



Sustainability Report 2008

## Letter from the Chief Executive Officer

The snapshot of Eni, as featured in this Sustainability Report, takes the form of a discussion of the policies adopted by the company in order to build sustainable development and the complexity of the modern world in its entirety, not merely the energy world.

A positive vision emerges: a company underpinned by a solid business culture can tackle a crisis and emerge stronger the other side, with a clearer perspective.

There is confirmation that the policies underlying the company strategy have been validated: making people the focus, making sure they are safe whatever their job, in any part of the world.

Eni's experience proves that it is possible to establish models of cooperation with the producer countries that can create development through long-term agreements, build networks that contribute to Europe's energy security and invest in innovation starting from an appreciation of different cultures and diversity.

Research into the energy of the future remains at the centre of the company's strategy and will allow increasingly more difficult conventional resources to be harnessed, the conditions to be created for using renewable sources and a less carbon-intensive world to be achieved. Eni's commitment in this area is the central focus of a new publication, entitled the Eni Technology Report, which from this year accompanies the Sustainability Report.

The message that emerges is one of commitment, strength and solidity of action in which the present is lived with a keen eye to the future.

This is a message conveyed by all those people who are part of Eni and is an asset for the regions of the world in which the company operates, secure in the conviction that the role of a large international company within society is above all to build confidence and trust.



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# ➤ A conversation between Eni CEO Paolo Scaroni and Ernest Moniz, Director of MIT's Energy Initiative

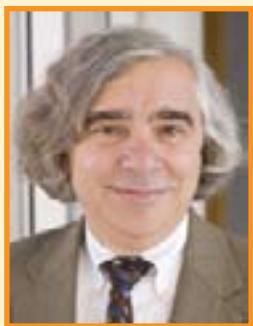


**Paolo Scaroni:**

The crisis we are experiencing has overturned many established notions that had so far underpinned our economic model. The effect is like seeing mighty idols tumbling one by one: doubts are arising in people's minds about things they had never doubted before, and this could cause a breach in the confidence that holds the whole system together.

Today like never before, companies play a crucial role and have a great social responsibility. People should feel that the workplace they go to every day is their safe haven: companies should offer a strong, shared set of values and a key to interpret what is happening in the world, they should prove that they are determined to pursue a clear course, and that everyone can have a role in this objective. In other words, the organization must offer safety and confidence to people as we go through the storm – most importantly, confidence in the fact that the decisions that are being made will allow us to navigate past the crisis and to direct the change.

On the other hand, a crisis of this magnitude might perhaps "clear the fog" and redefine priorities. Those, like Eni, who have operated in a fair and responsible manner will come out strengthened. Over time we have built a strong social memory, and our stakeholders are unlikely to perceive any discrepancies between our set of values on the one hand, and our conduct on the other. This is the essence of a solid reputation. Now as never before, we need to strengthen our relations within the company in order to maintain and enhance the confidence we have earned.



**Ernest Moniz:**

The global economy is clearly facing immense challenges, and this spills over to how we work together to face the world's urgent energy and sustainability challenge – forward-looking energy companies, research and educational institutions, governments all working together. Eni has transitioned from oil & gas multinational to integrated energy

company through a clear vision of the future, and its many relationships and alliances are integral to this strategic development. I view and value the partnership between Eni and MIT as a very good example of this.

Being an integrated energy company, engaged in the search for the energy sources of the future together with other major industry operators, is the strength on which Eni relies to be a credible player for all our stakeholders.

A key aspect of innovation is cooperation with oil and gas producing

Countries. Our company has a competitive advantage because of the legacy left by Enrico Mattei, who first believed and invested in relations with the producing Countries. We have identified opportunities for new models of cooperation, and we are building on those models.

We have already entered into agreements based on the awareness that a producing Country "chooses" Eni because the company can offer proven and tangible benefits as regards the creation of opportunities for social and economic development for the entire nation. This provides stability to our investments, because it allows us to establish long-term relationships.

We now need to go one step further: strategic agreements are necessary with producing Countries who are able to guarantee a fair share of risks and profitability. The oil industry needs cooperation, in the interest of a price stability that is beneficial to producers, and even more to consumers - who need steady supply just as much as producers need steady demand.

**Focusing on the development of all Countries – industrialized and developing, energy producers and consumers - is vitally important. As the world experiences extremely difficult times, we cannot opt out of recognizing the needs and investing in the growth potential of all regions. Providing energy and growing sustainability is a virtuous cycle that is beneficial to everyone. Development and fairness will also support enhanced security, which is another necessity for global sustainability.**

Undoubtedly, companies play a vital role in this respect. We need to state this forcefully at all times, even at times like the present when no organization, whether public or private, seems to deserve the complete trust of the citizens. Large organizations like Eni are called on to promote innovation in the entire system, not just in the areas of technology and research. Our new models of cooperation with the producing Countries are based on the strategic need to favour their development. This also means promoting human rights, protecting the environment and engaging in common efforts to weather major changes wherever we operate.

**Protecting the environment calls for strong and coherent action to mitigate the risks of climate change. Our understanding of the regional impacts of climate change is still in the early stages, but areas thought to be at very high risk include polar regions, the Middle East, and Africa. This can have profound implications for energy supply, major societal dislocations, and consequent environmental, economic, and security consequences worldwide. Innovation in technology, policy, and business models are all called for, and both Eni and MIT are tackling these with determination – including through our strategic partnership.**

Protecting the environment calls for strong and coherent action. Renewable sources are one of the ways to build a less carbon-intensive world, where oil has a smaller role than it has today.

Very likely, we will see a sharp discontinuity in the way of producing energy, and for this we must be prepared.

Today, renewable sources are affected by two basic limitations: one is related to costs, and the other to low energy density and power. Cost constraints can be partly compensated by policies aimed at incentivizing the use of alternative energy, whereas technological limits require significant investments in research efforts. We must steer research in the right direction in order to resolve these issues, and this is what we are doing by investing in research on a source that has very high potential, namely solar energy.

At the same time, we should not overlook the fact that another low-carbon energy source is available in the form of natural gas. Eni has a leading position in the European gas market and actively contributes to the security of supplies in Europe. We are going towards a progressive integration of the entire supply chain, and our credibility is based on solid ground: Eni was the first company in Europe to invest heavily in the gas business. This is one of Enrico Mattei's great legacies, and over time we have been able to achieve leadership also in pipeline management, while our ability to set up deals with the producing Countries allows us to have a wider range of supply sources than any other company. The fact of being a truly integrated energy company, i.e. of having developed our gas segment, gives us on the one hand a clear competitive advantage even at times of extreme oil price fluctuations like the present one, and on the other allows us to carry out a well-balanced transition towards renewable sources.

I am optimistic about development of advanced renewables through cutting-edge research and accelerating their deployment at large scale. A change in this direction is certainly needed, not only in technology. Innovation must integrate with new business models. For example, in supporting research on renewable sources I think Eni is going in the right direction.

As regards natural gas, the least carbon intensive fossil fuel, we are convinced that it will be a critical and growing energy source as carbon dioxide emissions are more and more strongly constrained in the next several decades. Our relationship with Eni is an important strength. Business experience is an essential backdrop to good energy policy. And furthermore, I believe that large energy companies are essential for accelerating introduction of clean technologies at large scale –linking their capital, supply chains, and distribution networks with a sustainable vision.

I think this need for acceleration should be extended to the management of human resources, and particularly of the company's talents. Young people who are capable and strong-willed must be allowed to find ways to develop and show their potential. This is why at Eni we try to create situations of discontinuity, career paths for people with an extremely high potential, even outside the ordinary development processes ensured by organizational mechanisms.

People's age should not limit their authority.

Valuing merit within diversity is key to promoting cultural innovation within the organization.

It is crucially important to recognize and encourage young talents, particularly of diverse education backgrounds, able to think "outside the box" to find new solutions.

At universities, we should never forget that our first product is not research, but the students themselves who will shape the world of tomorrow. Some of them will work in the energy industry, in large companies like Eni. Others will be members of Governments or will join non-government organizations.

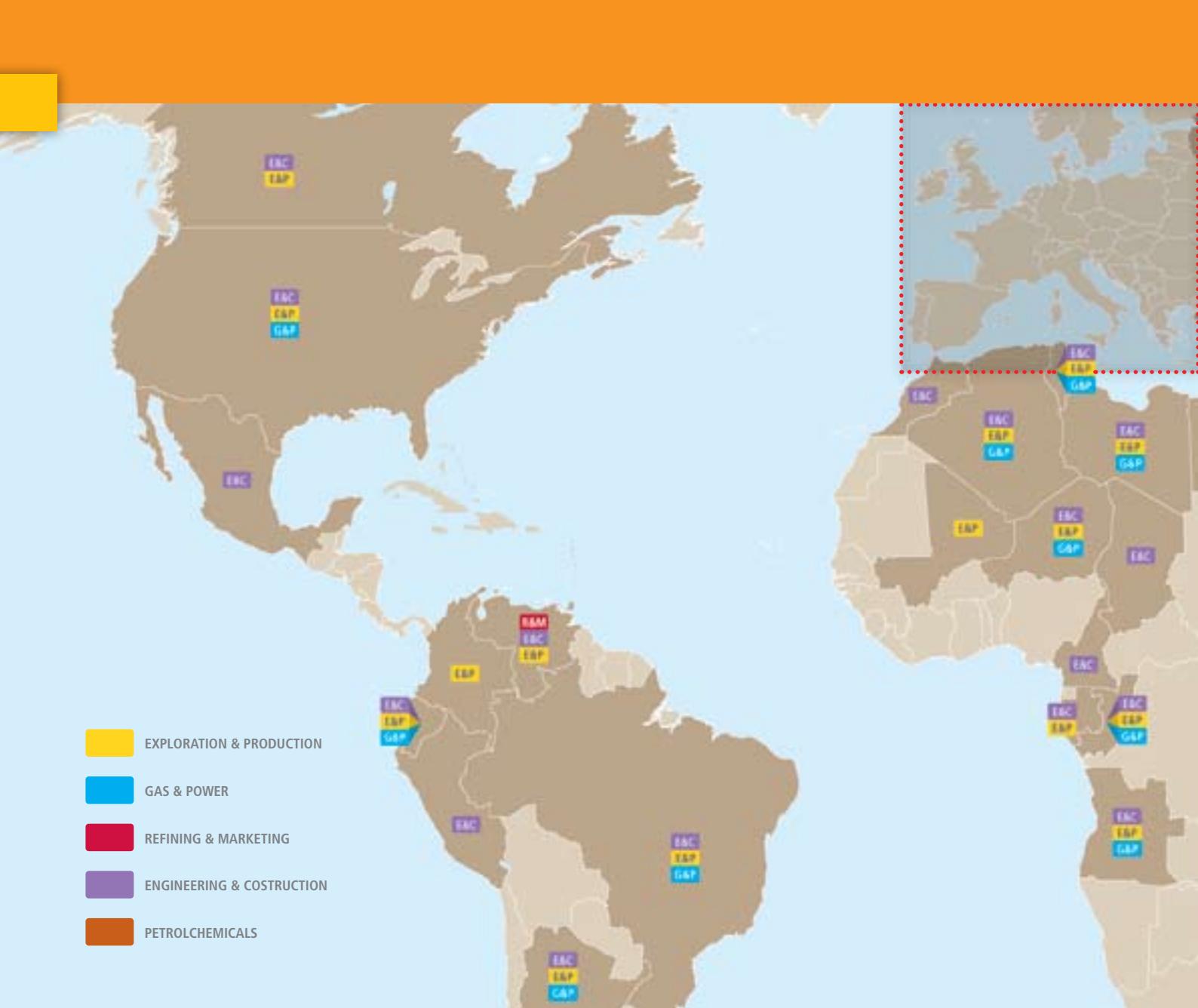
Many will be opinion leaders. If during their time at MIT they see companies working for the future in cooperation with their University, they will understand how energy enterprises offer important perspectives and operate for change. And our energy industry partners can build relationships with tomorrow's energy technologists, economists, and planners. Our confidence in the future rests with young people such as the graduate student Eni-MIT Energy Fellows.

I am convinced that there can be no innovation without an understanding of the value of diversity. I like to quote Lorenz and Lorsch, who back in the 70s argued that the secret of a company's success is to promote close interaction between widely diverse people. My front line is composed of people who are very different from each other - who think and address problems along very different lines. I tend to mistrust companies that only hire people with the same basic training and require the same skills, just as I mistrust those where all diversity is suppressed in the name of a standardizing approach.

I firmly believe that a diversity-centered corporate culture is challenging, and yet it is what we need to pursue, because a company's innovation capability is driven by the pooling of different personalities, ideologies, skills, and geographic origins.

Valuing diversity means having the cultural tools to do so. In order to work with Eni, each of our people must be thoroughly familiar with the history and culture of the areas where we operate. When I travel to a Country to sign a deal, I consider the knowledge of that Country's history and culture as a negotiating prerequisite.

The relationships between Russia and the young eastern European nations, for example, cannot be understood and explained unless you are familiar with the past events that have marked these relationships. This is why culture, in the widest meaning of the word, is an essential aspect of our work, and perhaps the most important true source of innovation.



## Eni's activities

Eni is an integrated company committed to growth in the activities of finding, producing, transporting, transforming and marketing oil and gas. The Company has global operations in **68 Countries** and employs approximately **78,880 people**.

In 2008 Eni reported revenues from core business of € 108,148 million, with an **adjusted net profit of € 10.2 billion** (up 7%). Investments and acquisitions amounted to € 18.9 billion.

Eni's business portfolio is unique in the Oil & Gas industry, and includes oil and gas Exploration & Production, natural gas transport and distribution, power generation, refining and petrochemicals, engineering and construction, and other activities.

### E&P Exploration & Production

Eni has large operations in some of the most attractive oil fields in the world, in 39 Countries in 5 Continents. **11,194 people** are employed in this business. In 2008, hydrocarbon production reached a record **1,797 million barrels per day**, with an increase of 3.5% due to new acquisitions (Gulf of Mexico, Congo and Turkmenistan) as well as to growing production in Angola, Congo, Egypt, Pakistan and Venezuela. On the basis of crude oil year-end market values, **proven reserves amount to 6.6 billion boe**, with an all-source replacement rate of 135% and a reserve life index of 10 years.

### G&P Gas & Power

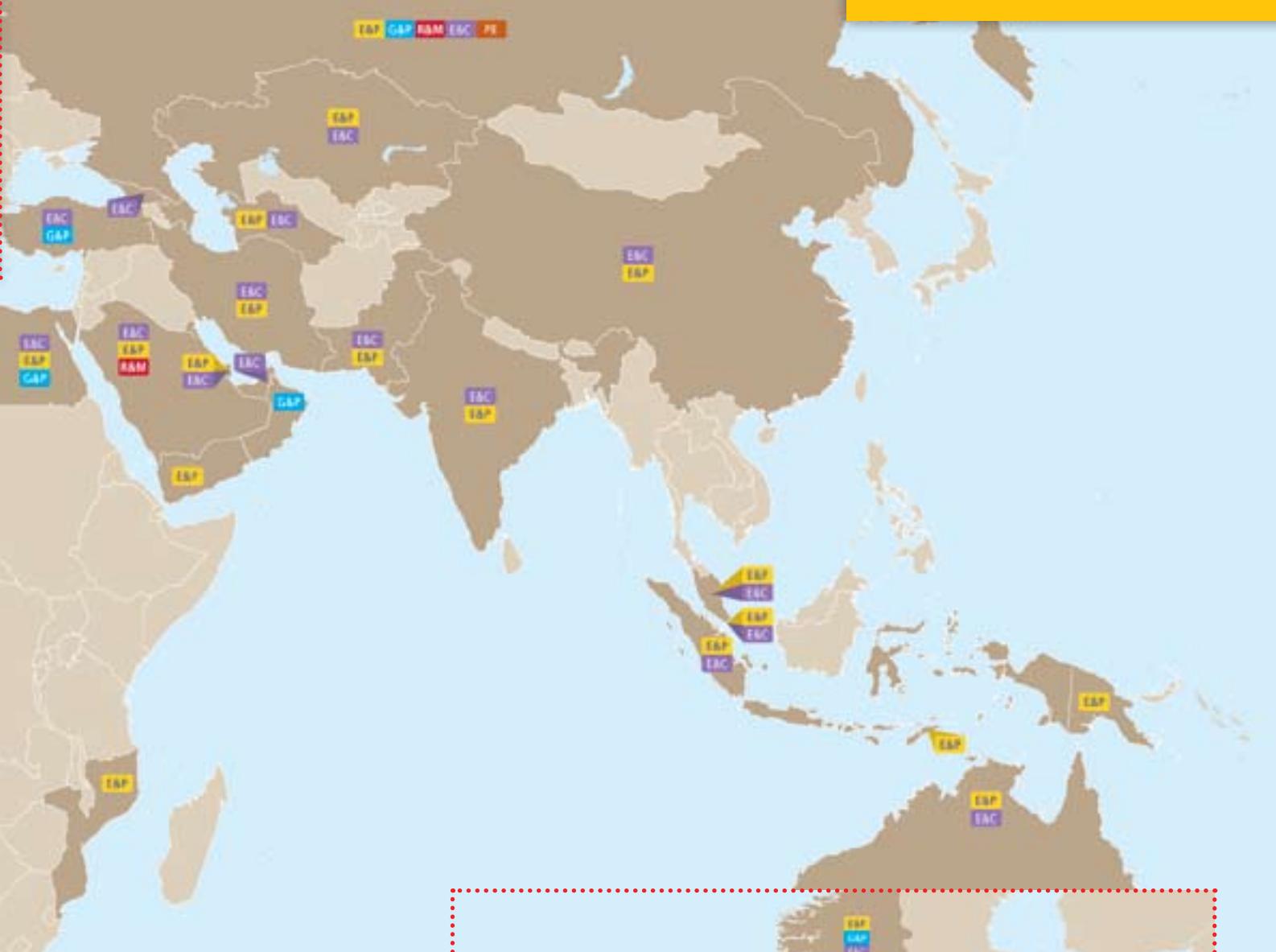
The Gas & Power business covers all phases of the gas value chain: supply, transportation, distribution, sale and LNG, through a unique integrated business model. Eni is the leading supplier of gas in terms of sales in the European market. Its strong market positioning is underpinned by extensive

gas supplies, both produced and imported under long-term agreements, access to infrastructure, and a broad customer portfolio. Eni also has significant power generation capabilities.

In 2008 Eni sold **104.23 billion m<sup>3</sup>** of natural gas (up 5.3% from 2007), and the volume of gas transported in Italy was 85.64 billion m<sup>3</sup>, with an increase of 2.8%. Power sales amounted to **29.93 TWh**. **11,389 people** are employed in this business segment.

### R&M Refining & Marketing

Eni is Italy's leading oil refining company, and is competitively positioned in the European market. Its refining system has an overall balanced capacity of approximately 737,000 barrels per day. Eni is also Italy's leading network distributor. In 2008 oil product sales amounted to **50.68 million tons**. The Oil Refining segment employs **8,327 people**.



#### PE Petrochemicals

Through Polimeri Europa, Eni is engaged in the production and sale of a broad portfolio of petrochemical products, backed by its range of proprietary technologies, next-generation plants, and an extensive and efficient distribution network. Eni's strategic business areas in the petrochemical sector are basic chemicals, plastics, and synthetic rubbers. **7.37** million tons of petrochemical products were manufactured in 2008.

The segment employs **6,274** people.

#### E&C Engineering and Construction

Eni's major operations in oil field engineering and services are performed through its subsidiary Saipem. The distinctive technologies and expertise which Saipem provides to Eni in the engineering and implementation of complex projects are a key element in Eni's growth and innovation strategies. In 2008 Saipem received purchase orders for € 13,860 million, and operated in 54 Countries. **35,629** people work in this sector.



# Eni and the Future of Energy

SUSTAINABILITY 08

“ Large organizations like Eni are called on to promote innovation in the entire system, not just in the areas of technology and research. Our new models of cooperation with the producing Countries are based on the strategic need to favour their development. This also means promoting human rights, protecting the environment and engaging in common efforts to weather major changes wherever we operate. ”





TULPAR ТҮЛПАР  
AKTAU АКТАУ



# Complexity of the global scenario

Complexity has always been the distinctive trait of the social, political, economic and environmental arenas in which Eni operates. 2008 was a year of such radical change as to force the world economies - and the companies that operate within them – to tackle new opportunities and thereby rethink their business models.

This constantly evolving scenario is bound to influence Eni's role and strategies as an international energy company while at the same time confirming and consolidating many of the choices made over time by the company as regards product and process innovation, relationships with producing Countries and local communities, customer focus and social responsibility.

## THE FINANCIAL AND ECONOMIC CRISIS

The financial crisis that erupted in the latter months of 2008 had its roots in the early 2000s and is the result of a prolonged period of a combination of factors including accelerated growth of household debt, real estate bubble, easy bank credit, and the illusion that the development of innovative finance could reduce the risk of insolvency.

A serious confidence crisis has hit the credit systems of the major industrialized Countries, causing key operators to be confronted with severe difficulties.

Against this backdrop, in a rapid crescendo, the outlook for all primary economies deteriorated significantly. Since autumn 2008, expectations have progressively worsened, and from the third quarter onwards many Countries were in an all-out recession. As a consequence, mid-term growth forecasts of all the main Countries have been reduced by the international institutions.

It is difficult at this time to predict how long it will take for a recovery to set in; it will depend largely on the effectiveness of the measures to counter the crisis adopted by the Governments, first of all by the new US Administration. Another factor that will have a considerable influence on the intensity and duration of the crisis will be the ability of emerging economies to continue their fast-paced growth, despite reduced export flows towards the western markets.

Energy markets have not been immune from the financial and economic crisis. In 2008 the trends in oil prices were affected by strong fluctuations, with radical changes in both operators' expectations and benchmark fundamentals on which oil price valuations are based (see below, "Reasons of the shock in crude oil prices"). Oil demand in the US should be weak again in 2009, after a substantial decrease in 2008. The economic crisis could force consumers to cut their transportation costs in Europe as well. If Asia were to be dragged into the crisis as a result of the US and European recession, China's and India's economies could slow down and their oil demand could decrease. In this case, the support of non-OECD Countries to global oil demand would drop, and

## REASONS OF THE SHOCK IN CRUDE OIL PRICES

*2008 will also be remembered as the year of the great shock in oil prices. In the first part of 2008, prices climbed steadily up to a peak of US\$144 per barrel by mid July. After this date, valuations declined rapidly. The reasons of the boom are well-known: during 15 years of low prices, continuing until 2002, investments in Exploration & Production were limited and mostly concentrated in mature areas like the United States and Canada.*

*Added to a sustained growth in demand, driven particularly by the emerging economies, this led to a reduction in spare capacity (i.e. the capacity of unused production) and therefore to vulnerable markets, global uncertainty and soaring prices. The bust that followed can be explained by three reasons. In the first place, when oil prices rise beyond a certain level, oil product demand cannot remain unchanged, because consumers can do nothing to increase their purchasing power. Additionally, in all the developed world high oil prices and a more acute awareness of environmental issues have heightened interest in energy saving policies and promoted more responsible consumption styles.*

*The second factor that accelerated the drop in prices was the financial and economic crisis and its impact on operator expectations, the production system and actual resources available for expenditure. The third factor that determined the decline in oil prices concerned the supply side. After 2002, rising prices stimulated investments in production capacity. Global investments in upstream oil projects doubled between 2002 and 2007. Consequently, production started to increase, albeit at a lower rate than investments. On top of all these considerations, financial speculations contributed first to inflate prices and then to knock them down.*

declining consumption in OECD Countries would no longer be offset by the Asian economies as it had been in the last few years. At the supply side, weaker demand could clash against newly operational production capabilities resulting from projects completed in recent years. Investments about to be completed may drive a boost in production capacity, particularly in the new producing Countries anxious to win market shares in order to support the growth of their national economies with oil sales. On the other hand, OPEC Countries' revenues from oil exports are rapidly dropping because of reductions in both price and quantities sold abroad. OPEC is therefore trying to contain falling crude oil prices by cutting production and, wherever possible, by postponing investments in new production capacity. Natural gas consumption is also impacted by the global economic crisis, and its growth could slow down in the next few years. The industrial sector's gas demand will predictably decrease. Since consumption growth is driven largely by the thermoelectric sector, this industry will be the most influential in determining gas demand trends. Due to the crisis, in fact, demand for electricity may grow at a reduced rate but gas could reinforce its role within the mix of energy generating options. In view of this, natural gas consumption is less likely than oil to be heavily affected by the global economic crisis.

### LEVERS OF CHANGE FOR INTERNATIONAL ENERGY COMPANIES

According to most scenarios, the trend in global energy demand will continue to grow in the mid- to long-term, although the expected growth rate varies depending on how the crisis evolves. Demand will be driven mainly by the economic – and demographic – development of emerging Countries, currently slowed down by the global crisis. In the next few years, the priorities in European and US energy policies will be promoting more responsible consumption styles, improving energy efficiency, and spreading the use of renewable sources. In all the scenarios that can be forecast today, fossil fuels are not seen as losing their significant role in the global energy mix, although opinions differ somewhat as to how much of this mix will be represented by alternative and renewable sources. As late as 2020, it is probable that more than 80% of the world's primary energy consumption will be met by oil, coal and natural gas. In effect, while people have become deeply aware of the huge environmental impact brought about by these sources, the technical and financial constraints that still affect alternative sources continue to limit their capacity to broadly replace fossil fuels, at least in the next ten years.

Against this backdrop, international energy companies can contribute to laying the foundations for global energy security: on the one hand, by strengthening cooperation with the Countries who have hydrocarbon reserves, and on the other, by committing to research for the improvement of technical-financial and environmental performance of fossil as well as alternative sources,

### 2008 BRENT PRICE TRENDS



*High uncertainty prevails in today's oil market, with many factors likely to play a role in determining new balance levels. In the mid- to long term, once crude oil consumption picks up again, the need to balance demand and supply could arise again to support prices. The average level and volatility of crude oil prices will be a function of the intensity of this process.*

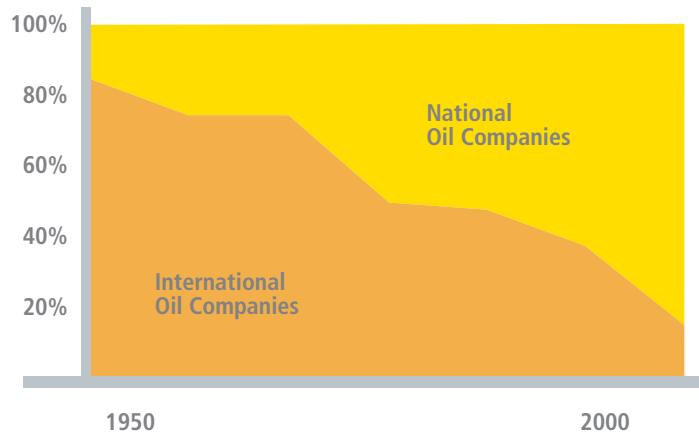
including renewables.

International oil companies have traditionally supported reserve owning countries and their National Oil Companies in developing and marketing their resources. Today, NOCs are taking over a leading role in the oil industry. With increasingly advanced technical and managerial skills, they are fast catching up with international companies as regards management and operating methods, as well as an increasing focus on profitability and efficiency.

Many upstream projects are now handled independently or with the sole support of service companies only or by NOCs.

Finally – and in order to seek autonomy in their domestic markets - NOCs are expanding their activities abroad in a perspective

of business growth and diversification. In this environment, IOCs need to rethink their cooperation models with NOCs, with initiatives aimed at establishing steady relationships and wide-ranging strategic agreements for a balanced sharing of risks and profits. IOCs can bridge the gap between western Countries' need to rely on secure hydrocarbon supplies at reasonable prices, and reserve owning Countries' need not only to market their output but also to meet their domestic energy requirements and to promote sustainable and autonomous development. Alongside improving the security of hydrocarbon supplies, we also need to promote more responsible consumption styles, enhance energy efficiency, and find solutions to the issues that are still holding back the large-scale



use of alternative sources. Thus, investing in innovation is one of the factors that will make the difference: the ability to innovate in the areas of research and technology must go along with a new way of building and maintaining relationships. Commitment to attracting, developing and recognizing people as well as customer and consumer satisfaction and the capacity of energy companies to create effective dialogue and respond to requests from local communities and civil organizations, will play an increasingly significant role in the company's chances of success and market valuation, in an industry characterized by a growing need for security.

## THE NEW ENERGY POLICIES IN EUROPE AND THE UNITED STATES

*Energy consumption scenarios seem to agree on the fact that fossil sources will maintain a crucial role in the global consumption balance; however, the percentage covered by these sources vs. alternative and renewable sources differs. This variability in scenario projections is reflected in the European Union's policies as well as in those recently outlined by the new US administration. The process for the development and approval of the new European Energy Policy (EEP) was completed in December 2008.*

*Specifically, the measures adopted will aim at achieving the following objectives by 2020:*

- 20% reduction in EU greenhouse emissions from 1990 levels (this percentage can be increased up to 30% if a global climate agreement is reached);
- energy from renewable sources to contribute 20% of final gross consumption.

*The EU recognizes that energy efficiency is key to achieving the greenhouse emission reduction objective, particularly for the transport, agriculture and residential sectors, although no binding objective is identified. Europe's policy to promote efficiency in the main industries is based on strengthening the Emissions Trading system by extending it to other sectors and gases and by issuing stricter rules for participation. The Carbon Capture & Storage option is considered necessary to continue to use fossil sources for sustainable power generation.*

## THE ROLE OF ALTERNATIVE ENERGIES IN THE ENERGY SCENARIO

With the exception of the hydroelectric segment, renewable sources typically have low energy and power density. In the case of solar and eolic energy, output is intermittent and difficult to programme. Additionally, higher generating potential is often geographically remote from more intensive consumption areas.

For the hydroelectric segment, the development of new capacity in industrialized countries is limited by the fact that the natural potential is already widely exploited. As to developing Countries, the announced projects could be opposed because of the substantial impact they would have on the conservation of complex ecosystems. Nuclear energy could provide an important tool to reduce greenhouse emissions in the energy sector. However, nuclear plants involve very long construction times, high costs and considerable authorization issues, while at the same time maintaining significant drawbacks, including the acceptance of new sites by the local communities and the disposal of radioactive waste. Whereas cost constraints can be partly compensated by government policies aimed at funding the development of these sources, technological constraints require substantial investments in research, so as to find the breakthrough solutions that will allow alternative sources to take over a primary role in meeting energy demand.

Solar energy is plentiful and is the most promising long-term option, provided that strong research efforts are made to overcome the constraints that currently limit its role in the energy mix.

Transports are today the primary field of use of crude oil, where other fossil or renewable sources seem to be still marginally employed. In the mid term, biofuels could at least partly replace oil products. Their use ensures the absence of certain pollutants, like sulphur and polycyclic aromatic hydrocarbons, although their energy yield is lower. For this opportunity to materialize, technological innovation find solutions to the limits that hinder the production and use of biofuels. Currently available technologies pose doubts on the sustainability of the entire production chain, as biofuel cultivations require vast extensions of arable land and large amounts of water and fertilizers.

Moreover, current industrial processes for biomass conversion only use part of the plant, and generate large quantities of by-products for which little valuable use has so far been found. Other considerations concern the potential competition with food products for arable land and raw materials, with negative implications on produce availability and prices.

*Mechanisms based on cooperation between Member States are available to achieve the renewable source objective. Biofuels are viewed as the primary tool to achieve the renewable energy consumption target in the transport sector (10%).*

*In the United States, President Barack Obama's energy policy aims to ensure a higher level of energy security to the Country, while assuming a leading role in environmental protection and giving new momentum to the national economy.*

*These objectives will be achieved by rationalizing consumption styles, improving energy efficiency, and developing renewable sources. In detail, the plan aims to:*

- *save more oil than the US currently imports from the Middle East and Venezuela by the end of the next decade;*
- *register one million hybrid automobiles by 2015;*
- *produce 10% of the Country's power requirement from renewable sources by 2012 (25% by 2025);*
- *abate greenhouse gas emissions by 80% by 2050 through the introduction of a national emission trading system.*

*The US Administration estimates that the new energy policy will allow the creation of 5 million new jobs in the next 10 years, with investments for US\$ 150 billion.*

# Eni as a player in sustainable development

Eni is responding to the dynamics of global change by focusing on two key elements: its capacity to create confidence in the markets and amongst citizens and, at the same time, its intrinsic nature as an integrated energy company that is capable of operating in a sustainable manner with respect to stakeholders and overall society. All of this has become possible due to the history and corporate culture of ENI, on the one hand, as well the strategic policies which currently guide the company. These policies continue to be relevant even within an economic environment subject to crisis given that they are not short-term strategies but respond to the major global challenges by means of a vision which ascribes a central position to innovation in all its forms: both in terms of industrial and technological processes as well as in relations with producer nations, local communities, company personnel, customers, shareholders and overall civil society. The intention and capacity to concretely contribute towards sustainable development and to be an active part of the search for innovative solutions has resulted in concrete commitments, actions and results which indirectly affect all the operations of Eni; these concrete actions – as well as the commitments for the upcoming years – are summarized within the summary framework of this section.

## CAPITALIZING ON TRUST AND STRENGTHENING OUR IMAGE

### >A leadership position within sustainability index

In 2008, ENI has been newly recognized within primary stock market indices assessing company Sustainability. IN 2007 it was recognized as an international leader for the oil & gas supersector within the Dow Jones Sustainability Index World. In addition, its stock has been included within the DJSI STOXX, the index which refers to European companies, and has been re-confirmed within the indices Ftse4good and Carbon Disclosure Leadership Index; these indices only include four other companies from the oil & gas sector other than Eni. The valuation attained by Eni on the part of financial analysis companies – which independently and in a

certified manner determine the inclusion within the DJSI

and assigned a position of leadership to ENI amongst the global oil companies - is particularly encouraging given that the analysis appears to be balanced in terms of all analyzed variables. Eni attained a high score, but not the maximum attainable figure, in each of the ranked areas. On the one hand, this represents a recognition of the company's capacity to manage its activities in a sustainable manner from



all perspectives and, on the other hand, confirms the possibility for Eni to continue on its path of improvement. This is an important result, even in light of the international economic crisis which has seriously damaged investor confidence given that the fundamental principles guiding investment choices in the past have been seriously questioned. In addition to classical economic and financial parameters, it seems likely that more complex assessments of a company's health will acquire greater relevance, including the capacity to identify and minimize risk. The year 2008 was characterized by a high level of uncertainty within stock markets; the latter fell by more than 40% in the last twelve months and even the energy sector was affected significantly, particularly in the second half of the year following the rapid fall of oil prices. The stock price of Eni was not immune to the effects of the economic and financial crisis and closed the year with a negative performance of -33%. The fact that Eni is part of the primary sustainability indices makes its stock a preferred investment for index funds specialized in socially responsible investments. At the end of the year 2008, Eni stock was held within the portfolios of 64 European mutual funds specialized in SRI's whose target primarily includes retail customers; these funds owned circa 0.1% of the share capital of Eni. If one considers the main European institutional funds (retirement funds, foundations and therefore not only retail SRI's), these investors hold 2.43% of the share capital. The penetration of Eni within this segment is comparable, and in certain cases better, than that of its European peers. The market for this type of funds is still a niche

market; they currently manage less than 1% of the overall assets managed by European funds open to the public (Vigeo, Vigeo Study For Eni, March 2009).

### >Strengthening our image

The economic crisis has generated a general lack of confidence - not only with respect to financial markets but also in terms of relations between public and private institutions and citizens. Eni can count on certain strong elements relating to its image which have been consolidated over time and which have developed a well-established "social memory". One of the most important factors determining the reputation of the company is its position as one of the major players in the oil & gas industry but the smallest amongst the super-major players. This market positioning is, on the one hand, associated with a perception of solidity and on the other hand with a capacity to operate in a more flexible manner with respect to the super-major players. This solidity is confirmed by the portfolio of the company while the element of "most flexible" is directly derived from its historical tendency and the current strategic policy to create positive relation"hips, particularly with countries producing oil and gas.

Eni's image is also based on its corporate characteristics, including its strong technical and engineering competencies and its constant investment in innovation. These corporate characteristics are also ascribable to the staff and management of Eni which are recognized for their capacities and effectiveness. Finally, the results of the company in terms of its commitment to sustainable development - recognized in the last few years by credible parties such as those which included Eni within the sustainability indices - have reinforced the confidence of stakeholders in the fact that sustainability is an actual competitive factor and a distinguishing characteristics of its business model. Eni analyzes its image by monitoring the perception of the latter amongst all its stakeholders: media, consumers and customers, shareholders and investors, opinion leaders and citizens (refer to the section, "Living in the world"). By means of this research, it was determined that - despite the moment of current crisis - the company has been maintaining a stable and positive image and has a level of "credit" in terms of trust from the public. Citizens expect that Eni is capable of serving as both a reference point as well as an engine for innovation by operating not only as a company that is energetically sustainable but also by actively contributing to the proposal of solutions that can improve the quality of life of people and of the country and society in general. From this perspective, Eni may legitimately initiate responsible activities, not only within the company but also within a broader social environment. The trust capital of Eni is an asset which must not only be maintained but also reinforced; the "New Identity" strategy, in fact, moves exactly in this direction: the evolution of the corporate image reflects the integration of all business units within a single entity that operates in an integrated manner within multiple sectors but speaks with one voice and one brand. This definitively marks the transition of Eni from an oil & gas company to an energy company: the

### THE NEW IDENTITY PROJECT

*The New Identity Project – created in 2006 – features two fundamental strategic lines: maximum disclosure and transparency with respect to stakeholders – both internal and external – and the intention to reach out to the final consumer with not only a service but also an ensemble of consistent values. The project includes several work phases. A comparative analysis of the brand management strategies adopted by competitors was initially implemented; subsequently, research on the knowledge and perception of the company was conducted, involving opinion leaders and consumers. Finally, an internal consulting survey was conducted. The result of the project was the definition of a brand management strategy which led to the creation of a single trademark that could more effectively represent the new role of Eni in the market. The new trademark*

#### BRAND INTEGRATION



*graphically depicts the dynamic nature, closeness and elements of strength which have characterized Eni, including the dog with six paws, the yellow square and the threaded lettering, but also incorporates new innovative elements. The dog with six paws is not outside of the square and moves symbolically in search of a new corporate identity.*

*The writing is original, cut at the bottom and all lowercase letters, in order to highlight the closeness and partnership relationship which the company intends to establish with stakeholders. The log becomes – for the first time – interactive and can be subdivided. The evolution of the trademark during a period of crisis for the global market intends to send a message of energy and confidence, thereby confirming the expectations of those who believe that the company is capable of sustaining change.*

company thereby positions itself as an agent promoting "open energy" which is not only perceived as a form of wealth for the company but also as an asset to share.

## RELATIONSHIPS WITH OIL-PRODUCING NATIONS

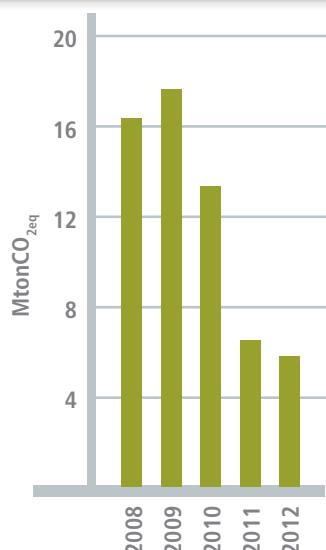
The distinguishing characteristic of Eni has always been its capacity to engage in preferential dialogue with producer countries by establishing lasting partnerships that not only incorporate the company's objectives but also the legitimate need for producer nations to meet their own energetic requirements and reach elevated standards of socio-economic development. The current model of cooperation has reached a level of development which allows for the implementation of integrated projects across the whole oil and gas supply chain including activities for electrical generation and renewable energy sources. Eni provides technical cooperation for development, making its managerial skills and technical competencies and its wealth of contacts available to the countries. A central role is ascribed to the technologies which Eni utilizes for the valorization of mineral resources; this is implemented through the improved recovery of oil from fully utilized oilfields, the optimal utilization of natural gas, the exploitation of unconventional resources and the total transformation of crude oil into high-quality fuels. This allows producing nations to preserve part of their mineral resources for future generations. The strategic objectives of Eni include future development of relations due to the need to define forms of cooperation between producing countries and consumers which must be increasingly based on a balanced allocation of risks and opportunities and with the objective of contributing towards stabilizing oil prices. Contractual initiatives of this type could guarantee stable demand for producers and increased security of energy supplies for consumers. In 2008, strategic cooperation agreements were stipulated in Congo, Angola, Gabon and the Russian Federation. The section titled "Living in the world" is dedicated to the cooperation model established with the producing nations.

## COMBATING CLIMATE CHANGE AND ENERGY EFFICIENCY

### >Strategies to combat climate change

The international debate on policies for mitigating climate change have continued with the aim of reaching a post-Kyoto international agreement; this agreement is expected to be implemented in December 2009 in Copenhagen. In the meantime, the EU has already approved a energy policy for 2020 whose aim is to reduce greenhouse gas emissions by 20% with respect to 1990. Within this environment, the strategy for combating climate change developed by ENI has already allowed for the attainment of significant results in the past years, particularly with regards to the efficiency of processes for the transformation of petroleum products (refinement, petrochemistry, electrical generation) due to adopted technologies and the carbon density of the utilized fuels. The strong presence of Eni within the gas market and the simultaneous production of high-performance fuels also mark ENI as a company which promotes the utilization of efficient energy products amongst its customers.

### GHG EMISSIONS FROM FLARING



\*The foreseen increase is related to the higher production in Congo.

This commitment has been recognized by the company's acceptance (two years ago) within the Carbon Disclosure Project Leadership Index which only includes the five best companies in the world within the oil & gas sector. The Carbon Management strategy for the next five years confirms and strengthens this commitment on the part of Eni:

- Defining a reduction target for Exploration Production, the activity sector with the greatest impact on greenhouse gas emissions.
- Continuing to constantly improve the efficiency of its industrial facilities;
- Consolidating its commitment to R&D of new technological options (such as geological underground isolation, biofixation of CO<sub>2</sub>) and renewal energy sources (refer to the third part of the chapter);
- Promoting energy savings behaviors amongst consumers (refer to the section, "Living in the world").

In particular and within the Exploration & Production sector, ENI has continued its reduction of gas flaring by developing projects, including the projects promoting the recognition of a Clean Development Mechanism (cdm). The gas associated with oil is generally burned (flared) in developing countries, particularly within the African continent, thereby resulting in large amounts of greenhouse gases emitted into the atmosphere.

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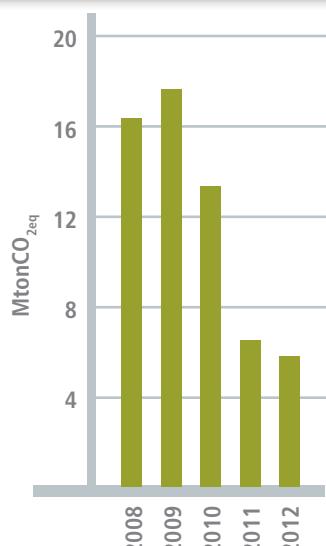
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The recover of the gas associated with the oil in these countries requires the realization of costly infrastructures such as new gas pipelines, highly efficient electrical plants and gas liquefaction facilities; this would contribute to the economic development of the producing countries while simultaneously reducing effects on global climate change. Current projects for the reduction of gas flaring serve the objective of reducing gas flaring emissions by 70% within 2012 with respect to 2007: these emissions are one third of the overall GHG emission of Eni. The reduction of energy consumption within production facilities is a positive process which has been continuing for many years and has allowed for the gradual reduction in energy consumption within "historical" plants (such as petrochemical facilities and refineries) as well as the completion of new efficient joint cycles within the electrical sector (forecasted for 2012). The detailed performance results are specified within the section "Sustainability of company initiatives".

### >Promoting responsible behaviors

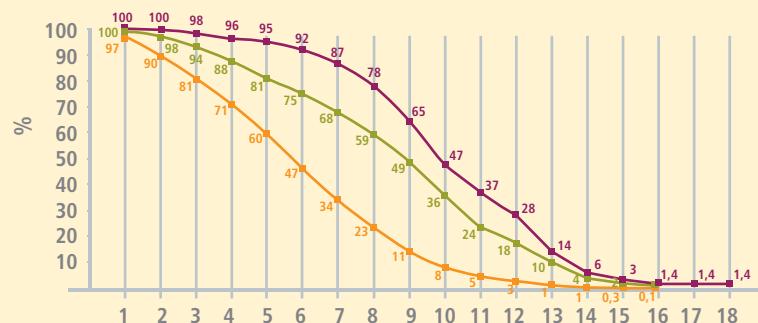
Combating climate change is an objective which requires a global commitment and concerns companies, public organizations and citizens. Eni is not only an important player in developing sustainable energy strategies within Italy and the world but also performs its role by proposing itself as a catalyst for a new energy culture, capable of triggering a process for spreading responsible behaviors that then autonomously operate and gain momentum. Even in this case relationships are of primary importance given that it allows for the creation of alliances with other companies and public and private institutions in order to attain common objectives. The social communication campaign of Eni, 30Percent ("30Percent") – inaugurated in May 2007 and of multiyear duration – has confirmed Eni's capacity to implement a fundamental role in promoting responsible principles and behaviors, not only within the traditional realm of corporate operations but also with respect to citizens.

## THE ROLE OF NATURAL GAS AND THE SECURITY OF SUPPLIES

Currently circa one quarter of primary energy requirements in Europe are met by natural gas; demand for the latter will grow, even if within the limits determined by the current international crisis. Of all hydrocarbons, natural gas represents the product with the lowest degree of polluting emissions and the lowest amount of carbon. Eni is endowed with an unquestionable level of credibility in this sector amongst all European players and its function within the European market clearly emerged during the so-called "Ukrainian crisis" of the past winter when Eni was called upon to act as a mediator in the complex negotiations between the EU, Russia and the Ukraine. The reasons for this achievement can be traced back to the history of the company: Enrico Mattei was, in

## THE RESULTS OF THE "30PERCENT" CAMPAIGN

### THE 30PERCENT CAMPAIGN: AN EXAMPLE OF AN INFORMATIONAL CAMPAIGN AND TRAINING



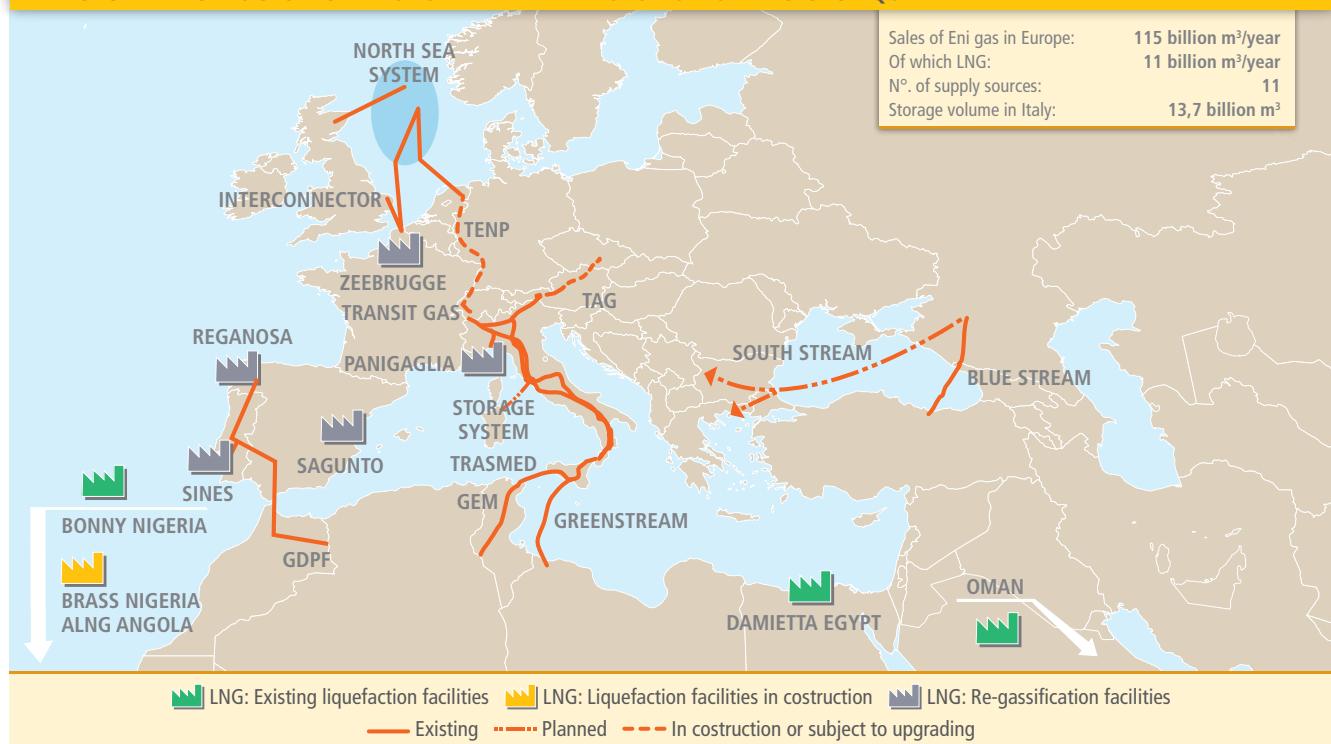
The x-axis depicts the number of energy efficiency recommendations. At the beginning of the campaign, 23 out of 100 families followed at least eight of these while in January 2008 this figure increased to 59 out of 100 (almost 80% for the panel "managed" by the company).

trademarks - from a variety of industrial sectors, ranging from financial services to large-scale consumer products - within the project; these companies adopted the Campaign, thereby allowing the target population to be larger than that attainable by Eni alone and multiplying benefits for citizens

The results attained after one year from the launching date of the Eni "30Percent" campaign are extremely positive. According to polls by Eurisko, an increasing number of families have declared to be applying the 24 recommendations - forming the heart of the Campaign - over the last few months. For example, before the start of the campaign only 23 of the sample families declared to be following eight of the 24 recommendations while in January 2008 this figure had increased to 59 and in September had reached 78. The recommendations which were less known before the campaign - such as those relative to tire pressure - had particularly high application rates (+300%). The sampled families declared that - when applying the recommendations - they obtained significant levels of savings. One family out of four followed at least 13 of the 24 recommendations with savings of more than one thousand Euro per year. Another important result was the capacity to "aggregate" more than ten companies and

fact, among the first individuals to "bet on natural gas", developing production on a national level and laying the foundation for the birth of the European natural gas market when few countries of the world were utilizing this natural resource. Due to this strategic choice, Eni has guaranteed the country with the national production of a supply of energy that has a low level of carbon; at the end of the 1950's, in fact, Italy has a gas transportation network of 6,000 km, the highest in the world in proportion to territorial surface area and population. Ever since that period, Eni has contributed to the energy security of the country by meeting growing national demand through the realization of important infrastructures for importing from Algeria, northern Europe, Russia and Libya while also stipulating important long-term importing contracts. Eni is currently ranked first amongst international company for natural gas sales within the European continent and, in 2008, reinforced its leadership position even through the acquisition of a majority shareholding in Distrigaz, a Belgium company which primarily operates within the markets of central/northern Europe, as well as a shareholding in Altergaz, a gas marketing company in France. The objective to pursue activities for expanding natural gas sales in Europe is in line with the strategy for consolidating the company's leadership position in terms of sales in the continent and allows for the optimization of operating margins and the management of natural gas volumes for portfolio purposes. The company also contributes to the security of gas supplies for Europe by means of a very broad range of strategic agreements with the government-owned companies of the primary producing nations. In particular, Eni has stipulated an important partnership with Gazprom, the primary supplier of natural gas for Europe; this partnership is strengthened by a strategic agreement undersigned in 2006. From the infrastructure perspective over the four-year period 2009-2012, the company has planned investments totaling 7.7 billion Euro in order to maintain and develop its transportation and distribution capacities through pipelines as well as for storage in Italy and the rest of Europe. With regards to the development of international transportation capacity, the reinforcement of the TAG, TPPC and Greenstream gas pipelines will be completed; these pipelines transport Russian, Algerian and Libyan gas into Italy, respectively. Within the LNG sector, the company plans to be able to sustain a liquefaction capacity of circa 20 billion cubic meters and a re-gassification capacity of more than 23 billion cubic meters by 2015. The primary liquefaction projects will be implemented in Nigeria, Egypt, Libya and Angola.

#### ENI GAS INFRASTRUCTURES IN EUROPE AND THE EVOLUTION OF LNG GAS EQUITY



#### THE PROTECTION OF HUMAN RIGHTS AND ECOSYSTEMS

A large multinational company which operates within complex geopolitical environments has a sphere of influence that is much broader with respect to that created by its direct influence and may thereby contribute towards promoting responsible behaviors on the part of other social parties with which it cooperates. Eni has, on the one hand, adopted a proactive approach for the protection of human rights as well as of ecosystems and biodiversity, on the other hand. These are, in fact, two themes which Eni, as an

integrated energy company, has considered vital for its commitment to sustainable development. These two areas currently require innovations with regards to both the adoption of a more integrated approach in terms of company strategies as well as in terms of the acquisition of operational tools to reach company objectives.

### >Human Rights protection and promotion

Abstaining from committing violations of human rights within its sphere of influence (in the strict sense of the word) and equipping itself with tools for externally and independently verifying the actual application of its principles is the fundamental basis underlying the commitment of the company with respect to the protection and promotion of human rights. An active and attentive approach is also applied in order to prevent the risk of complicity in violations committed by third parties in combination with the intention to promote human rights as a fundamental theme for sustainable development while strengthening the involvement of public institutions and the business community in this area. In 2008, a variety of initiatives and specific risk analyses were implemented with the common objective of ensuring that all operational realms of Eni - ranging from daily operations to long-term strategies (for information operations relative to the protection of human rights within security and supply activities, refer to the chapters "Governance and Sustainability" and "Relationships with customers, consumer and suppliers") – are in compliance with the principles contained within the guidelines on human rights that were adopted in 2007. The importance ascribed to human rights by Eni and the company's intention to follow a precise commitment is also demonstrated by the fact that the CEO, Paolo Scaroni, has adhered to the initiative promoted by the High Commissioner for Human Rights as well as by the Global Impact document drafted at the time of the sixtieth anniversary of the universal declaration of human rights, 10 December 2008. The text drafted by the CEO of ENI, in fact, declares the following: "At the time of the sixtieth anniversary of the universal declaration of human rights, we – the leaders of companies of all parts of the world – rights within our sphere of influence. Human rights are universal and are an important element for all companies throughout the world" ..

### >The protection of ecosystems and biodiversity

Ecological equilibrium and the preservation of the functions fulfilled by ecosystems are central elements of sustainable development and high-value resources for companies. As of 2002, Eni has promoted and realized projects for the study and protection of biodiversity by collaborating with international stakeholders such as Fauna and Flora International as well as the participation of local entities during the implementation of these initiatives. The current objective of Eni is to renew the competencies and tools which are utilized for the purposes of achieving a more systemic use within its cooperation and development model and to promote integrated strategies for responsibly facing the complexity of the territorial systems in which it operates. For this purpose, Eni started the "Biodiversity Project" with the objective of developing strategies, methods and tools which were suitable for managing elements linked to the protection of ecosystems and biodiversity. The general strategy which will be developed aims to identify risks associated with the dependence of the various ecosystem "services" of reference as well as the impact of operational activities on the latter while also identifying potential new opportunities for creating value for the territory. Refer to the section, "Living in the world".

## HUMAN RIGHTS COMPLIANCE ASSESSMENT

*In 2008, Eni initiated a risk analysis on human rights, beginning with an assessment on compliance with international standards through the HRCA. The methodology was created in order to help companies in understanding their responsibilities with regards to human rights in relation to all areas of business while defining the sphere of influence within which they are called upon to protect human rights. This methodology - applied by means of a self-assessment conducted by independent experts - allows for the identification of behaviors and decisions which could affect the respect of human rights in all areas of activity, thereby becoming an opportunity for training participants and determining potential areas of weakness or critical elements. In 2008, Eni began utilizing the Human Rights Compliance Assessment methodology by implementing two pilot experiences within its subsidiaries in Nigeria NAOC, NAE and AENR and Kazakhstan and within the KPO facilities in Aksai. Testing the HRCA methodology in two such differing areas has allowed us to observe how the theme is perceived on the basis of changes in culture, regulatory frameworks and the operational elements of the business while, at the same time, resulting in the identification of many common traits characterizing the corporate culture of Eni. Within both countries, circa thirty managers belonging to the departments of Procurement, Health, Safety and Environment, Human Resources, Security, Legal Affairs and Relations discussed – with the support of external specialist teams - challenges, issues and attained results. The partner selected for implementing this initiative was the Danish Institute for Human Rights, an influential global institution which promotes the Business Human Rights Project (HRBP), currently one of the most significant projects in the world for human rights research and support for companies. In 2009, further analyses in other business areas will be conducted.*

## SUSTAINABILITY: COMMITMENTS, RESULTS AND OBJECTIVES

GOVERNANCE AND SUSTAINABILITY		
Commitments	2008 Results	Objectives for 2009-2012
Maintaining and strengthening a governance system which is capable of managing the complex operational environments of Eni and the challenges of sustainable development	<ul style="list-style-type: none"> <li>■ Creation of a team for the promotion of a Code of Ethics, approval of the plan for promoting the Code, 2008 pro-quota activities carried out</li> <li>■ Approval of Eni SpA new Model 231 and start-up of its extension to subsidiaries in Italy and abroad</li> <li>■ Realization of a training plan for the new Board of Directors and Statutory Auditors</li> </ul>	<p>SEE SECTION "SUSTAINABILITY IN CORPORATE BEHAVIOUR"</p> <ul style="list-style-type: none"> <li>■ Implementation of methods to involve minority shareholders</li> <li>■ Continuation of training activities for members of the Board of Directors and the Board of Statutory Auditors</li> </ul>
PEOPLE		SEE SECTION "SUSTAINABILITY IN CORPORATE BEHAVIOUR"
Commitments	2008 Results	Objectives for 2009-2012
Guaranteeing the safety of all Eni human resources and of local communities	<ul style="list-style-type: none"> <li>■ Reduction of employee injury severity (-22.7%) and frequency (-25.3%) due to the excellent performance within the E&amp;P sector (-29.1%) and the Petrochemical sector (-31.2%)</li> <li>■ Reduction of injuries due to employees road accidents from 94 in 2007 to 34 in 2008</li> <li>■ OHSAS 18001 certification of 11 out of 16 Polimeri plants of 40% of foreign subsidiaries within the E&amp;P sector, of 4 operating companies and the Business Unit Onshore of the E&amp;C sector</li> <li>■ Within the "Leadership and Safety programme" of the E&amp;P sector, more than 180 workshops were offered to approximately 3000 people</li> </ul>	<p>SEE SECTION "SUSTAINABILITY IN CORPORATE BEHAVIOUR"</p> <ul style="list-style-type: none"> <li>■ Completion of an OHSAS 18001 certification plan for all Divisions, Polimeri Europa, EniPower, Eniservizi and Syndial</li> <li>■ Continuation of the "Asset Integrity", "Process Safety" and "Leadership in Safety" projects within the E&amp;P, R&amp;M and E&amp;C sectors in order to assess and minimize risks and achieve a further reduction in injury rates</li> </ul>
Guaranteeing and promoting the health of all Eni human resources	<ul style="list-style-type: none"> <li>■ In all countries in which the E&amp;P sector operates, the healthcare management development program has been started.</li> <li>■ Healthcare protocol for cardiac monitoring carried out in remote areas and in extreme work conditions, launch of cardiovascular monitoring campaign in the E&amp;C sector</li> <li>■ Achievement of regular activities on the website "Healthcare promotion"</li> </ul>	<ul style="list-style-type: none"> <li>■ Promotion of know-how and best practices in relation to healthcare</li> <li>■ Definition of reference standards for workplace medicine and industrial hygiene for risk assessment and control. Extension of the healthcare management system to E&amp;P foreign subsidiaries completed.</li> </ul>
Create a corporate culture of collaboration and participation in the company's objectives, also through the improvement of organizational welfare	<ul style="list-style-type: none"> <li>■ Corporate culture analysis response plan:</li> <li>□ definition of a number of initiatives supporting leadership</li> <li>□ increase of internal communication initiatives</li> <li>□ development of initiatives envisaged by the Welfare Project</li> <li>□ approval of a support plan for parents</li> </ul>	<ul style="list-style-type: none"> <li>■ Continuation of programs following the corporate climate analysis:</li> <li>□ Development and training of leadership skills</li> <li>□ Internal communication initiatives</li> <li>□ Continuation of action plan for human resources welfare (Eni nursery, time &amp; money saving and mobility management initiatives, parenting support)</li> </ul>
Attract, manage and motivate human resources at the national and international level by implementing consistent professional growth paths and developing the potential of company staff while valuing their diversity	<ul style="list-style-type: none"> <li>■ Extension of the Knowledge owner Project</li> <li>■ Realization of the Youth Project</li> <li>■ Launch of the Global Grading System and of Total Reward Package</li> <li>■ Extension and integration at the international level of tools for the assessment, management and development of human resources and launch of programs promoting the integration of individuals working in Italy and abroad</li> <li>■ Definition and utilization of international recruitment tools as well as of recruiting hubs and training aimed at hiring staff in the countries of operations</li> </ul>	<ul style="list-style-type: none"> <li>■ Consolidation and extension:</li> <li>□ of the knowledge management tools to other business areas</li> <li>□ of the Global Grading System and Total Reward Package Projects</li> <li>□ development of the activities of the Youth Observatory and investment for youth turn over and training</li> <li>□ continuation of initiatives for human resources internationalization</li> <li>■ Continuation of the recruiting, training and developing plan for human resources in the countries of operation</li> </ul>
CLIMATE CHANGE AND ENERGY EFFICIENCY		
Commitments	2008 Results	Objectives for 2009-2012
Contributing to achieve the objectives set by the Kyoto Protocol and pursue a policy aimed at the reduction of CO <sub>2</sub> emissions at the global level	<ul style="list-style-type: none"> <li>■ Reduction of GHG emissions by 7.6%</li> <li>■ Elimination of gas flaring in the assets in Russia and the Congo</li> <li>■ Start-up of the flaring down projects in Algeria, Tunisia (phase 1 of the Gaz du Sud project completed, project completion forecasted for 2011) and Libya (operational as of 2010); continuation of the activities in the Congo (re-powering of the Djeno power plant completed) and Nigeria (plants operational as of 2011)</li> <li>■ Completion of the combined co-generative cycles of the Ferrara thermoelectric plant (12 out of 13 completed)</li> <li>■ Further reduction of energy consumption in refining activities of 31 Ktep in 2008, 33.6 Ktep considering the Milazzo refinery</li> <li>■ Reduction of gas emission by 3% in the Italian gas network</li> <li>■ Implementation of a pilot project concerning Castoro Sei (E&amp;C Saipem Fleet) for the monitoring emission</li> </ul>	<p>SEE SECTION "SUSTAINABILITY IN CORPORATE BEHAVIOUR"</p> <ul style="list-style-type: none"> <li>■ Reduction of flared gas, up to 70% in 2012 over 2007 emissions (forecasted investment: 1.5 billion euro)</li> <li>■ Continuation of energy saving plan in the refining sector (53 operations equal to a CO<sub>2</sub> emissions reduction of 245 Kton/y (forecasted investment: 30.2 billion euro) and in the petrochemical sector (17 operations equal to a CO<sub>2</sub> emissions reduction of 83 Kton/y)</li> <li>■ Completion of the turbogas power plants (forecasted investment: 2.5 billion euro); and maintenance of the performance index below 390 gCO<sub>2</sub>/Kwheq</li> <li>■ Implementation of efficiency and sustainable mobility initiatives at the Italian headquarters</li> <li>■ Development of the LNG business in order to achieve sales of 14.5 billion cubic meters in 2012</li> </ul>
TECHNOLOGICAL INNOVATION AND RENEWABLE SOURCES		
Commitments	2008 Results	Objectives for 2009-2012
Development of technologies for increasing the availability of hydrocarbons, maximizing the utilization of existing reserves while protecting the environment and safety. Contributing to reducing climate change by investing in innovative technologies such as emerging solar technologies and biofuels. Constantly anticipating regulations, the evolution in the quality of fuels and motorization as well as customer needs through the production of high-quality fuels with low environmental impact	<ul style="list-style-type: none"> <li>■ z96 patent applications filed (+43% over 2007)</li> <li>■ Development of CSEM and 4dMGG advanced exploration technologies developed, successful completion of the first ever seismic campaign on floating ice</li> <li>■ Completion of the experimental engineering activities of the proprietary GTL (gas to liquid) technology; implementation on a pilot plant of the first test in the world for the transmission of high-pressure natural gas (TAP)</li> <li>■ Industrial testing for the implementation of a ULDPE (ultra low density polyethylene) product for automotive applications has been conducted with a positive outcome</li> <li>■ The Front-End Engineering Design for an industrial unit of 250 thousand tons/year of Green Diesel fuel produced from soy and/or palm oil has been completed</li> <li>■ Launch of the five-year program, "Solar Frontiers Research Program" in collaboration with MIT for research in solar energy</li> <li>■ A strategic cooperation agreement was stipulated between Enel and Eni for the joint development of CO<sub>2</sub> geological confinement technologies and the realization of the first Italian pilot project</li> <li>■ A collaboration agreement with the FIAT research center for the testing of new fuel formulations - was signed</li> <li>■ First edition of the "Eni Award"</li> <li>■ Development and installation of a prototype for energy recovery from tides in the E&amp;P sector</li> </ul>	<p>SEE SECTION "THE FUTURE OF ENERGY" AND "SUSTAINABILITY IN CORPORATE BEHAVIOUR"</p> <ul style="list-style-type: none"> <li>■ Development of new technologies for the utilization of solar energy and the use of organic compost for photovoltaic cells, the production of biofuels from biomass, completion of the Basic Design Package for a Biodiesel pilot plant from micro-algae</li> <li>■ Development of new processes/products in the field of styrenic and elastomeric polymers aimed at the reduction of plant energy intensity</li> <li>■ Development of experimental carbon sequestration as well as CO<sub>2</sub> transportation activities also through pipelines</li> <li>■ Development of Enhanced Oil Recovery (EOR) projects utilizing CO<sub>2</sub> and steam</li> <li>■ Realization of the first industrial plant with 23,000 b/d based on EST technologies at the Refinery of Sannazzaro de' Burgundi</li> <li>■ Continuation of research activities in solar energy and Oil &amp; Gas issues in partnership with the Massachusetts Institute of Technology of Boston</li> <li>■ Extension of the Eni videoconference system continued</li> </ul>

THE ENVIRONMENT		
Commitments	2008 Results	SEE SECTION "SUSTAINABILITY IN CORPORATE BEHAVIOUR"
Improving the efficacy of management, control and reporting systems	<ul style="list-style-type: none"> <li>ISO 14001 Certification completed by 66% for E&amp;P companies and for 3 additional Saipem operating companies</li> <li>EMAS registration completed for 4 of the 5 owned refineries (Gela refinery has a suspended EMAS registration and is awaiting authorization from the Regional Environmental Agency) as well as for 50% of electrical plants</li> <li>Completion of the testing phase of the PRTR environmental IT system</li> </ul>	<b>Objectives for 2009-2012</b> <ul style="list-style-type: none"> <li>Expansion to foreign subsidiaries and completion for all petrochemical sites of ISO 14001 certifications, EMAS coverage within 2010 for all power plants</li> <li>Completion of an environmental IT system centralized within PRTR sites</li> </ul>
Reducing the local environmental impact of operations by improving environmental performances and implementing resource recovery and reuse	<ul style="list-style-type: none"> <li>Implementation of the Waste Management Plan in 73% of the 15 identified E&amp;P subsidiaries</li> <li>Re-injection projects in an advanced state of completion in Egypt, Libya, Pakistan, Nigeria and Indonesia. Completion of water-reuse projects in the refining sector and start-up of similar plants in the petrochemical and remediation sectors</li> <li>Continuation of the testing phase for VeLoNox burners in the thermoelectric sector</li> <li>Completion of remediation activities in an industrial area of 20 hectares in Cengio (Italy)</li> <li>Reduction of SO2 emissions by 9%</li> </ul>	<ul style="list-style-type: none"> <li>Circa 20% reduction in Nox emissions and circa 30% reduction of Sox by 2012</li> <li>Completion of water injection projects in Libya, Egypt, Pakistan, Indonesia and Nigeria for an overall reduction of discharge of 14 million cubic meters at full capacity in 2009</li> <li>20% reduction of fresh water consumption by 2012</li> <li>Continuation of environmental remediation commitment for the 63 sites of national interest, in compliance with authorities</li> <li>Completion of the Waste Management Plan in the E&amp;P subsidiaries in 2009</li> </ul>
HUMAN RIGHTS		
Commitments	2008 Results	SEE SECTION "SUSTAINABILITY IN CORPORATE BEHAVIOUR"
Implementing a system for assessing the risk of human rights violations in countries at risk	<ul style="list-style-type: none"> <li>Implementation of risk analysis with respect to human rights: assessment of the internal regulatory system compliance with international human rights standards and realization of two field tests in two operational countries through the Human Rights Compliance Assessment methodology</li> <li>Launch of a training path on Human Rights for employees of Security departments</li> </ul>	<b>Objectives for 2009-2012</b> <ul style="list-style-type: none"> <li>Additional HRCA in foreign subsidiaries, starting from countries with the greatest risk of violations and implementation of corrective actions</li> <li>Integration of Human Rights protection issues within the Social Impact Assessment and Risk Assessment methodologies (Saipem)</li> <li>Explicit reference to Human Rights protection issues made in the security contracts and start of adjustment of the Security System to the Voluntary Principles on Security and Human Rights.</li> </ul>
TERRITORY AND COMMUNITY		
Commitments	2008 Results	SEE SECTION "SUSTAINABILITY IN CORPORATE BEHAVIOUR"
Define a territorial cooperation and development model which includes the effectiveness measure of community and business investments	<ul style="list-style-type: none"> <li>Four MoUs were undersigned which include actions for cooperation in the development of Angola, the Republic of Congo, the Russian Federation and Gabon</li> <li>Approval of a Best Practice for Community Investment in countries with E&amp;P operations; community investments amounted to 69.88 million Euro</li> <li>Health Impact assessment (HIA) carried out in the Congo, Saudi Arabia, Libya and Mali, HIA continued in Kazakhstan and Pakistan; Social Impact Assessment (SIA) conducted in Indonesia, Australia, Kazakhstan; Environmental and Social Impact Assessment (ESIA) in the Congo, Kazakhstan and Indonesia</li> <li>Participation in the EITI Mediterranean Roundtable, promotion of the EITI in the Congo, East Timor and Gabon, publication of payments in Kazakhstan and Nigeria</li> </ul>	<b>Objectives for 2009-2012</b> <ul style="list-style-type: none"> <li>Application and further development of the Cooperation Model within Italian operational environments and in at least five critical foreign areas by 2012; identification of tools which allow to assess the effectiveness and efficiency of expenditures for the territory</li> <li>Further extension of impact assessment tools (ESIA, SIA, HIA)</li> </ul>
Contribute to local development through community investments and projects.	<ul style="list-style-type: none"> <li>Initiatives for the development of local procurement and for the quality of suppliers in Australia (performance indicators), India, Libya, Pakistan, East Timor (clauses in the supply contracts)</li> <li>Micro-credit and local empowerment actions implemented in Australia, Nigeria, Pakistan</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of projects for the development of local socio-economic production chains through the strengthening of local procurement, micro-credit and local empowerment initiatives</li> </ul>
Ecosystem protection and biodiversity conservation	<ul style="list-style-type: none"> <li>Launch of a projects for the definition of policies and strategies on biodiversity through the adoption of an eco-systemic approach and an inter-department consultation on biodiversity policies</li> <li>Start-up of phase 2 of the AgriBiodiversity Project in Val D'Agri</li> <li>Continuation of the biodiversity study projects in Kazakhstan (4), Ecuador (1), Norway (2), and the USA (1)</li> <li>In the E&amp;B sector, it was possible to launch new projects in areas sensitive to biodiversity, concerning onshore and offshore activities, ensuring compliance with the highest standards of environmental protection thanks to specific biodiversity monitoring and protection projects</li> </ul>	<ul style="list-style-type: none"> <li>Definition of policies and strategies on biodiversity and ecosystem protection in collaboration with reference stakeholders at the international level</li> <li>Mapping of production sites with respect to the interaction of operations with biodiversity sensitive areas by 2012</li> <li>Start of further three research projects in three countries</li> <li>Adherence the UNEP-WCMC "Proteus" initiative for the mapping of ecologically sensitive areas</li> </ul>
CUSTOMERS AND CONSUMERS		
Commitments	2008 Results	SEE SECTION "THE FUTURE OF ENERGY" AND "SUSTAINABILITY IN CORPORATE BEHAVIOUR"
Improve two-way communications with customers and consumers, also through the promotion of sustainable behaviors	<ul style="list-style-type: none"> <li>Implementation of the conciliation protocol with Consumers' Associations</li> <li>R&amp;M: training activities (Training Van) for the improvement of the service provided to the customers and distribution of professional guides for service stations managers</li> <li>R&amp;M: three "Mystery Motorist" investigations in order to monitor compliance with customer quality standards</li> <li>G&amp;P: customer satisfaction index higher than competitors'</li> <li>Continuation of the Eni "30Percent" campaign and final reporting on energy saving promotional campaign</li> </ul>	<b>Objectives for 2009-2012</b> <ul style="list-style-type: none"> <li>Implementation of projects for assessing customer satisfaction</li> <li>"Green" offers for customers</li> <li>Further construction of multienergy stations</li> </ul>
SUPPLIERS		
Commitments	2008 Results	SEE SECTION "LIVING IN THE WORLD"
Improvement of processes for supplier monitoring and management	<ul style="list-style-type: none"> <li>Opening of dedicated structures in two emerging markets for suppliers' knowledge and qualifications</li> </ul>	<b>Objectives for 2009-2012</b> <ul style="list-style-type: none"> <li>New activations of structured supplier management systems in critical areas and/or emerging countries</li> <li>Awareness building on Sustainability issues for employees involved in supply processes and in the management of contracts</li> </ul>

# Innovation for sustainable energy

Being one of the world's major energy companies is also about acting responsibly to ensure we have sustainable energy for future generations. This means investing in new ways to meet the world's increasingly pressing demand for energy. The solutions adopted must address vital global and local issues, such as the need to discover and sustainably use all available energy resources, fight climate change, secure supplies, identify innovative and efficient products and processes, acquire the ability to transform energy resources into real social and economic development for the producing countries.

Investing in sustainable energy means starting to build a long-term future where alternative sources will also replace fossil energy production. In order to build this future, research is the only way to make the use of renewable energies both financially and technically feasible. Eni has chosen to invest in research on solar energy and biofuels, which – for different reasons - are viewed as the energies of the future, along with the sustainable use of other available resources.

R & D activities are subdivided into two programmes: the development of key core business technologies, and the search for new technological solutions in the area of renewable energy sources.

The first group includes, for example, technologies for mining a greater amount of crude oil contained in a field, or for the total conversion of crude oil into high-performance, low environmental impact fuels.

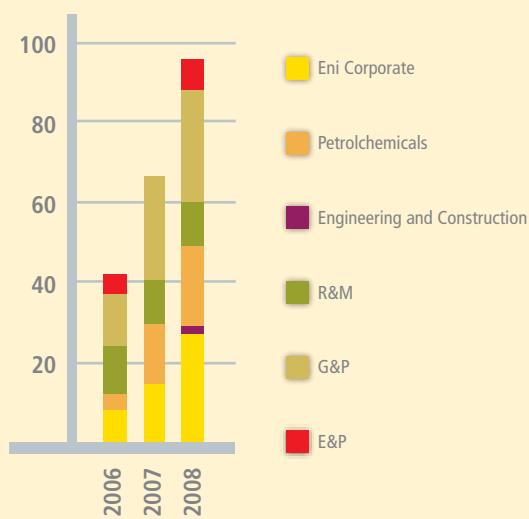
The second group includes a programme called "Along with Petroleum" (AWP), a systematic approach to research and technological development of renewable sources and environmental protection.

The goal of AWP is to develop technologies that will enable the sustainable, large-scale use of solar energy and the production of biomasses on a large scale in addition to achieving superior results in the combined use of fossil and renewable sources in the Countries where the company operates. The primary constraints which renewable resources must overcome are limited productive capacity, elevated costs and a low degree of efficiency in production processes, thereby resulting in the doubtful environmental and economic sustainability of currently available production systems. The AWP program projects have the objective of overcoming these obstacles with regards to the use of solar energy and the production of biofuels; these two groups have been identified as those with the greatest degree of future potential.

## ENI RESEARCH: STRATEGIES AND RESULTS

*To enhance the effectiveness and efficiency of its technological innovation activities, Eni has strengthened its research and technological innovation policy, organizing it into the following four lines of action:*

### FIRST PATENT APPLICATION FILINGS



- *Distribution of the research and technological development programmes among three centres: the Centre for Non-conventional Energies in Novara, the Oil & Gas Centre in S. Donato Milanese, and the Environmental Studies Centre in Monterotondo (Rome); research and development of technologies for the use of solar energy and the production of biofuels are conducted at the first two centres;*
- *Development of a system of strategic alliances and scientific collaborations. Eni is developing a system of strategic alliances with Universities, Centres and primary companies engaged in research in the energy sector or in related areas, of internationally recognized excellence and equipped with a unitary structure for external relations. In 2008 Eni signed an important research partnership with the Massachusetts Institute of Technology of Boston, which focuses on the development of innovative energies in the solar sector; the five-year alliance includes a total financial commitment of US\$ 50 million. Master agreements signed in the same year with the Polytechnics of Milan and Turin will constitute the framework for numerous collaborations, ongoing or about to be set up with these Universities;*
- *Adding value to the intellectual property generated by research and development activities. Intellectual property is among Eni's most valued assets. In 2008 the company filed 96 patent applications, 39% more than in 2007. Specifically, the Company filed: 27 patent applications for drilling*

## ADDING VALUE TO DIFFICULT RESOURCES

The most important mining fields in the world are managed mainly by the national oil companies of the respective producing Countries. Under the pressure of limited access to the reservoirs, international companies strive on the one hand to open new mining frontiers, even in very difficult areas, and on the other to make the most of available hydrocarbon resources. In these areas, it is vitally important to have distinctive technologies and key skills, and to adopt sustainable engineering and operating solutions designed to minimize the negative effects of operational activities on the environment by protecting biodiversity, reducing visual impact and emissions in the air, containing waste and confining any hazardous substances.

Today, and even more in a mid- to long-term perspective, exploration and production initiatives in "difficult" areas are an essential element in oil companies' development strategies. The company operates numerous upstream projects in arctic areas (Alaska, Norway, Russia) and in deep and ultradeep waters (e.g. Angola, Brazil, Gulf of Mexico and India), often characterized by a complex geology, as well as in mining fields with high sulphur content and high pressure and temperature (Caspian Sea).

Additionally, Eni is starting the development of ultra-heavy crude oils in Venezuela, opening up a new development frontier for bituminous sands in the Congo which will allow for the forecasting and prevention of environmental accidents. The increase in production recorded in 2008, and even more the growth expected in the next 4 years, will also be the outcome of the technology and engineering solutions adopted.

As part of the effort to optimize hydrocarbon resources, an important tool is the improvement of oil recovery techniques in already discovered fields now in a phase of advanced drilling maturity. With current technologies, an average of only one third of the oil originally present in a reservoir can be actually drilled. An improvement, however small, of our oil recovery capabilities would allow us to expand the stock in existing fields. In this respect, one of Eni's objectives is the large-scale application of collaborative recovery technologies and the development of innovative Enhanced Oil Recovery (EOR) techniques.

A growing percentage of oil supply is obtained from heavy oil and non-conventional oil reservoirs. Optimizing the use of these types of crude oil requires advanced technology processes. For this purpose, Eni developed the proprietary EST (Eni Slurry Technology) process. As regards gas transportation, in addition to the infrastructure described in the previous section, Eni is investing in technology for the exploitation of "marginal gas" and "non-conventional gas" fields (approximately 15% of proven reserves) which cannot be put to valuable use with current transport technologies because of their small size or distance from end markets. When associated with oil production, these resources are burnt in the atmosphere (gas flaring), with significant impacts on the environment.

Possible technological options currently under study or development include: high pressure pipeline transport (TAP), transport in liquid (LNG) or compressed form (CNG), in-collar transformation into other energy vectors such as electric power and hydrogen, and conversion into liquid products (GTL). In addition to expanding its LNG portfolio and increasing the use of gas also in

*and completion technologies, geology/geophysics/oil fields, mid- and downstream engineering; 2 for gas transport technologies; 20 for biofuel, catalizer, and refining and environmental process technologies; 8 for solar and biomass energy; 11 for petrochemical technologies;*

■ *Promotion and support of scientific research. As part of this objective, in 2007 the Company created the Eni Award for scientific research in the area of sustainable energy. Encouraged by the success obtained in the first year (2008), the 2009 awards have been expanded, both in number of recognitions (a third award, "New Frontiers in Hydrocarbons", has been added to the two existing: "Alternative and Non-conventional Energies" and "Environmental Protection") and in monetary amount. The number of competitors for the 2009 award (490 from all over the world, 124% or more than double from last year) and the outstanding scientific value of the projects submitted prove the success of the initiative and its appreciation by the scientific community. The Award relies on a consolidated and prestigious network of energy and environment researchers, and aims to gather the best research projects and the most prominent international scientists in this field, with the ambition to become a sort of "Nobel Prize for Energy".*

*In 2008, Eni invested € 217 million, after administration and general expenses in Research & Development (€ 208 million in 2007, approximately 50% of which went into Exploration & Production research), with 1,098 people working full-time in R&D activities at the end of 2008. Over the next four years, Eni plans to invest a total of approximately € 1.1 billion in the "Blue Sky" fund, created to finance research on high-risk, highly innovative technologies for industrial application in the mid- to long term; € 96 million has been allocated in the four year period. In 2005-2007, the percentage of Eni's revenues devoted to research and development is in line with the best performers in the O&G industry (with the additional exception of fine chemistry and pharmaceutical companies, whose innovation efforts are considerably greater than in the energy sector). For additional details on the technologies developed and the results achieved, see Eni's "2007 – 2008 Technology Report".*

developing Countries through the construction of power plants and electroducts, Eni is studying the application of technological solutions to connect markets and production areas located at more than 3,000 km from each other, transporting gas volumes in the order of 20-30 billion cubic meters per year. The High-Pressure Transport project (Trasporto Alta Pressione - TAP) has developed a technology that allows these transports through the use of high and very high grade steel able to withstand levels of operating pressure in the pipes that are double those normally possible. The pipes used require significantly lower thicknesses and smaller diameters than current industry standards: the next stages of project development will include testing to verify whether the technology can be extended to environments with extreme weather conditions.

## COMMITMENT TO IMPROVING REFINING PROCESSES AND PRODUCTS

For capacity and complexity of its refining plants Eni is the #1 oil company in the Mediterranean, and is further strengthening its leadership. To this end, Eni is improving its ability to add value to "difficult" crude oils and to manufacture and sell increasingly cleaner oil products. Using its proprietary EST process, Eni is able to perform the full conversion of heavy and extra-heavy oils into high-quality, minimum environmental impact distillates (free of sulphur and heavy metals) with zero residue output (fuel oil and coke). Minimized fuel oil production will allow Eni to respond in advance to a "zero fuel oil" scenario. This product is already largely replaced by other energy sources for thermoelectric and industrial uses, and in the long term it is also expected to become superseded in maritime transport, as a result of the recent international regulations issued by the International Maritime Organization (IMO). Cutting-edge refining technology and strong commitment in research have allowed the Company to achieve leadership in the production of eco-compatible and technologically advanced fuels and lubricants. In particular, in 2008 the sales of "Blu" products (BluSuper and BluDiesel Tech) reached 660,000 tons, or approximately 8% of total Eni network sales in Italy. These fuels help to improve vehicle engine efficiency and to reduce polluting emissions significantly. Research is currently at work to develop new, low-environmental impact diesel oils (lower particle emissions) and innovative technologies for the generation of hydrogen, used to obtain high-quality, less polluting fuels. Lastly, Eni is enhancing its distribution network for environment friendly fuels, like LPG and methane, and is planning to install photovoltaic panels to generate "clean" energy in more than 100 petrol stations (at this regard, see the section "Living in the world").

## GEOLOGICAL CONFINEMENT OF CO<sub>2</sub>

In the appropriate conditions, geological confinement of carbon dioxide (CO<sub>2</sub>) may contribute significantly to reduce its emissions in the air. This technology involves separating carbon dioxide from combustion fumes issuing, for example, from large thermoelectric plants, transporting it to the site selected for geological confinement, injecting it underground, and monitoring CO<sub>2</sub> evolution. This process is called CCS (Carbon dioxide Capture and Storage). In October 2008, Enel and Eni signed a strategic cooperation agreement for the joint development of CCS technologies. The two companies decided to join forces in order to accelerate the implementation in field operations of the entire technology package required for the capture, transfer and confinement of carbon dioxide. The first Italian pilot project will be completed under this programme. Enel will be responsible for the processes required to separate CO<sub>2</sub> from the combustion fumes of the Brindisi thermoelectric plant, while Eni will focus on technologies for underground injection and monitoring at the Cortemaggiore (Piacenza) field. In the Brindisi site, the two companies will also set up a pilot line to study the transport of dense CO<sub>2</sub>. Downstream of these pilot-scale activities, Eni and Enel will conduct a feasibility study for the completion of a large integrated project for the confinement of the CO<sub>2</sub> generated by a coal-powered plant owned by Enel. A joint study will also be carried out to determine the domestic CO<sub>2</sub> storage potential. This project will allow Eni to develop expertise along the entire technological process for CO<sub>2</sub> capture, transport and storage; this expertise can then be applied to large-scale demonstrative projects strongly encouraged by the European Commission. Concomitantly with the signing of the strategic agreement, Eni, Enel and the Italian Ministry for the Environment signed a Protocol of Understanding for the testing and widespread application of CO<sub>2</sub> capture technique and for the promotion of renewable energy sources. Underground CO<sub>2</sub> injection can also be employed to increase the recovery rate of crude oil from reservoirs. Eni has started research activities for the application of an Enhanced Oil Recovery (EOR) technique with CO<sub>2</sub> injection to increase the rate of recovery of heavy oils from Eni operated fields. Carbon dioxide could be recovered from industrial facilities in the vicinity of the fields, so that CO<sub>2</sub> capture, transport, EOR and storage could be carried out at a single integrated industrial complex. In the most favourable cases, preliminary estimates indicate the possibility of doubling oil output.

## RESEARCH ON RENEWABLE ENERGY SOURCES

### >Solar energy

Solar energy can be exploited either through the direct conversion of the sun's rays into electric power (photovoltaic solar energy) or into thermal power by heating a fluid using appropriately oriented mirrors (thermal solar power). The heat generated through this process is converted into electric power in steam powered turbines (Concentrated Solar Power - CSP) or employed for civil uses (low-temperature thermal solar energy).

Current technological limits to the use of solar energy include low capture efficiency, variable intensity, and non-correspondence between areas with high irradiation (e.g. deserts) and with high energy consumption levels. Eni is committed to finding solutions to these problems, and has also entered into numerous partnerships with the most prestigious research institutions worldwide. Among these, one that is particularly worthy of mentioning for breadth of objectives and programme duration is the strategic alliance with the Massachusetts Institute of Technology (MIT) of Boston, Mass. The core part of the agreement includes the "Solar Frontiers Research Program" for the development of advanced solar technologies, in which Eni will invest 25 million dollars over five years.

In detail, Eni's goal is to replace silicon, which is the basic material used to make current solar cells, with organic materials with significantly lower costs than silicon and conversion efficiency levels that could become comparable in the long run. In the area of concentrated solar power, Eni is testing solutions based on breakthrough innovations in terms of fluid used for energy accumulation and transfer, as well as materials used to make the mirrors that concentrate sunlight. Research projects are also underway to integrate efficiently the use of solar and fossil sources for the production of a wide range of products (electric power, heat and desalinated water): an example of this technology is found in the hybrid systems consisting of a CSP system and a combined cycle gas turbine (CCGT). These systems are the ideal choice for Countries with high levels of solar irradiation and natural gas reserves to be exploited locally. In addition to the partnership with MIT, all activities in the area of solar energy development are carried out at Eni's Donegani Research Centre for Non-conventional Energies in Novara.

### >Biofuels and biomasses

Eni's research and development activities are devoted to the production of high-performance biofuels, such as biodiesel obtained from bio-oil hydrogenation and isomerization, with a higher cetane number than traditional diesel oil; another objective of our research activities is to develop technologies for the production of second-generation biofuels, able to convert all the biomass into energy products.

Lastly, Eni is developing a carbon dioxide biofixation and biomass production process based on the use of microorganisms. Tests are well underway at the Gela refinery on a process that uses microalgae for the biological fixation of the carbon dioxide generated by the refinery's power plant, the purification of civil or industrial waste water, and the production of biomass to be converted into biodiesel through a proprietary process. Eni also participates in the development of analysis models for second-generation bio-ethanol production systems as part of the EU's NILE project (New Improved Lignocellulosic Ethanol). Other research efforts are directed at finding solutions to specific problems of the environments where it operates: one example of this is the feasibility study for the production of renewable energy using an infesting plant found in the Niger Delta. Research and development activities on the use of biomasses are conducted mainly at the Novara Research Centre for Non-conventional Energies, and are supported by an extensive network of Universities, international research centres, an automotive companies (refer to the Table on partnerships with Universities and research centres in the section "Living in the world").

# Sustainability in **Corporate** Behaviour

SUSTAINABILITY 08

“ Employees must come to work knowing it is a secure place: the company must offer them a strong value system, provide the instruments that help them to understand world events, demonstrate to have a clear vision and ensure that everybody has a indispensable role in the achievement of the company's goals. ”





# ➤ Governance and Sustainability

Eni's Sustainability management model became fully operational in 2008. This implies that the Sustainability planning, monitoring and control processes have completed a fully integrated cycle within the company's management system. Areas of improvement in the area of sustainability have been defined on the basis of stakeholder requirements and an analysis of Eni's performance. Priority intervention areas, objectives and action plans - which make up the section dedicated to the Sustainability of Eni's strategic plan for the four-year period 2009-2012 - were then identified within these areas subject to improvement. The projects that reflect the needs of these intervention areas have or will be shared during the implementation phase with the company's stakeholders and reported in this Sustainability Report and other communication tools.

Regular operations have allowed all company departments to be involved in designing and implementing the Sustainability objectives and, on the other, ensured that they are taken on board, verified and approved by the company's top management. This process has further highlighted the importance of the premises on which the Sustainability Model is based: the proper and systematic integration of the needs of all significant stakeholders within the company's governance systems, starting with its founding charter, the Code of Ethics and an excellent Corporate Governance system, with a high level of awareness on the part of the company's senior decision-makers, the members of the Board of Directors, who also define the strategies for sustainable development.

Due to these foundational elements, the Sustainability Model is able to meet the objectives for which it has been adopted:

to assure the creation of value for all Eni's stakeholders by means of correct company management while contributing to business risk control and enhancing Eni's reputation with its stakeholders.

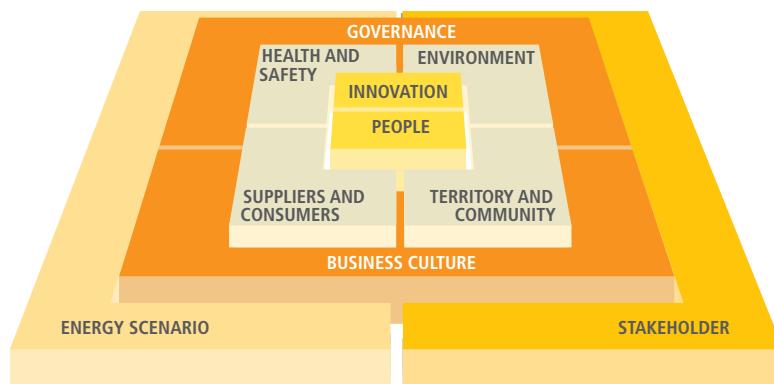
The capacity to effectively and continuously oversee stakeholder relationships is a lever that is crucial for ensuring the creation of sustainable value. Eni has established an organizational structure which identifies, for each of the key stakeholders, a single key contact point within the corporate functions. The departments responsible for interfacing with the various stakeholders therefore benefit from the technical and operating expertise available in the different business areas.

## THE SYSTEM OF STAKEHOLDER RELATIONS

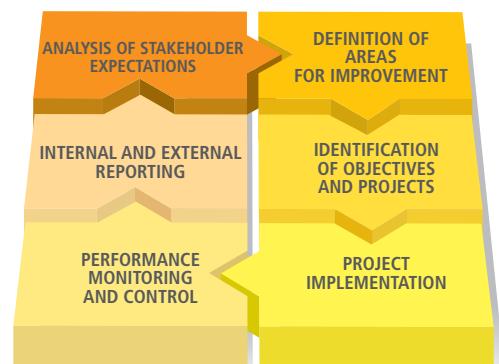
Corporate function/department	Relations with:
Public Affairs and Communication Department	<ul style="list-style-type: none"> <li>■ International, national and local institutions;</li> <li>■ Public bodies operating in Italy and abroad;</li> <li>■ National, Community and international Authorities;</li> <li>■ Consumer associations;</li> <li>■ Organizations and networks engaged with sustainability matters;</li> <li>■ Information and media bodies.</li> </ul>
CFO	<ul style="list-style-type: none"> <li>■ Institutional investors;</li> <li>■ Socially responsible investors;</li> <li>■ Financial analysts;</li> <li>■ Key Sustainability rating agencies for the financial markets.</li> </ul>
Chief Corporate Operations Officer (CCOO)	<ul style="list-style-type: none"> <li>■ Eni personnel;</li> <li>■ Trade union organizations;</li> <li>■ Suppliers.</li> </ul>

The Sustainability Unit, which operates within the Public Affairs and Communication Department, liaises with all stakeholders as regards their proposals and expectations about sustainable

## THE SUSTAINABILITY MODEL



## DIAGRAM OF SUSTAINABILITY PROCESS



development matters.

More specifically, as well as working closely with all offices within the Department to which it belongs, it shares with the CFO area and Corporate Operations Officer, which coordinates the Personnel Management and Organization Department and the Procurement Department, management of the expectations of the socially responsible investors and rating agencies, as well as people within the company, trade union organizations and suppliers.

The main activities of 2008 involving stakeholders are described in the section "Living in the world".

### Eni's values: the Code of Ethics

The new Code of Ethics, which came into force in March 2008, reiterates the general principles that guide the work of the company and all the people who belong to it: respect for laws, transparency, honesty, propriety and good faith. It places at the forefront the pursuit of sustainable development objectives, including the company's responsibility to the territories in which it operates as well as the safeguarding of third generation rights and the defense and promotion of Human Rights.

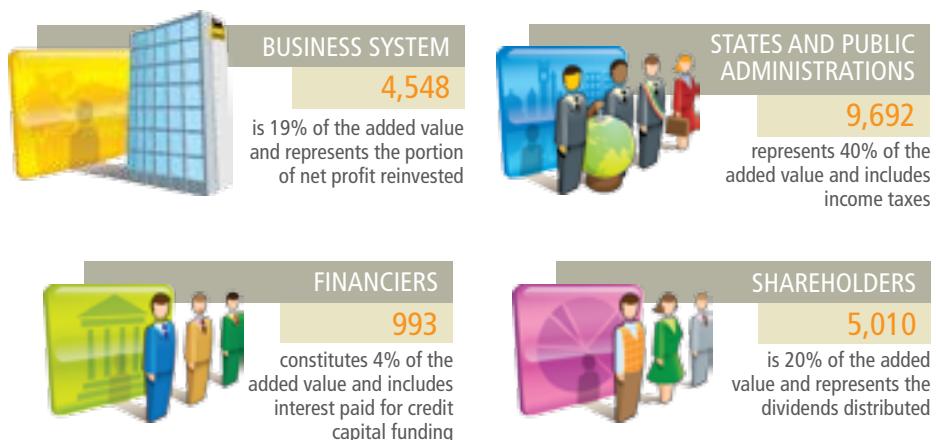
These general principles are embodied in conduct which must underpin the relationship with the different stakeholders. The commitment to create value for shareholders must be pursued by following the principles of propriety toward the market. Mention is made of the main rules of Corporate Governance, the conduct to be adopted regarding corporate reporting and relations with the media, based on transparency and propriety, but also timeliness and accuracy.

The obligation to actively cooperate with public institutions in order to pursue objectives of collective interest has been introduced and the commitment to develop local communities has been reaffirmed; this was also implemented by supporting non-profit activities. The company's commitments toward customers and consumers are reconfirmed. The company's personnel are central because they perform a dual role. They are the people who implement the principles and conduct contained in the Code in their everyday action, but they also enjoy special rights guaranteed by the company: the right to be valued for their diversity within a safe, respectful and collaborative working environment. The application of the principles is assured by the internal control system and the role of Guarantor of the Code of Ethics is entrusted to a collegial body, the Supervisory Body, established by Model 231. This innovative choice allows the different forms of control to be integrated, thereby placing the Code of Ethics at the very center of Eni's entire compliance model. In order to ensure the independence of those appointed to perform the assurance function, the chairman of the Supervisory Body and two of its members are represented by independent persons external to Eni.

Another distinguishing feature of Eni's Code of Ethics is that the Code does not only cover the company's staff and its directors, but also all those involved in the supply chain which create company value. A Code of Ethics Promotion Team has therefore been set up so that the Code of Ethics can fully perform its function of promoting responsible conduct. The task of the Team is, on the one hand, to disseminate the Code's contents whilst, on the other hand, collecting proposals from

### BREAKDOWN OF ADDED VALUE 2008

The added value, namely the wealth generated by Eni from its operations and distributed to the various stakeholders, in 2008 amounts to euro 24,534 million equal to 23% of revenues.



all the stakeholders so that ongoing improvements can take place.

As far as distribution and training on the Code of Ethics is concerned, the document has been translated into German, French, Portuguese, Spanish, Russian, Hungarian, Rumanian, Polish, Arabic, Greek, Dutch, Slovak, Slovenian, Turkish and Czech, as well as Italian and English, in order to ensure maximum distribution throughout the international environment in which Eni operates.

A comprehensive distribution process has therefore been organized, supported by internal communication initiatives and a training scheme designed to reach every organizational level of the company, from the Board of Directors to new young recruits, through differentiated actions using interactive tools as well as dedicated presentations and integration in the company's institutional training courses.

The Code of Ethics Promotion Team then initiated a consultation process with the company's internal and external stakeholders. In addition to Eni personnel, consumer associations, institutional and socially responsible investors, a representative sample of suppliers, vendors and franchisees have been involved. Finally, Eni has asked for critical comments on the document from various non-governmental organizations, including environmental associations and others committed to the protection of human rights, organizations engaged in studying and researching business ethics and socially responsible investment management (see the table "The Relations with stakeholders on sustainability themes" in the section "Living in the World"). The set of evaluations received from all the different types of stakeholders will be submitted to the Code's Supervisory Body and senior management within the first few months of 2009 for consideration and inclusion in the Code.

## Corporate governance

Eni's Corporate Governance is founded on a system of rules in line with the highest standards defined by the market and regulatory bodies.

The highest decision-making body is the Board of Directors which, whilst entrusting the company's administration to the Chief Executive Officer, has retained a central role in managing matters of utmost importance, including the Sustainability strategies. Three committees operate within the Board of Directors: the Internal Control Committee, the Compensation Committee and the Oil and Gas Energy Committee.

The company's Board of Directors and Board of Statutory Auditors were both renewed in 2008. One of the most significant innovations is the entry of three directors to represent the minority shareholders.

In line with the Code of Ethics, Eni has drawn up a training plan, the Board Induction scheme, which is aimed both at the new directors and the new members of the Board of Statutory Auditors, although other members of the two Boards have also been invited to take part. The project started on 30 June 2008 and has consisted of a series of sessions dedicated to examining a range of topics, illustrated in the table. The training modules have been run by the company's top management with the participation of external speakers. Special sessions have been dedicated to members of the Board of Director's Committees. In addition to the Induction program, provision is made for all directors to be involved in regular training initiatives and ongoing training programs. The company believes that it is important that its shareholders should not only be aware of the system of values and assurances underpinning its governance, but that they should be actively involved. In other words, not only does Eni undertake to protect their rights, it helps them to exercise them, communicating comprehensible and accessible information and encouraging participation in company activities. The idea of presenting to the shareholders such a complex company as Eni in a simple and intelligible manner forms the basis of a Project aimed at the retail shareholders, the so-called "small shareholders", who will be involved in initiatives dedicated specifically to them. This means that shareholders will also be able to provide the company with useful feedback for developing greater company awareness of the needs of the respective minority shareholders. Further information on the composition of the Board of Directors and rules of governance are available in the Annual Report and on the website [www.eni.it](http://www.eni.it).

### MEMBERS OF THE BOARD OF DIRECTORS 2008

	2008
Members of the Board of Directors	9
Independent	7
<i>Non-executive</i>	8
<i>Minority members</i>	3
Meetings held over the year	19
Annual Board Induction sessions	6

**SHAREHOLDER BREAKDOWN  
ON THE BASIS OF NOMINAL RECALLS OF THE RECEIVERS  
OF ENI DIVIDEND AT YEAR-END 2008**

	Shares	%
Block shareholders	1,213,731,615	30
Institutional and professional investors	2,127,144,080	53
Retail investors	230,750,591	6
Own shares at the dividend date	360,801,934	9
Other (shares for which nominal recalls were not received)	72,930,656	2
Share capital	4,005,358,876	100

**INDUCTION BOARD TOPICS**

The role and prerogatives of the Board of Directors

The market and reference sector

- Energy and the energy sector
- The international context and the competitors
- The financial market

Eni's characteristics and structure

- The organization
- The company's different businesses

Company management

- Eni's management
- Risks
- Planning and investments
- The system of controls
- The remuneration system

Ethics, Sustainability and technological innovation

**>Whistleblowing**

In compliance with the provisions of the Sarbanes - Oxley Act and through a set of internal regulations, Eni handles all direct and indirect reports of issues, even if in confidential or anonymous form, that are received by the parent company and by the subsidiaries. It is thus guaranteed that

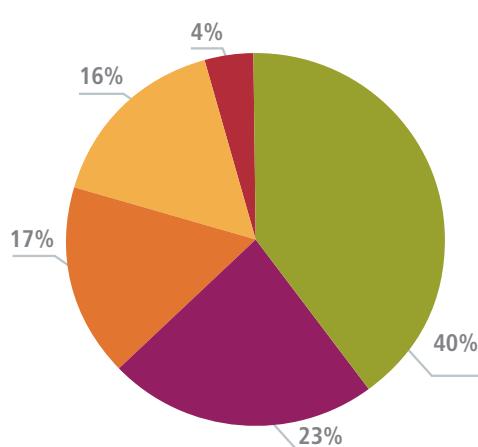
all reports of issues related to internal control, corporate guidelines, company administrative responsibility, fraud or other types of concerns, sent by company's employees, by members of the company's administrative bodies or by third parties, are received, analysed and addressed. The results of the assessments carried out on the reported cases are communicated to senior management and submitted to the appropriate control and governance bodies. The people who report issues of concern in good faith are guaranteed full confidentiality. The number of reports received through the activated communication channels is a confirmation of the wide use of this procedure.

**Business risk management**

Every action carried out by a company is intrinsically related to the existence of risk factors. A solid business reputation, whereby the image communicated to the stakeholders is a true reflection of the company's identity, is the basic factor contributing to risk management (see the section "Eni and the Future of Energy"). Solid relations with all the company's stakeholders and a long-term strategic approach are required to minimize the business risks inherent in this broad meaning.

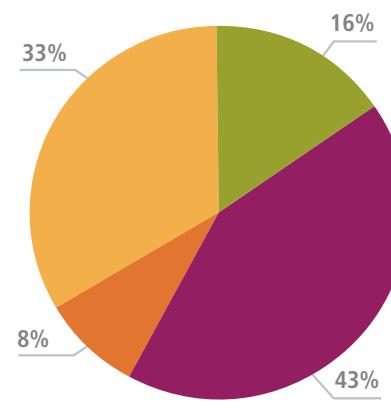
The aim of the economic and financial risk management system, which includes the dedicated Guidelines and a risk management function, is to identify, monitor and actively manage all the risk aspects listed in the table below. The integrated internal control system consists of several entities, operating in synergy with one another, but with different specific functions. The work of the Internal Audit Department, SOA Unit reporting to the CFO and the Supervisory Body are coordinated by the Internal Control Committee, consisting of independent members who provide support to the Board of Directors. In addition to the

**REPORTS THE INTERNAL AUDIT DEPT FILED BY REPORTED AREA**



In 2008, 149 reports were filed, about 53% of which concerned the internal control system and the rest so-called "other matters" (e.g. infringements of the Code of Ethics, cases of mobbing, etc.).

**REPORTS CLOSED IN 2008, BASED ON THE RESULTS OF APPROPRIATE ASSESSMENT**



In 2008, 153 reports were closed, about 89% of which concerned the internal control system (59%) and 64 concerned the "other subject matters" (41%).

risks managed through the internal control system and listed below, Eni has adopted particularly important measures as regards the "security risk". The security Risk Assessment activity is based on the following steps:

- identification of the potential hazards and threats to which the Country and area where Eni operates is exposed;
- definition and quantification of the hypothetical risk scenarios that could affect the company directly or indirectly;
- formulation of the most suitable countermeasures for assuring adequate management and control of the so-called "manageable" risks.

The Country risk and the risk for the company's specific areas of interest are assessed on the basis of general information on the Country, statistical data and analysis of specific political and security phenomena. At the same time the appraisal process assesses risks concerning primarily domestic and international terrorism, common or organized crime and security related to travel and internal movements. The whole risk assessment process is designed to obtain certification from an independent agency. In addition to initiating this extensive risk analysis

process for sites and offices, action has been taken for suppliers to add a clause relative to respect for human rights and other principles contained in Eni's Code of Ethics within any undersigned contracts. Particular attention has been paid to minimizing the impact on the environment in which Eni operates. Decisions - in terms of active and passive means of protection - are taken so as to ensure a proper and balanced relationship with the local situation: more specifically, a study has been started on the use of non-contaminating materials designated for use in high-sensitivity areas, such as deserts. In addition, during the year the company actively engaged in the study and development of an internal body of regulations for preventing and resolving any negligent or culpable activity that could cause direct or indirect harm to Eni's people or the company's tangible and intangible resources. Accordingly, the "Security Regulations Code", containing the principles and general provisions regulating the main situations of interest and offering a general guide to Security activities, was issued in 2008, together with other guides for specific risks.

The Code applies to Eni and all its direct and indirect subsidiaries, in Italy and abroad.

TYPE	DESCRIPTION	ACTIONS
<b>Market risks</b>		
Exchange risk	Exposure to the risk of exchange rate variations is the result of the company trading in currencies other than the euro	Exposure managed keeping within the limits set by the Treasury Structures, which may also include hedging transactions using derivative instruments
Interest rate risk	Interest rate fluctuations impact on the market value of the company's financial assets and liabilities and net financial expense	Optimization of the "core" activities in pursuing production margin stability objectives
<b>Financial risks</b>		
Commodity risk	The company's results are affected by price changes in the products sold	The credit lines granted to its customers defined according to the credit risk quantification methods established by the Risk Control and Financial Systems Unit
Credit risk (commercial and financial)	The risk that obligations assumed by a counterparty within the context of commercial relationships will not be discharged	Optimization of the risk profile in pursuing operating objectives, by defining the limits of maximum reliance with the counterparty, according to the rating
<b>Liquidity risk</b>		
	The risk that obligations assumed by a counterparty within the context of financial relationships will not be discharged	Establishing a financial structure that, consistent with business objectives, guarantees an adequate level of liquidity while maintaining a balance in terms of duration and settlement of the debt
<b>Risks relating to operating activities</b>		
Country risk	Risk related to the economic-political instability of the Countries where Eni operates and to the instability of local regulations which may create uncertainties on the protection of the rights of the company	Periodic monitoring of the risks of political, social and economic nature in the countries where the company invests or intends to invest in the future and their integration into the financial-economic assessment of the investments
Operation risk	Risk of non-compliance with regulations directed to the protection of environment, health and safety	Implementation of a HSE management system to ensure the safety and well-being of people and communities as well as the protection of the environment. Activation of the Eni Crisis Unit for the management of operating emergencies
Specific risk of the activity	Risk related to the probability of successful exploration activities, and influence on the volatility of oil prices and of other goods and services based on the projects' profitability	Minimizing the exploration costs through the use of instruments of the highest technological level and planning of the investments under the most cautious scenarios of the energy market

## Litigation

Eni is a party to civil and administrative proceedings and in legal action linked to its normal business operations. More specifically, the proceedings involve environmental matters, investigations of the Italian judiciary and interventions of the European Commission and the Italian Anti-Trust Authority (Autorita Garante della Concorrenza e del Mercato - AGCM), the electricity and gas Authority and other regulatory authorities. The tables indicate current litigation regarding environmental

issues and proceedings relating to Antitrust and Regulation matters, as well as litigation proceedings which were concluded in 2008. See the explanatory notes to Eni's 2008 Consolidated Financial Statements for a complete list of litigation proceedings, which also include other judicial and arbitration proceedings, tax litigation and investigations currently being conducted by the judiciary.

LITIGATION DURING 2008	
Environment – criminal litigation	
<b>Eni S.p.A.</b>	
Subsidence – Investigations by the Rovigo Public Prosecutor on the subsidence phenomenon attributable to mining operations in the Ravenna and Northern Adriatic areas.	
Investigations by the Gela Public Prosecutor into the alleged damage caused by emissions from the Gela plant (2002)	
Investigations by the Gela Public Prosecutor into the alleged negligent fire in the Gela Refinery (2002)	
Investigations by the Gela Public Prosecutor to check the quality of underground waters in the Gela Refinery area (2002) Investigations by the Siracusa Public Prosecutor in relation to a fire which occurred in 2006	
Indagini in relazione a un incendio avvenuto nel 2006	
<b>Eni Power S.p.A.</b>	
Investigation by the Rovigo Public Prosecutor into unauthorized waste management (2004)	
Investigation by the Mantova Public Prosecutor in relation to atmospheric emissions	
Environment - civil and administrative litigation	
<b>Syndial S.p.A.</b>	
Contamination caused by Mantova plant activity (1992)	
Summons to appear before the Venice Courts for damage to the Lagoon caused by the Porto Marghera plants(2002)	
Action for compensation for damages caused by the industrial activity within the Crotone local area (2003)	
Writ for compensation for damages for pollution on Lake Maggiore (2003) Application for the state of the Avenza site locations to be restored and compensation for damages (1984)	
Ministry of the Environment (2005) - Rada di Augusta	
Ministero dell'Ambiente (2005) - Rada di Augusta	

INTERVENTIONS OF THE EUROPEAN COMMISSION, ITALIAN ANTI-TRUST AUTHORITY, ELECTRICITY AND GAS AUTHORITY AND OTHER REGULATORY AUTHORITIES	
Antitrust	
<b>Eni S.p.A.</b>	
Abuse of Snam's dominant position recorded by the Italian Anti-Trust Authority (AGCM) (1999)	
Investigation ordered by the European Commission to verify any participation in agreements or agreed practices, which restrict competition, in the paraffin sector (2005)	
Investigations of the European Commission into operators in the natural gas sector (2005)	
TTPC (2006)	
<b>Polimeri Europa S.p.A. e Syndial S.p.A.</b>	
Investigations into possible changes in antitrust regulations regarding the elastomer sector (2002)	
Regulation	
<b>Toscana Energia Clienti S.p.A.</b>	
Writ served by Toscana Energia Clienti S.p.A. on Diddi s.r.l. for interpretation of AEEG Resolution 229/01	
<b>Distribuidora de Gas Cuyana SA</b>	
Infringement proceedings started by the national gas sector Regulation Authority in Argentina (2004)	

# People

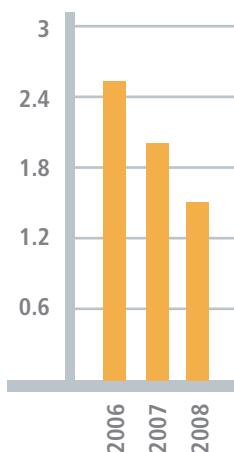
## Safety

Eni devotes a huge commitment and resources to protecting the safety of its people, the communities in which it operates and the production sites. In 2008 this commitment led to a positive performance with an improvement of almost all the safety indicators. The result is due, in particular, to the activities planned in 2008: further dissemination of the safety culture, new methods of analyzing and reducing process risks, interventions in critical sectors (road accidents and contractor staff). The employee injury frequency rate fell by 25.3%. The improvement in performance involved all business areas, except for the Exploration & Production sector, which felt the impact of the acquisition of companies requiring a period of transition to bring them up to Eni's safety standards and in line with Eni's management systems. The injury rate in the Exploration & Production sector is, however, in line with the performance of its international peers. The severity rate fell by 22.7%. The E&P also contributed to this improvement. Against significant improvements in employee rates, the injury rates for contractors are up slightly compared to 2007. Unfortunately, in 2008 17 fatalities occurred, involving 5 employees (2 in 2007) and 12 contractors (15 in 2007). Whilst this figure is part of a consistently downward trend for contractors, the figure for employees has risen for the first time since 2003. The reason is a serious accident involving the Saipem 7000 semi-sub during the laying of the sealine between Algeria and Spain.

### >The accident on board Saipem 7000

On 17 September 2008, on board the vessel Saipem 7000, Saipem suffered the most tragic accident in its history during operations to lay the Medgaz gasline in international waters. A fault with the IT system regulating pipe handling in the J-Lay tower caused the release of two pipes, which at that moment were restrained in two different areas of the tower. The first pipe slid inside the tower, without causing any particular damage, the second, however, smashed down onto a walkway, causing the death of four people and the injury of another four. An analysis of the accident, carried out immediately after the event and in the days thereafter, showed that it was caused both by a malfunction in the control software, which, when restarted, caused the pipe sections to be released, and by the presence – prohibited by safety procedures – of people on the platform underneath the pipe elevator. Immediate measures were put in place to remove the software instructions that caused the pipe to release as well as introduce additional electromechanical and acoustic protections in the handling operations and remind personnel of the prohibition to be in the risk areas during handling operations. The actions were supported by management which, after intervening directly on board Saipem 7000, sent a message to all personnel which - in addition to expressing regret for the severity of the accident that had occurred - confirmed, with even greater vigor, that the "Leadership in Safety" project

EMPLOYEE INJURY FREQUENCY RATE\*



The employee injury frequency rate decreased from 1.94 in 2007 to 1.45 in 2008. The sectors that contributed most to the improvement are G&P (-29.1%) and Petrochemical (-31.2%).

EMPLOYEE INJURY SEVERITY RATE\*



The injury severity rate fell from 0.066 in 2007 to 0.051 in 2008 (-22.7%).

\*The rate does not include in itinere injuries.

would continue in order to disseminate a safety culture for personnel employed in Engineering and Construction work.

#### >A culture of safety

In addition to the training activity, which increased by 8.4% in 2008 in terms of attendance (Eni Consolidato, KPO and Agip KCO), work continued on spreading the safety culture with new internal communication projects also targeted at contractors of all business units. The year saw work on the Leadership in Safety Project reach its peak in the Engineering and Construction sector. Finally, the incentive schemes and trophies for encouraging safety-conscious conduct have continued.

#### >Reduction in road accidents

2008 recorded a sharp fall in road accidents involving employees, which are one of the major causes of workplace accidents in Italy and abroad: 55 in 2006, 94 in 2007 and 34 in 2008.

This result, which is the best ever, has been achieved by intensifying prevention policies regarding vehicle use. In Italy work has continued in gradually renewing the vehicle fleet with more modern and intrinsically safe vehicles, combined with an increase both in training activities, though safe driving courses, and the frequency of monitoring of heavy-duty vehicles.

Monitoring started abroad, particularly in countries outside the European Union, of the implementation of the Safety technical guidelines on vehicle driving in non EU countries issued by Eni Corporate in 2006. In particular, vehicle speed control devices

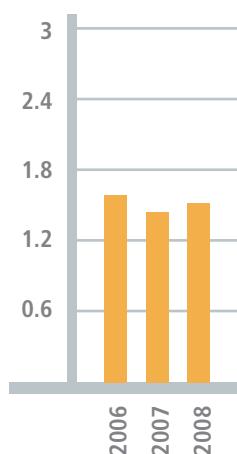
were installed on all vehicles in Algeria and in Kazakhstan various Road Safety Awareness Training initiatives were initiated at KCO, with the involvement of contractors as well.

#### >Contractor safety

Plans were developed in 2008 to increase the stringency of the safety checks on contractors, particularly when operating abroad.

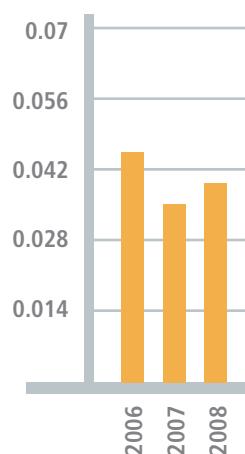
New processes have been implemented in Italy to monitor contractor performance in the gas sector. In the E&P and Engineering and Construction sectors work has started on monitoring accidents on foreign sites and raising awareness of operational management. Finally technical measures have been carried out to improve the operational conditions of sites. The formulation of a operating model for contractor management and supervision has been completed in the refining sector. This will provide for the regular performance of HSE audits on critical suppliers to assess safety requirement compliance.

CONTRACTOR INJURY FREQUENCY RATE



The contractor injury frequency rate is virtually the same, moving from 1.45 to 1.47.

CONTRACTOR INJURY SEVERITY RATE



The contractor injury severity rate has moved from 0.035 to 0.038. The sectors that have recorded the most significant increases are E&P and Petrochemical, which are compensated by the excellent performance in the Engineering and Construction sector.

## >Plant safety

In order to improve the management of risks inherent in plant operation, particularly process safety, in 2008 the E&P sector launched the Asset Integrity project, to identify, prevent and mitigate risks, using computer software as well, and introduce improvement initiatives. The year also saw a Safety Audit Process model being developed in the R&M sector, which to date has been applied in four refineries.

New systems will be implemented in gas transport to achieve high navigation safety standards (Portovenere LNG and Lerici LNG units) and the replacement of the storage underground tanks is scheduled to take place by 2010.

## >The OHSAS 18001 management systems

50 OHSAS 18001 certifications have been awarded under the Health and Safety Management System certification scheme. In particular, in 2008 the Exploration & Production sector achieved and surpassed the certification target of 30% of the companies (14 out of 35 companies represented by subsidiaries, JV and operating companies). In 2012 70% of associates are expected to be certified. In 2009 all the petrochemical sites are expected to be OHSAS certified (as of 2008 8 out of 11 plants obtained certification). In 2008 a total of 283 safety audits and 53 health audits were conducted and a start was made on implementing the "Health and Safety Technical Guidelines for Extreme Working Conditions", which aim to assess risk in extreme climatic working conditions.

The following projects were completed during 2008:

- regulatory Database for searching and consulting national and international health, safety and environmental regulations;
- MedSTAR project, for managing emergencies relating to

the transport and processing of oil and chemical products in the Mediterranean.

Finally, the project to create a database of road accidents is still in progress.

## Health

Eni has continued its commitment towards guaranteeing the health of its employees as well as of the communities which live near its facilities and all those who enter into contact with its operations. The complexity and variety of situations in which Eni operates makes it necessary to define and apply elements of reference in order to consolidate and increase performances in the healthcare and prevention sectors, including policies, adherence to international principles and agreements, management systems and internal auditing systems, company regulations and tools for the sharing of knowledge.

The periodical monitoring of professional diseases has also continued (83 reported in 2008).

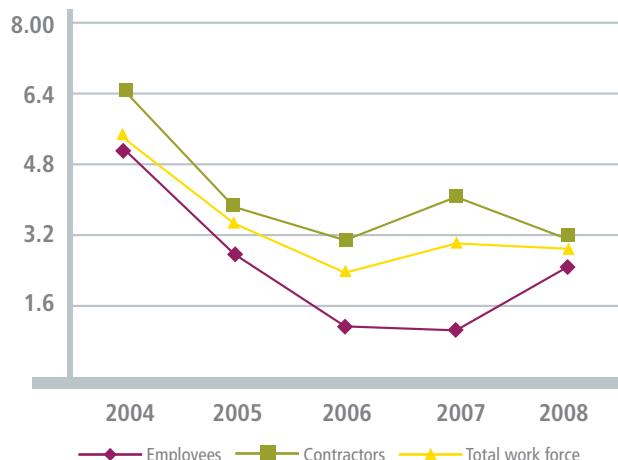
The reporting criteria have improved and have been extended to include diseases that are not strictly occupational but are work-related based on the most recent legislation. The TROI (Total Reportable Occupational Illnesses Frequency, which represents the number of illnesses reported per million hours worked) is 0.40 (0.54 in 2007). The overall rate of repatriation of employees for health reasons is 0.65.

## >Prevention management tools

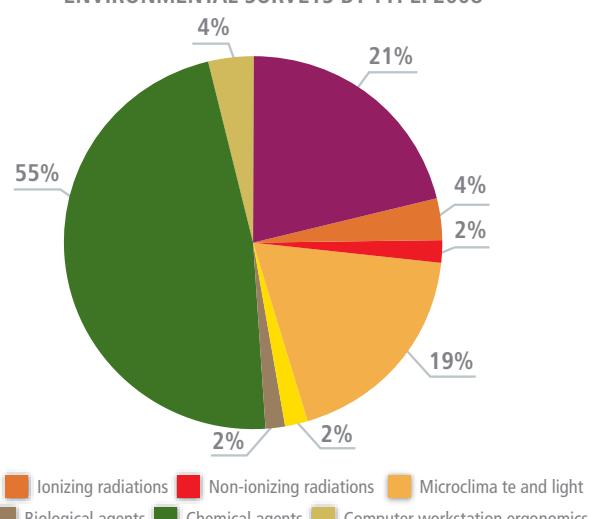
Work has continued on implementing the health management system by extending the prevention standards relating to workplace health protection both in relation to work-related risks and risks linked to the territorial context, in the latter case particularly for sites abroad. In 2008, the healthcare

### FATALITY INDEX

The overall fatality index is around 2.85 (2.98 in 2007).



### ENVIRONMENTAL SURVEYS BY TYPE: 2008



management system has been implemented in all foreign countries where the E&P sector is operational, in line with the planned objectives. The most important initiatives include:

- the implementation of new "Occupational Medicine and Healthcare Checks" in 5 countries (Angola, Tunisia, Algeria, Kazakhstan - KPO, Libya);
- Studies on the evaluation and updating of care plans and emergency health schemes in Croatia, Qatar, USA (Alaska) and Saudi Arabia;
- Implementation of emergency health plans (MERP - Medical Emergency Response Plan) in Mozambique, Congo (IPP and M'Boundi), Mali and Kazakhstan (KPO);
- New assessments and updating of health risk management programs in 6 Countries (Angola, Libya, Mali, Pakistan, Indonesia and Russia). The implementation also continued of the GIPSI program for the IT management of individual health services relating to occupational medicine through its application in Angola, Egypt, Russia, Congo, Kazakhstan (KCO) and Italy.

As part of the "monitoring project for cardiac risk factors in remote areas", an initial health protocol has been proposed relating to the evaluation of the cardio-circulatory apparatus for people traveling abroad to work in extreme working conditions (heat, cold, humidity) and for people operating in highly stressful situations (e.g. emergencies).

### >Research activity

In 2008 an important research project for the biological monitoring of butadiene was conducted in the Ravenna plant, in collaboration with the Maugeri Institute in Pavia and Padua University; investigative activities have reported positive results in all operational areas of Eni where they were conducted. A

project was started, in the Livorno refinery, in order to define standard methodologies for detecting natural radioactivity and the ISPESL project "Workplace exposure to benzene: development of advanced bio-sensors for environmental monitoring" carried out at the Gela refinery was also concluded".

### >Health promotion

Health is promoted by following two main lines of action:

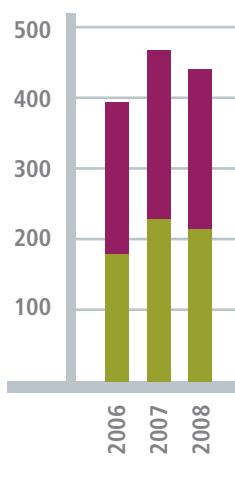
- free diagnostic campaigns for individuals;
- information campaigns on healthy lifestyles.

In Italy about 4,000 individuals signed up to the program for the early diagnosis of neoplasias in 2008, in collaboration with the Italian League for the Battle Against Cancer; this scheme will also continue into 2009 with further cancer prevention initiatives.

2,450 people also received vaccinations against influenza. The "Health promotion" Intranet site, within the MyEni Portal, has seen a high satisfaction rate, and, during the year, received an impressive total of over 71,000 page views, making it one of the most popular sites within the MyEni Portal. A number of questionnaires, designed in collaboration with Milan University's Neurovegetative Therapy Center, have been included within the "Health Promotion" site, with the aim of collecting information on obesity and smoking in the company. In the same site it was possible, in October, to start the "Eni in Good Shape" project with the aim of preventing the main chronic pathologies – cardiovascular, metabolic, cancerous – and changing behavior or lifestyles representing the risk factors such as poor eating habits, sedentary lifestyle, smoking and alcohol abuse.

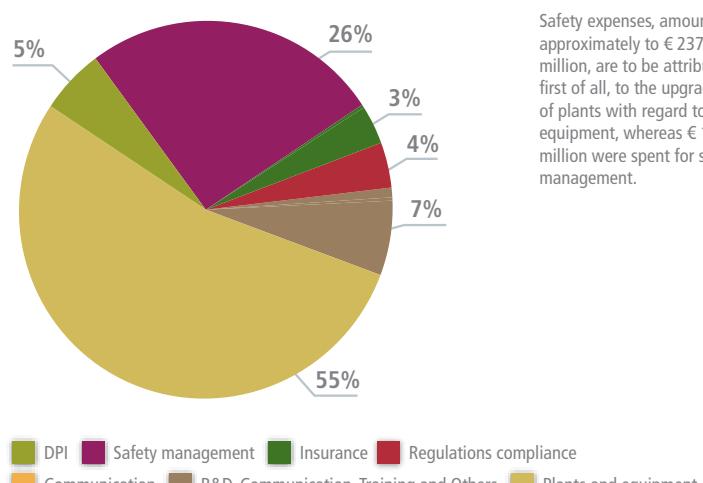
The first phase of the program ended with the on-line

### SAFETY EXPENDITURE



In 2008, safety expenditures were equal to 440.8 million Euro, a slight reduction (-5.7%) with respect to 2007. Current expenses were equal to 215.4 million Euro and investments were equal to 225.4 million Euro.

### SAFETY EXPENDITURE BY TYPE



Safety expenses, amounting approximately to € 237 million, are to be attributed, first of all, to the upgrading of plants with regard to equipment, whereas € 113 million were spent for safety management.

completion- on the part of 1,000 people - of an anonymous questionnaire on lifestyles, eating habits and simple clinical and biochemical parameters. Milan University is currently analyzing the data collected, in an aggregate and anonymous format, to identify the prevailing risk factors.

Work will continue in designing and implementing collective health promotion schemes, offering each participant the opportunity to monitor the effects of the actions taken by completing the on-line questionnaire.

It has emerged, from an initial evaluation of the responses given anonymously, that the site is very close to achieving its objective of being used as a tool for giving correct information/ training on health issues. Work on promoting healthy lifestyles is set to continue in 2009.

In addition, during 2008 numerous health promotion campaigns were also carried out in a good number of the foreign Countries in which the Exploration & Production sector operates.

Overall 118 initiatives were implemented in 20 Countries through health awareness and training campaigns, the issue of policies on the various health promotion schemes (anti-smoking and prevention of alcohol and drug abuse) and the performance of prevention campaigns (screening and vaccinations).

There was a continuation of the program to issue brochures, published on the site of Eni's Knowledge Management portal relating to prevention and health promotion topics.

The "Fleet On-Line Medical Assistance" tele-medicine system was started in the gas transport sector to support the healthcare of employees working on-board the LNG Shipping fleet and improve their medical monitoring conditions.

## Corporate culture analysis: Eni Secondo Te (Your Eni)

### >The results of the project

The first corporate culture analysis was carried out in the first few months of 2008. This involved about 38,000 Eni people throughout the world, and aimed to "take a snapshot" of how the company is perceived, right from top management down to entry-level staff while assessing their level of involvement.

The questionnaire was distributed between January and February 2008 and people were invited to complete it anonymously, on line or in paper form, in more than 250 Italian and foreign sites

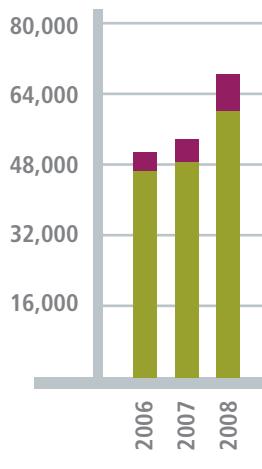
The analysis was supported by a comprehensive internal communication campaign which was conducted by using classic tools, such as the company Intranet, brochures, posters and videos, and the active participation of about 150 site contacts located throughout Italian and foreign offices.

This helped to raise the participation rate and resulted in a 79% return rate for Eni Secondo Te; this result was equivalent to the response level of "High Performing Companies" - companies in which corporate culture surveys are a well-established practice - higher than the average response rate in multinationals carrying out their first Survey.

Once the data had been processed, the results were analyzed and reported in special meetings with senior management in the different business sectors by means of the MyEni portal and the internal communication program, Cascade 2008.

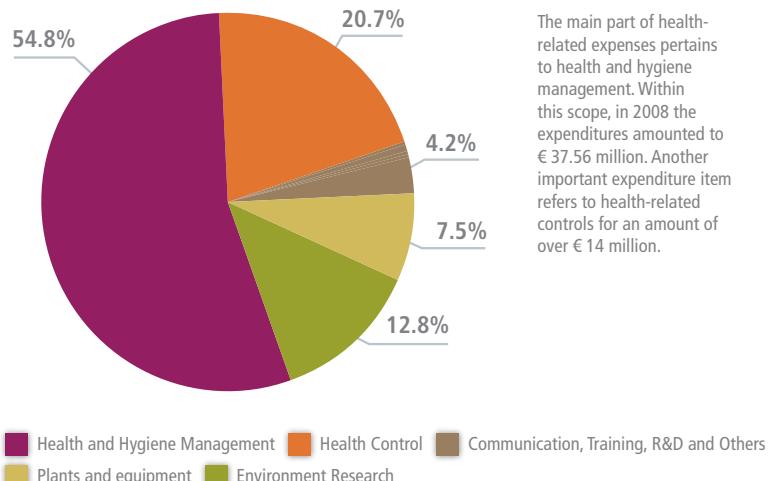
The "Eni profile" that emerged from the corporate culture analysis is one in which the company's people have a good level of involvement, pride and loyalty, who feel protected and safeguarded in terms of tangible issues, particularly

HEALTH EXPENDITURE



In 2008, health-related expenditures amounted to € 68 million, an increase of 27% compared to 2007. € 60 million of this total pertain to current expenditures while € 8 million consist of investments.

HEALTH EXPENDITURE BY TYPE



The main part of health-related expenses pertains to health and hygiene management. Within this scope, in 2008 the expenditures amounted to € 37.56 million. Another important expenditure item refers to health-related controls for an amount of over € 14 million.

with regards to health, safety and training, and who share a system of strong values embodied in Eni's business culture, particularly regarding company integrity and a commitment to safeguarding the environment.

Eni's people appear to be quite happy with the relationships established with their managers; the latter are appreciated above all for their professional expertise.

Areas for improvement include a request for more comprehensive communication of the company objectives, a more motivational leadership style, a more stimulating work environment that is more open to innovative ideas and a greater appreciation of individual contributions.

A number of initiatives have been identified, in response to the areas for improvement which emerged, aimed at encouraging the adoption and implementation of a leadership model on the part of managers which is more focused on relationships with colleagues and co-workers.

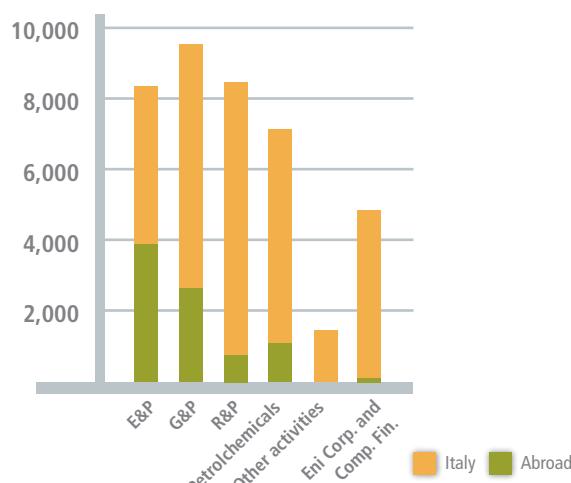
THE IMPROVEMENT ACTIONS TAKEN		
Area for improvement	Type of intervention	Action
More motivational leadership style	Initiatives supporting Leadership	<ul style="list-style-type: none"> <li>■ Extension of Feedback 360°</li> <li>■ Training scheme for Leadership</li> <li>■ Review of institutional training and coaching pathways</li> </ul>
More comprehensive communication	Internal communication initiatives	<ul style="list-style-type: none"> <li>■ Extension of Cascade to all Eni people</li> <li>■ Extension of MyEni</li> <li>■ Paper version of MyEni news</li> </ul>
Greater appreciation of the individual's contribution	Individual appreciation initiatives	<ul style="list-style-type: none"> <li>■ Young people's project</li> <li>■ Knowledge Owner project</li> </ul>
More stimulating work environment	Personal wellbeing initiatives	<ul style="list-style-type: none"> <li>■ Welfare project</li> <li>■ Measures to support parents</li> </ul>

### >Initiatives supporting Leadership

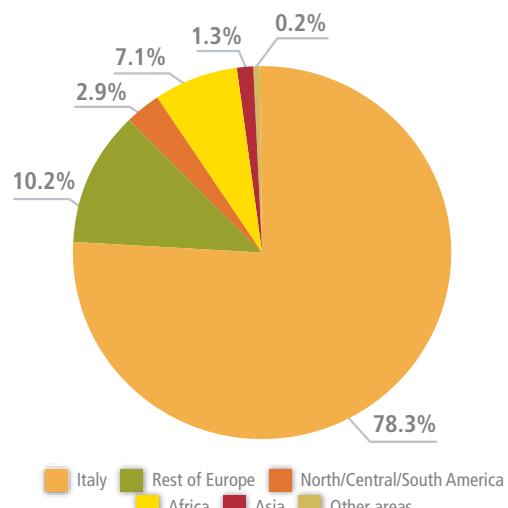
Following up on the corporate culture analysis findings, it was considered opportune to develop the Leadership topic, already introduced in 2007 through the Feedback 360° Project. Ad hoc programs have been designed not only for senior managers but also for those middle-level managers with managerial responsibility in order to promote a relationship style throughout the organization that fosters an appreciation of individual enthusiasm and skills. Special workshops were organized between October and November 2008 on the basis of generational discussion

Just as in the pilot phase, the main objective of the Feedback 360° Project was to develop and promote a Leadership style based on development of the emotional and relational factors, with particular reference to the quality of internal relationships and the motivation and involvement of co-workers. The process involved a person selecting colleagues and co-workers from whom to receive feedback based on everyday experience and individual perception. The whole process was managed through a dedicated website managed by the consultancy firm to ensure data confidentiality. The results were sent directly to the person involved, showing any differences in one's own personal perception compared to that of other people. 196 senior managers were involved in 2008 (against 109 in 2007). Just as happened in Spring 2008 for the previous event, Feedback 360° will conclude with a number of workshops which will illustrate the leadership styles prevalent in Eni, the most common skills and behaviors and the collective areas for improvement. In addition, there will be a presentation of the proposed tools for personal improvement. The main tools developed by the company include a special leadership development training scheme and a dedicated coaching service.

PEOPLE INVOLVED IN ENI SECONDO TE



RESPONSE RATE BY GEOGRAPHICAL AREA



The leadership training scheme includes, in particular, a program for developing emotive skills based on engagement. The main topics covered include:

- the courage to instigate processes for change, individual time management;
- encouraging discussion and cooperation as levers for individual and team management;
- the ability to lead by example

The coaching service concentrates on the different dimensions of managerial skills, with a special focus on the relational, communication and emotive dimensions. In 2008, 19 people started coaching pathways, involving a total of 135 sessions. The content and teaching format of the institutional training programs aimed at different people were also revised and made consistent with the new directions in leadership development. New initiatives have been included in the new graduate training pathway designed to improve the relationship with managers and develop communication skills in inter-cultural contexts. Using the same logic, the Master's in General Management aimed at young senior managers has been enhanced by a series of meetings with external mentors designed to offer moments of reflection and discussion on leadership topics.

### >Internal communication initiatives

A special impetus has been given to internal communication initiatives, which aim to promote a common company identity, help to disseminate strategies and increase people's involvement in achieving company objectives. The Cascade communication program was extended to all the company's staff in 2008 with the aim of promoting an awareness of the strategies and explaining the links between the company objectives and those of the organizational structure. The project involved 31,700 people and 420 meetings organized in 95 locations throughout the world. All the internal communication programs have a single platform in the MyEni intranet portal for sharing information which can be accessed by about 29,300 Eni people. In 2008 the MyEni roll-out program was extended abroad, bringing the number of users outside Italy to about 4,000. Finally, 2008 saw a trial of an expansion to the communication channels, with a first pilot of a paper version of MyEni News. This project, which will be developed in 2009, aims to involve people more, particularly those who do not use PCs in their work.

ACCESS TO MYENI	2006	2007	2008
Employees with access to MyEni	18.602	26.027	29.260

### >The wellbeing of Eni's people

During 2008, focus groups were conducted, in parallel with Eni Secondo Te, on topics linked to Welfare and the work-life balance.

A study was then completed, "Diversity: structure, practices and organizational culture", which analyzed three different aspects of diversity in the company, cultural, personal and gender. Finally, the company took part in research on career breaks with other large European companies, with particular reference to maternity within the WIST group, Women in Science and Technology, promoted by the European Commission to enhance the role of women in the technical-scientific areas of companies. Qualitative interviews were conducted on a sample of technical professional personnel having different roles, ages, experiences and levels, all of whom have taken maternity leave on one or more occasions in recent years, to analyze the possible difficulties encountered when returning to work. All the research revealed a picture consistent with the Survey results and allowed initiatives to be identified and designed that are focused on increasing wellbeing within the organization, balancing work and private life and supporting parenthood.

The "ENI Nursery- Infant School" project has been defined and provides for the creation of a "Nursery- Infant school" capable of accommodating about 140 children ranging from 0-6 years. The location involved is San Donato Milanese, which has the highest numerical concentration of Eni people, about 12,000, so that the service can support this large community. The primary objective is to create a center of excellence which is child-centered and provides continuity of learning across the educational services. Further activities under development include the activation of subscription arrangements with sports centers for wellness programs for individuals, a theme-based summer trip for adolescents to study English and city and town-based summer camps for younger and older children to help with child management when schools are closed.

Finally, an action plan has been approved to support parents by establishing an information service (concerning legal aspects on the matter, benefits for new parents, mother and baby health) and organizational initiatives.

In fact, measures are currently being designed to support women during their period of optional leave and on returning to work.

## EMPLOYEES BY GENDER AND PROFESSIONAL CATEGORY 2008

	Men		Women	
	Italy	Abroad	Italy	Abroad
Senior managers	1,298	227	119	14
Managers	7,968	2,938	1,706	448
Employees	14,538	12,896	5,463	4,171
Workers	8,350	18,401	38	305
Total	32,154	34,462	7,326	4,938

Eni had 78,880 employees in service in 2008. Against a 4% total increase in population compared to 2007, men increased by 3%, whilst there are 11% more women. The number of female senior managers rose by 24% (from 110 in 2007 to 133 in 2008) against a rise in male senior managers of 3%. It should be noted that the population went up aboard, whilst in Italy it has remained more or less the same.

## Valorizing Eni's human resources

Eni's primary objective is to value and appreciate all its people, in different ways depending on the characteristics of each segment of the population. Particular attention is paid:

- to recruiting and developing young people with an excellent training background;;
- to developing professional experience and expertise.

## EMPLOYEES IN SERVICE BY AGE AND PROFESSIONAL CATEGORY ITALY

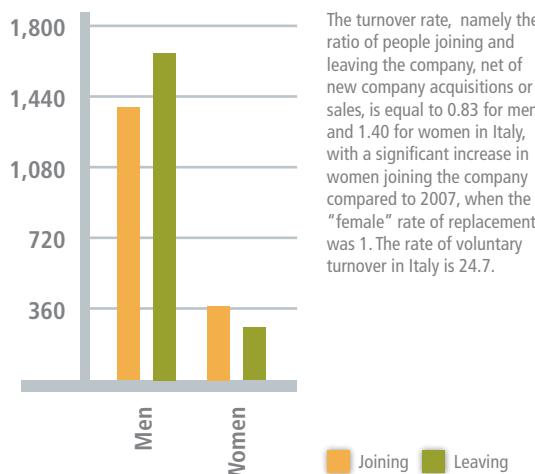
	Senior mangers	Managers	Employees	Workers
Employees 18 - 24	-	-	502	577
Employees 25 - 39	135	2,059	6,810	3,100
Employees 40 - 54	991	5,640	10,481	3,766
Employees over 55	291	1,975	2,208	945

## &gt;Attracting talent

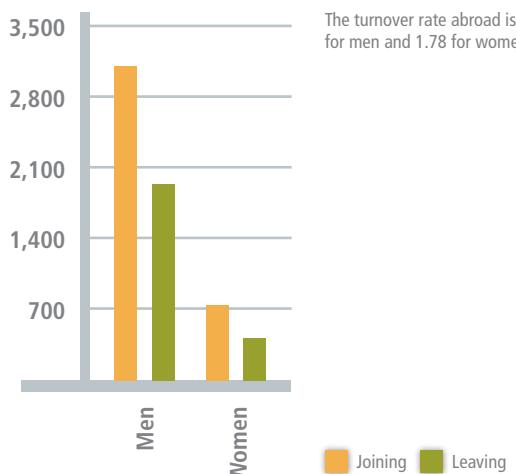
Eni has woven and feeds a network with the universities and Italian and international MBAs (see the paragraph "Relations with the Universities and research centers" in the section "Living in the World" for all the collaborations with the universities and research centers). This has allowed, on the one hand, teaching relationships to be created and recruitment initiatives to be established which target relevant degrees (engineering and economic disciplines in particular), while, on the other hand, qualified scouting schemes have been conducted on the market to recruit people with masters for roles with medium and high levels of responsibility. One example is Eni's attendance at the Nova conference, an Italian association of MBAs based in the USA, during November 2008. This conference enabled the profiles of talented young people of potential interest to be analyzed, through interviews, for development in Eni and provided an opportunity to present our businesses in a competitive market and cultural context. In addition, a Survey was conducted with the aim of discovering Eni's main factors of attraction and how it is perceived amongst international resources. The company is considered to be attractive primarily due its culture and reputation, stability and the possibility of international careers. Finally, Eni took part in the publication: "How the Energy Industry works: an insiders' guide", aimed at attracting young internationally qualified people.

To date 10% of the key managers are under 40. 23.6% of senior managers in place have less than 3 years seniority (21.5% in 2007). The sectors recording most senior managers under 40 are Corporate and Financial Companies (27.4%) and Engineering and Construction (20%).

## EMPLOYEES JOINING/LEAVING BY GENDER ITALY 2008



## EMPLOYEES JOINING/LEAVING BY GENDER ABROAD 2008



### >The youth project

In 2008 initiatives were identified to develop and motivate young people, based on the following principles:

- personal knowledge (dialogue, appraisal, feedback);
- segmentation of the population and differentiated management approaches;
- meritocracy and self-development.

The project includes a review of appointment and development rules and instruments, redefinition of the mobility systems in which differences are properly valued and the use of focused and consistent training and development initiatives. In addition, a "Young People's Monitoring Unit" will be activated to collect and analyze the qualitative results emerging from the appointment dialogues and institutional training courses, provided by the network of HR specialists. The network consists of people specially trained to act as facilitators in relational dynamics inside the organization and development pathways (HR Community training scheme). A start has been made to qualitative monitoring of the population and quantitative monitoring of the turnover rate. Finally, at business and professional area level, meetings have been held with young people with the aim of discussing business topics and improving the level of engagement.

### >Developing skills

Work has continued on integrating the different management and managerial development tools, thereby leading to an expansion of the number of people covered by skills mapping aimed at individual and collective improvement and development actions. For graduates, the process of evaluating potential was changed in 2008 in order to achieve a clearer segmentation of the population involved, by identifying their

different development potential, and to provide everyone with focused feedback in terms of career direction and individual improvement possibilities.

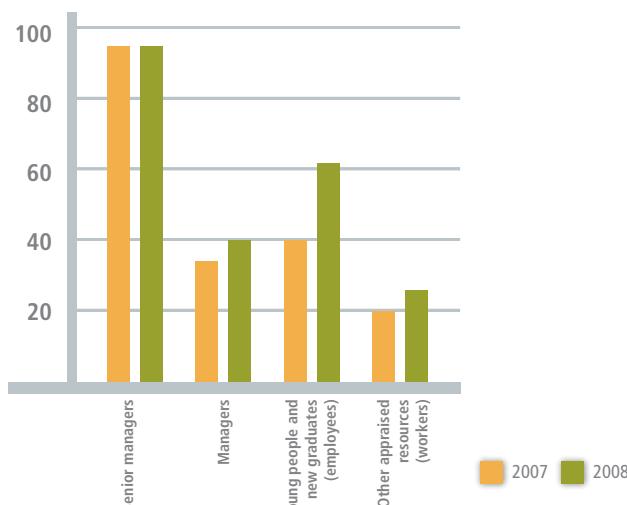
The Development Center methodology used to measure graduate potential focuses on a comparison with other people's perception and the possibility of seeing one's own conduct and personal characteristics in an organizational context by measuring one's own relational effectiveness. Similarly the management appraisal and consequent training and development plans are fundamental for improving leadership skills and keeping the succession plans up to date. As part of the annual Management Review, total coverage (100%) of the managerial population was achieved by using a concise methodology that maps the skills and main actions designed to improve the managerial resource pool.

### >Valuing expertise and knowledge

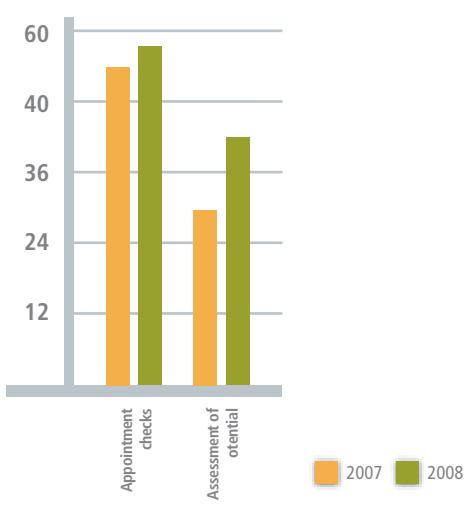
During 2008 the professional title of Knowledge Owner was officially introduced. This is assigned to senior managers who possess skills and knowledge acquired over a long period of time. Their professional expertise is not easily found on the external market and their professional authority is recognized both inside the company and in external communities as well as at an international level. The Knowledge Owners have been selected following a well-defined appraisal process which allowed 192 to be identified in 2008.

The average age of the Knowledge Owners is about 51 (50.7) and most of them are between 50 and 55. More than two thirds belong to line functions, with a prevalence of professionals with a production background, and a particular concentration in the Engineering, Process Technology, Construction and Geology professional areas. These sectors

PERFORMANCE APPRAISAL: % COVERAGE OF EMPLOYEES



SKILL MAPPING TOOLS: % COVERAGE OF EMPLOYEES



are characterized by a very high level of specialist skills that can only be acquired after many years of experience and are hard to find on the external market. The Knowledge Owners are expected to tutor young people, draw up proposals for developing knowledge and professional expertise and be prepared to lecture at Eni Corporate University. Knowledge Management is another fundamental tool for maintaining and reinforcing the company's expertise, and for Eni is a value that has also been incorporated into the new Code of Ethics. Amongst the initiatives designed to reinforce the sharing of experience, in addition to the training measures dedicated to Knowledge Management, a special event was run in 2008 for Eni's Project Managers, involving 330 people belonging to all the business areas. Work then started on 10 new practice communities within the different business sectors. At the end of 2008 Eni's Knowledge Management system consisted of 44 practice communities and active knowledge networks, involving 1,665 people.

#### >Training

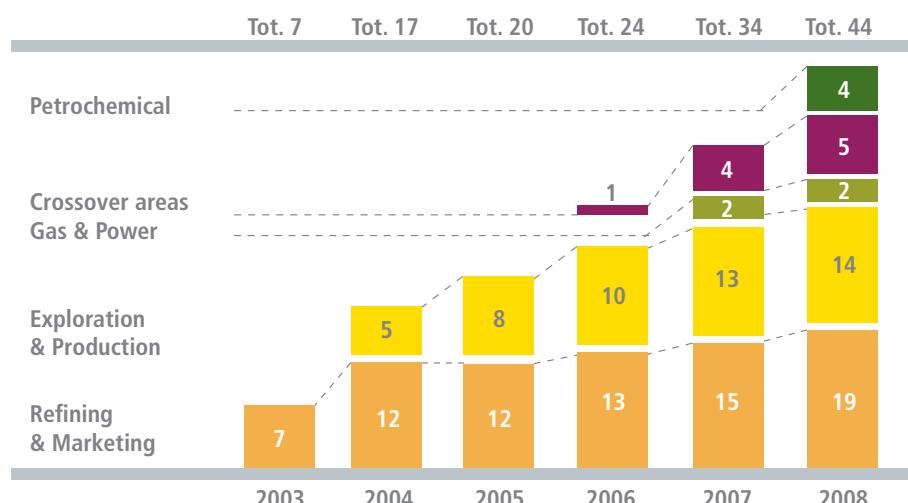
In 2008 there was an increase in training activities in Italy and the world against a very modest rise in expenditure. This proves the commitment of the organizations involved, Eni Corporate University most of all, to making the initiatives effective but also efficient. The results have been made possible by the increased integration of structures and the search in all areas for synergies of scale. Mention should be made in particular of the intensive activity carried out for new projects in the Oil Exploration/Well Area (training pathways for Geology&Geophysics, Reservoir Engineer, Senior drillers and Drilling supervisors, Subsea Engineer) and HSE areas, as well as the launch of the Special Project 3 for AGIP KCO in

the Production & Maintenance area, dedicated to 330 Kasak people subdivided into about 40 different technical and staff job positions. Numerous training initiatives designed and inaugurated in 2008, are described in this and other sections of the Sustainability Report (for example "Governance and Sustainability", "Environment", "Inhabiting the World"). Investing in these areas through Eni Corporate University means working to disseminate shared values, consolidate corporate identity and contribute to business integration processes.

#### >Compensation

The purpose of the compensation system is to ensure recognition of the results achieved and the development potential of people, making sure that remuneration is consistent with market practices and standards. In particular, Eni has developed a system for classifying managerial and professional positions, in Italy and abroad, to support remuneration positioning analyses as well as management and development processes. In 2008 the classification system (Global Grading System) was extended to a sample of positions operating abroad and it will be consolidated at global level in 2009 so as to allow remuneration to be positioned at geographical, functional and business area level, respecting the differences in the sector and local markets. As part of the initiatives to reinforce transparency and people's involvement, in 2008 a process was started to communicate the remuneration package (Total Reward Statement) to those occupying managerial positions. This form of communication, which is particularly innovative for large Italian groups, not only concerns the financial elements, such as remuneration and incentives, but also the valuation of the other non-pecuniary benefits (company benefits and services). The personalized Total

KNOWLEDGE MANAGEMENT SYSTEMS: NUMBER OF PRACTICE COMMUNITIES



Reward Statement will be communicated at regular intervals and will help to provide a clear and comprehensive picture of the tools used to recognize and value the individual's professional contribution to company growth.

## The value of diversity

### >The culture of diversity

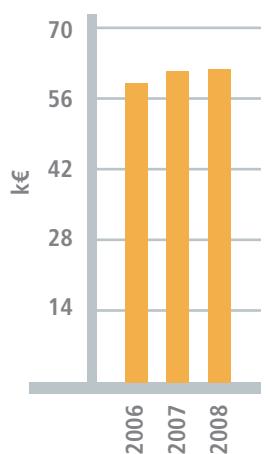
Eni's personnel "live in the world" and represent the world. Moreover, half of those who work for the company are not Italian and many are also "expatriates", i.e. Italians who work abroad. These are supplemented by individuals who, although not Italian, work in a country other than their country of origin. In addition, all Eni's people live alongside the local communities in which the company operates. Cultural diversity, in its broadest sense, is a factor that is encountered constantly. The different cultures are not experienced on the basis of preconceived positive or negative concepts, but on the basis of day to day dealings with colleagues, in chats at the canteen table or in meetings, as described by Eni in the "Living in the World" section. This approach to diversity is a cultural element that both conditions and is conditioned by the sustainability of the business.

Eni's Code of Ethics makes specific reference to the right of people to have the same job opportunities, in a climate of mutual respect for each person's dignity, honor and reputation, and the duty of all colleagues to respect diversity within the company. Some of the questions contained in the Eni Secondo Te analysis and the results of the research project on diversity topics (see the paragraph on "The wellbeing of Eni's people") confirm that cultural diversity is perceived by Eni's people as an extremely positive element and support Eni in its commitment.

A commitment which Eni will continue to sustain in terms of valuing and developing people in the countries where it operates as well as by ensuring internal communication between its diverse operational contexts and supporting and promoting international mobility. In fact, the company has developed a program of initiatives to build a recruitment model abroad which will enhance its international dimension. An integrated information system has been created in this area to improve the effectiveness and efficiency of the planning and recruitment processes.

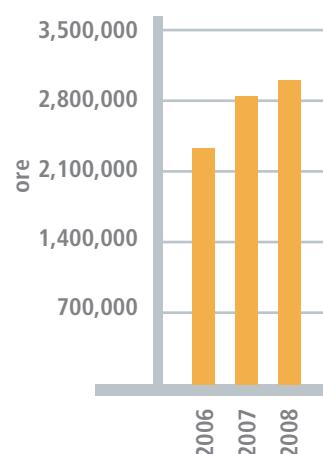
One of the initiatives with the greatest impact is the "HR Towards the future" project, started by the E&P sector, relating to local personnel who perform personnel functions for the associate companies. The program aims to raise the retention level of the people involved and the degree of internationalization of the head office function. To date, 8 people from Nigeria, Great Britain, Congo, Indonesia, Algeria and Egypt have joined the head office Personnel units at San Donato Milanese. During the planned twelve month stay, they will become part of the head office's working processes, work closely with their Italian colleagues and take part in classroom-based training schemes. As far as initiatives designed to foster intercultural relations and international mobility are concerned, 2008 saw 53 international people (EIRL) and 32 people from foreign associates join head office units. An ad hoc induction pathway was organized to help them integrate within the new company context, given their very varied provenance, professional experience, culture and knowledge. For the recruitment and selection of international resources, it is worth mentioning the "International Recruiting & Training Project" in Libya, started in 2006, which aims to recruit and hire from the local market, over a 4-year period, 150 graduates for

**TOTAL TRAINING EXPENDITURE**



Total training expenditure increased by euro 456,000 compared to 2007. The main increase in absolute terms, was recorded in the Engineering and Construction and Gas & Power sectors.

**TRAINING HOURS**



Total training hours have increased, primarily in the technical-commercial and HSE training areas.

employment in the main technical functions.

Two groups with a total of 39 people have completed the biennial training pathway provided in collaboration with Eni Corporate University, and are currently employed in Italy, Libya and other international contexts.

The "Special Project Agip KCO - Kazakhstan" is moving in the same direction. The third phase of this project, which has been up and running since January 2008, involves training young Kasak diploma holders who, in the future, will cover technical roles within Kashagan project operations.

Finally, a number of Recruiting HUBs (Poles) are operating and are dedicated to personnel recruitment and selection within the international market. These operate in several Countries, such as Venezuela, Pakistan, Egypt, India and the United States.

### >Industrial relations

COLLECTIVE BARGAINING AND TRADE UNION MEMBERSHIP	
	Italy
Employees covered by collective bargaining	100%
Employees who are members of trade union organizations	16,714
No. of consultations and negotiations with the trade unions	316

In 2008 100% of employees in Italy were covered by collective bargaining. 42% of people working in Italy are members of a trade union.

The annual meeting of Eni's Corporate Board (CAE) was held in Amsterdam on 10 December 2008. During the meeting, the company delegation reported to the Board on business developments and projects with reference to the implementation of the guidelines of the 2008-2011 Strategic Plan; it provided an analysis of Eni's employment situation and

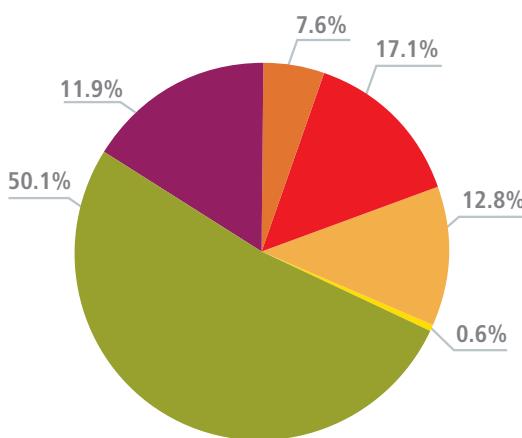
composition with a focus on the European area. The new Code of Ethics was also presented.

As usual, the Health and Safety Monitoring Unit met the day before the meeting to report on the main activities during 2008 and the environmental initiatives undertaken by Eni.

To mark the 60th anniversary of the Universal Declaration on Human Rights, action was also taken to renew the agreement on Industrial Relations at the International level and Corporate Social Responsibility. Undersigned in 2002 with the International Federation of Chemical, Energy, Mine and General Workers Union (ICEM) and the Italian trade unions, this agreement confirms Eni's commitment to respecting the guiding principles of the United Nations "Universal Declaration on Human Rights", the ILO's fundamental Conventions and the OECD Guidelines for multinational enterprises.

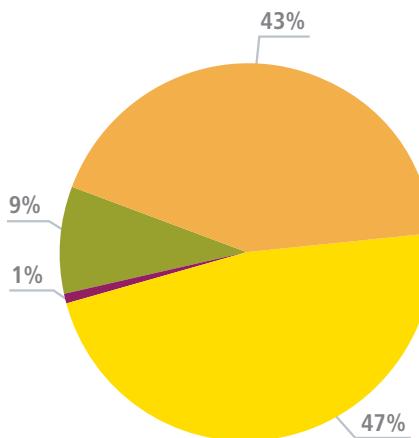
Finally, a research project is currently being studied on the matter of International Industrial Relations, involving an analysis of other large groups not only in the energy sector. This will allow any areas for improvement to be identified in the field of Industrial Relations and special initiatives and projects to be promoted to increase their effectiveness.

EMPLOYEES BY GEOGRAPHICAL AREA: 2008



As of 31 December 2008, Eni's employees numbered 78,880, an increase of about 3,000 units compared with the previous year. The new employees hired in Italy were 39,480 while 39,400 employees were hired in the rest of the world. The highest increase in Eni's personnel, compared to 2007, was reported in Oceania and in the Americas.

FOREIGN LOCALS BY PROFESSIONAL CATEGORY: 2008



Eni personnel originating from countries in which Eni operates increased by about 8% compared to 2007. Amongst the professional categories, the highest increase relates to managers, who rose in number by 16% compared to last year.

# Environment

Eni strives to adopt, in all contexts in which it operates, strict environmental protection standards that comply with the highest European and international standards. Eni's use of the best available technologies and environmental monitoring systems have allowed the company to achieve optimal results, particularly to regards atmospheric emission indices and water consumption, even in light of its operations in facilities whose activities are considered by European legislation to have a significant impact on the environment. This performance is the result of sizeable investments in low-impact technology and the adoption of a unified HSE Management System model in 2003. Currently, nearly all of the company's key operating unit management systems have obtained ISO 14001 certification. Environmental ISO 14001 certifications in 2008 grew by 7%; ISO 14001 certifications totaled 123 and EMAS registrations totaled 11 (9 in 2007).

## CERTIFICATION AND REGISTRATION OF MANAGEMENT SYSTEMS (KEY SYSTEMS) UNDER ISO 14001 - EMAS

	Foreign E&P associated companies	Refineries		Electrical power plants		Petrochemical plants	
	ISO	ISO	EMAS	ISO	EMAS	ISO	EMAS
2007	17/34	5/5	4/5	7/8	3/8	12/13	2/13
2008	23/35	5/5	4/5	7/8	4/8	13/13	2/13
2010	25/35	5/5	5/5	8/8	8/8	13/13	3/13

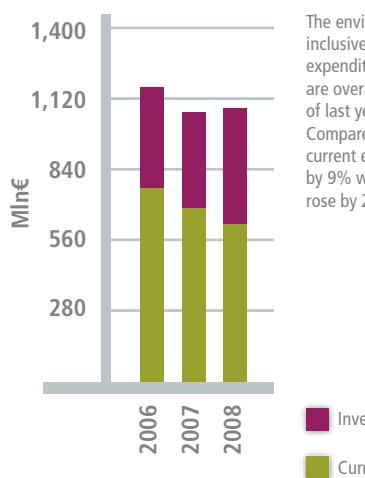
Eni's main production units in Europe have begun pursuing EMAS registration (site- or sector-specific), while numerous foreign associated companies, petrochemical plants and gas

pipelines have obtained the certification integrated with safety management systems (OHSAS 18001), quality management systems (ISO 9000) or both (certificates of excellence). In the E&P sector, 23 out of 35 subsidiaries obtained ISO 14001 certification, in line with expectations. One of the strong points of the management system is the technical training available on environmental topics which represents one of the main areas of focus in 2008 with 40,970 training hours offered and 5,495 participants. Specific activities designed to spread and maximize the skills gained within the company and a dedicated Intranet site contribute to complete a system that is directed to the spread of a technical culture. In 2008, the testing phase began for a new centralized environmental computer system that will allow the collection of environmental data for significant sites as defined under the European Pollutant Release and Transfer Register (PRTR) regulation. A waste management database will also be created.

## Water as a Primary Resource: Conservation and Protection

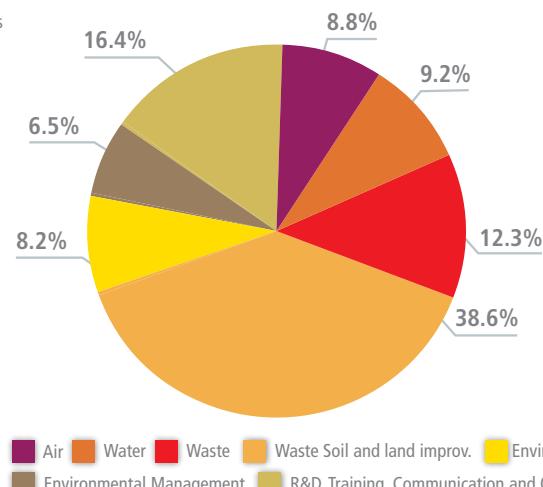
Growing needs for fresh water brought on by the global demographic explosion, the extension of areas susceptible to desertification and the reduction of surfaces covered by non-human ecosystems have decreased the availability of fresh water for the poorest populations and have increased global attention on protecting our water resources. Despite an increase in activities involving the extraction and

### ENVIRONMENTAL EXPENDITURES



The environmental expenditures inclusive of current expenditures and investments are overall in line with those of last year (+1.7%). Compared with 2007, current expenses declined by 9% while investments rose by 22%.

### ENVIRONMENTAL EXPENDITURES BY TYPE IN 2008



Environmental expenditures amount to € 1081 million. 461 of which are for investments. The main area of intervention is soil protection with a total expenditure of € 417 million, followed by wastemanagement of € 133 million.

transformation of oil products, Eni has maintained its fresh water consumption nearly constant in recent years by gradually reducing water usage per processed unit. The use of treatment technologies and steady increases in water recycling will allow a gradual decrease in the overall amount of fresh water used in coming years (estimated at 20% for the 2009-2012 period net of new acquisitions). At 3,260 million cubic meters in 2008, water withdrawal was down compared to 2007. The withdrawal of fresh water was in line with 2007 consumption, while fresh-water recycling increased by 10% compared with the previous year as a result of significant investments, mainly in the petrochemical and refinement industry. In the E&P sector, the practice of water injection has a twofold advantage: it helps maintain pressure in the reservoir while reducing the impact on the environment by decreasing both waste from produced water and fresh-water withdrawals, which is of primary importance in environments such as deserts. In 2008, numerous water-injection projects were kicked off in Libya (Bouri, Bu Attifel, Wafa), Egypt (Belayim), Nigeria, Algeria, Indonesia and Congo. Research is also being conducted to evaluate the feasibility of this type of project in Kazakhstan (Kashagan)

and Italy. The most significant projects include the ones in Belayim, where a potential re-injection of approximately 5.5 mm<sup>3</sup> of water is estimated for 2009, and in Bu Attifel which will allow for the development of a new production water treatment system capable of treating 4.8 mm<sup>3</sup>/year

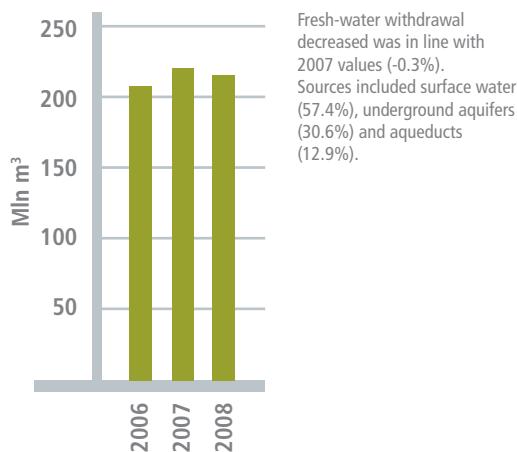
while at the same time decreasing fresh-water withdrawals. In Once operational, Eni's water injection projects will allow the company to avoid discharging more than 14 million cubic meters of waste water. In the refining sector, water re-utilization projects, which use purified groundwater for industrial purposes, led to a 6% decrease in fresh water withdrawals and a 35% increase in recycled water. Water consumption in 2009 is expected to decrease 14% compared to 2006 (approximately 3 million m<sup>3</sup>). In the petrochemical industry, a series of measures were planned with the aim of reducing fresh-water consumption by 20% by 2010 through the re-utilization of cooling water and the introduction of groundwater treatment systems.

In terms of electricity production, the index of water consumption, in m<sup>3</sup>/kWheq, has decreased by 75%, from 0,0594 in 2000 to 0,0148 in 2008.

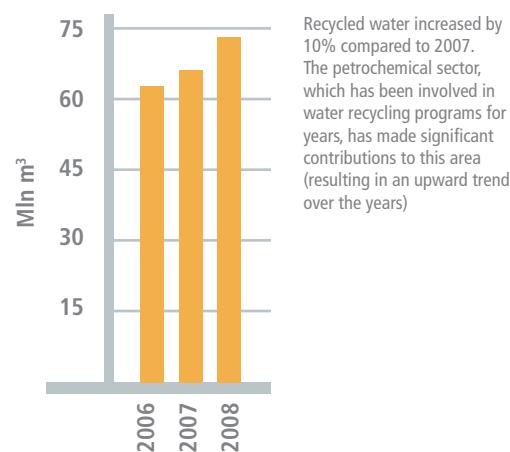
## Climate change and energy efficiency

GHG emissions decreased by 7.6% compared to 2007, a significant achievement considering the increase in hydrocarbon production. In particular, the Exploration & Production sector, which accounts for approximately 50% of Eni's emissions, decreased emissions by 7% compared 2007 by reducing gas flaring, even considering new acquisitions in the Gulf of Mexico, Congo and Turkmenistan and production increases in Angola, Congo, Egypt, Pakistan and Venezuela.

### FRESH WATER WITHDRALS



### RECYCLED WATER



The emissions decreases in the refining and thermoelectric sectors are in part due to lower levels of production in 2008. During the transportation of gas in Italy, line re-compression activities of natural gas reduced emissions by 3%. Emissions indexes in all key sectors indicate a flat or declining trend over the last five years, the result of measures which implemented the carbon management strategies outlined in the following sections (also refer to the section entitled "Eni and the future of energy").

Eni participates in the European Emissions Trading system with 60 plants, including 56 in Italy and 4 abroad. Emissions for the 60 plants totaled 25.3 million tons in 2008, resulting in a surplus of allowances assigned of 0.58 million tons. For the 2009-2012 period, Eni expects to record a deficit of 6.1 million tons. Eni will cover the deficit by acquiring allowances on the Emissions Trading market and, in the medium term, by implementing CDM projects.

### >Gas flaring reduction projects

The objective of the currently underway gas flaring reduction projects is to decrease gas flaring emissions by 70% by 2012 compared to the 2007 figure. Initiatives aimed at reducing gas flaring in Algeria, Congo, Libya and Tunisia will require investments of 1.26 billion euro in the 2009-2012 period. Eni's associated company in Nigeria, NAOC, is also expected to make sizeable investments. Of particular importance in 2008, a flaring down project associated with the first phase of the Gaz du Sud project in Tunisia was completed, and progress continues to be made on all initiatives in Nigeria, Congo, Libya and Algeria.

In Nigeria, the Gas Master Plan, which outlines various projects relating to the completion of compressor stations and the

expansion of the network of existing gas pipelines, continued. The objective of the plan is to eliminate the practice of gas flaring in the country.

In Congo as well projects aimed at eliminating emissions from gas flaring by 2012 continued. Of particular importance in 2008 was the completion of the repowering of the thermoelectric plant in Djeno. The completion of the projects between 2010 and 2012 will allow for further reductions in gas flaring emissions (also refer to the section entitled "Living in the world").

In Russia and with regards to the assets acquired in 2007, Eni immediately implemented a program to gradually decrease the amount of gas burned in flares, resulting in the elimination of emissions from flaring as of 2008 and contributing significantly to the overall 2008 performance.

### >Energy efficiency

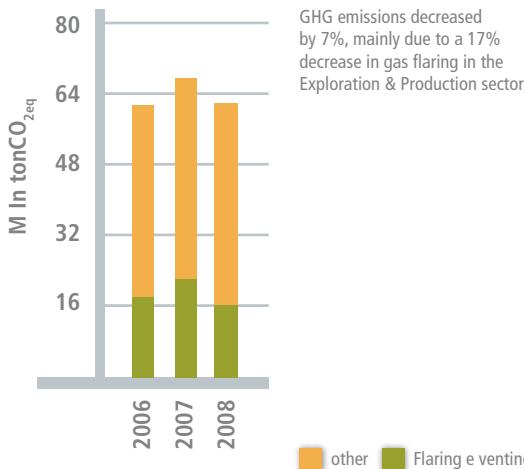
Increasing energy efficiency is a priority for Eni, and all of the company's operational sectors are involved to this effort. Its CO<sub>2</sub> emissions figure for the most thermal electric kilowatt-hour produced by the thermoelectric sector is approximately one-third less than the average Italian figure.

Eni's investment plan for maintaining emissions to the level reached entails completing the company's industrial plan with the construction of the last of the 13 planned combined-cycle plants. In 2008, two power units began operating at the Ferrara power plant.

Energy savings programs continued in the refining and petrochemical sectors. In 2008, the refining sector saved approximately 90,000 tons of CO<sub>2</sub>.

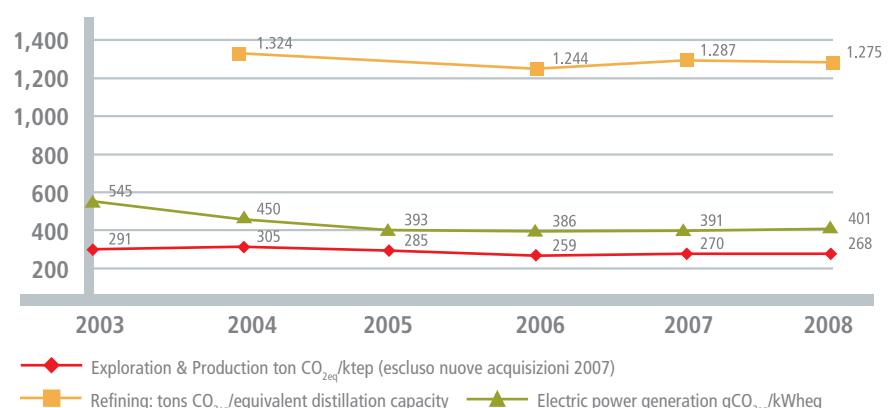
The improvement in efficiency is structural, therefore an initiative implemented in one year generates savings in years to come.

### GHG EMISSIONS



### CO<sub>2</sub> EMISSIONS INDICES

Following the significant reductions attained in the first years of 2000, emission indices of the oil refinement and electrical sector stayed at excellent levels due to the implemented interventions. The E&P sector reported a peak in emissions in 2007 due to the additional emissions created by new assets acquired during the year. These emissions were almost completely eliminated in 2008 (the 2007 data, without the new acquisitions, was equal to 270 toCO2eq/tep).



Savings amounting to approximately 127 ktep/year will be achieved in the refining sector in 2012, with another 70 ktep/year being achieved in the petrochemical sector. Eni continued its efforts to improve the efficiency of its IT and communication systems at its head offices in 2008 and completed an energy efficiency plan for its offices.

Finally, the Exploration & Production sector initiated a research project called "Energy Management in Up - Midstream of Oil and Gas Industry" aimed at defining a methodology and applying innovative technologies to achieve greater energy efficiency and lower levels of greenhouse gas in Eni's plants. An expenditure of 1.6 million Euro is estimated for the project.

## Atmospheric emissions

In addition to its commitment to reduce greenhouse gas emissions, Eni believes that it is necessary to continue to pursue its objective of reducing atmospheric emissions caused by combustion.

In recent years, the use of lower impact fuels such as natural gas and more efficient combustion technologies has allowed for a reduction in the production of substances that are harmful to the atmosphere, mainly for large combustion plants, refineries and thermoelectric plants.

In 2008, NOx emissions increased for the second year in a row (+7% compared to 2007).

In particular the E&C and the E&P sectors show an increase respectively of 10.3% and 10.7%. The increase in the E&P sector was due to the inclusion of the Okpai facility in Nigeria within the scope of consolidation in 2008.

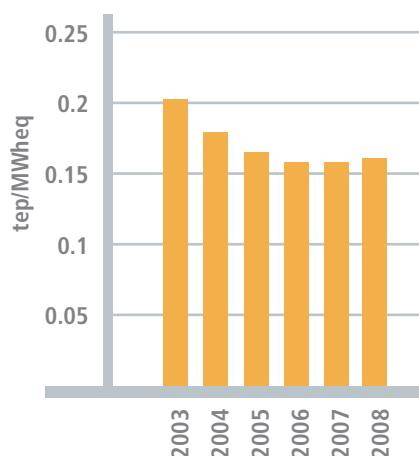
SO<sub>2</sub> emissions continued to decrease (-9%, on average, -11.5% in the refining sector) in all sectors as a result of the use of low-sulphur fuels. The use of low-emission combustion

technologies is estimated to allow a 20% reduction in NOx emissions and a 30% reduction in SOx emissions net of new acquisitions by 2012. The technologies adopted in the thermoelectric sector have allowed Eni to avoid approximately 80,000 tons/year in SO<sub>2</sub> emissions and 20,000 tons/year of NOx emissions. The installation of VeLonox burners, by the year 2012, will allow a further reduction in NOx emissions from 5860 t in 2008 to 5700 t expected for the year 2012.

The installation of low-emissions turbines continued in the gas transmission sector as well (reduction of NOx emissions by 4.5%). In Italy, this practice will allow an additional decrease in emissions for compression plants. The refining sector recorded a decrease in NOx and SO<sub>2</sub> emissions due to lower production levels. After reducing the sulphur content of fuels and avoiding its emission into the atmosphere in past years (in anticipation of the European directive on fuels), Eni's production of low-emission fuels has allowed the reduction of NOx emissions for the end customer by optimizing combustion through the use of specific additives.

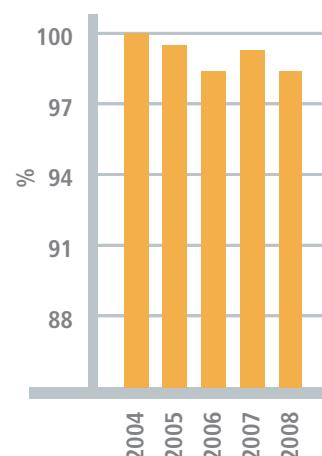
All business units engage in activities designed to monitor and control fugitive emissions. In this regard, monitoring plans have been initiated using innovative techniques, such as video-imaging. Furthermore, Leak Detection And Repair (LDAR) programs will be implemented and a company-wide protocol for monitoring fugitive emissions will be put in place.

PLANT ENERGY PERFORMANCE INDEXES



Since 2000, the plant energy performance index has recorded a steady improvement, allowing a 23% reduction in energy consumed to produce one MWh. In addition, the combined cycles in Ferrara, ready to start, are expected to give a much better performance compared to the Italian average.

INDEX OF ENERGY INTENSITY - REFINING



Since 2004, the energy intensity index has recorded a 1.6% improvement. From 2000-2004, the index (calculated with a different methodology and data inputs) fell by 10%.

## **Oil spills**

Eni has implemented a series of integrated measures aimed at reducing oil spills in the production, loading and transportation of oil products. Transportation technologies allow for the routine inspection, maintenance and evaluation of oil pipelines and transportation means and the use of airtight systems for loading and storage. In the E&P sector, 378 oil spills were recorded for a total of 7,024 barrels.

The total number of barrels spilled decreased for the second year in a row (-25%). A total of 28% of the volume spilled was due to sabotage, while the volume spilled due to accidents decreased by 30% compared to 2007.

In 2008, Eni participated and contributed to international initiatives such as:

- OSPRI Oil Spill Preparedness Regional Initiative: collaboration with countries in the Caspian Sea area to increase the ability to respond to oil spills;
- COSPPI Coastal Oil Spill Improvement program: program aimed at developing strategies and build oil-spill-prevention equipment in the Barents Sea;
- GLWACAF Global Initiative West And Central Africa: project that involves area governments in developing reciprocal aid agreements;
- Oil in Ice JIP: project aimed at developing tools and technologies to increase the capacity to respond to oil spills in ice-covered waters;
- OSPREC Oil Spill Response Company: company established with the purpose of minimizing the risk of oil spills along Algeria's coastline.

Also in 2008, Eni's oil spill response plans were revised within the framework of Exploration & Production activities in Angola,

Australia, Indonesia, Egypt, Libya and Pakistan.

E&P has continued to pursue its efforts to implement marine oil spill response systems by outlining a plan for identifying areas where improvements can be made. Eni has continued the preliminary gap analysis in the Gulf of Suez (Egypt), allowing the company to monitor the operations of its associated companies in Egypt.

Eni completed its Long-Term Weathering of Oils in Marine Environment project, a project that allowed the company to study, in collaboration with Italy's Institute for Coastal Marine Environment and others, the toxicity and biodegradability of oil spills and contribute to new response methods.

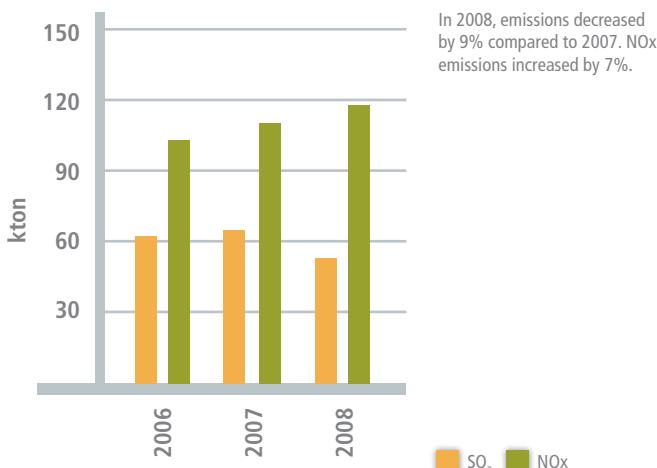
## **Waste management**

In 2008, waste from production activities increased by about 97,600 tons compared to 2007 as a result of new drilling activities in Alaska and the disposal of drill cuttings in Nigeria and Algeria. Similar to the last four years, waste from reclamation activities accounted for more than 80% of the waste produced (see next section).

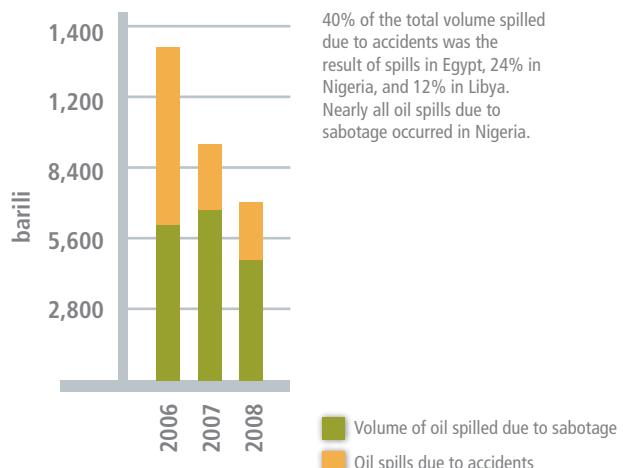
Eni continues to pursue its commitment to decreasing waste production by increasing recycled and recovered waste and therefore reducing dumping.

Since 2007, Eni has been working on a project aimed at monitoring and controlling the entire lifecycle of the waste produced by its business areas, with the objective of ensuring correct waste management and identifying opportunities for minimizing its production. Key activities in 2008 included the startup of the Exploration & Projection sector,

### **SOX AND NOX EMISSIONS**



### **OIL SPILL VOLUMES BY CAUSE**



a waste management assessment and the subsequent implementation of specific Waste Management Plans (WMP) aimed at controlling and improving the quantity and quality of waste produced, with performance objectives defined annually. The objective was reached by 11 associated companies in seven countries (Algeria, Pakistan, Russia, Indonesia, Kazakhstan, Libya and Congo) and, in 2009, the program will be implemented in Nigeria, Egypt and Croatia. KCO plans to use drill cuttings re-injection in its activities at the Kashagan field, allowing a drastic reduction in the amount of waste transported and dumped. Under the current WMP, a certain treatment (TCC) is used for oil-based cuttings that allows a disposable waste to be obtained while recovering the oily base for use in drilling mud.

## Reclamation of contaminated sites

Soil and groundwater protection is increasingly important in ensuring the correct functioning of ecosystems and the sustainability of operations. Eni's efforts mainly focus on decommissioned or long-operating industrial sites often inherited from former managements. For this reason, Eni has chosen to consider all surfaces covered by industrial areas as potentially contaminated and therefore analyzes vast areas of land. In 2008, the overall economic commitment for environmental recoveries was equal to 517.5 million Euro. This allows Eni to identify each contaminated area in detail and use the appropriate tools to isolate those areas and implement reclamation and restoration projects in collaboration with local and national authorities. In Italy, this commitment has led to the initiation of intense efforts at 63 sites out of a total

of over 900, implemented primarily through Syndial, a company specializing in the reclamation of contaminated sites and the management of residual industrial services. During the course of 2008, Syndial utilized circa 61% of the overall expense budget of Eni.

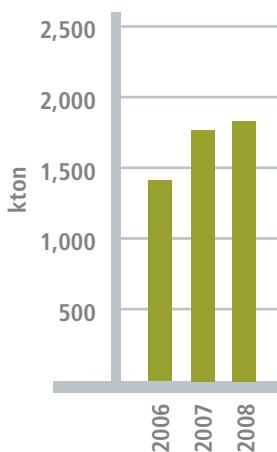
In 2008, Syndial continued reclamation activities in the Assemini site, where safety measures including a perimeter fence and groundwater treatment system were implemented on the 20-hectare area surrounding the facility, and Priolo, where a system was built for groundwater treatment that allows the reuse of treated water for industrial purposes. At Porto Marghera, electrokinetic and chemical oxidation technologies were used for the reclamation of contaminated areas.

Furthermore, the local administration completed and certified the reclamation of the Cengio area (about 20 hectares) for industrial reuse.

The petrochemical sector completed the safety measures involving the groundwater of Montova, Ferrara, Brindisi, Priolo, Gela and Sarroch. Technologies that were used included hydraulic barriers and/or the localized pumping of contaminated water.

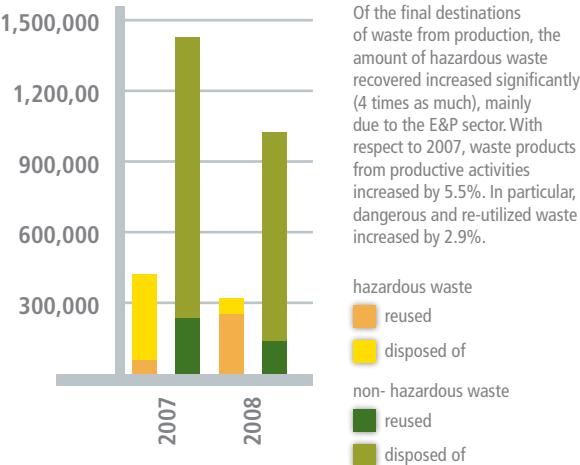
In the refining sector, efforts focusing on groundwater reclamation in Italian refineries through pumping to allow water reuse and the environmental restoration of the fuel network continued.

### WASTE FROM PRODUCTION



Waste from production is on the increase, mainly in the E&P sector, which acquired new drilling businesses in Alaska and disposed of cuttings in Nigeria in 2008. In the G&P sector, waste from production decreased following the completion of construction on a phyto-treatment plant and a new combined cycle plant at the end of 2007.

### DESTINATION OF HAZARDOUS AND NON-HAZARDOUS WASTE FROM PRODUCTION



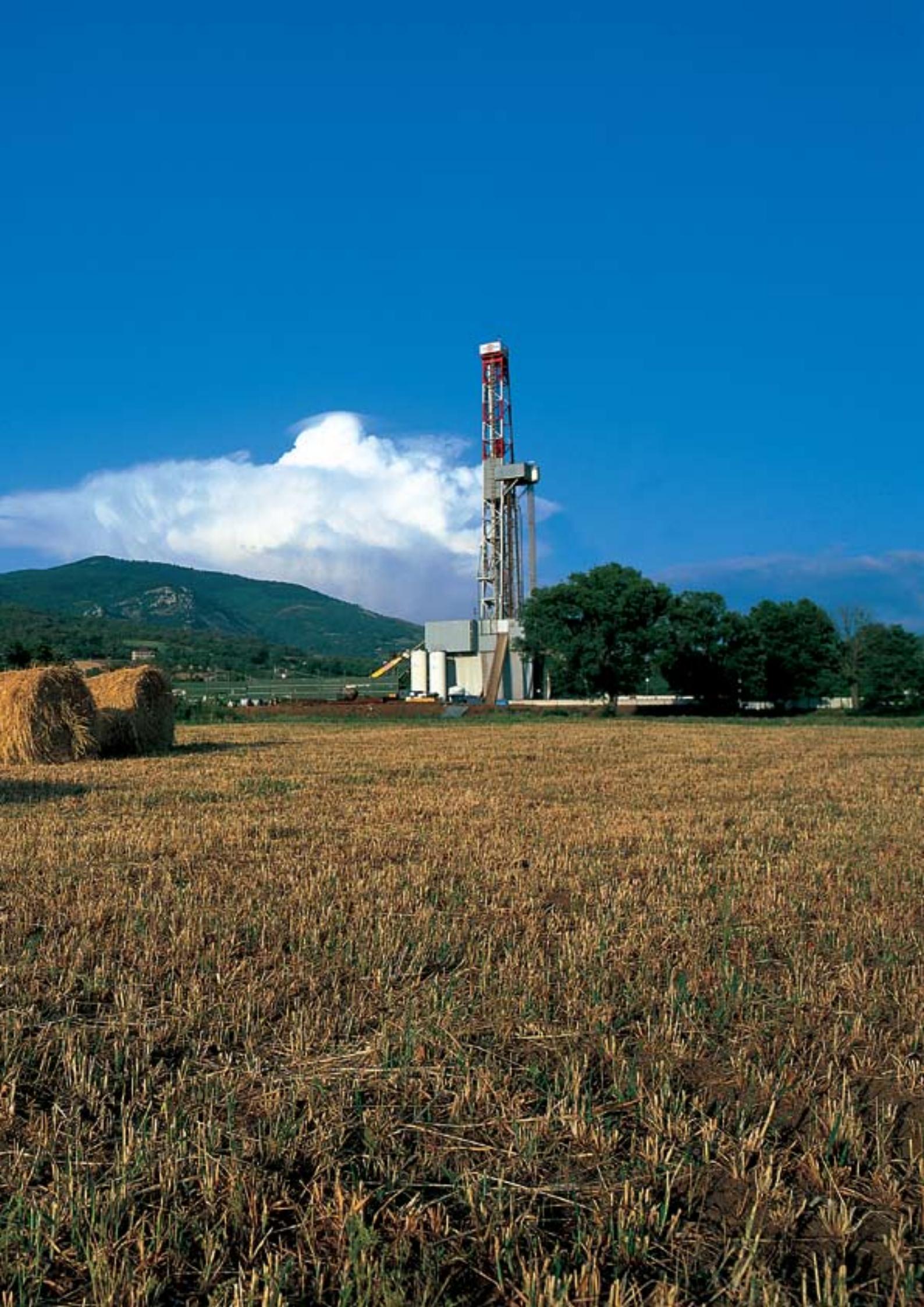
Of the final destinations of waste from production, the amount of hazardous waste recovered increased significantly (4 times as much), mainly due to the E&P sector. With respect to 2007, waste products from productive activities increased by 5.5%. In particular, dangerous and re-utilized waste increased by 2.9%.

# Living in the World

SUSTAINABILITY 08

“ In Eni, I was taught to remember that oil is not ours, it is theirs. This has always been the foundation of our strategy. If we work together, there will be enough wealth for everybody ”





# The System of Relations

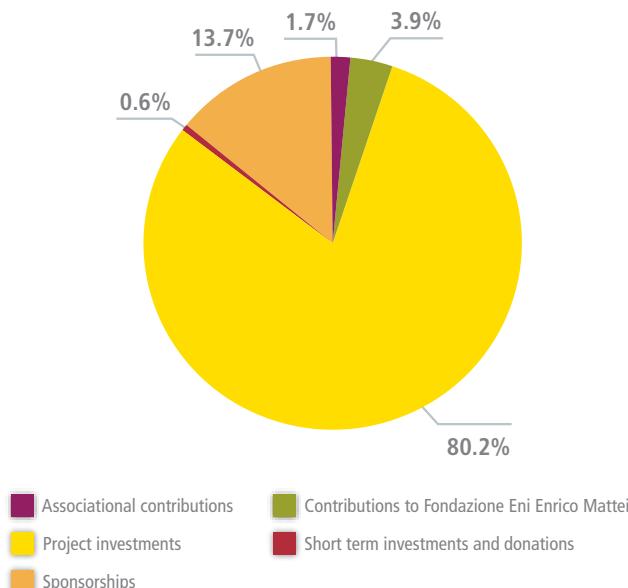
From the time of the "Mattei formula", relationships with territories have been based on the recognition of the fact that the boundaries between the company – as a group of people and not just capital – and the outer world, represented from time to time by colleagues, suppliers or customers, host countries and the international community, are not fixed. Sustainability means creating constructive relationships with all these stakeholders. In the countries where it operates, Eni has applied an integrated model based on cooperation and development: It has signed agreements with local Governments and, after consulting the other players in the territories, has promoted initiatives in the support of independent development. An integral part of this process is the philanthropic activity of the Eni Foundation, created by Eni dedicated to achieve the company's humanitarian and social solidarity goals. The sustainability concept also implies the support of an innovative approach to global challenges and realities. This is only achievable by promoting an on-going dialogue with the international entities and the stakeholders. Eni has assumed an active role in the propagation of this culture and the principles for sustainable development by supporting relevant initiatives, by cooperating with top universities and networks, by promoting research and innovation, also through the Fondazione Eni Enrico Mattei. Furthermore, Eni is consistently establishing relationships based on mutual trust and cooperation with suppliers and customers, two essential contributors in the creation of added value and with whom Eni shares sustainable principles and behaviour.

## INSTITUTIONAL/INTERNATIONAL RELATIONSHIPS

The development of institutional/international relationships, an essential component of Eni's activities, aims at building and strengthening relationships based on mutual consultations, with institutions of the countries where the company works, with Italian institutions and entities dealing with foreign countries and with international entities and organizations.

This constant interaction promotes constructive analysis and debate with respect to different perspectives in approaching issues relative to development sustainability as well as with respect to modes of cooperation that are more than simple contractual and business relationships.

EXPENDITURES FOR THE TERRITORY BY TYPE - 2008



In 2008, the expenditures in activities for the territories amounted to € 84.22 million, a slight decrease with respect to the previous year (-2%). More than 80% consists of project investments, an increase of 19.48% compared with 2007.

## THE DIALOGUE WITH

Eni supports and participates in several global initiatives and associations: the United Nations Global Compact; Extractive Industries Transparency Initiative (EITI, see the section, "The transparency of payments and EITI"); World Business Council on Sustainable Development (WBCSD); International Petroleum Industry Environmental Conservation Association (IPIECA). More specifically, in 2008 ENI was part of the IPIECA workteam for the update on the "Reporting" on sustainability guidelines, and actively contributed to the definition of environmental, social, health and security indicators. In 2008, ENI has also further expanded its network

In this regard, Eni is committed to maintaining strong and constructive relations with foreign institutions, both directly and through the embassies in Italy. These relationships have led, for instance, to meetings with institutional delegations from different countries and to productive discussions on gas supply security, global warming and renewable energy.

In 2008, a training program for 59 engineers of the Ministry of Iraqi Oil was created. The courses – with an overall duration of 16 weeks – covered various themes, including the development of managerial skills and operational tools in order to improve efficacy within the petroleum sector through analysis of economics, human resources management and cross-cultural relations.

Within this cooperative approach, the constant contact with the Italian Ministry of Foreign Affairs, the Italian embassies and Italian organizations engaged in internationalization, is enabling the company to work in

observance of the so-called "Sistema Paese" \* and to develop synergic relationships with the relevant countries. In May 2008, Eni organized a three day event involving meetings with the Italian ambassadors of the countries where Eni operates. This was the first of a series of events aimed to promote the understanding of Eni's philosophy, even through the direct testimonial of managers operating in the field. The spirit of cooperation in the identification of a shared approach to extremely important international issues – such as gas supply security, protection of the environment and sustainable development – has characterized the dialogue, started in 2008, with the relevant Ministries involved in the organization of the next Summit on energy to be convened by the Italian Chairmanship of the G8. Eni places great importance on a strong dialogue between producing and consuming countries, in the hope of achieving greater stability and transparency within energy markets.

This approach to an open dialogue on a wide range of subjects is reflected in the relationships established with several international organizations such as OECD International Energy Agency (IEA), OPEC and International Energy Forum (IEF), and also through an active participation in conferences and seminars where Eni's vision of sustainability is presented and shared. In its capacity as a member of the Industry Advisory Committee, Eni has cooperated with the EFI's Secretary in the organization of the XI IEF of April 2008, in Rome, in which over 70 Ministry delegations and more than 30 executives from the main international companies in the industry participated in order to identify energy strategies that would be globally shared and capable of meeting the challenges of gas supply security, global warming and growth in the current world's oil demand.

\* "Sistema Paese" means to set aside individual interests for the interest of the country

## ENTITIES AND ASSOCIATIONS ON SUSTAINABLE DEVELOPMENT SUBJECTS

of relationships with the main advocates of sustainability in the Italian territory. In November 2008, Eni has opened with WWF a "transparency operation" to initiate dialogue on its activities in Val d'Agri". In the first meeting, Eni illustrated the activities carried out in the Basilicata region and the main results achieved from Project AgriBioDiversity were discussed. Finally, Eni also initiated cooperation in 2008 with LegaAmbiente on the project "The future of planet: energy scenarios" for the purpose of sharing skills and values, promoting dialog and knowledge on global energy topics with the members of the scientific community

and the academic world, as well as with institutions and students. The first scheduled activity is a conference on solar energy to be held at the Politecnico University of Turin in April 2009.

### RESPECTING THE PRINCIPLE OF THE GLOBAL COMPACT

Since joining the Global Compact in 2001, Eni has been committed to applying its principles to all its operations; in order to follow new trends in this area, it is actively participating in workshops organized in Italy by the Technical Secretariat of GC, entrusted

to FONDACA (Fondazione per la Cittadinanza Attiva) since 2006. In addition – within the "Communication on Progress" annual report – the company identifies the elements of evolution in terms of actions taken and actions planned in compliance with the 10 principles underlying the initiative (see the table of compliance to the Global Compact principles within the

Appendix and at [www.eni.it](http://www.eni.it)).



## RELATIONSHIPS WITH STAKEHOLDERS

The respect and attention given to stakeholder expectations is one of the fundamental values of Eni's business. The Company, in compliance with the best international practises, has in fact adopted a stakeholder engagement methodology that is used to identify, analyze and consult with stakeholders who share an interest in Sustainability matters as they relate to business operations. Eni is aware that the creation of value and its Sustainability over time also depends on the quality of the relations established with the stakeholders, and is committed to maintaining an on-going proactive dialog with the main parties involved. The strategic approach of involving the stakeholders is defined and shared at the company level and is applied to all operating contexts while still respecting specific local characteristics and promoting transparency, dialogue and the sustainable development of the surrounding communities.

### TESTIMONIALS FROM "LIVING WITH THE WORLD" CONFERENCE

*The way Eni interacts with the local communities of the countries in which it operates represents a model of success inspired by pragmatism and not driven by political ideology. Eni tackles any new problem by providing efficient, effective and innovative solutions, without being negatively influenced by politics. The integration model implemented by Eni should also be a source of inspiration in Italy.*

Amara Lakhous - Writer

*One of the principles that drives Eni's operations, since Mattei's time, is the pursuit of concrete profit. Mattei chose to take Eni's operations into countries south of the Mediterranean Sea because, with an extremely broad political vision, he understood that the southern world was a problem that needed to be addressed and that it could turn into opportunities that would give Eni a competitive edge on other oil companies, and mostly a new source of profit.*

Sergio Escobar - Piccolo Teatro di Milano

*Eni should be given credit for having offered, in cooperation with research centres and universities, innovative solutions and projects aimed at improving its operations; these were later extended to the community, in particular to the local communities of the countries where it operates. A good example is the Telemedicina project, developed with the Politecnico University of Milan, for the assistance of workers on oil platforms. Thanks to Eni, this project has developed into a service that can be used by local communities.*

Giulio Ballio – Dean of the Politecnico di Milano

### RELATIONSHIPS WITH STAKEHOLDERS

Stakeholder

Consumers

Consumer associations

Institutions

International bodies

Governments and Ministries

Community organizations

Regulatory authorities

Financial Partners

Suppliers

Industrial Partners

People (see the section People)

Board of Directors

People

Trade unions

Agents and Franchisee

Financial Stakeholders

Investors and retail shareholders

Analysts and traditional portfolio managers

SRI (Socially Responsible Investments),  
analysts and investment managers

Rating agencies for Sustainability

Society

Associations and ONG

Local communities

Academic Institutions and Research Institutes

Opinion leaders and Media

## SUSTAINABILITY TOPICS, STAKEHOLDERS, DIALOGUE TOPICS AND ACTIONS TAKEN IN 2008

Expectations/topics of interest	2008 Actions and main results	Sharing the Code of Ethics
Dialog with associations adhering to CNCU	Signing of the online "Protocollo di Conciliazione" ("Conciliation Protocol") and of the "Protocollo di Intesa" ("Agreement Protocol") on adjustments; Seminar on "Fuels: from the refinery to the consumer" (Rome); Meetings on distribution costs with Provincial authorities and consumers from Benevento, Caserta, Avellino	
Transparency in the implementation of operating activities	Presentation to Consumer Associations on the plan for the technological update of the Venice refinery	
Sharing of contractual and promotional aspects of new commercial products	8 meetings with Consumer Associations and assessment of the satisfaction level of business initiatives	
Eni's brand analysis	Conducted with Ipsos: 6 focus groups in Italy, 3 in France and 3 in Germany on the evaluation of the company's brand strengths and weaknesses	
Participation in and support of organisations and partnerships on Sustainability topics	Participation in UN Global Compact, IPIECA, WEF and WBDCS Dialog with OECD International Energy Agency (IEA), OPEC Cooperation with the organization of the XI International Energy Forum-IEF	
Cooperation and dialog with central Institutions	175 authorizations obtained	
Identification of a shared approach to matters of international relevance	Training program for the Iraqi Ministry of Oil Meetings with institutional delegations on Sustainability topics Project with the Ministry of Foreign Affairs	
Application of the Cooperation and Development Model	Signed four MoU with institutions in: Republic of Congo, Angola, Russian Federation and Gabon	
Transparency with parliamentary bodies	Hearing of Eni AD before the Productive Activities Commission of the Italian Parliament on "Price increases of oil and carburants" and on "Prospects of the Italian Chemical Industry"	
Identification of foreign gas pipelines	Meetings with EU representatives for the identification of solutions towards the conclusion of the procedure	
Assessment of foreign gas pipelines	Cooperation with the Antitrust Authority (AGCM) in order to assess any anti-competition conduct	
Assessment of the GPL Sardinia market	Definition of an Internal Awareness Programme Launch of a project for the definition of "Code of Good Conduct" to share with AGCM	
Inappropriate commercial practices	Workshop with Electric Power and Gas Authorities, Ministries of the Finance and Economic Development, "Cassa Conguaglio per il Settore Elettrico" for the identification of internal control mechanisms	
Traslation prohibition to the final users of Robin Tax	Meetings with the representatives of the Spanish Anti-Trust Authorities	
		Awareness activities
Creation of stable supplies	Partnership for an agreed-upon definition of contractual terms	Structured collection of feedback from 10 large supplying companies, 8 medium-small supplying companies
Sharing of values and behaviours	Partnership tied with the Campagna Eni30PerCentro Promotion synergies in the area of local development of the territories where Eni operates	
Training and involvement	Board Induction	<ul style="list-style-type: none"> <li>■ Training of corporate bodies within the Board Induction programme</li> <li>■ Training of key officers (executives and corporate communication upper management) through Webinars and virtual forums</li> <li>■ Consultations through 2 focus groups in Rome and Milan and 3 online forums in Italy, Europe and extra-European countries with GFK-Eurisko</li> </ul>
Involvement and assessment of expectations	Completion of the analysis on climate by "Eni Secondo te"	
Italian, European and global industrial relationships	Annual meeting of the Comitato Aziendale Europeo Preparatory meetings for the renewal of the ICEM Agreement (March 2009) 96 meetings with trade unions abroad; 316 meetings with trade unions in Italy	
		Structured collection of feedback in the G&P and R&M sectors
Conscientious observance of the rights of all shareholders	Project for the involvement of retail shareholders	
Periodic results and four-year strategic plan	Definition of industrial and economic objectives for the main areas of business	
coefficiency performance and safety Relations with local communities Human rights Assessments of the impact on operational activities	Description of projects and investments for the management of CO <sub>2</sub> emissions; definition of the quantitative objective for flaring reduction; analysis on eco-efficiency performance, certification and management systems HSE (relevant KPI analyses); description of the management system for risk management and impact assessment; in-depth analysis of the project for the assessment of Human Rights; Recognition as Best performer in the field of DJSI World and confirmation of the Eni title in the FTSE4Good and in the Carbon Disclosure Leadership Index Recognition as Best performer in the field of the DJSI World Index and Confirmation in FTSE4Good and in the Carbon Disclosure Leadership Index	<ul style="list-style-type: none"> <li>■ Structured collection of feedback from:</li> <li>■ Major shareholders</li> <li>■ SRI Funds</li> <li>■ Buy Side analysts</li> <li>■ Sell Side analysts</li> <li>■ Rating agencies</li> </ul>
Transparency of operational activities	Launch of the "Operation Transparency" in the Basilicata region with WWF	
Improvement of corporate strategies and programmes on Sustainability topics (Human Rights, Biodiversity, Climate Changes, Payments Transparency)	2 meetings with IUCN for sharing strategies for the protection of Biodiversity Cooperation with the Danish Institute for Human Rights for carrying out 2 assessments in Nigeria and Kazakhstan First meeting of the signing parties towards the COP15 (Copenhagen 2009) Consultations with Transparency International on the transparency of payments Participation in the Mediterranean Roundtable of EITI (see the Table: "Involvement of local communities")	
	(see the Table " Cooperation with universities and research centres")	
Reputation Risk Management	RepTrack Industry and Italy; City Giornalisti Survey	



# Territorial Cooperation and development model

Within Eni's territorialization culture and strategy, introduced by its founder Enrico Mattei, "Living in the world" means to create the conditions that favour dialogue with the other party as well as creating – in the territories where it operates and through the protection and further development of local identity and ecosystem values – new opportunities for an independent and sustainable development of the community. The tools used by the company to reach these sustainability objectives are:

- the agreements (Memorandum of Understanding - MoU) that Eni signs with the institutional bodies of the countries or regions where it operates;
- the processes for an independent and sustainable local development carried out through an involvement of the stakeholders and of the local communities where Eni assumes the role of a "promoter" and a "supporter" of the territory.

Eni avails itself of the philanthropic activities of the Eni Foundation committed to support the Business Units in all programs favouring the local communities.

## ■ AGREEMENTS WITH PRODUCING COUNTRIES

Eni acknowledges that dialog and cooperation with the producing countries and with their national oil companies are a prerequisite for understanding their strategic objectives and supporting their vision for territorial development. In most cases, the agreements between Eni and the producing countries use the Production Sharing Agreement (Psa) as a model as it is based on a relationship between the National Oil Company (NOC) and Eni. Eni is entrusted with the task of providing, through its operations, innovative technologies and financial resources in addition to managing the operations which are typically implemented in the territory by means of joint ventures with other oil companies. In 2006, the Memorandum of Understanding (MoU) signed between Eni, the National Oil Company and the Gaddafi Development Foundation in Libya, launched a new strategy of cooperation with oil producers, on the basis of a shared development of projects oriented to achieve energy objectives and the economic development of the country. Under these principles, several MoUs were signed in 2008 with the national authorities of the Republic of Congo, Angola, the Russian Federation and Gabon.

## ■ THE TRANSPARENCY OF PAYMENTS AND EITI

The commitment given by Eni to the fight against corruption finds its expression in the concept of transparency applied to its management system and to its promotion activities in the countries where it operates. To this purpose, Eni has joined, in 2005, the Extractive Industries Transparency Initiative (EITI) and has promoted the publication of financial reports with the revenue generated by the activities carried out in the countries whose governments have joined the initiative and it has supported this process, together with MAE, in the countries not yet formally aligned. Eni's commitment towards transparency is reinforced also by its interest in the Partnering Against Corruption Initiative (PACL), promoted by the World Economic Forum, for the application of "Business Principles for Countering Bribery" by Transparency International.

## THE AGREEMENTS FOR COOPERATION AND DEVELOPMENT IN CONGO AND IN LIBYA

### THE "MEMORANDUM OF UNDERSTANDING" IN CONGO

On May 19, 2008, the company signed a cooperation plan with the national authorities for the addition of new initiatives integrating the core business within the non-conventional oil area in the bituminous sands of the Tchikatanga and Tchikatanga-Makola exploration areas, and in renewable energy, thereby entrusting Eni with a technical cooperative role for the sustainable development of the country. The MoU pertains to the research and exploitation of non-conventional oil, the development of agricultural activities for food purposes and for the production of bio diesel, and the construction of a power plant for the purpose of eliminating the practice of gas flaring by the year 2012. The agreement enables Eni to develop the Eni Slurry Technology (EST), a proprietary technology for the improvement of the quality of heavy oils. The Centrale Electrique du Congo project entails the construction

## THE PROMOTION OF EITI

In Kazakhstan, ENI participated in the advisory process promoted by the government and implemented at a national level by EITI. The process was concluded by signing of a Memorandum of Understanding (MoU) by some companies of the industry and by the government. In 2007, through KPO and KCO consortiums, Eni has started publishing the data pertaining to the year 2006. In February 2008, the Republic of Congo approved the Plan of Action (2008-2010) for the development of EITI thus establishing an executive committee in which ENI is participating. The Plan provides for the

of a high performance power plant in the proximity of the Djeno oil terminal. The new plant, owned by a company of which Eni Congo holds 20% interest and the Congo Government 80%, will cover over 80% of the country's demand. On 15 December 2008, the works for doubling the existing capacity of the Djeno gas plant were completed thus providing electricity to the entire Pointe Noire town. In December 2008, in the vicinity of the MoU regulates the "Food Plus Bio Diesel" project which provides for the extraction of vegetable oils from palms grown on approximately 70,000 hectares of currently non-cultivated land in the Niari region, in the north-west of the country, from which 340 thousand tons/year of raw oil is expected to be extracted and used to meet the food requirements of the country as well as to produce 250,000 tons/year of biodiesel, thanks to the Eni Ultra Bio Diesel proprietary technology. The consortium managing the project will cooperate with the best international organizations for the optimization of agricultural production and the development of local communities. An employment impact of approximately 10,000 local workers is currently forecasted. In 2008, at the M'boundi and Tchikatanga site, a total of 120 locals have been employed while another 325 have worked on contract. Other infrastructure, education and health related service projects directed

to the local community are underway and supported by the Eni Foundation (see detailed section). Three classrooms have been rebuilt in the N'Boukou Village (M'boundi site) and school material has been provided (along which 800 books to the Hindu School District and 150 desks to the local schools). Near the N'boundi site, eight potable water wells have been built and 22 km of new roads have been completed.

## RESULTS OBTAINED IN 2008 THROUGH THE MOU IN LIBYA

In 2008, the activities contemplated in the Memorandum of Understanding signed in 2006 by Eni, by the Gaddafi Development Foundation and the national oil company (NOC), have continued. The MoU provides for an eight-year intervention programme (started in 2006) totaling \$150 million which includes operations in the healthcare, educational/training and cultural heritage preservation sectors. In the health sector, an integrated network of cardiology, cardiosurgery and ER services as well as a Hospital project have been completed in cooperation with the Libya Ministry of Health and Environment and with the Libyan Board of Medical Specialties. In September, a protocol was signed with the Belgian Red Cross for the

support of the Program on Blood Safety. The Health Impact Assessment, which began in 2008, continues to provide its services in the Kufra and Murzuq areas. In the Nuqat Al Khams region a study on the management of urban, medical and industrial waste is underway and will be completed by April 2009. It involves an exchange of knowledge and good practises among the regions involved and the Italian territories. These activities include the enhancement of the labs of the university faculties for local environmental analyses as well as training programs. In 2008 a procurement procedure was implemented for the creation of new opportunities for local suppliers and an increase of their competitiveness. The "International Recruiting & Training" project, which started in 2006, continues to pursue its objective to hire - within four years - 150 local undergraduates.

As of today, 39 people have completed the training (refer to the Section, "People"). Within the educational and cultural areas, five schools have been remodelled, an IT classroom for e-learning has been setup and the activities for the conservation and further development of the Sabratah and Leptis Magna sites are continuing through the requalification of local museums, the recovery of mosaics and the creation of new tourist itineraries.

## IN THE COUNTRIES WHERE ENI OPERATES

publication of the payments made to the Government, for audits and certifications of state budgets and budgets of companies operating in the country, for external audits by a Conciliateur Indépendant on the payments and involvement of the society. In East Timor, Eni Australia has joined the Multistakeholder Working Group which includes institutions, oil companies, representatives of the community and which, since 2007, has drawn up a Work Plan for the implementation of the initiative. In Gabon, Eni has obtained the inclusion of a reference to EITI in the management of the payments to be made in compliance with the terms of the agreement.

### PAYMENTS MADE BY THE NIGERIAN GOVERNMENT PERTAINING TO OIL ACTIVITIES

(millions of dollars)	2006	2007	2008	Tot. '99-'08
Royalties	290	223	301	1.984
Profit Taxes	774	382	666	4.282
Gas flaring fees	2	1	1	21,72
Total	1.066	606	969	6.287

### PAYMENTS MADE IN 2008 TO THE KAZAKH GOVERNMENT PERTAINING TO THE KARACHAGANAK PROJECT

	Millions of tenge	Millions of dollars
Total taxes	2.291,48	252,20
Profit oil (portion of profit for the Kazakh Government)	-	92,01
Total fees	1.485,97	-
Customs payments	514,50	-
Total	4.291,95	344,21

### PAYMENTS MADE IN 2008 TO THE KAZAKH GOVERNMENT PERTAINING TO THE KASHAGAN PROJECT

	Millions of tenge	Millions of dollars
Total taxes	395,90	-
Total fees	33,47	-
Customs payments	26,52	-
Total	455,89	-

## ENI FOR THE DEVELOPMENT OF TERRITORIES

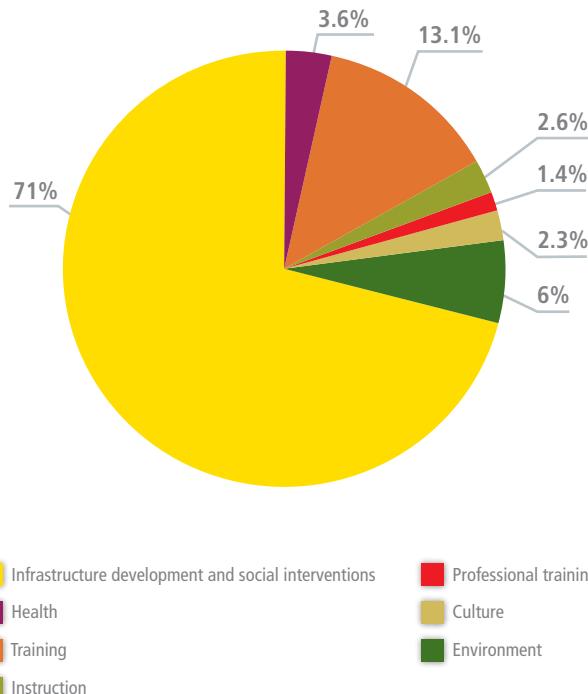
Eni's objective is to integrate the obligations stipulated with local authorities through cooperation agreements with open dialog and support for the development of the territories where it operates in order to implement independent and sustainable development processes; for this process, it will not only make available its own financial resources but also the relationship capital and the know-how of a large international corporation.

The priority areas of intervention in favour of the communities are identified through a dialog with the stakeholders and an impact assessment. In 2008 the implemented initiatives mostly pertained to:

- the development of the local socio-economic system through the promotion of entrepreneurship and the strengthening of territorial infrastructures;
- the community's right to healthcare;
- the education and training of the next generations;
- the protection and promotion of the culture, local ecosystem and identity values.

In 2008, community investments amounted to € 69.88 million.

### INVESTMENTS IN COMMUNITIES



Community investments include project-related investments and donations. In 2008, these investments amounted to € 69.88 million, up 15% compared with 2007. 71% of the community investments was used for infrastructural and social development projects.

## MANAGEMENT OF RELATIONSHIPS WITH THE LOCAL COMMUNITIES

In cooperation with local authorities, Eni is undertaking proactive and on-going activities that intend to involve the community through open dialog and direct consultations with primary stakeholders in order to promote and share responsible behaviours while supporting independent development. The main tools used by Eni for forecasting and reliably managing the effects of its activities on the social

### INVOLVEMENT OF THE LOCAL COMMUNITIES

#### Country

Algeria

Australia

Republic of Congo

Ecuador

India

Indonesia

Italy

Kazakhstan

Mali

Nigeria

Norway

East Timor

and territorial context are the tools for impact assessment, such as Social Impact Assessment (SIA) and Health Impact Assessment (HIA). In 2008, SIAs were conducted in Australia, Kazakhstan and Indonesia (combined with assessment of the impact on the environment).

#### Environmental and Social Impact

Assessments (ESIA) were carried out in the Republic of Congo, Kazakhstan and Indonesia. Health Impact Assessment (HIA) activities were developed in the Republic of Congo, Mali and Kazakhstan, while HIA-related activities, that started in 2007 in Libya and Pakistan, continued.



Scope/Activity/Project	2008 Activities and main results
MoU with the Ministry of Culture	Training of local personnel for the restoration of mosaics in partnership with Università di Roma
Impact Assessment; Blacktip Community Investment Plan	Revision of Social Impact Assessment (SIA); interviews, meetings and workshops to evaluate the perception of the Blacktip project Consultations with the stakeholders within the Social Impact Management Plan
Multistakeholder Social Impact Advisory Committee e Community Liaison Officers	Consultations with the native communities
Stakeholder engagement Impact assessment	Creation of a team for a dialog with the communities, daily listening activities 1 meeting with local authorities and ONG on local agriculture production topics Consultations within the Health Impact Assessment (HIA) and the Biodiversity and Ecosystem Assessment
Good Neighbourhood Forum	Consultations within the Comitati Territoriali di Sviluppo
Stakeholder Engagement activities	Consultations with local authorities in Rajasthan and in the Andatane and Nicobare islands Meetings with the local communities through the mediation of local ONG
Community Development/Relationships programme Impact assessment	Consultations with local authorities, agencies and communities Consultations within the Environmental and Social Impact Assessment (ESIA)
Cooperation and open dialog with local institutions Missione di Comunità (Community Mission) in Basilicata	Interviews with and public listening to institutions, socio-economic and relevant stakeholders; creation of workgroups for the implementation of development initiatives in Basilicata; "Giornate Nazionali dell'Energia Elettrica" (Ravenna, Ferrara, Erbognone, Ferrara, Mantova, Brindisi) to increase the knowledge of power plant activities Agreement with Municipality and Provincial authorities of Ferrara and Emilia Romagna Region for interventions on emission reductions in the Thermoelectric Plant SEF in Ferrara Definition of a PRUSS—Programma di Riqualificazione Urbana e di Sviluppo Sostenibile del Territorio del Ministero dei Lavori Pubblici (Urban Requalification and Sustainable Development of the Territory – Ministry of Public Work) in cooperation with the Public Administration and to be implemented in the demolition area of the former refinery of Ravenna, currently under a requalification process
Community Investment Impact assessment (KPO)	Consultations with the Village Councils: approximately 16 meetings, 4 of which public hearings Update of the Social Baseline Assessment (SBA) Consultations within the Biodiversity and Ecosystem Assessment
Community Investment Impact assessment (KCO)	Five communication campaigns on Sustainability topics Consultations with the stakeholders within the SIA Meetings with local authorities and ONG representatives; public hearings to present the FPD – Declaration of Intent (DoI)
MoU with the authorities of the Timbuktu Region	Creation of committees, within the villages, for management of interventions in favour of the communities
Environmental Resources Management (ERM); Impact assessment	Mapping and evaluation of community conflicts; preparation of a Stakeholder Management Plan; definition of a baseline related to the Health Stream project
Goliat Impact Assessment	Consultations with the stakeholders and communication of the results to the Norwegian Ministry of Energy and Oil
Stakeholder Engagement Transparency (EITI)	Preparation of Stakeholder Management Plan; consultations with ONG and local institutions and communication of the results obtained to government representatives; consultations with the local government on operational plans Participation in the EITI Multistakeholder Working Group

## THE DEVELOPMENT OF THE LOCAL SOCIO-ECONOMIC SYSTEM

Eni encourages and promotes the development of the local socio-economic system through its support of entrepreneurship and the strengthening of territorial infrastructure in addition to generating an indirect economic impact on the local social economic standing through its own activities. The support of entrepreneurship is a fundamental requirement for guaranteeing the social and economic development of the communities where the company operates. Key components are micro-credit, in particular for those who cannot access traditional credit instruments, and the creation of empowerments through the training of companies operating in the territory and of people who want to develop a business or enter a profession. In 2008 projects were started in Pakistan, Norway, Australia, Kazakhstan and Nigeria.

Interventions for the development of infrastructures in the energy field have adopted the best technologies available in the sources of renewable energy. In 2008, actions were undertaken in Nigeria, Egypt and Mali. The strengthening of the infrastructure and of the urban structures (roads, water system, buildings) is another key element in the development of the territories. In Karachaganak, Kazakhstan, housing construction projects were carried in the Uralsk district upon providing buildable land.

In Nigeria, in cooperation with the hosting communities, 17 infrastructure plans were completed for a total investment over € 5 million.

These interventions cover also the provision of transportation means, as in Ecuador, where the "Air Transport and Communication Program 2008" project has provided 613 flights for the transport of specialized personnel in support of the native population.

### TESTIMONIALS FROM THE "SVILUPPO E COMUNITÀ POLVERE" FORUM

*Eni's arrival has brought a change in the self-perception of the local authorities: The signing of a development agreement between the oil company and the local administration has required the change of national regulations and favoured a change in public intervention strategies.*

Vito de Filippo – President of the Basilicata region

*A major corporation such as Eni is an extraordinary source of skills and knowledge that we must try to integrate with the territory through a high level exchange.*

Attilio Martorano - President of Italian Manufacturer Association of Basilicata

*My judgment on the development that Eni is promoting in Calvello is unequivocally positive. Furthermore, I find it praiseworthy that a big player at this level is ensuring that royalties are returned to the territory, in terms of development, therefore helping the community to build a sustainable future.*

Gianfranco Imperatori – President of Fondazione Civita

## ENI IN THE BASILICATA REGION

In 1998, ten years after the discovery of the oil field of Monte Alpi in Val d'Agra, Eni signed the first agreement with content on sustainability, that was ever signed between an oil company and an Italian region. This agreement provides for initiatives related to the safeguard of the environment, to training and development through innovation and research. Today Eni is a major player in the territory. In 2008, royalties amounting to € 82 million were paid to the territory for the oil extraction carried out in the area. The presence of Eni has also generated a positive economic impact reflected in new employment and the use of local suppliers. In 2008, the people employed in this area totaled 190 while approximately 1500, of whom about half from the Basilicata region, are benefiting with a direct revenue generated in the course of operations.

## THE "MISSIONE DI COMUNITÀ" FOR LOCAL DEVELOPMENT

The "Missione di Comunità" ("Community Mission") project, realized in cooperation with FEEM and Consorzio AASTER, is the tool through which Eni actively participates in the creation of independent and sustainable development paths for the Basilicata region. The Missione Comunità went through an initial pilot phase in 2007 which was implemented in the Val Camastra territory and was followed by a new series of activities in 2008 in the Val d'Agri territory. Major territorial players, such as administrators, entrepreneurs, tourist operators, associations, etc, were consulted through approximately 40 questionnaires and 8 public meetings. A set of projects and activities were shared in view of the possibility of being realized

in a short time and concurrently to set the foundation for long-term development. As for tourism, four pilot interventions have been planned and are expected to be completed in 2009. In Val d'Agri, the first phase was completed through a survey conducted with the mayors of the 8 towns involved in the project. In the transition to the actual project implementation, of high importance was the activation of "long networks" established with development promoters, such as the Associazione Civita which has participated in the definition of an integrated tourism development.

## THE "Sviluppo e Comuni Polvere" FORUM

On 11 and 12 July 2008, the Sviluppo e Comuni Polvere national forum, organized by the local municipalities, by FEEM, the Consorzio AASTER and Editoriale Vita, in cooperation with Eni, was held in Calvello and in Abriola. Institutions, enterprises, representative of the community met in order to discuss sustainable development in terms of reviving the local economies and promoting social cohesion, particularly in southern Italy.

The presentations included activity-based experiences, such as "Patto dei saperi", the path for the further development

of local sectors under the "Patto per lo Sviluppo", the Progetto Scuola and FEEM activities, including the publication of the Social Budget of Calvello and Abriola. The participants were invited to discuss topics concerning the future of their territory. Contextually with this event, a special issue of *Communitas* and a supplement of the weekly *Vita* were published and entirely dedicated to Camastra and to the Missione di Comunità (visit [www.eni.it](http://www.eni.it)).

## FEEM ACTIVITIES IN THE BASILICATA REGION

The establishment of a site of Fondazione Eni Enrico Mattei intends to create opportunities for the territory and to spread knowledge through research activities, specialised training, information and technological progress, in cooperation with local players (first of all, the Università di Basilicata), and through contacts with networks of excellence, among which FEEM is an active contributor. In 2008, FEEM planned and organized initiatives for disseminating scientific knowledge and offering specialized training classes, including a Bioinformation class in cooperation with the Universiy of Milan-Bicocca and the University of Studies of Basilicata.

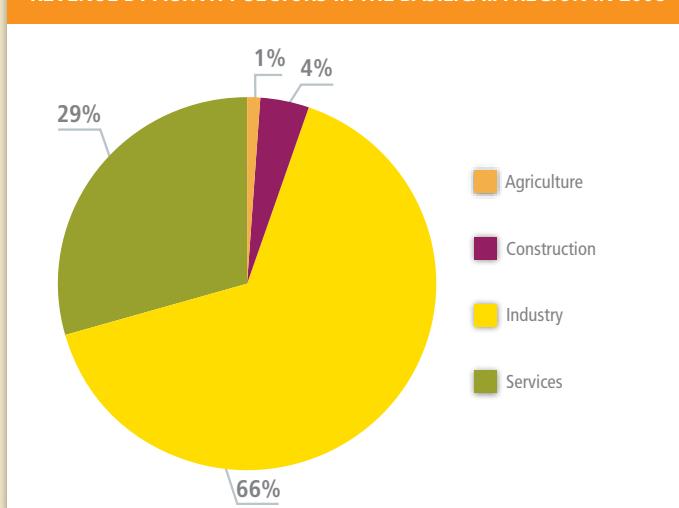
Among the activities in support of the development of the territory, FEEM organized a summer school for the training of scientific promoters as well as an Autumn School dedicated to the topic of "Development of the Val d'Agri territory" and participated in the organization of tourist guides in Val Camastra. FEEM also promoted activities to overcome the digital divide, including the creation of a technological center in the town of Viggiano and a computer training class for disabled youth in the Tramutola and Villa d'Agri group homes. In 2008, several research projects were launched in the field of local territorial development. Worthy of mention is the planning for a local energy development program and scientific support for the implementation of an energy district in Val d'Agri. With the cooperation established with UNIBAS, FEEM finances PHD scholarships and promotes the cooperation of the PHD candidates on FEEM projects. Furthermore, it cooperates with the Azienda di Promozione del Territorio, with ENEA and the Basilicata Region in the creation of the "Scuola Mediterranea sulle Energie", and with the "Società Energetica Lucana".

ROYALTIES PAID BY ENI TO THE BASILICATA REGION AND TO THE MUNICIPALITIES IN VAL D'AGRI (IN MILLIONS OF EURO)

	2006	2007	2008*	Total '00 - '08
Basilicata region	62,05	62,99	69,99	325,26
Municipalities	10,95	11,12	12,35	57,39
Total	73,00	74,11	82,34	382,65

\*Temporary data

REVENUE BY ACTIVITY SECTORS IN THE BASILICATA REGION IN 2008



## THE PROTECTION OF THE RIGHT TO HEALTH

To promote public health means to guarantee the essential conditions for development. Eni supports interventions aiming to strengthen the public health of the country in which it operates and promotes initiatives aiming to eliminate health risks, particularly for endemic diseases in non-OECD countries. In 2008, Eni has invested in health-related structures in Ecuador, Kazakhstan, Mali, Nigeria, Egypt, Pakistan and Tunisia; additionally, it has supported important campaigns to promote health in the world, such as a screening program for the prevention of breast cancer in Australia, a national programme for breastfeeding in East Timor and polio immunization campaigns in Pakistan. Lastly, part of the mission of the Eni Foundation is to promote activities in support of the right of health in disadvantaged communities (refer also the section titled "Health" in the chapter dedicated to People).

## SUPPORT OF EDUCATION

The support of schooling and education, focusing on future generations, is an essential prerequisite for the concept of sustainability. In 2008, didactic material has been provided to 992 students in Ecuador. In Nigeria, Pakistan, Kazakhstan, Norway and Australia, schooling facilities (schools, nurseries), and science education centres have been built. Eni has supported education programs in India, Egypt, Kazakhstan and East Timor in cooperation with local stakeholders. Eni has also awarded scholarships to local university students in Ecuador, Nigeria, Australia, East Timor and Congo.

### TESTIMONIALS FROM THE TERRITORIES - NIGERIA

*We have been introduced to the Green River Project and benefited from the multi-functional kit (MFK) provided by the Green Card Scheme which has enabled us to be the recipients of a training programme designed for the management of local micro-entrepreneurships (coops). The credit repayment rate, set by this project, has ensured a more targeted training programme for our children.*

Women's Coop of the Obie Community – Stato del River

*I have been participating in the Green River Project since 1987 and I have received training which has given me specific skills related to technologies applied to the agricultural development of our territory. I was also able to improve my education and earn a diploma at the "Istituto di Tecnologia e Sviluppo d'Impresa di Owerri". Today I am running a private school for the promotion and guarantee of higher levels of education in my community.*

Christopher Onyije, Obrikom community – Stato del River

*I have participated in the Green River Project since 2001. This project has enabled me to acquire skills in harvesting, farming – and fishing – related activities. Thanks to these diversified activities and the access to credit provided for by the Microcredit Scheme, we can now contribute to further development of these activities. By enriching our technical knowledge, we are contributing more to development and the daily well-being of our community.*

Ms. Joy Alabo – Stato del River

## DEVELOPMENT PROJECTS

### SUPPORT OF ENTREPRENEURSHIP IN NIGERIA

In Nigeria, within the scope of the Green River Project, Eni launched - in partnership with the local communities and the Consultants Community Development Foundation - the micro-credit scheme in 2008, a micro-credit project which provides for training on the effective use of loans. By means of this project, thirty coop companies have received loans amounting from \$ 4,000 to 6,000. Still within the scope of the Green River Project, other initiatives have been implemented in support of entrepreneurship focused on strengthening local agriculture. The Cottage Industry initiative set as its objective the improvement of bread production in the Mgbede area, in cooperation with the Mgbede Farmers Cooperative Society, the Mgbede Community and D- Emmason Engineering Ltd. The project, now completed, employs six people and has shown an increase in revenue of 300%. Through the Cassava Processing Mill project, implemented in cooperation with the Cooperative Society Omuko and Integrated Systems Ltd, significant progress was made in the milling of flour in order to obtain "garri", a basic local food product. The project was completed with the hiring of four women, whose income was increased by 125%. Finally the Plantain Flour House Project, implemented in cooperation with the Mgbede Young Farmers Cooperative Society and Demmason Engineering Ltd, has improved the business of a coop producing and selling banana flour and palm oil. The coop has expanded its business reaching other regions of south-east Nigeria and has hired 10 people from the local community, whose income has increased by 300%. The coop was awarded the "Farmer of the Year Award" from the Central Bank of Nigeria. Palm oil business has also improved resulting in the hiring of four local people, whose income has increased

by 200%. Professional training activities enabled over 400 young people to enter a variety of professions (carpenter, hair stylist, bricklayer, information technology).

## PROMOTION OF RENEWABLE ENERGY SOURCES

In 2008, important projects were launched in Egypt for the promotion of renewable energy sources for a total investment of € 520 thousand. The goal of the two-year pilot project, Wind Farm, was to generate eolic energy in Aby Rudesi. In 2008, a Wind Farm was created and connected to the existing central power plant. Another project, Solar Project, in the western desert, has provided for the connection of solar panels to the existing electric system thus guaranteeing the continuity of energy supply to the production plants.

## THE "PROGRAMMA SALUTE" IN ECUADOR

In Ecuador, the Programma Salute (Health Programme) focuses on 26 local communities. In 2008, the medical

centres operating in the communities of Moretocochea, Villano and Liquiñe, accounted for 8,404 medical and dental visits under the supervision of seven experts. In the local communities, 2,345 medical consultations were carried out, of which 225 led to hospitalization; the mobile units conducted 4,019 visits. In the community of Paparawa, the construction of a new medical center has begun. Medical and dental expeditions were completed for a total of 1,560 visits. In 2008, an air ambulance service responded to 98 emergency cases. Finally, the anti-malaria campaign continues in the elimination of the carriers of the disease.

## THE "GEOSCIENCES" PROGRAMME IN INDIA

A new programme, designed for the application of high quality geosciences through the involvement of local and national governments, was launched. The programme, in partnership with the University of Jammu and the University College of London, was initially launched in the Jammu and Kashmir regions and will also be implemented in Rajasthan.

The activities include the completion of three stages of the "Eni Children Education Programme", a programme designed to promote energy efficiency in the schools. In the first stage, concurrently with an international conference held in February in Jammu, approximately 200 young people, between the ages of 14 and 16, have participated.

## EAST TIMOR: IMPROVEMENT OF THE WATER SUPPLY

In East Timor, Eni is implementing interventions targeted to supply clean water to local communities. In 2008, six schools of the Aileu district were connected and a feasibility study for the installation of some wells in the Los Palos district is currently underway. Two water tanks have also been installed in a remote area, this was also due to the construction of a road system. In addition, another project underway, has been designed to supply potable water thorough a water tank system which includes the installation of 13 manual pumps, 11 wells, 2 water tanks and 1 water pipeline.

## ENI FOUNDATION ACTIVITIES

In 2008, the activities developed by Eni Foundation, targeted at the protection of the fundamental rights of individuals, in particular during the most vulnerable ages, has continued and has been further strengthened. In Congo, the Salissa Mwan vaccination and epidemiology monitoring programme, aimed at childhood illnesses, that was launched in 2007, had a major expansion in the three regions of Kouilou, Niari and Cuvette. Through the completion of the first 11 health centres, to the use of mobile medical units and to the scientific support of the Pediatric Department of the University "La Sapienza" of Rome, in the region of Kouilou, the child vaccination rate has increased from 45% to almost

80%. In Congo, an agreement was also signed with the Ministry of Health for the development of the Kento Mwana project for the prevention of the transmission of the HIV virus from mother to child, with the scientific coordination by the Università di Genova. In Luanda, Angola, a health and nutrition programme focused on children was launched. The first phase of the two-year project covers the Kilamba Kiaxi municipality with the goal of reducing the incidence of preventable or malnutrition-related diseases. In Indonesia, a three year project, Smile Train Italia, targeting the treatment of children with lip and palate deformities, was implemented.

In addition to surgical missions, the project

provides for the spread of knowledge and the establishment of a center of excellence in the country. In Italy, the Eni Foundation is cooperating with the "Associazione Pionieri e Veterani" in order to promote the digital education of the elderly through one new Internet Corner project established in Rome, in cooperation with Fondazione Mondo Digitale, and three other microprojects on computer education, one in Venice and two in San Donato Milanese. The Eni Foundation has also granted € 100 million to the "Fondo carta acquisti" initiative, promoted by the Italian Government and targeting the most disadvantaged segments of the population.

## PROTECTION AND FURTHER DEVELOPMENT OF LOCAL ECOSYSTEM AND IDENTITY

The protection of identity heritage, concerning territories, ecosystem and landscapes as well as cultural heritage, is not only a responsibility for the companies operating in those regions but should also involve the creation of economic and social development opportunities for communities.

Eni promotes and supports the value of ecosystems and the biodiversity of the territories where it operates by developing projects designed to integrate protection and further usage of the ecological resources with the development of local socio-economic systems (see Eni as an active player of sustainable development). In 2008 Eni implemented a process for the definition of a policy on biodiversity and ecosystems through a comparison of different business areas. It made several contacts at national and international levels in order to share and improve current strategies and projects. Eni's commitment, in its capacity as Vice Chairman of the Biodiversity Working Group of IPIECA, has continued.

In the second half of 2008, Eni participated in the "Proteus 2012" initiative - a partnership between the World Conservation Monitoring Centre of UNEP (United Nations Environment Programme) and the private sector - which has led to a complete reconstruction of the global database on protected marine and terrestrial areas (World Database on Protected Areas, WDPA), thereby making available – on an integrated IT platform - information on sites which are rich in biodiversity, including marine and coastal ecosystems. The benefits expected from this participation are related to the availability of updated and complete information in order to map and preventively mark sensitive sites with a high degree of biodiversity, thereby reducing the risks deriving from operating in these areas.

Eni protects and supports the cultural heritage of the territories by participating in the conservation and further development of material assets and by promoting measures aimed at protecting intangible heritage assets represented by the cultural traditions of places and people, with particular focus on the possible impact generated by its own activities on the native populations.

In Algeria, restoration work on the "Trionfo indiano di Dionisio" at the national museum of Sétif, as well as training classes for local restorers, have begun. In Australia, as part of the BlackTip project, the programme for the protection of aboriginal holy sites and of the cultural heritage of the Northern Territory, has begun. Eni supports the development of Wadeye aboriginal art movements and the organization of a yearly exhibit in Darwin, in cooperation with the Darwin Aboriginal Art Gallery.

In Kazakhstan, a survey was conducted, together with the West Kazakhstan Oblast Archaeological and Historical Centre, in order to identify the areas surrounding Karachaganak which must be preserved from drilling operations, with the final goal of defining a management programme in line with international standards. In East Timor, in cooperation with the local Arte Moris, ONG, a project for the further development of the local artistic movement was launched in view of the creation of a national academy.

## THE MAIN PROJECTS FOR THE STUDY OF BIODIVERSITY AND ECOSYSTEMS

The total amount of expenditures in 2008 for the implementation of projects targeting the protection of biodiversity, amounted to approximately € 11.34 million. The developed projects mainly involved the assessment, monitoring and mitigation of any impact on biodiversity resulting from operations conducted in particularly sensitive areas. The goal was also to provide tools and programmes applicable to all corporate environments, in compliance with the guidelines set forth by EBI (Energy and Biodiversity Initiative).

## PROTECTION OF THE ARCTIC REGION

Eni has launched some projects aimed at evaluating the ecological sensitivity of the Arctic region, with regard to oil activities, and any correlation of such activities with the local socio-economic system. Through the Arctic Sea Biodiversity, the definition of a protocol for the study

### MAIN PROJECTS FOR THE PROTECTION

#### Project name

Biodiversity in Val d'Agri Project (Phase 2 - ABD Project)

Biodiversity Risk Assessment in the Nikatchug Block Villano BioDiversity (VBd) BioSea II JIP

Arctic Sea BioDiversity (ASBD)

BioSea II JIP

Arctic Sea BioDiversity (ASBD)

Joint Industry Programme "Sound and Marine Life"

Environment and natural reserve monitoring, "Biviere e Macconi"

Monitoring of endemic species in the Caspian Sea

and preservation of offshore biodiversity through a dialog with the stakeholders is underway. In 2008, a study of the context of reference was concluded and the first bio samples were collected. In Alaska, the goal of the Biodiversity Risk Assessment of the Nikaitchuq Block project is to evaluate biodiversity risks related to the operational, ecological and social context of the Nikaitchung area as well as the development of a Biodiversity Action Plan with regard to risk management, impact mitigation and identification of conservation options.

### JOINT INDUSTRY PROGRAMME "E&P SOUND AND MARINE LIFE"

The objective of the project - which involves a partnership of 13 oil companies - is to study the potential effects of the sound generated by E&P offshore activities, particularly seismic activities, on the marine environment. Since the beginning, the programme has initiated 50 agreements with universities and research centres at the international level. In 2008, phase II of the project was concluded. The results pertain to the characteristics of the sound

sources related to the activities being carried out; audiometric measurements on marine mammals and the development of tools for passive acoustic monitoring (PAM) to be used both during seismic operations and for the identification and location of the animals  
[www.soundandmarinelife.org](http://www.soundandmarinelife.org)

### PROTECTION OF BIODIVERSITY IN VAL D'AGRI - START UP OF PHASE 2

In 2008, a new initiative was launched in Val d'Agri for the purposes of applying the results obtained from the project AgriBioDiversity (ABD) – completed at the end of 2007 – by developing mitigation and restoration activities in priority sites. The results obtained from the first study show that the mountain areas, including those associated with oil activities, are still rich in biodiversity while the major changes associated with a combination of different uses of the territory have occurred mostly in the valley bottom. The oil activities-related impact has shown to be limited, highly localized and restorable. These results were shared with the stakeholders involved. The activities,

started in 2008, entail the restoration of the autochthonous vegetation in naturalistically important sites, as well as experimental activities in local native grasslands and along the flowline, with monitored processes for autochthonous flora recolonization.

### VILLANO BIODIVERSITY - ECUADOR

The project intends to evaluate the potential impact of operations in the Villano area as well as identify mitigation/ restoration measures. In 2008, the Pontifica Universidad Católica of Ecuador began these assessment activities which included: an analysis of the changes that have occurred in the forest ecosystem and an evaluation of the pressures arising from anthropic activities through the use of the GIS technology and the newly developed, integrated geo-database; an evaluation of the impact of anthropic activities on biodiversity; and finally the definition of mitigating actions. Lastly, some activities were carried out for the restoration of forests through replanting by using native plants subjected to different transplant and treatment methods.

#### OF ECOSYSTEMS AND BIODIVERSITY

Geographic Area	Total Investment (thousands of euros)	Progress	Partners/Stakeholders involved
Val d'Agri (Italy)	455		ABD Monitoring (Università della Basilicata)
Alaska (USA)	200		FFI (Fauna & Flora International)
Ecuador	2,070		Pontificia Universidad Católica del Ecuador, FFI
Norway	1,470		Total, IRIS (International Research Institute of Stavanger)
Norway	2,520		Akvaplan-Niva, FFI, Arctos Group
All off-shore sites	2,100		Anadarko, BG Group, BHP Billiton, BP, Chevron, ConocoPhillips, Eni, ExxonMobil, International Association of Geophysical Contractors, Santos, Shell, Statoli-Hydro, Total, Woodside, OGP
Italy	150		
Kazakhstan	1,525		Kazakhstan Research & Production Center of the Fish Industry, U.S. Pew Institute for Ocean Science, CaspianEcology, Nedra, KazEcoProject, Caspian International Seal Survey, University of Leeds/Kazakh Agency of Applied Ecology (KAPE/KAEE)

## THE MAIN INITIATIVES FOR THE DEVELOPMENT OF TERRITORIES IN THE WORLD

These pages show Eni's main initiatives for communities carried out in 2008. The Countries have been identified on the basis of relevant criteria for Eni, such as the strategical and commercial value, the history of relationship and Eni's commitment for sustainable development of territories. Eni Foundation's activities are not included.

ECUADOR
Beginning of relations: 1988
Investments in communities: € 2,867,385
Actions: School and hospital construction scholarships air transportation for medical emergencies, communication services plants powered by renewable energy water supply

VENEZUELA
Beginning of relations: 1998
Investments in communities: € 797,000
Actions: Participation in initiatives for the support of the local economy (support of fishing, ecotourism, sales of local products and micro-credit activities), products for water treatment

NORWAY
Beginning of relations: 1964
Investments in communities: € 127,082
Actions: Promotion of identity heritage center for spreading scientific knowledge; protection of the native population.

ALGERIA
Beginning of relations: 11950's
Investments in communities: € 241,439
Actions: Protection of the cultural heritage in cooperation with the Algerian Ministry of Culture water wells with solar energy together with Fondazione Sonatrach Tassili.

REPUBBLIC OF CONGO
Beginning of relations: 1968
Investments in communities: € 746,950
Local procurement: 51%
Integrated cooperation and development tools: Protocol d'Accord (2008)
Actions: Energy and water infrastructures, school and hospital construction project for the fight against, and the prophylaxis of AIDS through the Eni Foundation.

EGYPT
Beginning of relations: 1954
Investments in communities: € 147,618
Local procurement: 86%
Actions: Hospital construction and supplies, computers to schools, intervention for urban quality, support of Centro lebbrosi della Caritas Wind Farm and Solar Project projects for the promotion of renewable energy sources.

NIGERIA
Beginning of relations: 1962
Investments in communities: € 9,496,041
Actions: Microcredit rural health facilities construction, school and public utility buildings scholarships, water supply and road system electric power plants.

ANGOLA
Beginning of relations: 1980
Investments in communities: € 4,697,279
Local procurement: 66%
Integrated cooperation and development tools MoU with Sonagol (2008)
Actions: Health and Nutrition projects for the protection of children through the Eni Foundation.

MALI
Beginning of relations: 2006
Investments in communities: € 297,383
Integrated cooperation and development tools: MoU with the Ministry of Energy of Mali (2008), the Governor of the Tombouctou region and the mayors of the Tichift and Bires Salam villages.
Actions: Wells powered with renewable energy, hospital supplies, prophylaxis and education on health-related issues.

TUNISIA
Beginning of relations: 1961
Investments in communities: € 321,226
Local procurement: 25%
Actions: Hospital construction, post-undergraduate training in the oil industry.





KAZAKHSTAN
Beginning of relations: 1992
Investments in communities: € 28,434,383
Local procurement: 45%
Actions: Hospital supplies, promotion of public health, school construction, micro-credit in cooperation with "Damu" WKD Association of Entrepreneurs; support of agriculture, road systems, training and instruction.

RUSSIAN FEDERATION
Beginning of relations: 2007
Investments in communities: € 378,406
Integrated cooperation and development tools: MoU with the Yamalo-Nenets authorities (2008)
Actions: Medical and school supplies to schools and child care, paramedics training.

PAKISTAN
Beginning of relations: 2000
Investments in communities: € 538,201
Actions: Health education, school and hospital construction, support of women entrepreneurship, water and electricity supply, renewable energy plants, instruction and training programmes within the Bhit Rural Support Programme.

TIMOR EAST
Beginning of relations: 2006
Investments in communities: € 800,061
Cooperation and development model: Timor-Leste Expenditure Commitment within an operational agreement.
Actions: Protection of mother and child health; initiatives in the medical field and for integrated agricultural development; training and instruction, water supply.

INDIA
Beginning of relations: 2005
Investments in communities: € 22,108
Local procurement: 97%
Actions: Educational Programmes for students in cooperation with the University of Jammu and MPRG – University (College London), social initiatives.

AUSTRALIA
Beginning of relations: 2000
Investments in communities: € 312,129
Local procurement: 90%
Actions: Infrastructure and hospital and school supplies, campaigns for the protection of mother and child health; support of schooling; protection of native cultural heritage, support of entrepreneurship, professional training and instruction.

INDONESIA
Beginning of relations: 1968
Investments in communities: € 266,376
Actions: A three-year project supporting specialised surgeries on children, through the Eni Foundation; cultural projects.

LIBYA
Beginning of relations: 1959
Investments in communities: € 11,821,535
Local procurement: 77%
Integrated cooperation and development tools: MoU with Gaddafi Development Foundation and National Oil Corporation (2006).
Actions: Infrastructure and school and hospital supplies, cardiology and surgery facilities, professional training, promotion of cultural heritage.

ITALY
Beginning of relations: 1953 (data istitutiva)
Investments in communities: € 5,097,000
Integrated cooperation and development tools: Eni-Basilicata Region Protocol (1998)
Actions: Support of culture and scientific knowledge, promotion of small and medium enterprises. Projects targeted at environmental and socio-economic sustainability; donations to "Fondo carta acquisti" and support for the elderly through the Eni Foundation.

# Eni for a sustainable development culture

## ■ RELATIONS WITH UNIVERSITIES AND RESEARCH CENTRES

In 2008, Eni established and consolidated agreements and partnerships with Italian and overseas research and university centers, broadening and strengthening its international network.

The work being done with Research Centers and Universities is primarily intended to promote specialized training paths and create the professional skills required for the business. The activities involve providing support for Master's, Postgraduate and Specialization Degree Courses, as well as scholarships to prestigious Italian and overseas universities. A further important objective is to establish privileged channels for attracting and recruiting talent.

Cooperation between Research Centers and Universities is also aimed at promoting and supporting scientific research, with particular attention being paid to technological development in the energy sector and to environmental research (see the chapter entitled Eni and the Future of Energy).

Some partnerships are instead directed at making the knowledge and skills that the company has built up throughout its long history available to the scientific community and students. Over the past five years, Eni has in fact catalogued and made available historic and documentary material of unquestionable scientific value from its historical archives. These resources are for the most part unpublished and Eni has offered them to universities as a laboratory which students can use to test their theories.

## SUPPORT FOR UNIVERSITY EDUCATION AND RESEARCH

Since 2008, Eni has been supporting three professorships in innovative specializations: International Economics at John Hopkins University, Strategic Management in Energy Industry at Bocconi University and Global Business Strategies and Competitive Dynamics at Luiss. Eni has also contributed to creating the Centre for Corporate Reputation at the Oxford Said Business School and made an investment of 5 million dollars over 5 years to promote the creation of the Enrico Mattei professorship in "Middle Eastern and African Studies" at the Council on Foreign Relations (CFR), for research on African and Middle Eastern countries that are strategic for the oil sector. Since 2008, through the Double Degree Project set up in association with the Bocconi University and the Mgimo University of Moscow, Eni has been providing 5 scholarships a year to Italian

## ACTIVITIES WITH FEEM

The Eni Enrico Mattei Foundation (FEEM) is an international non-profit-making institution carrying out research in the field of sustainable development and global governance with a staff of around 120 researchers working at its offices in Milan, Venice, Viggiano (refer to the Chapter, "FEEM Activities in Basilicata") and Brussels.

The mission of FEEM is to contribute with research to the rigor, credibility and quality of decisions made in public and private life. This purpose is pursued by mobilizing an international and



COOPERATION WITH UNIVERSITIES AND RESEARCH CENTRES		
Objective	Type	Projects/initiatives carried out in 2008
Creation of skills that are useful for the business	Master's Degrees and Specialization Courses	Organization of 7 Master's Degree courses on subjects relating to oil & gas technologies and management with: Polytechnic of Turin, Polytechnic of Milan, Bocconi University and the Universities of Bologna, Pavia, L'Aquila, Camerino and Pisa.
	Specialization Degrees	Establishment of the Oil Engineering course in English at the Polytechnic of Turin. Launch of 2 specialization courses on oil & gas related subjects with the Polytechnic of Milan and the Catholic University, and specialization courses with the Universities of Milan, Trieste, Padua and Pisa (Geology Project).
	Professorships	Launch of three specializations in "Strategic Management in Energy Industry" with the Bocconi University, in "International Economics" with John Hopkins University and in Global Business Strategies and Competitive Dynamics with Luiss. Involvement in the creation of the Centre for Corporate Reputation at the Oxford Said Business School. Creation of a permanent professorship in Middle Eastern and African Studies at the Council on Foreign Relations (CFR).
	Scholarships	Double Degree Project for 5 students at the Mgimo University in Moscow. International scholarships with Luiss and SDA – Bocconi University 6 scholarships for Master's Degrees launched at the University of Pisa and Bocconi University. Scholarships for advanced education courses in Italy for foreign students: 55 students from all over the world (Medea Master's Degree; 56 graduates including 25 Kazhaks (Polytechnic of Turin).
Target attraction	Career days	Network with national and international Universities and MBAs.
Dissemination of corporate culture	Internship	Internships as part of the Master's Degree and Specialization Courses (see above).
	Internship	Historical Archive Project: agreement with La Sapienza University of Rome (Contemporary History Degree Course) and agreement with Tor Vergata University of Rome (Multimedia Communication Degree Course).
Promotion of scientific research	Involvement in scientific research projects	Research in the field of solar energy: CNR ISOF, CNR ISMAC, MIT, Polytechnic of Lausanne, Polytechnic of Milan, Technion- Israel Institute, University of Catania, University of Delft, University of Ferrara, University of Milan, University of Oporto, University of Warsaw. Research in the field of biofuels: CHRSGAS, CNR-ITAE Messina, LEAP Consortium, MIT, Polytechnic of Milan, University of Bari, University of Bologna, University of Milan.
	Work with economic research centers	Disbursement of contributions to IEFE, CAFRA and CERGAS (Bocconi University).
	Doctorate scholarships	Disbursement of scholarships for doctorates at the University of Catania and the University of Basilicata (the latest ones based on the Agreement signed with the Basilicata Region)

students intending to spend a period of study overseas. Finally, the internship program has started in the company's historical archive. Students on the contemporary history degree course at "La Sapienza" University of Rome

have been able to study the activities of Eni around the world through the various documents held in the archives. Students on the multimedia communication degree course at "Tor Vergata" University of Rome

have instead been working with the archive staff to catalogue the cinematographic resources, beginning with an examination of the media and a study of the procedures for long-term storage.

interdisciplinary network of researchers working on cutting edge research projects, promoting specialized training activities, disseminating the results of research projects through various channels of communication and providing support to national and international institutions. FEEM is currently involved in around 60 international projects partly funded by third parties and particularly by the European Commission. In 2008, it organized 90 events, including seminars, conferences and workshops, involving a wide range of partners, including

ministries, public authorities, international organizations, companies, research centers and universities. In 2008, FEEM reorganized its research activities into three programs entitled "Sustainable Development", "Institutions and Markets" and "Global Challenges", and established cooperation agreements with prestigious national and international institutions, including the Giorgio Cini Foundation of Venice, for the creation of the International Centre for Climate Governance, the London-based think tank Chatham House, and the European

Economic Association for the organization of the FEEM Award for young economists.

#### ORGANIZATIONAL STRUCTURE OF FEEM

##### Board of Directors

Paolo Scaroni (President), Raffaella Leone, Stefano Lucchini, Leonardo Maugeri, Alberto Meomartini, Roberto Poli, Salvatore Sardo, Daniela Viglione, Joaquin Navarro-Valls, Giulio Sapelli

##### Scientific Committee

Domenico Siniscalco (Presidente), Geminello Alvi, Carlo Carraro, Ilvo Diamanti, Massimo Livi Bacci, Alberto Quadrio Curzio, Guido Tabellini

##### Director

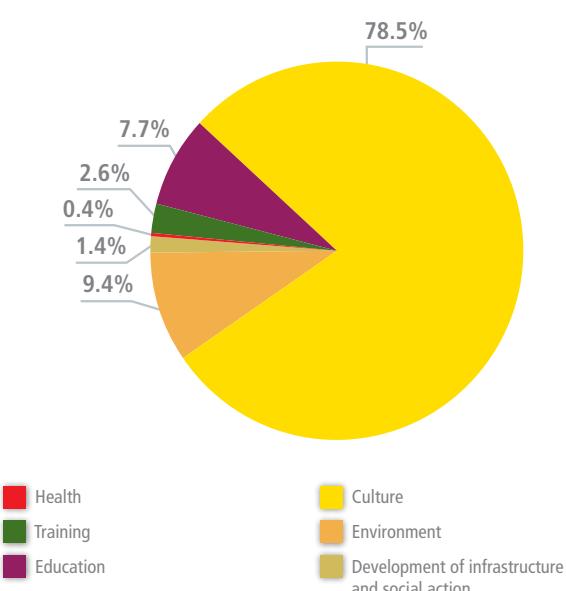
Bernardo Bortolotti

## SUPPORT FOR CULTURE

In supporting culture, Eni makes the most of the relationships it has built over time with all the social partners in the areas where it operates. Knowledge of the local area is in fact essential for implementing cultural projects. Local operators are selected on the basis of a well-established network of relationships; content is identified according to the expectations recorded and the work of conceiving projects can count on detailed knowledge of the community and its interests. Action in the field of culture can be divided into two major categories: projects supported financially and projects studied, implemented and promoted by the company itself.

Projects which are supported financially are aimed at institutes, organizations and foundations, as well as events and initiatives with a high cultural profile in which Eni's presence is justified by the resulting benefits for the company's image and communication opportunities. The contribution, which is disbursed on the basis of a structured assessment process, is essentially financial and does not include designing the content. Both categories of initiatives represent the focus of Eni on the world of schooling; this focus pursues two objectives: on the one hand to allow young people to gain a detailed knowledge of the world of energy, supporting and incentivizing the study of scientific subjects, and on the other hand to make students more aware and able to interact with the various aspects of culture. One example is the Schoolnet Project, which is described in this chapter. In all cases, Eni's cultural projects provide it with privileged access to schools for the purpose of learning and increasing knowledge.

### SPONSORSHIPS BY AREA OF INTERVENTION IN 2008



In 2008, sponsorships for local areas and communities amounted to 9.5 million Euros. Cultural projects are the main area of interest.

## MAIN CULTURAL PROJECTS IN 2008

### FINANCIALLY SUPPORTED PROJECTS

Activities that are supported financially by Eni are selected by an assessment process that focuses mainly on the communities and local areas concerned by the activity. The main purpose of projects supported in production areas is to strengthen the reputation of the Eni brand by associating it with events that are attractive to the local area and recognized as high quality events.

In Ravenna, which is a historical home for Eni, the company supports the Ravenna Festival, the city's most important cultural event, which is widely reported in the international media. The main purpose of projects supported in areas of commercial interest is to make a fairly unknown brand recognizable and familiar. In this case, it is fundamentally important to disseminate the brand and associate it with an idea of excellence and prestige. In 2008, for example, the company's sponsorship of the Mantegna exhibition at the Louvre, associating the brand with a highly authoritative public institution, allowed the company's entry to the French gas market to be presented in the best possible light.

### PROJECTS CONCEIVED BY ENI

The activities that Eni chooses and designs independently are also focused on geographical areas of interest to the company.

Production areas, areas of commercial interest, "historical" areas where the company has a long-established presence are ideal places for producing culture. The Caravaggio's "Conversion of Saul"

exhibition in Milan was the result of a exhibition proposal made by the women who restored the painting.

Eni understood the exceptional nature of the initiative – the painter, the recent restoration, the rare opportunity to view the work, which is in a private collection – and launched a project based on three strengths: a prestigious venue that had never been used for this purpose – the Sala Alessi of Palazzo Marini –, allowing free access to the exhibition and the supply of extra information to allow visitors to learn more about the painting itself and its painter. The constant presence and availability to the public of experts on the work itself was particularly valued. The exhibition was extraordinarily successful and attracted 163,000 visitors. Mantova, a city that hosts Eni production plants at its polo petrolchimico, has for many years played host to the Festival della Letteratura [literature festival] a highly prestigious cultural event which attracts an increasing number of visitors. Eni sponsors this festival every year and for the 2008 event it decided to participate with an initiative of its own that talked about literature from the company's point of view.

While searching through its historical archive, Eni discovered, among the pages of its corporate journal *Il Gatto Selvatico*, ten stories written by as many different twentieth century authors during the 1950s. The stories had never been republished and were unknown to the wider public. They include stories by Natalia Ginzburg, Leonardo Sciascia, Giuseppe Dessim, Giuseppe Berto and Goffredo Parise. Assembled in a presentation box, together with a previously unpublished interview with Attilio Bertolucci, the journal's director, the stories were the centrepiece of the initiative.

Neri Marcorè read a selection of the stories, commented by Corrado Augias and Mario Pirani, to the delight of the public.

## THE SCHOOLNET PROJECT

Eni has been working with the Basilicata Region and the regional schools office for many years on the Schoolnet Project in schools in the Val d'Agri, Val Camastra and Val Basento areas.

The project aims to promote knowledge of the local area and strengthen dialogue between institutions. During the 2007-2008 academic year, the initiative was extended internationally by involving schools in Hammerfest (Norway), Darwin and Wadeye (Australia) and North Slope (Alaska), areas where Eni currently operates and which are united by a rich cultural context and the presence of energy resources to be exploited. As part of the initiative, around 800 students were invited to write projects describing their local area (which can be viewed at [www.schoolnet.eni.it](http://www.schoolnet.eni.it)). On June 6, 2008, in Viggiano (Basilicata, Italy), Hammerfest (Norway), Darwin and Wadeye (Australia), panels of people from Eni and internationally renowned experts presented prizes for the projects produced in each country and awarded the 1st International Prize to the Australian school for their

"Wadeye" project.

The class won a one-week trip to Italy, during which it met the boys and girls from the Val d'Agri schools and the regional authorities. The total cost of the project in 2008 was 274,500 Euros.



## "UNA CASA PER TUTTI" - "LA VITA NUDA" PROJECT

In 2008, Eni took part in the project entitled *Una Casa per Tutti – La Vita Nuda* [A Home for Everyone – Life Laid Bare] devised by the Milan Triennale. The basic principle of the project is that modern cities are - or can become - testing grounds for integration between different cultures. The experience gathered by Eni, a company that over the years has developed its own way of experiencing the world by sharing work, rules and daily life in seventy different countries, can suggest models for the future of multicultural societies. Through the images taken by colleagues from every corner of the world, Eni talked about the diversity that exists in the contexts in which it operates and its personnel have lived since the 1950s.

The exhibition entitled *La Vita Nuda* [life laid bare] was visited by 11,000 people between May and September 2008. A book was subsequently published, entitled *Abitare il Mondo*, which brings together not only all the material gathered for the exhibition but also stories and witness accounts from colleagues who took part in the reflections on this subject.

And finally Eni promoted a dialogue with institutions, the world of culture and non-profit-making organizations by organizing the *Abitare il Mondo* conference at the Milan Triennale on September 12, 2008. Some of the statements made at the conference can be found at the beginning of this chapter.



# Relations with customers, consumers and suppliers

## ■ SERVICE TO CUSTOMERS AND CONSUMERS

Customer service is today provided according to strategic procedures that have two fundamental aims: to reduce the asymmetries which have always characterized relations between companies and their customers and to promote responsible behavior among consumers.

In order to reduce the "distance" that may exist between the company and consumers, Eni has established a specific department to manage relations with consumer associations. The department promotes dialogue between the company and this category of stakeholders, increasing and strengthening relations, listening to consumer requirements and integrating them into its decision-making processes. In order to promote a sustainable use of energy amongst consumers and final users, Eni has been applying a series of strategies: information and training campaigns in order to create public awareness on the themes of energy savings and environmental conservation, the creation of new informational tools in order to provide all possible information relative to the world of energy, the offer of products with low environmental impact, collaborations with regional and municipal authorities in order to develop initiatives for reducing atmospheric emissions and support for industrial customers during the formulation of energy savings plans.

## DIALOGUE WITH CONSUMERS

The company engages in dialogue with consumers through structured means that include taking note of demands made by their representative bodies and other parties involved (e.g. public administration bodies), organizing meetings and discussions on specific subjects and taking measures to implement the demands made. In 2008, Eni organized various meetings and seminars with consumer associations. The meetings were organized for various different purposes: some of them were aimed at resolving problems that had arisen in the delivery of services. For example, Eni held meetings with the municipal authorities, consumer associations and provinces of Benevento, Caserta and Avellino to resolve issues associated with the distribution costs added to the bills in some of the municipalities in those areas. The outcome of these meetings was the granting of a delay on the deadline for payment of the bills and a division of the balances payable into installments. Other meetings were intended to hold discussions with associations on general matters or issues connected with a specific area or business or local context. An example of the former was the seminar organized in Rome under the heading "Fuels: from refining to the end consumer". The comments made during the meeting related to the need to increase the number of LPG and methane gas filling stations, particularly in city centers. Also in Rome, a seminar was held under the title "Sustainable consumerism in the new energy scenarios", during which Eni's new code

## CONCILIATION FOR MANAGING DISPUTES

### THE ONLINE CONCILIATION PROTOCOL

One of the most effective ways of strengthening relations with customers and consumers is to transparently manage any disputes that may arise in the most efficient and transparent way possible, even by using the opportunities offered by new technologies.

In 2008, the experimental phase of the online conciliation service was launched following the signing of the Online Conciliation Protocol by the company's Managing Director and the representatives of consumer associations belonging to the Consiglio Nazionale Consumatori Utenti (CNCU) [national council of consumers and users]. The Protocol demonstrates the company's willingness to equip itself with a tool suited to resolving disputes with consumers in the gas sector in a quick, simple and innovative way. With the support of the Associations that have signed up to the Protocol, customers are able to activate the online conciliation procedure via the website, [www.eni.it](http://www.eni.it). The conciliation procedure allows the company to deal with issues relative to actual consumer problems or invoicing problems due to the total or partial breakdown of meters or illegible meters. The Protocol also allows customers to request that abnormally high bills, compared to the average amounts billed to the customer over the previous two years, are split into installments following recoveries

resulting from tariff adjustments over and above the levels already set by AEEG resolutions. Finally, the system also allows the company to deal with various problems relating to suspensions of supply due to customers defaulting on their bills. The experimental phase initially covered residential gas customers in the Veneto region where training courses were also provided for consumer association advisors and a national conciliation office was set up; this office was staffed by Eni personnel and national conciliators from consumer associations.

## THE PROTOCOL OF UNDERSTANDING ON ADJUSTMENTS FOR RESIDENTIAL GAS METERS

Also in 2008, as a conclusion to various meetings held between Italgas and Consumer Associations to provide clarifications and information on news concerning problems with the operation of gas meters, a Protocol of Understanding was signed regarding adjustments for domestic gas meters. Eni therefore undertook to speed up the voluntary replacement plan, which it had already adopted some time before that, for the purpose of ensuring the replacement by 2011 of all meters that were over 20 years old, which account for around 20% of all meters installed.

In the meantime, customers whose meters have not yet been replaced will be granted a discount up to the date of replacement of their meter and an adjustment for consumption over the past two years.

Furthermore, the agreement provides for customers whose meter was replaced during the past year to be granted an adjustment based on consumption during the previous year.

## THE PRICE OF FUELS

The increase in international crude oil prices and the rapid price slide that ensued focused the attention of the mass media on the speed with which prices at the pump adjust to the price of crude. Heavy criticisms have been leveled at oil companies, which are often accused of profiting from extra margins on pump prices. In reality, pump prices are affected by various factors and a high crude price does not necessarily lead to an equal extra profit.

The refining sector is in fact a mature sector "squeezed" between two extremely liquid markets: on the one hand the crude oil market, which provides the raw material, and on the other the international markets for oil products, which establish the value of production.

A substantially stable demand and a rigid production system requiring large amounts of investment and fixed costs mean that profitability in this sector is only slightly higher than capital costs.

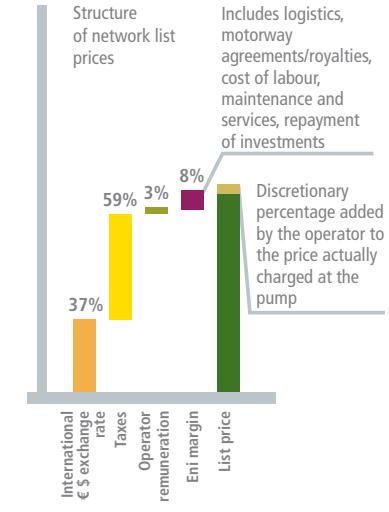
The performance of crude oil prices is often compared to the price of fuels, showing how falls in the price of crude are not reflected in equivalent falls in the price of fuels. Contrary to public opinion, there is no fixed correlation in the short-term between the price of gasoline and the performance of crude prices, and high pump prices do not translate into equivalent profits for oil companies. The discontinuity between the performance of crude prices and fuels is caused by numerous factors: crude oil is listed on international markets in dollars, while fuels is priced in Euros, which means that exchange rate fluctuations have a considerable influence on pump prices. Secondly, over 50% of the pump price of gasoline consist of taxes (59% between January 2009 and December 2008) with the industrial component making up only the remaining portion.

The "fixed" tax component significantly reduces price variations at the pump compared to crude price variations (if the price of crude falls by half, the price of gasoline will only fall by a quarter). Finally, it is important to bear in mind that the average price of fuel in Italy is

higher than the European average for various reasons, the main one being a lack of impetus towards developing self-service in this sector (over 90% of the European network uses self-service compared to an average of 30% in Italy).

Other factors are the low rate of development of sales of products other than fuel in service stations, which is four to five times more widespread in European countries than in Italy and the inefficiency of the Italian network resulting from the high number of small service stations, which is not conducive to a fall in pump prices.

## COMPONENTS OF THE OIL PRICE CHARGED IN THE ENI NETWORK IN ITALY



of ethics was presented and illustrated (see the chapter on governance and sustainability). In 2008, Eni met with the consumer associations in the Veneto Region to present the technological adaptation project for the Venice refinery. Eni also organized meetings with experts from consumer associations in order to illustrate the contractual and promotional aspects of the company's new commercial offers. In some cases, the associations highlighted problems which allowed the company to intervene promptly to correct anomalies and prevent any sanctions being applied by the relevant bodies. Finally, eight territorial seminars with the title of "Select gas and electricity for Eni" have been realized in 2008 with the aim of targeting regional/provincial and territorial managers of Consumer Associations in order to illustrate the regulatory and legal framework of reference in terms of gas and electricity as well as on the dual offer for families. Questionnaires for the assessment of satisfaction with this initiative were distributed; satisfaction levels were high. The following emerged from the study: a lack of company interlocutors within the territory, the need for more clarifications on the various electrical commercial offers and the difficulty of contacts through the call center. In order to meet these needs, a Franchising project within the territory for the Gas & Power sector was initiated already in 2008 was initiated (refer to the chapter, "The quality of the gas and electricity sales services"). Communications were also implemented through a dedicated Internet area which contains information and documents on implemented activities as well as on meetings and agreements reached between Eni and Consumer Associations. In addition, comments on the publications of the sector authorities are published along with a weekly press review focusing on consumerism; a Customers Services area is also made available in order to resolve problems with consumers.

## CUSTOMER AND CONSUMER SATISFACTION

Customer satisfaction is surveyed by Eni on an annual basis with regards to gas distribution, electrical generation and the distribution of fuel. In 2008, the overall value of the customer satisfaction index for the distribution of fuel was equal to 8.14, a slight worsening with respect to the previous year (-1%). In-depth telephone surveys were then conducted on the most recent refueling, not only within Eni gas stations but also within other gas stations operating in Italy. The satisfaction rate of Eni clientele is greater than that of its competitors: 7.6 compared to 7.5. With regards to residential gas clientele, the satisfaction index was equal to 7.3 and in this case was also superior to all the peer groups taken into account (in Italy). In addition to customer satisfaction investigations, Eni contracted an external firm with a survey of the perceived image of Eni within Consumer Associations in 2008. This survey – based on interviews with presidents, secretaries and managers of national and regional energy Associations – concerned the level of information and communication supplied to the Associations as well as a comparison with the primary competitors and the quality of the offered service. The attained results will allow us to take effective and constructive action within the noted critical areas in addition to reinforcing existing strong points.

## CUSTOMER SERVICE IN ITALY

### QUALITY OF SERVICE AND THE FUEL DISTRIBUTION NETWORK

In order to satisfy customer requirements at service stations, the number of non-oil services has been widened to include car washing and catering, as well as the sale of products other than fuel, such as food. Furthermore, the number of Agip Bar and Agip Shop establishments have increased and partnerships have been set up with distribution companies like GS. In 2008 – in order to promote excellent standards of service among operators – the company continued to distribute its "professional operator guides" and to run the Training Van project to help operators and employees apply the standards of quality and courtesy described in the guides. The support provided by 44 itinerant trainers has contributed to increasing the number of points of sale achieving the excellence target.

As a complement to the training and to the monitoring of results achieved by the various operators, three "Mystery Motorist" campaigns were carried out during 2008 to verify compliance with the quality standards. Improvements in the Contact Center service allowed 91% of reports to be closed on first contact and to inform the relevant customers by SMS and email. The You&Agip Loyalty Program for car drivers and motorcycle riders continued in 2008. The Program provides new rewards, such as the conversion of points into fuel discounts for all score thresholds, as an alternative to the prizes, the option of donating points to charity, choosing from a list of non-profit-making organizations who are Eni partners, and co-marketing agreements that grant a maximum number of You&Agip points for

the purchase of products and services from other Companies.

## PROMOTING SUSTAINABLE BEHAVIOR

During 2008, the company started selling AgipBluDieselTech, which allows emissions and consumption to be reduced, thus saving on car maintenance costs. The *Topolino* [Mickey Mouse] operation led to the publication of a booklet in association with Disney Custom Publishing; this booklet was handed out to families free of charge, in service stations, in order to build awareness among young people of the importance of energy efficiency, safe driving and respect for the environment. 2008 saw an increase in the supply of automotive methane, which allowed Eni to strengthen its European leadership (sixth place in the world) in terms of automotive methane sales. In Italy in particular, which has the greatest number of methane powered vehicles in Europe, with over 500,000 vehicles on the road, Eni increased its sales from 440 million m<sup>3</sup> in 2007 to 452 million m<sup>3</sup> in 2008.

Of the 702 automotive methane filling stations, 492, equivalent to around 70% of the total, are supplied by Eni. Eni's strategy for consolidating its leadership in this sector includes education campaigns aimed at promoting the use of automotive methane by explaining the environmental and financial benefits of using a cleaner and cheaper fuel; educational activities with leading car manufacturers, like Fiat and Mercedes, which resulted in 2900 car sellers being trained in 2008 to increase knowledge and awareness of the potential of methane gas as a fuel and of its environmental qualities; cooperation and support for local authorities in developing a network of automotive methane filling stations and taking action to promote an increase in automotive methane vehicles on the road.

Eni also worked with the *Radio 2*

Caterpillar program to inform listeners about the features and benefits of methane gas as a fuel.

In order to promote energy efficiency, Eni has established a programme that provides for photovoltaic panels to be installed in service stations. By the end of 2008, 76 systems had been installed with an average power of 15.7 kw. Further installations will allow the emission of 1,319 tonnes of CO<sub>2</sub> to be avoided.

## QUALITY OF SERVICE IN GAS AND ELECTRICITY SALES

In the sale of gas and electricity, 2008 saw a full-scale implementation of the project aimed at relaunching the franchising network, which aims to achieve over 1.2 million customers by 2011 by re-branding stores and opening new points of sale known as Eni Energy Stores. A wide range of services is available to households through the network of over 200 Eni

points of sale, including installation and maintenance of heating, cooking and air conditioning systems, expert support for signing up to the new commercial offers for gas and electricity, as well as personalised advice on saving energy at home through efficient use. Furthermore, Eni offers consultancy services aimed at promoting energy efficiency among industrial clients.

Many different activities run in 2008 allowed companies that used the service to achieve energy savings of between 200 and 4,000 TEP/year.

Educational activities have also been carried out with industrial customers, providing courses to update them on aspects of safety and regulatory compliance.

## CUSTOMER SERVICE IN THE HISTORY OF ENI

Customer service has always been an integral part of the history and culture of Eni. As early as the 1950s, when Italy was in the full throes of reconstruction and hungry for modernization, Enrico Mattei introduced this concept to Italy, launching a completely new idea in the world of fuel distribution. Convinced that the relationship with customers was about more than a simple financial transaction, Mattei offered a diversified range of services targeting car drivers. The six-legged dog - which appeared on the Italian road network in 1952 - became not only the symbol of high-quality gasoline, the result of research and innovation, but also the emblem of dedicated services. Filling stations were rapidly replaced by service areas with a modern and innovative architecture designed by Mario Bacciochi. Bars, restaurants, mini-markets, motels and car repair establishments were set up alongside the fuel pumps, providing a varied range of services which allowed travellers to take a truly relaxing break. Enrico Mattei greatly valued the human touch and, in addition to the service station architecture, he arranged for a range of materials to be produced to train his operators. Politeness, efficiency, skill, cleanliness and the ability to establish a relationship with customers became imperative for staff members, a first step towards the customer care ethos which is now a distinctive feature of service stations distinguished by the six-legged dog.

## SUPPLIER SELECTION AND MANAGEMENT

Eni performs an important social role in the geographical areas where it operates. Through its demand for goods and services, the company's activities alone mobilize around 30 billion Euros a year, involving a total of 29,416 suppliers. In addition to this there is the indirect effect which the interdependence generated by this level of expenditure creates in associated industries.

Eni is aiming to optimize and improve its supplier management system by gradually extending it to all its production centers, particularly abroad, creating new forms of partnership to minimize supply risks, improving the tools needed to facilitate the drafting and signing of contracts. Eni seeks the same values among its suppliers as those that characterize its own operations, selecting and constantly monitoring compliance with its requirements, such as respect for human rights and anti-corruption policies, as well as promoting responsible behavior throughout the supply chain.

### SUPPLIERS

	World		Italy		Overseas	
	2007	2008	2007	2008	2007	2008
Procurement per year (€ million)	23,208	30,026	12,526	11,091	10,682	18,935
Suppliers used	26,270	29,416	13,928	14,027	17,232	
Concentration of suppliers (top 20) – world 2008 24%						
The number of suppliers used globally does not match the sum of Italy plus Overseas because the same supplier may be used in more than one area. The calculation of the procurement per year does not include procurement of raw materials and procurement performed by the individual functions.						

### SUPPLIER QUALIFICATION

	2006	2007	2008
Suppliers subject to qualification procedures, including screening on human rights	4,703	5,784	6,174
Percentage procured from suppliers subject to qualification procedures including screening on human rights	75%	83%	89%
Qualification cycles carried out during the year	12,866	19,058	15,936
Percentage of negative outcomes	14%	18%	13%
The number of suppliers subject to qualification procedures, including screening on human rights, increased by 7% between 2007 and 2008. The procurement share towards suppliers subject to qualification procedures is only related to Eni and its foreign subsidiaries with structured qualification systems.			

## SUPPLIER RELATIONS

### PROCUREMENT MANAGEMENT

Over the years, Eni has noted the need to reinforce its relationship with suppliers; the implementation of the e-Procurement portal represents a response to this need. This portal is a tool which allows for the automation of purchasing processes in a rapid and efficient manner while allowing suppliers to benefit from a preferential channel of communication with Eni. The portal allows contract negotiation, electronic purchasing, service allocation and final cost calculation, as well as sharing of technical and commercial activities to be managed entirely via the Web. In 2008, over 5,000 supplier were registered to use the portal on behalf of around 80 business areas around the world.

During 2008, the company established new projects aimed at developing the cross-company management of activities and the creation of partnerships. This has allowed for the combination of purchases for the purposes of saving money and guaranteeing both security of supply and compliance with delivery deadlines due to the timely planning of procurement requests. In 2008, the negotiation phase for the "Terms and Conditions" with the primary suppliers of valves and pipes was completed. At local level, Eni continues to be committed to supporting overseas subsidiaries in setting up processes for market intelligence, qualification, return feedback, inspection & expediting development and control of local suppliers and sub-suppliers. Vendor Management systems were implemented in Angola, Libya and Australia in 2008. These activities contributed to the development of new professional skills by

establishing structured training paths. In Angola, the implementation of educational and training projects for local professionals is required within the Memorandum of Understanding undersigned by Eni and the Angolan petroleum company, Sonagol, in accordance with local law. In Australia, in response to demands made by local stakeholders, Eni has adopted an Australian Industry Participation Plan (AIPP), a tool aimed at maximizing the use of local suppliers and workers. Since July 2006, which is when the Blacktip production activities began, 48% of total procurement has been ordered from Australian suppliers, amounting to a total of around AUD 274 million.

19% of this, amounting to around AUD 52 million, has come from suppliers in the Northern Territory, where the Blacktip project is based and where there is a significant presence of indigenous people. Employment opportunities have been created for around 50 people from the Aboriginal minorities. In 2008, 522 people were employed by the Blacktip Onshore Gas Point through contractors and sub-contractors. Furthermore, it is estimated that in 2008 the company's activities offered employment opportunities to 23 people from ethnic minorities, some of whom work for a sub-contractor company created by members of the Aboriginal communities.

In Wadeye, in fact, through its Indigenous Business Development plan, Eni is supporting a program, in partnership with the Northern Territory government, which provides support and guidance in setting up small local businesses. In 2008, an occupational training plan was implemented for the indigenous people aimed at allowing them to gain employment in the Blacktip project. The course has so far been completed by 25 people.

Within the realm of the educational/information project relating to sustainability themes, the first two SA 8000 Auditors have been certified within Eni. In addition, the public awareness project for resources involved in supply processes and the management of contracts, particularly within foreign subsidiaries (in India, Pakistan, Indonesia, Kazakhstan, Iran, Nigeria, ecc...) has been developed.

## PROMOTING SUSTAINABLE BEHAVIOR

Operating in a great variety of different contexts around the world requires Eni to make significant investments to ensure that local suppliers comply with the principles that form the basis of its code of conduct, particularly as regards the defence and promotion of human rights. A selection of potential local suppliers was carried out in China in 2008 in relation to strategic drilling activities, geophysical investigations as well as pipe laying, engineering and construction activities. A significant audit of the "extended" supply chain has been initiated by means of structured qualification processes with respect to companies in China as well as subsuppliers. In 2008, 16 qualification procedures were completed in China alone – for the purposes of verifying respect for human rights and the issue of underage labor – and the first assessment of compliance with the SA8000 standard was carried out for a local supplier (a producer of umbilical cables). In Congo, as part of the M'Boundi, IPP and Immeuble Bureaux et CMSO projects, risk analyses were carried out involving selection activities and checks on potential local or international suppliers with branch offices in the country. Nine suppliers were assessed, paying specific attention to aspects regarding

the fight against corruption and illegal conduct. In addition to supplier qualification activities, the monitoring of suppliers through feedback activities is fundamental. During 2008, feedback activities involved a detailed and systematic analysis of the content of reports regarding the conduct of suppliers. Monitoring activities – following reports of serious non-compliance and illegal behaviors - has led to a supervisory status for 35 suppliers, seven suspensions, five revocations and one letter of concern. General principles were established that form the basis of Eni's new system for assessing the contractual performance of suppliers. Procedures were also established for linking the results of feedback data processing with the assessment of bids during contract tendering procedures. The new system – which will be implemented during the course of 2009 – provides for the use of a feedback form that includes aspects relating to sustainability, such as safety at work, environmental protection, staff pay levels, as well as compliance with the Eni Code of Ethics.

In 2008, the monitoring program relative to the compliance of supply processes with local regulations and partner agreements with Eni regulations continued.

Foreign subsidiaries in Congo, Tunisia, the Czech Republic as well as companies within the petrochemical sector in France were assessed. These compliance audits included a specific compliance assessment with respect to sustainability themes, including the presence of human rights clauses within contractual standards. As regards energy saving during 2008, a scouting exercise was carried out to identify suppliers with whom a framework agreement could be drawn up to build turnkey cogeneration plants at the premises of industrial clients.

# Methodology note

The Sustainability Report, published on a yearly basis, is in its third edition and has been drawn up in compliance with Global Reporting Initiative guidelines version 3.0. The Report summarizes Sustainability performance with the aim of illustrating to internal and external stakeholders Eni's commitment to sustainable development. Reporting is part of the Sustainability system process that encompasses planning and implementing Sustainability projects, and evaluating results and stakeholder engagement.

## Content of the Sustainability Report

This Report is the result of a reasoned analysis of stakeholder expectations that has enabled Eni to identify topics for Sustainability and determine their corporate relevance. The planning and drafting of the Report has involved Eni at all corporate levels, with the Fondazione Eni Enrico Mattei contributing researchers to plan and develop the structure of the Sustainability Report.

### MATERIALITY AND STAKEHOLDER ENGAGEMENT

Analysis of the relevance of the topics that make up this Sustainability Report firstly considered the context in which Eni operates in order to identify the Sustainability issues specific to the Energy sector. To this end, the analysis was based on sector guidelines of key international organizations (such as, GRI-Global Reporting Initiative and IPIECA-International Petroleum Industry Environmental Conservation Association), the requirements for entry into Sustainability indexes (DJSI-SAM, FTSE4Good and CDPLi) and more in general instructions provided by financial analysts.

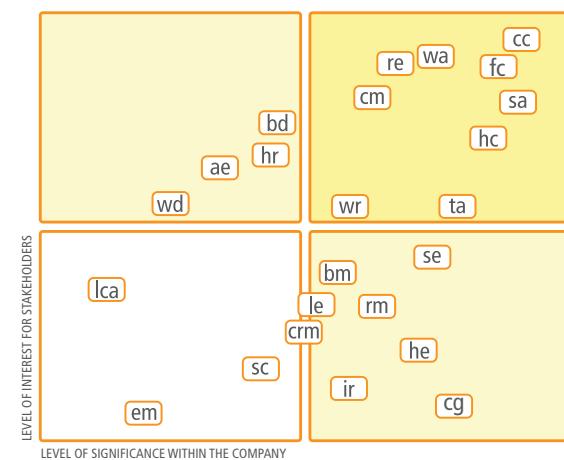
A second analysis framework concerned the common practices and best practices adopted by the main competitors in the sector and super-sector leader companies on the DJSI Sustainability indexes.

The relevance assessment therefore included the relationship between topics for Sustainability, the overall corporate strategy and stakeholders' expectations. The materiality table identifies the central issues of this Sustainability Report and the result of the aforementioned analyses.

In the table, the level of significance within the Sustainability issues is determined from analysis of the corporate strategy, an assessment of Sustainability performance and sector competitiveness. The issues of interest to stakeholders and/or those that could significantly impact the assessment of the

stakeholders on the company have been identified through two subsequent surveys commissioned to Gfk- Eurisko in 2007 and in 2008 on previous Sustainability Reports.

The 2008 survey involved opinion leaders, consumers and Eni people, and highlighted key issues also included in this Report. The climate analysis conducted in 2008 as well made it possible to identify the needs and expectations of Eni people.



<b>ae</b>	Atmosphere emissions	<b>em</b>	Environmental management	<b>rm</b>	Risk management
<b>bd</b>	Biodiversity	<b>hd</b>	Human capital development	<b>sa</b>	Safety
<b>bm</b>	Brand management	<b>he</b>	Health	<b>sc</b>	Supplier chain
<b>cc</b>	Climate change	<b>hr</b>	Human rights	<b>se</b>	Stakeholder engagement
<b>cg</b>	Corporate governance and ethics	<b>ir</b>	Industrial relations	<b>ta</b>	Talent attraction
<b>cm</b>	Co-operation model e Evolution	<b>lca</b>	Life cycle assessment	<b>wa</b>	Water
<b>crm</b>	Customer relationship management	<b>le</b>	Local endeavours	<b>wd</b>	Water drainage
<b>fc</b>	Fuel costs	<b>re</b>	Renewable resources	<b>wr</b>	Waste and reclamation

### THE REPORT AREA AND CONTEXT OF SUSTAINABILITY

The 2008 Sustainability Report contains information and data on Eni SpA and its consolidated subsidiaries during the 2006 - 2008 period (the period is extended for indicators whose analysis is better evidenced over an extensive comparison period).

The consolidation area is the one considered in the 2008 Consolidation Report, unless otherwise specified in the text. The reference dominion for health, safety and environment is based on operational control (operational criterion). According to this approach, the accounted emissions are 100% of all emissions produced by a plant operated by Eni. Likewise, the equity share criterion provides that the emissions associated

with a plant represent Eni's share of economic interest in the specific plant. The Annual Report illustrates three contexts of Sustainability that are significant in terms of dimension and sector of Eni's activity:

- the world energy scenario and context (examined even in light of the 2008 financial crisis) and Eni's strategies for tackling global Sustainability challenges;
- the dimension of performance of Sustainability in the areas of governance, people and environment including the description of key issues, identification of strategies, management methods and overall performance indicators;
- the relationship with stakeholders and their involvement at local level and with the local communities.

## Quality guarantee principles of the Sustainability Report

This Sustainability Report refers to Eni's achievements, weak points and improvement prospects. The data reported were collected to draft a clear and balanced analysis of corporate actions and features. Moreover, the information and quantitative data collection process was organized to guarantee data comparison over an extensive period. The Report is accompanied by an attachment containing the indicators and data of the business sector in which Eni operates so that a comparative analysis can be made with other organizations. The data appearing in the Sustainability Report have been collected by way of measurement processes and analyses defined in the reporting procedures: inferior or different levels of accuracy have been indicated at the margin of the data reported. The reporting process makes use of Eni's existing databanks and is directly filled in by data owners. In each annual reporting cycle the last three years are verified. Lastly, the data are collected by way of a special information system that guarantees the reliability of the information flows and the proper monitoring of the Sustainability performance. To enhance the Company's reliability and commitment in the Report contents, the document was submitted for approval to the Steering Committee and Eni's Board of Directors. The report was also audited by an independent company, which acted as sole certifier of both the Annual Report and the Sustainability Report. The Report publication times were aligned with those of the Annual Report to ensure a quick grasp of Eni's performance in the economic and financial frameworks.

## CALCULATION METHODS

The details of calculation methods and trend explanations are reported along with the corresponding graphs. Described below are those related to the value added, injury frequency and severity indexes, the energy intensity index and emission indexes. The Added Value is the wealth generated by the Company in performing its business.

This Report's layout is based on the Global Value Added net of depreciation. The Net Global Value Added is then divided among the various beneficiaries as follows: employees (direct payment, i.e., salaries, wages and leaving indemnity allowance, and indirect payment, i.e., social security contributions); public administration (income tax); financing institutions (interest paid on borrowed capital); shareholders (distributed dividends); company (reinvested profits). The frequency index is calculated as the ratio between the number of injuries causing absence of over one day (including fatalities) and millions of hours worked; the severity index is instead the ratio between days of injury - related absence (excluding fatalities) and thousands of hours worked.

The energy intensity index is the overall value of the energy actually used in a given year in the various refineries' processing plants, compared to the corresponding value calculated on the basis of each processing plant's previously established standard consumption. The data collected in 2005 were considered as a landmark (100%) in the comparison of the energy intensity index data over the years.

The emission indexes represent the sectors of hydrocarbon production, refining and electrical power generation and take into account the different production conditions over the years so that performance can be compared. The refining indexes are calculated starting from the equivalent distillation capacity provided by a third-party entity.

The hydrocarbon production indexes consider the net production, while electrical sector indexes include the electricity and thermal energy produced and expressed in equivalent Mwh.

# GfK Eurisko Survey on Sustainability Report 2008



In March 2009 GfK Eurisko submitted the Eni 2008 Sustainability Report to a select sample of stakeholders for them to consider and assess. In all, 24 interviews were conducted with members of the business community (managing directors of Italian companies and multinationals), investors, journalists and communication experts.

Before gathering interviewees' opinions about the report itself, their views on three general topics were examined. These topics were: the significance attributed to sustainability in today's world, the energy scenario in the future and the role of Eni. Therefore specific evaluations about the report keep implicitly into account opinions previously expressed on general topics.

A consistent picture of sustainability emerged from the research:

- the ongoing economic crisis seems to have brought about a major change in the majority's shared perception of the notion of sustainability: it is no longer regarded as an alternative to the current development model but rather as a "major solution" for solving the crisis; it can play a determining role both in opening up a new period of growth and in establishing new foundations on which to build relations between the business world and society, based on trust;
- the philanthropic approach, focused on occasional, isolated initiatives, as well as the tactical strategy geared to companies reporting "good works" in order to enhance their reputation and create goodwill seem to have disappeared for good;
- emerging opinions point to sustainability as a fundamental part of corporate governance, destined to influence every area of business life; it therefore reflects a perspective that is both more strategic than short-term, more to do with pragmatism than with values and focused on delivering returns on investments as well as benefits at image level;
- our interviewees all feel that a more pragmatic approach to sustainability is now commonplace in public opinion too; people are gradually moving away from an utopian vision of ecology and adopting positions focused on more practical and realistic attitudes, with more significant repercussions for consumer behaviour;
- now emerging is a broader idea of sustainability, which also includes economic aspects (sound corporate foundations) and social aspects (concern for health and safety, emphasis on people and their worth).

All the interviewees name energy as one of the key global issues particularly in relationship to dwindling oil supplies and the need to find alternative sources. In the prevailing outlook – where no disquieting concerns are voiced – a decisive role is attributed to technological innovation: both for improving use of existing resources and for making new sources of energy more economically accessible.

Eni is seen as having a strategic role to play in setting down guidelines for Italy's energy policies, in the many related areas: commitment to the field of research, improved use of existing resources (oil and natural gas), developing renewable sources, establishing more equitable dealings with the producing countries, informing and educating the public so that responsible use is made of resources, and energy is saved. It is felt that the company has fulfilled this role effectively – and continues to do so – while demonstrating a keen sense of responsibility. A role

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GfK. Growth From Knowledge



not adequately expressed through communication: unlike institutional stakeholders – who have noticed the communication effort carried out by Company's top management - the general public is currently not fully aware of the positive strategic role Eni has performed.

The report met with very positive opinions: it was described as clear and easy to follow, well organized (its division into three parts was particularly appreciated), packed with information, thorough and comprehensive.

As far as its contents are concerned, no criticisms were made: the image conveyed by the report suggests a responsible company, hard at work on many different fronts. For Eni sustainability is not a recently improvised buzzword but a concept embedded in its origins and as such a fundamental part of its identity and legacy.

Particularly positively commented upon were:

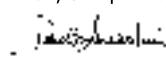
- the opening discussion between Paolo Scaroni and Ernest Moniz, considered an effective way of presenting the company's vision and the commitment of its top management (more than the traditional letter);
- the section on "Abitare il Mondo" [Inhabiting the World] which cleverly depicts what is currently the least known part of Eni's work – as well as what is destined to become the most important in the long term – by illustrating cooperation projects in the producing countries.

The "critical" assessments refer almost exclusively to the need to make the report more accessible to a broader section of the public, rather than target a limited number of "people in the know", directly involved with the energy sector.

In its present form the report would appear to be intended solely for institutional stakeholders, since its contents are considered too complex for the average citizen/consumer. Two possible courses of action are considered appropriate:

- to offer some "reading keys" by inserting summary pages at the start of each different section, and to use graphic devices (bold type, notes in the margin) that let the reader single out the parts of interest and make reading faster (also adding links to the website where more detailed information can be found);
- to produce a shorter and lighter version of the document that can appeal to and engage broader sections of the public; in this way the Sustainability Report would become an extremely valid tool for raising citizens' and consumers' awareness about sustainability issues and about Eni's strategic vision and role.

Milan, 8<sup>th</sup> April 2009

  
 Paolo Anselmi  
*Senior Vice President*  
 GfK Eurisko



## Certificate of Compliance





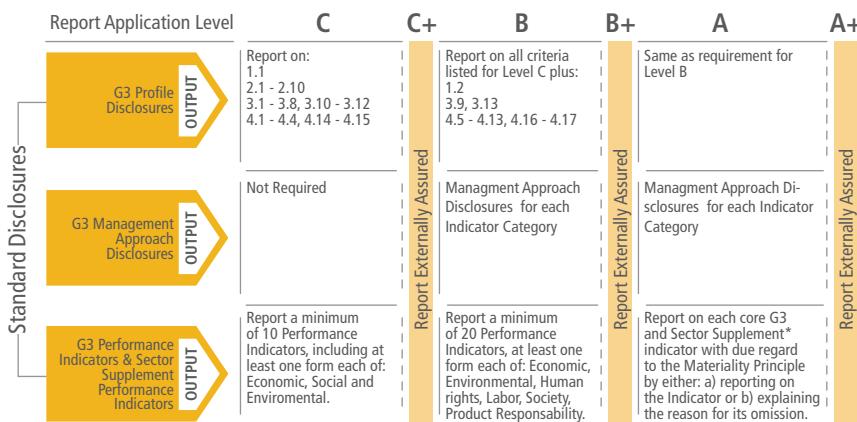
# Comparison Table between GRI – IPECA

GRI content Index standard disclosures	GRI	IPECA	SUSTAINABILITY BUDGET
<b>1. STRATEGY AND ANALYSIS</b>	1.1, 1.2		4-5, 10-19
<b>2. COMPANY PROFILE</b>	2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10		Front cover, Inside front cover, 6-7, 82-83, Outside back cover, *
<b>3. REPORT PARAMETERS</b>			
Report Profile	3.1, 3.2, 3.3, 3.4		Cover, Inside back cover, 80-81
Objective and scope of the Report	3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11		6-7, 28-29, 82-83
GRI Content Index	3.12		
Management Methodology – financial aspects			20-21, 28-29, 54, 58, 60
Management Methodology – environmental aspects			16-19, 20-21, 22-25, 46-51
Management Methodology – people			20-21, 34-45
Management Methodology – human rights			18, 20-21, 58, 66, 78
Management Methodology – social aspects			15-16, 20-21, 54-67
Management Methodology – products and services			120-21, 74-77
Assurance	3.13		85-86
<b>4. GOVERNANCE, COMMITMENTS, INVOLVEMENT OF THE STAKEHOLDERS</b>			
Governance	4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10		28-32, **
Commitment to external initiatives	4.11, 4.12, 4.13		19, 20-21, 31-32, 45, 54-55
Involvement of the Stakeholders	4.14, 4.15, 4.16, 4.17	SOC-8	28-29, 56-57, 84
<b>ECONOMIC PERFORMANCE INDICATORS</b>			
Economic Performance	EC1; EC2	ECO-2, ECO-3	6-7, 29, 47-49, 54, 59, 60
Market presence	EC6, EC7	SOC-A3, ECO-A2,	68-69, 78-79,
Indirect economic impacts	EC8, EC9	ECO-1, ECO-A1,	54, 58-63
<b>ENVIRONMENT PERFORMANCE INDICATORS</b>			
Raw materials	EN1		47, **
Energy	EN3, EN5, EN6, EN7	ENV-5, ENV-A8	22-25, 47-49, **
Water	EN8 EN9 EN10	ENV-A7	47, **
Biodiversity	EN11 EN12, EN13, EN14	ENV-A9	19, 66-67, **
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\*See Financial Report for the year 2008

\*\*See Sustainability Indicators – Sustainability Budget 2008



2002		C	C+	B	B+	A	A+
Mandatory	Self Delared				✓		
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## ACRONYMS

<b>CEO</b>	Chief Executive Officer	<b>FEEM</b>	Fondazione Eni Enrico Mattei	<b>MIT</b>	Massachusetts Institute of Technology
<b>IEA</b>	International Energy Agency	<b>FFI</b>	Fauna & Flora International	<b>Mou</b>	Memorandum of understanding
<b>Awp</b>	Along with petroleum	<b>FTSE</b>	Financial Times Stock Exchange	<b>NOC</b>	National Oil Company
<b>CAE</b>	Comitato Aziendale Europeo	<b>G&amp;P</b>	Gas & Power	<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>CAFRA</b>	Centro di ricerche sull'Amministrazione, Finanza e Regolamentazione delle Aziende	<b>GHG</b>	Green House Gases	<b>OPEC</b>	Organization of the Petroleum Exporting Countries
<b>CCGT</b>	Combined Cycle Gasturbine	<b>GRI</b>	Global Reporting Initiative	<b>PACI</b>	Partnering Against Corruption Initiative
<b>CCS</b>	Carbon Capture & Storage	<b>GTL</b>	Gas To Liquids	<b>PRTR</b>	Pollutant Release and Transfer Register
<b>CDM</b>	Clean Development Mechanism	<b>HIA</b>	Health Impact Assessment	<b>PSA</b>	Production Sharing Agreement
<b>Cdpli</b>	Carbon disclosure project leadership index	<b>HRBP</b>	Business Human Rights Project	<b>R&amp;D</b>	Research & Development
<b>CER-GAS</b>	Centro di Ricerche sulla Gestione dell'Assistenza Sanitaria e sociale	<b>HR</b>	Human Resources	<b>R&amp;S</b>	Ricerca & Sviluppo
<b>CFO</b>	Chief Financial Officer	<b>HRCA</b>	Human Rights Compliance Assessment	<b>SBA</b>	Social Baseline Assessment
<b>CFR</b>	Council on Foreign Relations	<b>ICEM</b>	International federation of Chemical,Energy, Mine and general workers union	<b>SEL</b>	Società Energetica Lucana
<b>CNCU</b>	Consiglio Nazionale dei Consumatori e degli Utenti	<b>IEF</b>	International Energy Forum	<b>SIA</b>	Social Impact Assessment
<b>CNG</b>	Compressed Natural Gas	<b>IEFE</b>	Istituto di Economia delle Fonti di Energia e dell'ambiente	<b>TAG</b>	Trans Austria Gasleitung
<b>CNR</b>	Consiglio Nazionale delle Ricerche	<b>IOC</b>	International Oil Company	<b>TAP</b>	High pressure transport
<b>COP</b>	Conference Of Parties	<b>IPIECA</b>	International Petroleum Industry Environmental Conservation Association	<b>TROIF</b>	Total Reportable Occupational Illnesses Frequency
<b>CSP</b>	Concentrated Solar Power	<b>IRIS</b>	International Research Institute of Stavanger	<b>TTP</b>	Trans Tunisian Pipeline company
<b>DJSI</b>	Dow Jones Sustainability Indexes	<b>ISMAC</b>	Istituto per lo Studio delle Macromolecole	<b>ULDPE</b>	Ultra Low Density Polyethylene
<b>E&amp;C</b>	Engineering & Construction	<b>ILO</b>	International Labour Organization	<b>UN</b>	United Nations
<b>E&amp;P</b>	Exploratuion & Production	<b>ISOF</b>	Istituto per la Sintesi Organica e la Fotoreattività	<b>UNEP</b>	United Nations Environment Programme
<b>EBI</b>	Energy and Biodiversity Initiative	<b>ITAE</b>	Istituto di Tecnologie Avanzate per l'Energia	<b>UNI-BAS</b>	Università degli Studi della Basilicata
<b>EIRL</b>	Eni International Resources Ltd	<b>LDAR</b>	Leak Detection And Repair	<b>WBCSD</b>	World Business Council for Sustainable Development
<b>EITI</b>	Extractive Industries Transparency Initiative	<b>KCO</b>	Kazakistan north Caspian Operating	<b>WCMC</b>	World Conservation Monitoring Centre
<b>ENEA</b>	Ente per le Nuove tecnologie, l'Energia e l'Ambiente	<b>KPO</b>	Karachaganak Petroleum Operating	<b>WEF</b>	World Economic Forum
<b>EOR</b>	Enhanced Oil Recovery	<b>LEAP</b>	Laboratorio Energia & Ambiente Piacenza	<b>WIST</b>	Women In Science and Technology
<b>ESIA</b>	Environmental and Social Impact Assessment	<b>LNG</b>	Liquified Natual Gas	<b>WMP</b>	Waste Management Plan
<b>EST</b>	Eni Slurry Technology	<b>MBA</b>	Master of Business Administration	<b>WWF</b>	World Wide Fund for nature
<b>EU</b>	European Union	<b>MAE</b>	Ministero degli Affari Esteri		