great Britain	Univ. College London (Eni Children Project); Cass Business School; Imperial College London; R. Gordon Univ., Aberdeen
	Netherlands	Groningen University
	Poland	Krakow University (EU Project on biofuels); Gdansk Polytechnic
	Romania	Ploiesti University
	Russian Federation	Mgimo Univ., Moscow; FINEC, St. Peters; Samara Univ.; Saint Petersburg Polytechnic Univ. (Tempus project); Gubkin Univ., Moscow; Tyumen Univ.
North Africa and Middle East	Ukraine	Kiev University
	Algeria	Université des Sciences et de la Technologie Oran – USTO, Oran (Master HSE)
	Libya	Tripoli University; Bengazi University; Shaba University
Sub-Saharan Africa	Angola	A. Neto University, Luanda
	Ghana	Catholic University (Eni Children Project)
	Mozambique	Mondlane University, Maputo (capacity building in the Oil&Gas industry)
Asia, Far East and Oceania	India	IIT Chennai, New Delhi; NIT, Mangalore
	Kazakhstan	Nazarbayev University, Astana (Research fellowship); Almaty Technical Univ. (Internship, Tempus Project)
Americas	Brazil	USP, Saint Paul; Politécnica do Rio



The partnership with Saïd Business School

In January 2011, as a result of the partnership with the Saïd Business School of the University of Oxford, "eni Scholarships" have been set up at St. Anthony's College (one of the seven colleges at Oxford specialized in African studies). For the academic year 2011-2012, three scholarships with a value of £ 28,000 each will be

granted to students from Countries in Sub-Saharan Africa where eni's presence is greatest (Nigeria, Angola and Ghana). The initiative was announced on February 13, 2011 with a ceremony at St. Anthony's College with the attendance of the former Secretary-General of the United Nations, Kofi Annan.



Agricultural and social-economic development

eni contributes to strengthening agriculture and rural industry, key factors for the development of Countries through significant investment in agricultural projects.

Agricultural projects, essential for the relationship with local communities, are distinctive characteristics of **eni**'s cooperation model from the perspective of fair and lasting development.

Investments in the agricultural sector are considered among the best ways to develop sustainable activities not directly related to the petrochemical sector but compatible and synergic with it, thus ensuring the reduction in dependence from food imports and contributing

to reducing poverty in the most disadvantaged Countries.

eni promotes integrated projects with impact on agriculture, organizes specific training activities for the communities, financial support for the increase in production and diversification in crops and supports small businesses in cooperation with local bodies that act in agricultural development in the Countries where **eni** operates. Particular attention is addressed to female empowerment.

eni's projects aimed to agricultural development are not only addressed to African Countries, but are also capital in relation to its industrial plans in the petrochemical sector: in fact, through the "Green Chemistry" project that is directed to the conversion of the Porto Torres site from a traditional refinery to a biochemical plant, with an integrated upstream supply chain of vegetable raw materials which may promote local agricultural sector creating new resources for the area.

MAIN PROJECTS FOR SOCIAL-ECONOMIC AND AGRICULTURAL DEVELOPMENT

Project/Area	Beneficiaries	Activities and Results in 2011
Green River Project, Nigeria	Over 500,000 people, 350 communities	<ul style="list-style-type: none"> Integrated project with impact on agriculture, fishing and stock farming; Countries involved: Rivers, Bayelsa, Delta, Imo; Investments in 2011: 3.2 million US dollars (overall from 1988-2011 52.2 million US dollars); Establishment of assistance activities to select more suitable crops; Specific training activities for the communities; Support for 42 local farming cooperatives; Micro-credit activities, with a return rate greater than 80%; 50.2% of micro-loans given to women.
Cassava project, Congo	<ul style="list-style-type: none"> Direct: 6 "comités de village" for 20 people Indirect: approximately 5,000 people 	<ul style="list-style-type: none"> Agricultural project based on the local needs and crops; Experimentation of techniques to improve seed quality and farming techniques; Increase in cassava production through the introduction of resistant, healthy varieties and suitable farming techniques for cassava cultivation.
Oil palm project, Congo		<ul style="list-style-type: none"> Technical support to the Congolese government for feasibility project definition; Performed Feasibility Study for the Demonstrative Phase.
Oil palm project, Angola		<ul style="list-style-type: none"> MoU with Sonangol; Objectives: support a farming chain tied to the cultivation of oleaginous plants in compliance with international criteria for social-environmental sustainability, improvement of the existing production system through the establishment of technical, scientific structures, infrastructure, and market access.
India	300 farmers	<ul style="list-style-type: none"> Promotion and development of food product conversion in Andaman and Nicobar Island; Farmers were involved in training and capacity building. With the adoption of value added technologies and using the infrastructure for the processing of raw materials, provided by the training center, students have acquired the knowledge to develop their own businesses, allowing them to sell to brokers to a higher price.

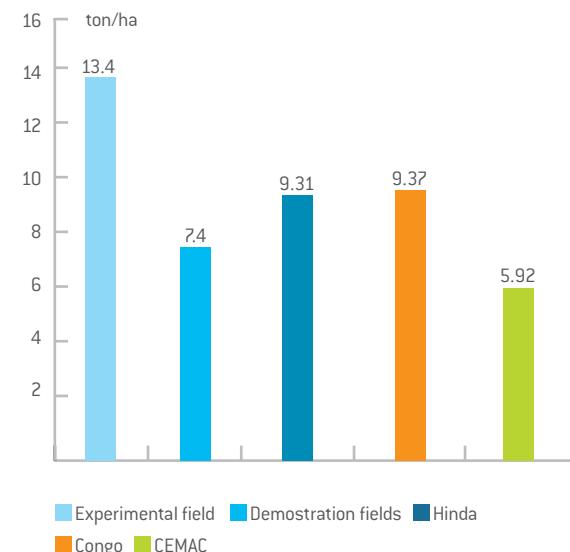
Projects in the COUNTRIES

In Countries in tropical Sub-Saharan Africa, including the Niger Delta, traditional methods of farming are characterized by low productivity and cannot satisfy the enormous internal demand for food products.

In this context, in 1987, **eni** initiated the Green River Project (GRP) in **Nigeria**, an example of integrated farming that contributed to local economic development through operations along the entire value chain for the industry, respecting local crops and traditions. The project covers a surface area that totals more than 4,000 km², distributed between 4 states (Rivers, Bayelsa, Imo and Delta), and involves a population of more than 500,000. The activities covered by this project for improvement involve farming, fishing, livestock farming, increasing the use of agricultural machinery, the introduction of veterinary services, as well as research into the selection of more efficient techniques and products. Moreover, **eni** has activated mechanisms for access to credit (micro-credit) that parallel training and assistance in order to become self-supporting, including backing and supporting the creation of cooperatives and community associations.

The project has been conducted via a partnership between **eni**, the local communities and representatives from institutions at various levels (states, national government). The GRP operates within the reference framework of the MDGS, the National Economic Empowerment Development Strategy (NEEDS), and the Small and Medium Enterprise Development Association of Nigeria (SMEDAN) as well as the National Empowerment Programmes, today part of the Federal Government's National Programme for Development. From its establishment, **eni** has invested 52.2 million US dollars. The GRP has equipped some of the cooperatives established with post-harvest

YIELDS OF CASSAVA CROP



storage services and others with machinery, such as oil mills, as well as dedicated generators to power them. In 2011, in collaboration with a local NGO expert in development, the GRP distributed 19.5 million Nigerian naira (about 100,000 euro) to 35 agricultural cooperatives, mainly formed by women and young people within the micro-credit programme. Within the Skill Acquisition Scheme, 541 young people have acquired specific skills to develop professional activities required in the community. Together with training, "business start-up packages" were supplied to accompany the young people to create and establish their own businesses. From the beginning, **eni**'s programmes have had a significant impact on more than 2,000 people, creating employment and professionals in the Niger Delta communities, generating an indirect benefit for about 500,000 people. Through the GRP, **eni** has established solid, constructive relationships with more than 350 communities in the area.

In **Congo**, in 2010, **eni** initiated the Manioca Project in partnership with Caritas, the Loudima Agronomic Research Centre (CRAL) and the Kouilou Agricultural Department, with the objective of increasing cassava farming, a staple food in rural areas.

The project consists of two phases: the first phase for experimentation, and the second phase for spreading the use of farming techniques for the new variety by farmers in the Hinda district. The project calls for planting 20 different varieties of cassava, supplied by CRAL, and the establishment of management committees, made up of local farmers and created with the support of the Caritas organization, responsible for implementing the project. Six management committees have been established in Mboukou, Pondila, Tchicanou, Bondi, Tchicoulou and Tchimboussi: each one consists of 20 farmers, responsible for the administration of the "experimental" fields (3 hectares).

On June 15, 2011, the results of the Cassava Project were presented to the communities involved. The results obtained during the experimental phase of the Cassava Project are positive, compared to the average farm production in the Hinda district. The experimental phase of the project has proven that using more efficient techniques (crop-legume rotation), varieties of cassava that are more compatible with the local conditions, and the use of suitable farming techniques, it is possible to guarantee greater, sustainable productivity, both in the Hinda district and throughout the Country.



Health

eni contributes to the promotion of health of the local communities in the Countries in which it operates, supporting and executing projects and initiatives in collaboration with governments, ministries and local partners, to improve health and quality of life among local populations.

MAIN PROJECTS FOR COMMUNITY HEALTH

Project/Area	Beneficiaries	Activities and Results in 2011
Sub-Saharan Africa	See the map	Improvements obtained in hospital clinics and health services. Offered services for vaccination, nutrition and training programmes.
Turkmenistan		Supply and install equipment for the hospital at Balkanabat.
Pakistan	Women and children from 49 villages in the Jhangara area; 100 villages in the Kirthar area and the fishermen community on the 13 islands of Keti, Bandar, Thatta.	<ul style="list-style-type: none"> Supply and install medical equipment for the local community; On-call emergency service 24 hours a day; Programmes for epidemic prevention, emergency service, and epidemic control and vaccinations; Registration of 300 pregnant women at the MCH Centre with about 95% of the registered women and the newborns with no risk of disease; Increased the turnover rate by 10% of patients/sanitary coverage and the services provided to the local population; Increased the callbacks for vaccinations by 20%; Increased participation by the local communities in the health information programmes by 5%.
Indonesia	Child population of Tarakan - East Kalimantan	<ul style="list-style-type: none"> Treatment of labiopalatoschisis in children, in collaboration with the Eni Foundation and Smile Train; Performed successful operations on 66 children compared to an analysis of the needs of the population.
Ecuador	2,700 inhabitants in Block 10	Supply of medical and hospital services for prevention and care; payment of medical associations; development of a health network for the local community; malaria control; supply of medical and health services through medical, dental and fumigation associations; evacuation of hospitals, land and/or air emergency services; and health promotion training courses.

Within the cooperation strategy with producing Countries, the strong commitment of **eni** in the promotion and support of health's protection initiatives in Sub-Saharan Africa is oriented to the targets established by the Millennium Development Goals (4, 5, 6) that are still far from being reached.

The area discussed still has the highest levels of mortality for children under the age of five and mothers. As for HIV, Sub-Saharan Africa remains the region hardest hit, with 69% of new HIV infections, 68% of persons are afflicted with HIV and 72% of deaths are caused by AIDS (Source: MDG Report 2011).

This context makes it necessary to adopt strategies for integrated cooperation and support of public health strategies. In 2007, to make the operations undertaken more effective and better integrated in the territories in which it operates, **eni** established the Eni Foundation, an independent organization dedicated exclusively to social solidarity activities and support of the operational programmes of the business units to promote the health of local communities. The projects are aimed at improving the efficiency of the local health system and promoting the effectiveness of primary prevention measures through:

- Support to the epidemiological surveillance and extended immunization programs and other components of Primary Health Care;
- Overhaul of health structures through restructuring and ensuring the supply of safe water and energy and the supply of equipment and furnishings;
- Improvement in the level of training and skills of the local health workers through professional training courses;
- Public awareness programs concerning the prevention of endemic diseases and hygiene-health education and nutrition.

Projects in the COUNTRIES

In **Nigeria** a public health initiative has been identified, focused on strengthening the health system in the District of Ijaw (Niger Delta), to help reduce the mortality of mothers and children by improving access to prevention and care services. The activity calls for different levels of intervention:

- Community (door to door) - prevention, education/enforcement of hygiene-health rules and medical assistance for "clean" childbirth at home by traditional midwives trained, supervised and provided with appropriate kits;
- Primary Health Units - the strengthening of Primary Health Care, promoting access to care and emergency obstetric/neonatal;
- District - through improved access to facilities for emergency management (by road and water), including emergency obstetrics and neonatal care.

Still in the Niger Delta, eight health structures were completed and opened in 2011, including two hospital centres that cover seven communities in the Bayelsa and Rivers States. Health structures, including support infrastructures (supply of energy and clean water) have been built in the communities of Amoroto, Isoko-Okugbe, Krokoroisei, Ondewari and Okoroba in Bayelsa. A health centre was built in Okpai that is equipped with modern health services including a water treatment plant.

In the **Republic of Congo**, the health interventions are carried out in collaboration with the local institutions and are executed with the support of the Eni Foundation. The Salissa Mwana project (2007-2011) has undertaken the expansion of the Extended Vaccination Program and Pediatric Services with the goal of reducing infant mortality in remote rural areas of the Country in the Regions of Kouilou, Niari and Cuvette

(an area of 126 square km), with a population of about 200,000 children from 0 to 5 years of age (30% of the children of the Country). Among the results obtained: 30 suburban health structures restructured; 3,376 vaccination campaigns, for a total of 330,899 vaccines, 1,166 villages reached through immunization activities with a territorial coverage of 89%; 1,729 training and monitoring sessions. The overall cost of the project is 8.5 million euro.

The objective of the Kento Mwana project (2009-2011) is the prevention of maternal-infant transmission of HIV from 30% to 2% in the mother/child population, based on a total of 65,000 pairs of mother/child potential beneficiaries. The project has been carried out in collaboration with the Infectious and Tropical Diseases Clinic of the Endocrinology and Metabolic Sciences Department (DISEM) at the Università di Genova. Among the results obtained: 18,247 women received consulting; 18,135 women were tested for HIV, of which 695 were found to be seropositive; 741 women have been treated in the project including HIV-positive women become aware of the project and coming from other areas; 526 deliveries have been followed; of the total 224 children who have completed the protocol, 223 children tested negative.

For details please refer to "[eni in Congo](#)".

In December 2011, in **Ghana** a MoU with the Ministry of Health was signed to develop and strengthen health services in the Country and to help the Strategic Objectives of the government of reducing maternal/infant mortality. The project involves the coastal districts of Jomoro, Ellembelle and Ahanta West with a population of about 300,000, with clusters of population distributed mainly in rural and remote areas, of which more than 85,000 are children aged 0 to 10 and about 100,000 are women of childbearing age. The activities outlined in the project include the extension of basic health services to deprived

and isolated areas; the improvement of the maternal-infant, obstetrician and neonatal medical services; the expansion of urgent transport, emergency obstetrics and neonatal services at district hospitals, strengthening the capacity of healthcare staff and the Regional and District Management staff.

In **Angola** the Kilamba Kaxi Project in Luanda (Municipality/Urban District with more than 1 million and a half inhabitants) aimed at reducing incidence of endemic transferable diseases and conditions affecting mothers and children due to malnutrition. The initiative strengthened and expanded the network of Primary Health Care services through the professional training of health workers, supported the epidemiological monitoring and immunization programs and nutrition education. The project was sponsored and managed by Eni Foundation with expert/technical assistance of e&p. Among the results achieved in 2011 are: the structural and functional reinforcement of the health system (Nutritional Center Hospital of reference of the Municipality, two new health centres, seven renovated and/or reequipped health centers, updating the health emergency transport system for the District). With the assistance of local and international institutions of excellence, professional courses were held to create a multiple-discipline network of 65 local experts in reproductive health, health education and community health, to reinforce epidemiological surveillance through the training of 35 expert nurses. Finally, polio vaccine campaigns were held in city areas.

In **Mozambique** in 2011 a preliminary study on the health situation of the province of Cabo Delgado has been carried out, with particular attention to the neighborhood district of Palma, in order to identify key issues and priority areas intervention to improve the health conditions of the population in the district.



Environment, water and hygiene-health services

Ensuring access to clean water sources allows to safeguard the health of the local population, improving their ability to actively participate in their own growth and, thereby, in the development of the Country.

The knowledge, management and development of the environments in which the populations live are of vital importance to pursuing the objectives of environmental sustainability and social-economic development.

eni supports integrated projects for procurement and utilization of water in Countries in which operates, promoting sustainable access and improving hygienic condition in the community.

Hydric projects are designed through a long term planning that includes

goals quickly reachable, i.e. "off-grid" distribution, in order to achieve the connection of villages with water sources and services in general.

All the projects are designed in cooperation with the beneficiaries, in order to delegate to beneficiaries the project management itself. In fact, **eni** provides to the local communities training activities on health education, mainly related to the women's role, in order for them to independently resources.

This projects include three kind of activities:

- improve water access through the construction of wells, aqueducts, tanks for collecting rainwater;
- strengthening of communities ability to manage natural resources through the institution of management committees;
- health prevention campaigns through community members training, now able to educate others on primary hygienical rules.

MAIN PROJECTS FOR WATER AND HEALTH SERVICES MANAGEMENT

Project/Area	Beneficiaries	Activities and Results in 2011
Nigeria	5 communities in Bayelsa and Rivers.	8 water systems built and completed.
	21 communities in Bayelsa and Rivers.	21 water systems under construction: construction of nine systems and reactivation of seven existing systems; infrastructure for water distribution, construction of reservoirs. Project Status: 30%.
Congo	Local communities near the M'Boundi site and about 4,000 people.	Development of the water resources distribution system combined with the construction of five wells. Development of a training programme for the management of water resources. Access to water resources for 20,000/25,000 people in the M'Boundi area and for about 4,000 people from the Hinda District and Pointe-Noire. Training programme for about 5,000 people in the Hinda District and Pointe-Noire.
East Timor	1,500 beneficiaries in the Lautem District.	Operations for supplying and managing water resources. Increase the population with access to water resources in the Lautem District by 2% [total population: 60,218, 2010 census data].
Bhit & Badhra, Pakistan	Community of Bhit, Badhra, Kadanwari, Sukhpur, Tajjal.	Development of the water resources distribution system combined with the construction of wells. Training programme for the management of water resources. Access to water resources for 60,000 persons. Training programme for 20,000 people, in particular women. Continuity of the supply of water services to the villages of Bhit, Badhra and Kadanwari. Improvement in the health of the local communities, greater conditions of safety for the women in the villages.
Ural River Park Project, Kazakhstan	Ural Delta Community, Caspian Sea.	Ural project for the development of the resources and the ecosystems in the Ural delta with the objective of recognizing the area as a Man & Biosphere Reserve site. Partnership with the local institutions [Ministry for the Environment, Ministry for Agriculture] and the agencies of the United Nations (UNESCO, GEF UNDP Kazakhstan Wetlands Projects).

Projects in the COUNTRIES

In **Congo** eni is committed to guaranteeing a water supply for domestic use in the villages around M'Boundi.

The operations are carried out in collaboration with Medicins d'Afrique, the Direction Departementale de l'Hydraulique, through the Agence Nationale de l'Hydraulique Rurale (ANHYR) and local authorities. The project is fully integrated in a first phase for distributing drinking water tanks, and the latter construction of 21 water wells (five of which already completed).

To achieve a long-term impact, Comités de Gestion de l'eau, special committees to manage the technical and financial level, were created in collaboration with Médecin d'Afrique. New committees were established in the villages of Mboubisi, Mongo Tandou, Mboukou, Dionga, Diosso (Hinda District) involving 72 people. These operations reinforce the capability of the local communities to manage common resources, thus increasing the availability of drinking water per family, consequently reducing the number of illnesses caused by the use of non-potable water. Specific training sessions for the correct use of available water resources have been performed both in specific classes and directly at home.

In **East Timor**, at the end of 2011, eni started an important water management project in collaboration with the local NGO Associacao Comunidade Para O Desenvolvimento de Timor-Leste aimed at improving access to quality water for a population of approximately 1,500 inhabitants near the Cacaven community in the Lautem district. The project falls within the framework of the local government's Anti Poverty Task Force. The activities include: 1) re-qualification and construction of infrastructure for water supply, with

repair and return to operation of four existing tanks in each village in the Cacaven area and the construction of new tanks for water distribution storage; 2) establishment of a water supply management system and 3) creation of an ad hoc group for managing and monitoring the resource, with the participation of representatives from local and central Authorities.

The actions carried out since the beginning of the project include the rehabilitation and implementation of the canal system in the Cacaven village, through the removal and replacement of 100% of the damaged piping; installation and connection of 200/250 meters of piping to connect the Nehveru Spring to the tanks; and completion of all planned public water tanks in the village centres.

Thanks to eni's participation, today 85% of the reference population has access to quality water at a distance of less than 1 km. In general, there has been a 2% increase in the population with access to water resources in the Lautem District (total population: 60,218, 2010 census data), corresponding to an overall improvement of 0.11% of people with access to water in the Country with respect to the total population (just over a million inhabitants).

In **Kazakhstan** eni has contributed to the construction of the Ural River Park Project (URPP), a multi-stakeholder initiative aimed at supporting the Kazakh authorities in gaining international recognition

for the wetlands at the Ural Delta to the Caspian Sea by UNESCO as a "Man & Biosphere Reserve". This is a unique natural environment that is under significant environmental pressure. eni has decided to support local institutions (Ministry for the Environment, Ministry for Agriculture) and the United Nations agencies involved (UNESCO, GEF UNDP Kazakhstan Wetlands Projects) in the sustainable management of the natural resources, contributing to the purchase of technical instruments and equipment for monitoring and for environmental protection. Furthermore, eni financed environmental training courses for local technicians within the framework of a project aimed at creating opportunities for local development in terms of eco-sustainable tourism. This project has also involved Italian scientific institutes and institutions that have cooperated with the scientific committee and the local Authorities. Among these, the Parco Regionale del Delta del Po provided scientific support given the morphological similarities of the two river deltas. In the 2011, bilateral meetings were held between representatives from the two agencies and the basis for twinning the two coastal parks. The support provided by the Integrated Geoscience Research Group (IGRG), at the Università di Bologna, and the Fondazione Alma Mater (FAM) of the same university also played an important part in guaranteeing technical assistance for the project development.





Education

eni supports projects which aim to increase access to primary and higher education in collaboration with local stakeholders in the Countries in which it operates. According to UNICEF (2012), educational progress of the human resources of a Country is critical to its long term development.

Education is a topic of fundamental importance to reach all the MDGs as it provides a way out of poverty, promotes productivity, and promotes economic growth. The strategy to cooperate in educational support is aimed at improving the efficiency of

the school systems and at promoting education at all levels through:

- Restoration and improvement of the educational structures and centres;
- Support for training and educational programmes for primary and secondary schools;
- Improvement in the level of training and the skills of the local staff, through professional training courses;
- Execution of projects and operations to promote education.

MAIN PROJECTS IN EDUCATION

Project/Area	Beneficiaries	Activities and Results in 2011
Nigeria	33 communities in Bayelsa and Rivers	Reconstruction of schools. 18 classroom complexes; 10 living units for teachers, 10 pieces of scientific equipment; 8 technical institutes; 2 fences; 2 meeting rooms; 8 scientific laboratory complexes .
Congo	5,000 people, of which 30% women	Programme for food security and support of the educational system by supplying educational equipment and teaching materials to Tchitondi and Mboubisi (Hinda District). Access to food for 700 students in the Hinda District in the village of Mboukou, about 70 km north of Pointe-Noire. Access to education for about 1,000 pupils. Increase scholastic attendance in the Hinda District by 30%.
Bhit & Badhra, Pakistan	751 students	Support for educational programmes and activities at community schools. Schools fully operational with at least 90% teacher attendance assured for the end of 2011; number of registrations increased.
Angola	20 schools in Luanda, students from the Pinda mission, young people from the Namibian desert	Construction of elementary schools, professional training centre and youth services those living in Namibian desert areas. Improving teacher skills at 20 elementary schools in Luanda. Construction of a dormitory for children and students at the Pinda mission; rebuilt the Colegio das Irmas Doroteias. Projects: support for families, education for handicapped children, learn to write.
Education programme, Ecuador	825 students	Support for elementary and middle school students through the supply of snacks, educational material, uniforms, sports equipment, AV equipment and PCs.

Projects in the COUNTRIES

In **Ecuador**, **eni** has developed an Educational Programme, with the objective of promoting primary and secondary education in the Pastaza province. The Educational Programme involves 825 students, children and school-aged youths and calls for the establishment of new elementary schools and housing units for teachers, support for teacher salaries, supplying meals (the "Breakfast at School" project) and awarding scholarships for elementary and secondary schools and universities, etc. The objective is to promote and improve the quality of the elementary, secondary, technical and university education, as well as to provide technical training to local communities. **eni** is responsible for the Educational Programme in cooperation with the communities involved and the Dirección Provincial de Educación de Pastaza. In terms of primary education, the operation consists in the supply of educational material, school uniforms, and IT material to 25 elementary schools. For secondary education, in cooperation with the Unidad de Educación Popular Permanente of Pastaza and other specialist agencies, **eni** is supplying 10 high schools (258 students), educational and pedagogical material, and contributes to paying the salaries of 33 teachers. A high percentage of children and school-aged young people are enrolled in the elementary and secondary schools in the area involved and 57 students attend advanced courses. The results of these programmes are monitored quarterly and annually using reports written by the local community schools and follow-up of scholarship students (INDESCI).

In **Congo**, **eni** is committed to improve access to primary education for the communities in the Hinda district through initiatives that aim to support and reinforce the local educational system, in line with the plans developed by the Ministry for Education based on the needs expressed by the local authorities. Between 2007 and 2010, the elementary school buildings in Mboukou and the parish school in Loanjili were restructured, educational material was distributed, and 500 desks were provided to the schools in the Hinda district. In 2011, **eni** supported the construction of the cafeteria at the Mboukou Elementary School, able to serve 300 meals a day. The main objective of the project is to increase registration and attendance at the elementary school, providing meals to approximately 800 pupils from the village of Mboukou. The operation increased the school population by 30% in the village of Mboukou, in particular with regard to the female population. The activities undertaken to support the Mboukou school include the overhaul of the school complex, providing a cafeteria, creating the structure required for educational and recreational activities, and health services as well as the supply of drinking water. **eni**'s partner in this initiative is the IPHD (International Partnership for Human Development), and the overall investment was 21,438 US dollars in 2010 and 79,000 US dollars in 2011. The educational programme has had positive impact on a total of 5,000 beneficiaries, of which approximately 30% are women.

In **Pakistan**, **eni** initiated an Educational Programme with the objective of addressing one of the largest problems: the large number of unschooled children. The schooling rate in the Country is low compared to almost any standard: a total of 57% and only 33% among the women who live in the rural areas of the Country, causing conditions of high social vulnerability and extreme poverty. The Programme aims to promote emancipation of and equal opportunities for women and children through the improvement of access to primary and secondary education. Among the 751 students that attend **eni**'s schools, which come from 28 villages in the Bhit and Badhra area, 497 are male and 254 are female. This number has increased significantly, above all in terms of female registration, over the past 10 years since the company has been operating there. This success has been made possible thanks to information campaigns, driven by **eni**, among the local communities to promote female education in rural areas. According to a plan of action in line with UNICEF standards, **eni** has financed 16 elementary schools and 2 secondary schools, providing school buildings and uniforms. **eni** has also supported training courses on the quality of education and teaching methods for the teachers in order to guarantee high levels of teaching in the rural areas. Moreover, in order to guarantee the quality of education and make the teachers responsible, a performance evaluation system was introduced and a series of visits are planned, by experts, to be performed systematically in the 18 schools financed by the company.

eni in Congo

The Hinda integrated development project

In the Republic of the Congo, **eni** is engaged in contributing to the national development programmes, within the reference framework of the United Nation's MDG. Since **eni** has begun on-shore activities in Congo, a series of programmes in key growth markets have been initiated with the objective of developing local potential and improving the quality of life for local populations.

In November 2011, Project Intégré - District de Hinda (PIH) was launched,

whose overall objective is to contribute to the improvement of living conditions and sustainable development for the local communities in the industrial zone in around M'Boundi - Zingali, Kouakouala, Loufika - where **eni** runs its operations, reducing the percentage of the population who live below the poverty threshold.

The strategic objective is to contribute to improving the entrepreneurial ability in the field of operations and to consolidate the company's presence in

its areas of activity. The plan is to reach these objectives through investments in projects in favour of the local communities and initiatives for public health.

The area involved is located in a 20 km radius around the **eni** Congo M'Boundi industrial area and encompasses a population of about 25,000 people.

The approach is based on a strategy of:

- Performing simultaneous activities in synergy in the various markets of participation;
- "Quick win" approach;
- Making the population responsible and independent.

Primary objectives and areas of intervention are:

Health: Reduce the morbidity (frequency of illnesses) and mortality rates due to primary diseases and endemic pathological conditions;

Education: Increase the registration rate of primary schools and the literacy rate;

Environment: Increase the availability and integrity of natural resources;

Agriculture: Increase agricultural and livestock production in a sustainable manner, support the creation of micro-enterprises with respect for social-cultural and environmental context;

Social animation (cross-sector tool): Increase the awareness regarding activities and their impact on the social-economic, cultural, health, and environmental trends that the initiative addresses.



Partnership system in the PIH project

The Projet Intégré - District de Hinda, launched by **eni** in 2011, proposes an innovative system based on the integration and synergy between numerous international, national and local players to contribute to the improvement of the living conditions of the beneficiary population. Beginning it was shared with the National Authorities, through the signature of an MoU with the Ministère de l'Economie, du Plan, de l'Aménagement du Territoire et de l'Intégration and with the Ministère des Hydrocarbures, and **eni** corporate reference entity. The project was launched following an analysis of the national development plant (Document Stratégique de Lutte à la Pauvreté and Schema National d'Aménagement du Territoire) and the local context through proprietary **eni** analysis methods that call for the use of a participative approach in order to define the community's needs. A partnership agreement was signed on April 30, 2010 with six players from civil society: Médecin d'Afrique, Renatura, IPHD, Espace Créateur, Diocèse de Pointe-Noire CDJP/CARITAS and HELP. The associations are **eni**'s partners and interfaces with the local population and help carry on the initiatives that meet the needs of the communities in terms of communication, strengthening of local abilities,

protection and education to respecting the environment and ecosystems.

Partnership with the Earth Institute at Columbia University

The Earth Institute has nearly a decade of experience in the regions of Western Africa. Moreover, its scientific approach uses rigorous systems of monitoring and evaluation that can be used to assist the planning and budgeting in order to monthly monitoring the operational projects status implemented to achieve the MDGs. The Earth Institute will work with **eni** in Congo in two main areas: through the MDG centre in Bamako, to supply technical-scientific support for the implementation of a package of integrated operations for rural development, and through the Monitoring and Evaluation Unit, to develop and implement tools and systems to carry out baseline analysis, monitor performance, and evaluate the impact of the activities within the framework of the MDGs. In 2011, the preliminary engagement activities were performed, including a site visit by representatives from the Centre for Global Health and Economic Development at Columbia University. Moreover, **eni** benefited from training activities through the participation of a local resource in the "Millennium Villages - MV3 Workshop" organized by the Earth Institute in New York.

Financing instruments

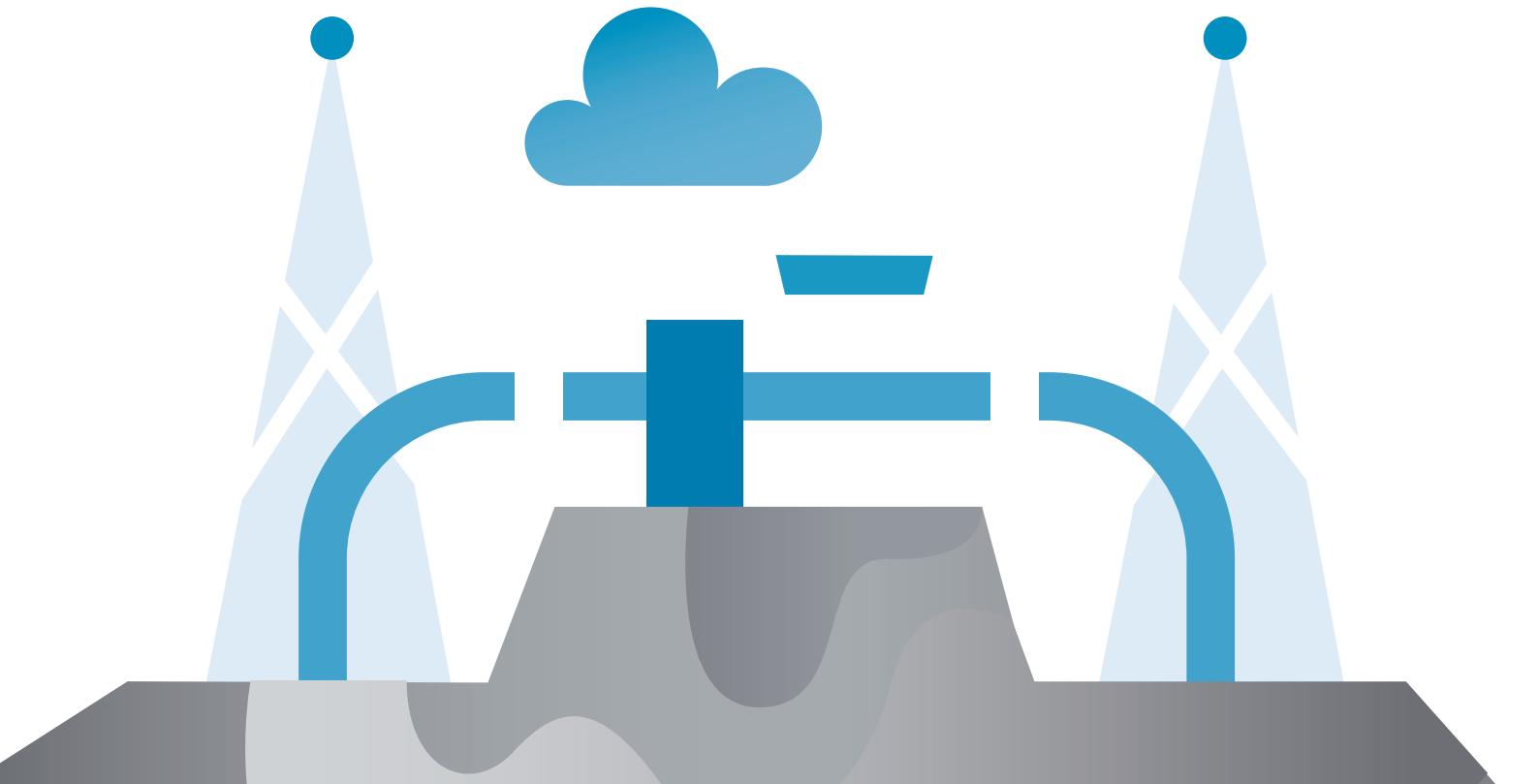
The PIH has been structured over 4 years, estimating an outlay 140 US dollars a year for 4 years (four-year **eni**). The amount is perfectly in line with the investments identified by the Earth Institute in order to reach the objectives (110 US dollars per inhabitant per year over a 5 year period). For the 4 years of the project, financing is estimated to be 13,200,000 US dollars.

Context analysis and planning

The project has been carried out through a phase of context analysis in which a Social and Health Baseline Analysis (SHBA) was produced to objectively evaluate the needs in the area of operation. The analysis was performed involving all the stakeholders, with particular attention to vulnerable groups, with the intent of identifying the key stakeholders in the area, to have a "photograph" of the social-economic, cultural, environmental and health situations in the area of interest, including the local situation of the communities, the needs and the fears regarding onshore exploitation programmes and to collect useful base data against which to measure future change. Pre-feasibility and feasibility studies were carried out in 2011 and a pilot phase was performed in parallel with the objective of identifying and consolidating the main areas of operation.

PARTNERSHIP SYSTEM, RELATIONSHIPS WITH COMMUNITIES AND MILESTONES OF THE PIH PROJECT

Date	Stakeholder	Engagement/Partnership
Pointe-Noire, April 30, 2010	Development agencies, civil society	Memorandum of Understanding (MoU) with 6 local NGO and local associations which are: IPHD (International Partnership for Human Development), Espace Createur, Renatura, HELP (Habitat Ecologies ET Liberté DES Primates), Medecin d'Afrique, and CDJP (Commission Diocesaine Justice ET Paix).
Dar es Salaam, July 26-27, 2011	University	Preliminary meetings with the Earth Institute during MVP meetings.
Pointe-Noire, August 31, 2011	Local authorities	MoU with the Government of Congo - Ministère de l'Economie, du Plan, de l'Aménagement du Territoire et de l'Intégration, Ministère des Hydrocarbures - to carry out human development projects in the Hinda district, generally in the area where eni operates, that is M'Boundi, Kouakouala and Loufika.
Pointe-Noire, September 8-10, 2011	University	First visit by the Earth Institute to the PIH areas.
NY, October 2011	University	Participation of an eni Congo representative in charge of relations with the communities at the Millennium Villages Workshop organized by the Earth Institute at Columbia University (New York).
Pointe-Noire, October, 2011	Development agencies, civil society	Pre-feasibility study for the Hinda Plan.
Pointe-Noire, November 26, 2011	Local stakeholders	Official launch of the PIH project. Participants: Ministère de l'Economie, du Plan, de l'Aménagement du Territoire et de l'Intégration, Ministère des Hydrocarbures; Directeurs Départementaux au Kouilou des Hydrocarbures, de la Santé, de l'Enseignement, de l'Environnement, de l'Agriculture, de la Pêche et de l'Elevage, des Affaires sociales; local authorities, local NGO, media.
May, 2012	University	Start-up of collaboration with the Earth Institute at Columbia University and its MDG Centre in Bamako (Mali) for scientific and technical consultancy, assistance for rural development and support for monitoring and appraisal.
Since 2011	Community	Institutionalization and development of monthly meetings with the communities .



MAIN PRELIMINARY RESULTS FOR THE PIH PILOT PHASE FOR THE YEAR ENDED 2011

Project/ Participation	Partner	Objective	Results Impact	Targets/Beneficiaries
Rural and agricultural development				
Agricultural project	Ministry for Agriculture, CARITAS, and CRAL (Centre de Recherche Agronomique de Loudima), Réseau Espace Créateurs	Increase the productivity of the area. Obtain greater food safety Improve social-professional integration in the communities through development of the culture MDG 1	Cassava Project: 6 demonstration fields to introduce new varieties of cassava for cultivation. Increase production and the fertility of the soil. Prevention of local conflicts. Progress: 65% Moringa Project: Pilot programme to cultivate and develop Moringa oil. Organization of a community field Progress: 75%	Direct: 6 "comités de village" with 20 members; Indirect: approximately 5,000 people Involvement of 500 families 27 groups of 7 people (10 women) from the Village de Ntoula (NGOMA TSETSE District)
Water and health services				
Water access project	Médecin d'Afrique, Direction Départementale de l'Hydraulique with l'Agence Nationale de l'Hydraulique Rurale (ANHYR)	Improve potable water access (quick win goal) MDG 1, 7 Reduction of disease caused by non-potable water in the communities Ensure running water for lived-in complexes (long term goals) MDG 1, 7	Water distribution using tanks to the community in the Hinda District Construction of 5 wells Progress: 80%	20,000/25,000 people. Project completed About 5,000 people in the villages of Mboubisi, Mongo Tandou, Mboukou, Dioosso and Christ Roi Church. 7,000 beneficiaries from training sessions
		Upgrade the ability of the local population to manage water resources (long term goal) MDG 7	Constitution and formation of 6 local "comités de gestion d'eau" (CLGE) 3 training sessions in classes 6,912 training sessions in homes 3 meetings with representatives from CLGE, the Hinda Prefecture, the National Agency for Rural Water and the MDA Implementation of a CLGE network Progress: 75%	72 members of local "comités de gestion d'eau" (CLGE) have been involved in training activities
Education				
Education Projects	Ministry for Education in Congo, IPHD	Strengthening the educational system MDG 2, 3	Restructuring schools, distributing scholastic materials, constructing a cafeteria with a capacity of 300 meals/day in the elementary school to Mboukou 30% increase in the scholastic population in the area	Approximately 800 pupils
Health				
Support for the health system Restructuring public services	Eni Foundation, Ministry for Health	Improve access to health services MDG 4,5,6	Donation and delivery of an ambulance Renovation of the CSI in Mongo Tandou Construction of the Poste de Santé Tombo Renovation of the Centre de Santé Intégré de Dioosso	Primary school in Tchibanda Mboukou Hinda district 3,000 people
Environment				
Protection of biodiversity in the Mvassa and Djeno areas	RENATURA and the "Association de Conservation de la Biodiversité"	Environmental protection and promotion MDG 7	Tuttle population census Involvement of 20 security guards as well as about 500 people from the village of Djeno. Training team for the area watch Progress: 50%	20 "agents de suivi" About 500 people from DJENO

Reporting principles and criteria

Stakeholder communications

eni is an integrated company which interfaces continuously with its many and various stakeholders. Clear, transparent dialogue with our stakeholders is critical to our operations, since it enables us to establish a constructive exchange of information aimed at making our business objectives ever more solid and agreed.

Efficient communications mean easy access to corporate information for all stakeholders. The eni system has a multi-channel structure which provides for various levels of detail and a variety of means of communications, thus enabling us to reach all eni's stakeholders efficiently, promptly and without intermediaries.

Reporting system

As a testimony to the ongoing integration of sustainability in all corporate processes, the **Integrated Report** highlights the connection between economic, social, governance and financial factors, and their impact on long term performance. The drawing up of an Integrated Report was initiated in 2010 after four years of publication of the Sustainability Report. In 2011, following inclusion in the Pilot Programme launched by the International Integrated Reporting

Council (IIRC), eni continued the process of drawing up an integrated balance sheet, with substantial modifications to its Annual Report with the introduction of new sections: strategy, frame of reference, integrated business model and operating method.

The Consolidated Financial Statements also include a section entitled "Consolidated Sustainability Statements" which provides all sustainability indicators for the eni group.

To complete the Integrated Report, "**eni for**" is the new annual sustainability reporting document, which responds to the requirements of our principal stakeholders and, in particular, to the Global Compact. This document clearly and transparently sets out our commitment to the 10 Principles of the Global Compact in corporate action and strategy, as well as our contribution to the development objectives of the United Nations. The contents satisfy the requirements of the Advanced Level Differentiation Programme of the UN, as well as the additional sustainability aspects sets out in the BluePrint.

In each Country of operation, eni is promoting accounting procedures for sustainability issues, including **Country Reports**, along with the

sustainability reports of companies operating in particular businesses, such as power generation and gas. The website eni.com contains exhaustive sustainability information: descriptions of major projects and sector performance reviews, with an interactive interface and suitable levels of detail. Browsing by subject matter enables quick reference to information, along with access to further levels of detail. In 2011, eni was ranked third in the Fourth CSR Online Awards, the first detailed European study of on-line communications in the area of Corporate Social Responsibility (CSR).

Guiding principles

The sustainability information and performance indicators contained in this document are drawn up in compliance with the "Guidelines for sustainability reporting" version 3.1 of the GRI (Global Reporting Initiative). GRI significant indicators of the last three years are presented in the sections related to the implementation of the ten principles of the Global Compact. The principles assuring the quality of the information and performance data, including their presentation, are balance, comparability, accuracy, promptness, reliability and clarity, as defined in the Global Reporting Initiative.

The full GRI reporting supporting the A+ self assessment level is available on the website **eni.com** in the section reporting principles and criteria.

Materiality analysis

In relation to the presentation of issues, **eni** followed the principles of materiality, inclusion of stakeholders, sustainability context and completeness.

The materiality of subjects is the outcome of an analysis run by the corporate sustainability department and the various company director's offices, which contributed to drawing up this document. The degree of interest and the external significance of the subjects illustrated herein derive from the contexts where **eni** operates, from the evolution of the trends that characterize not only the energy sector but also the international scenario, and from **eni**'s international commitments.

The stakeholders included in the definition of materiality include rating agencies, institutions, governments, international agencies, NGOs, **eni** persons (for more information, see the section "Stakeholders' engagement"). In contrast, the degree of internal significance of sustainability issues has been determined on the basis of an analysis of short and long-term strategies seen also in the light of

the sustainability performance of the reporting period.

The results emerging from the comparison of external and internal expectations are then evaluated by the senior managers in charge of the definition of material issues to be presented to the public.

The significance of the issues and initiatives illustrated has been reviewed, in terms of:

- The Millennium Development Goals;
- The basic elements of reporting on the tenth principle issued by Transparency International and the Global Compact in 2009;
- The UN's "Sustainable Energy for All" initiative.

The document sets out **eni**'s long term commitment and responsibility towards its key stakeholders, with special attention to the expectations and needs of host Countries and the Global Compact.

The sustainability context is presented in the description of the major sustainability initiatives run by the company in 2011 and previous years, and the analysis of socio-economic information and data regarding the producing Countries, drawn from influential sources such as International Energy Agency (IEA), the World Bank and the United Nations Development Programme (UNDP). The document also provides

the information required by the "Blueprint for Corporate Sustainability Leadership" published in 2010 by the United Nations Global Compact Office with special reference to: (i) implementing the Ten principles of the Global Compact into Strategies and Operations; (ii) actions taken by **eni** in support of broader UN Millennium Development Goals and issues considered strategic for sustainable development by the UN; (iii) **eni**'s engagement in the initiatives conducted by Global Compact at the local and global level.

Consolidation domain

The consolidation boundary for company data is the same as that used to draw up the "Consolidated Sustainability Statements 2011" included in 2011 Annual Report.

The assurance process

The document is subject to the assurance by independent auditors, who has carried out a limited assurance engagement in accordance with the principles and guidelines established by "International Standards on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Information" ("ISAE3000"), issued by the International Auditing and Assurance Standard Board.

GC-GRI table

eni for 2011 has been drawn up in compliance with the criteria established by the Global Compact Advanced Level for the Communication on Progress (CoP) and shows **eni**'s commitment to implementing the "Blueprint for Corporate Sustainability Leadership",

the program launched in 2010 by Global Compact to promote the commitment of companies to three dimensions: respect for the principles of Global Compact, achievement of the goals of the United Nations and active participation in Global Compact initiatives.

The table shows the references to the 44 criteria provided by the self-assessment framework of the Advanced Level and the reference to GRI guidelines 3.1 of the Global Reporting Initiative.

Paragraph	Communication on Progress criteria					GRI disclosure
	Strategy Governance and Engagement	Commitment strategies or policies	Value Chain Implementation Verification and Transparency	Taking Action in Support of Broader UN Goals and Issues	Engaging with the UN Global Compact	
eni for 2011						Framework 3.1
CEO's message	1					1.1
eni and the Global Compact	1	9, 13	22	34	35, 36, 38, 39, 40, 41, 42, 44	1.1, 1.2, 2.2, 2.5, 2.7, 4.8
Good governance	2	7, 11, 15, 19	23	32		4.1, 4.5, 4.7, 4.8, 4.9, 4.10, 4.12, 4.13
Stakeholders engagement	3			33		4.4, 4.14, 4.15, 4.16, 4.17
The strategic priorities	1	9, 13		25, 27, 31		1.1, 1.2, 4.8, 4.12, 4.13
The regulatory system		6, 10, 14, 17, 18	21			1.1, 1.2, 4.8, 4.12, 4.13, S02
Human rights	3	5, 6, 7, 8, 10, 12, 14	21	31, 33, 34	37, 42, 43	4.15, 4.16, 4.17, EC6, HR1, HR2, HR4, HR8, HR10
Labour standards	3	9, 10, 11	21	31, 33, 34	37, 42, 43	4.15, 4.16, 4.17, LA1, LA8, EC5, EC6
Environment	3	13, 14, 15, 16	21	26, 31, 33, 34	37, 42, 43	EC2, EN5, EN6, EN8, EN9, EN10, EN14, EN16, EN18, EN20, EN23, EN26
The fight against corruption	3	17, 18, 19, 20	21	31, 33, 34	37, 42, 43	4.15, 4.16, 4.17, EC1, EC6, S02, S03
The United Nation Conference: Rio+20	1	13		25, 27, 32, 33	38, 40, 41	4.15, 4.16, 4.17, EC2
Sustainable energy for all	1	13		26, 31, 33	35	4.15, 4.16, 4.17, EC2, EC8, EN26, S09, S010
Commitment to local development			21	28, 29, 30, 33		4.15, 4.16, 4.17, EC6, EC7, EC8, EN8, EN9, S01, S09, S010
The reporting principles and criteria	1		23			3.12, 3.13
Independent auditor's letter			24			3.12, 3.13
Cover Page			22			2.6, 2.8

Paragraph	Communication on Progress criteria				GRI disclosure
	Strategy Governance and Engagement	Commitment strategies or policies	Value Chain Implementation and Transparency	Taking Action in Support of Broader UN Goals and Issues	
Annual Report 2011					
Eni Group			22		
Profile of the year		17		25, 31, 32, 34	44
Letter to shareholders	1				
Eni's strategy	1, 3	16	22	26, 27	
Scenario and trading environment			22		
How we operate	1	5, 6, 7, 10, 11, 17, 18	21	26, 28	
Governance	2				
Exploration & Production	1	8, 12, 16	22	28	
Gas & Power	1	8, 12, 17	22		
Refining & Marketing	1	8, 12, 18	22	28	
Petrochemicals	1	8, 12, 19	22	28	
Engineering & Construction	1	8, 12, 20	22		
Risk factors and uncertainties		6, 9, 10, 11, 13, 14, 15	21		
Disputes		16, 19			
Disclosure on management approach	1	5, 6, 7, 9, 14, 15, 17, 18	21, 23		
Stakeholder engagement activities	1, 3			33, 34	44
Internal audit system		7, 10, 14, 18			
Management of reports		6, 8, 11, 12, 14, 16, 18, 19, 20			
Added value			22		Gri Content Index published on the website: Homepage > Sustainability > GRI
People safety	1	10, 11			
People health	1	10, 11			
Employment	1	12			
International development	1	12			
Equal opportunities	1	12			
Training	1	6, 10, 14, 18			
Involving people			28		
Industrial relations		12			
Employment disputes		11, 12			
Spending and investments for the territory	1		28		
Local content	1		21	28, 33, 34	
Relations with suppliers		12, 15, 18	21		
Integrity and transparency	1	18, 20			
Human rights	1	6, 8, 12			
The environmental management system	1	14, 15, 16			
Climate change	1	15, 16	21		
Energy efficiency	1	16			
Atmospheric emissions	1	16			
Reclamation and landscape protection	1	16			
Protecting water	1	16			
Oil spills	1	16			
Waste from production activities	1	16			

Independent auditor's letter



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Independent auditors' report on the limited assurance engagement of the Eni Group's sustainability report "Eni for 2011"
(Translation from the original Italian text)

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

1. We have carried out the limited assurance engagement of the document "Eni for 2011" of the Eni Group. The Directors of Eni S.p.A. are responsible for the preparation of the document "Eni for 2011" in accordance with the reporting principles detailed in the section "The Principles and Reporting Criteria", as well as for determining the Group's commitments regarding the sustainability performance and the reporting of the results achieved. The Directors of Eni S.p.A. are also responsible for the identification of the stakeholders and the significant matters to report, as well as implementing and maintaining appropriate management and internal control processes in respect of the data and disclosures reported in the document "Eni for 2011". Our responsibility is to issue this report on the basis of the work performed.
2. Our work has been conducted in accordance with the principles and guidelines established by the "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board. ISAE 3000 requires compliance with the applicable ethical requirements ("Code of Ethics for Professional Accountants" issued by the International Federation of Accountants - I.F.A.C.), including those related to independence, as well as planning and executing our work in order to obtain limited assurance, less than the level of assurance provided by an audit engagement, that the document "Eni for 2011" is free from material misstatements. A limited assurance engagement of the sustainability report consists in making inquiries, primarily with company's personnel responsible for the preparation of the information included in the document "Eni for 2011", in the analysis of the document and other procedures performed in order to obtain appropriate supporting evidence. The procedures performed are summarized below:
 - a) comparison of the sustainability data and information included in the document "Eni for 2011" with the data and information included in the "Consolidated Sustainability Statements 2011" contained in the 2011 Annual Report of the Eni Group on which we issued our limited assurance report on April 4, 2012;
 - b) analysis of the underlying processes that support the generation, recording and management of the quantitative data reported in the document "Eni for 2011". In particular:
 - interviews and discussions with personnel of the Management of Eni S.p.A., of the operating Divisions (Exploration & Production Sector), of Eni Australia Limited and of Eni Timor Leste S.p.A. to obtain an understanding about the information, accounting and reporting systems used for the preparation of the document "Eni for 2011" and about the processes and internal control procedures supporting the collection, aggregation, processing and transmission of the data and information to the department responsible for the preparation of the document "Eni for 2011",

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 I.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U.
Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Conselb al progressivo n. 2 delibera n. 10831 del 16/7/1997

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The limited assurance engagement performed is substantially less in scope than an audit engagement performed in accordance with ISAE 3000 and, consequently, it does not provide a similar level of assurance and we may not have become aware of all the significant matters and circumstances which we might have identified had we performed an audit engagement.

Since this is the first year of preparation of the document "Eni for 2011", the prior year's data and information have been subject to limited assurance procedures only for the purpose of issuing this report.

3. Based on our work nothing has come to our attention that causes us to believe that the document "Eni for 2011" is not in compliance, in all material respects, with the reporting principles indicated in the section "The Principles and Reporting Criteria".

Rome, May 30, 2012

Reconta Ernst & Young S.p.A.
Signed by: Riccardo Schioppo, Partner

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



eni for 2011 is the new document that complements the sustainability reporting system with the Integrated Report: the Annual Report.

eni for 2011 illustrates the commitment to sustainable development according to the "Blueprint for Corporate Sustainability Leadership" as drawn up by the Global Compact.



Alongside the sustainability information:

The Annual Report 2011 describes the links between financial and non-financial factors and explains how sustainability is a core pillar of **eni** strategy to create long term value.

Further information on sustainability initiatives and results are available on **eni** website.



eni has, since 2010, been entrusting its communication to young talent from around the world, active in different disciplines.

Janine Rewell is a Helsinki-based illustrator and graphic designer. She studied at the University of Art and Design Helsinki and Rhode Island School of Design, and has worked as a freelancer ever since. In 2011 she was awarded with the Junior Award, a great national recognition for a young designer. In addition to taking part in many group exhibitions, she has held solo exhibitions in Barcelona and Poland. Inspired by the geometry of nature, decorative details and intense colors, Janine's designs are an enchanting mix of Scandinavian design and Slavic folk art.



eni spa

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paid-up
Business Register of Rome,
taxpayer's code 00484960588

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Milanese (MI) - Italy

Page layout and supervision

Korus Srl - Rome

Print

Primaprint Srl - Viterbo (Rome)

Printed on environmental friendly
paper: XPer Fedrigoni

ELEMENTAL
CHLORINE
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