

Eni for  
2015

Sustainability Performance





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# Reporting Principles and Criteria

## Reporting Principles

Eni reporting system is prepared in accordance with the principles of balance, comparability, accuracy, timeliness, reliability and clarity (reporting principles), as defined by the Global Reporting Initiative - GRI "G4 Sustainability Reporting Guidelines".

Key Performance Indicators, selected according to items identified as the most relevant, are collected on an annual basis. The data gathering process is structured to ensure the comparability of the data over several years, in order to allow a correct reading of the information and a full vision to all stakeholders interested in the evolution of Eni's performance.

The 2013 and 2014 data are different from those included in the 2014 report due to the variations done on the perimeter, compared to the previous year, and also as a consequence of the consolidating effect of the data that were only made available after the publication of these documents. Moreover, the representation of the figures related to employees takes into account a restatement of 2013 and 2014 from those published last year, due to the displacement of some companies between the G&P and R&M sectors. For the same reason, the 2015 data represent the best estimation with the data available at the time of writing this prospectus.

## Calculation Methods

The methods used to calculate value added, the injury frequency and severity rates, the refining energy intensity index, the emission indices and the value generated by research are shown below. The added value represents the wealth generated by the Company in carrying out its activities, and it is calculated based on the standard of Gruppo di Studio per il Bilancio Sociale (GBS). Gross value added is divided between the following beneficiaries: employees (direct remuneration composed of wages, salaries and provisions for severance payments (TFR) and indirect remuneration consisting of social welfare contributions); Public Administration (income tax); financial backers (medium and long-term interest paid for the availability of borrowed capital); shareholders (dividends distributed); and the Company (retained earnings). With regard to safety performance, injury frequency and severity rates are shown for employees and contractors. The frequency index is calculated as the ratio between the number of injuries leading to absence from work (including fatalities) and millions of hours worked; the severity index is defined as the ratio between days of absence due to injuries (excluding fatalities) and thousands of hours worked. The days of absence are calculated

starting from the day subsequent to the event. The refining energy intensity index represents the total value of energy actually used in a given year in the various refinery processing plants, divided by the corresponding value determined on the basis of predefined standard consumption values for each processing plant. For comparison between years, the data for 1994 have been taken as the baseline (100%). In order to highlight medium and long-term sector specific performance on CO<sub>2</sub> and pollutants emissions, water withdrawals and energy efficiency, three indices have been defined to represent the following operating contexts: hydrocarbon production, refining and electricity generation. These indices take into account the substantial differences in working conditions recorded over the years and allow for performance comparison by normalizing emissions based on operating data. The refining indices are calculated from the equivalent distillation capacity provided by a third party; the hydrocarbon production indices cover gross operated production; and the energy sector indices measure electrical and thermal energy produced in equivalent kWh. Greenhouse gas emissions (GHG) relate to CO<sub>2</sub>, CH<sub>4</sub> (methane) and N<sub>2</sub>O (nitrous oxide); methane and nitrous oxide are converted into

CO<sub>2</sub>eq using a Global Warming Potential (GWP) of 25 and 298 respectively. The method for assessing the value generated from research allows the benefits of R&D to be calculated in terms of both tangible and intangible value. The tangible value is measured by the economic benefits related to the application of product technologies/process innovation. This overall tangible value is applied to 100% of the investment in the technological applications projects and is before tax. The benefits may be identified based on actual results (final values) or expected value (net present value - NPV). The assumptions applied on a case by case basis for the calculation are shared with the

relevant technical structures/business units. The tangible benefits are identified in a "what if" scenario, that is as the difference (delta) derived from comparison with the application of the best alternative technology or, in the case of new products, as the difference compared to the margin generated by the products replaced. Intangible benefits are recognized by assessing on the one hand the effectiveness and efficiency of the Company's innovative capacity over time through the number of first filings of patent applications, and on the other by the diffusion of specialized know-how and the effectiveness of research in supporting operating activities.

# Governance and Business ethics

## Board of Directors

		2013	2014 <sup>(a)</sup>	2015
Members of the Board of Directors	(number)	9	9	9
- executive		1	1	1
- non-executive		8	8	8
- independent		7	7 <sup>(b)</sup>	7 <sup>(b)</sup>
- non-independent		2	2	2
- members of minorities		3	3	3
Board of Directors Annual Meetings		13	14	13
Average attendance at Board meetings	(%)	97	100	100
Annual board induction sessions	(number)	3	3	4

(a) Refers to the previous Board, up until 8<sup>th</sup> May, 2014 and to the current Board from 8<sup>th</sup> May, 2014 onwards.

(b) Refers to the current Board of Directors, referring to independence as defined by the regulations, referred to in Eni's By-Laws; in accordance with the Corporate Governance Code, 6 of the 9 Directors appointed are independent.

The Board of Directors and the Board of Statutory Auditors, and their respective chairmen, are appointed by the Shareholders' Meeting using the list voting system. Three Directors and two Auditors, including the Chairman of the Board of Auditors, are appointed by minority shareholders thus ensuring that the number of representatives of said minority shareholders exceeds the number required by law. The number of independent Directors provided by the Company By-Laws is also greater than that required by law. The composition of the Board is diversified in terms of gender, professions, managerial experience and nationality<sup>1</sup>. Following 2014 reshuffle, the number of independent Directors on the Board (7 of the 9 Directors appointed, of which 8 are non-executive) exceeds the number required by law, the corporate governance code and also the average number of independent Directors on the Boards of Italian listed companies<sup>2</sup>. The Board of Directors has created four internal committees having consulting and advisory functions: the Control and Risk Committee, the Compensation Committee, the Appointments Committee and the Sustainability and Scenarios Committee, which all report to each Board meeting on the relevant issues being discussed. Specifically, with the establishment of the Sustainability and Scenarios Committee, the Board of Directors aims to

ensure a further level of supervision over sustainability issues. The Board also attributes a relevant role to the Chairman in terms of internal controls, in particular in reference to the Internal Audit department; the Chairman is involved in processes for the appointment of the main Eni subjects assigned to internal controls and risk management, including the Integrated Risk Management Manager, as well as the internal process related to controls, also approving the standards governing Internal Audit activities. Every year the Board, with the assistance of an external consultant and the supervision of the Appointments Committee, carries out a self assessment ("Board Review"). Essential elements of this review are comparisons with best practices at national and international level, and a review of board dynamics. Following the review, if necessary the Board agrees on an action plan to improve its performance and that of its committees. Furthermore, the Eni Board over the course of 2015 carried out a "Peer Review" on its members, consisting of assessment by each Board Member of the contributions made by each other Board Member. In support of the Board and the Board of Statutory Auditors, for several years Eni has also instituted a training program ("Board Induction"), based on the presentation of Eni activities and the organization by top management. In particular, over the

<sup>1</sup>) For further information please refer to the Corporate Governance Report 2015.

<sup>2</sup>) The number of independent directors in accordance with the law and the Corporate Governance Code has remained unchanged, also following the co-option of a Board member on 29 July 2015, to replace a resigned Director appointed by the Shareholders.

course of the fiscal year, in continuity with initiatives already undertaken, additional training sessions were held ("ongoing training") on corporate topics (including corporate governance, compliance, internal control and risk management) and business topics (in particular, exploration and drilling), with visits to operating sites, including those abroad. The Board also completed the "UN Global Compact LEAD Board Programme"<sup>3</sup>, dedicated to training Directors on sustainability topics.

In particular, with the support of an international expert in sustainability, integrated reporting and management, in September 2015 the Board carried out the second session of the program dedicated to "The role of the Board": topics including integration of sustainability into strategy and corporate management with a focus on climate change were covered<sup>4</sup>. The program was carried out with the supervision of the Sustainability and Scenarios Committee.

#### Diversity in the management and audit bodies of the Eni Group\*

		2013	2014	2015
Presence of women on the Boards of Directors	(%)	16.7	26.0	26.7
Presence of women on the Boards of Statutory Auditors**	(%)	29.4	35.0	34.1

(\*) To comply with the representation in the 2015 balance sheet, the Eni Group is understood to mean Eni SpA and its subsidiaries consolidated in the balance sheet (excluding Saipem SpA Versalis SpA and their subsidiaries).

(\*\*) Outside of Italy only those companies which have a control body similar to an Italian Board of Statutory Auditors were considered.

The internal regulations on the "Corporate Governance of Eni companies", subject to the requirements of the law, provides that in selecting the members of the management and control boards of Eni's Italian and foreign subsidiaries, the need for diversity (including gender diversity) is, where possible, taken into account. In line with these regulations, Eni's commitment to reinforcing the presence of women on the management and control boards of Eni's companies is ongoing. Addressing the need for more

in-depth market dialogue, Eni, with the intervention of the Chairman, organized a new cycle of meetings with primary corporate investors to present the new aspects that have further consolidated the system of governance in the Company and the main initiatives in the ESG scope. The issues that emerged allowed dialogue to be reinforced and the development of more structured and transparent engagement, offering support to Eni's commitment for its continued growth.

## Internal Control and Risk Management System

		2013	2014	2015
Integrated audits actions	(number)	62	63	67
- scheduled audits		46	52	55
- spot audits		5	2	4
- follow-ups		11	9	8
Number of recommendations (corrective actions)		854	865	688
Average time of corrective action completion	(days)	78	75	80

<sup>3</sup> Eni is a member of the UN Global Compact Lead Group.

<sup>4</sup> The first session of the program in October 2014 dealt with "The materiality of Sustainability", with the objective of reinforcing awareness about the importance of sustainability for the corporate strategy and business.

A primary role in the process to verify and assess the Internal Control and Risk Management System (ICRMS) is assigned to the Internal Audit function, which carries out audits (operational, financial and compliance audits with focus on elements of Italian Legislative Decree no. 231/01 and Anti-Corruption compliance) to implement the Annual plan of activities drafted with a "top-down risk based" approach and approved, together with the resources budget, by the Board of Directors and, for elements relevant to Italian Legislative Decree no. 231/01, by the Eni SpA Watch Structure.

With reference to the main activities performed by the Internal Audit department, it is noted that:

- the number of integrated audits conducted under the 2015 Plan is in line with the average for the three-year period. In line with the previous year, the average duration of the audits has been affected by

the incorporation into the same of the Anti-Corruption audits and independent monitoring carried out in order to comply with the Sarbanes-Oxley Act;

- for corrective actions, to date substantial observance of the implementation times for planned actions has been recorded, confirming the attention paid by the audited structures to the time-scales agreed;
- 2015 also saw the continuation of training initiatives in relation to the ICRMS directed at Eni SpA's management and the main subsidiaries in Italy and abroad. These initiatives aim to provide an organic and integrated vision of the ICRMS and develop awareness of the role of management in the implementation and operation of an effective and efficient ICRMS. In particular, in 2015 "on site" workshops were delivered in about 8 Countries in addition to Italy and the related e-learning course continues to be provided.

## Whistleblowing management

(number)	2013	2014	2015
Report files <b>opened</b> during the year, of which	161	113	61
- <b>Internal control system reports</b> divided according to the process that is the subject of the report	82	67	50
- procurement	29	16	16
- human resources	8	12	7
- commercial	7	11	8
- logistics	1	7	3
- HSE	5	4	2
- other (security, administration and financial reporting, maintenance, ...)	32	17	14
- Report <b>on other matters</b> relating to alleged violations of the Code of Ethics	79	46	11
Report files that have been <b>closed</b> during the year divided according to the outcome of the investigations, of which:	149	128	91
- <b>justified</b> at least in part with the adoption of corrective measures	32	19	7
- other matters	10	6	2
- Internal control and risk management system <sup>(a)</sup>	22	13	5
- <b>unfounded, with the adoption of corrective/improvement measures</b>	41	38	36
- other matters	20	11	6
- Internal control and risk management system	21	27	30
- <b>unfounded</b>	76	71	48
- other matters	44	23	22
- Internal control and risk management system	32	48	26

(a) It is noted that 5 Internal Control System and Risk Management reports that were filed in 2015 as "justified at least in part with the adoption of corrective measures" gave rise to 14 corrective actions, of which: 3 disciplinary actions on employees, 2 on suppliers and third parties, 9 on the internal control and risk management system.



From 1<sup>st</sup> January to 31<sup>st</sup> December, 2015, 92 whistleblowing reports were received, grouped together in 61 files, 50 (82%) of which concern issues relevant to the 'Internal Control and Risk Management System' and 11 of which relate to 'Other matters' (18%). In the same period, 91 files were archived in total, 61 of which concerned the 'Internal Control and Risk Management System' (67%) and 30 of which concerned 'Other matters' (33%).

The audits carried out on the 91 files archived in 2015 had the following results:

- for 84 files the audits did not find any evidence to confirm the facts reported, nevertheless for 36 files

(40%) improvement actions were taken in any case;

- for 7 files (8%), the audits confirmed, at least in part, the content of the report and the appropriate corrective actions were taken.

In conclusion, corrective/improvement actions were adopted in 47% of cases.

As of 31<sup>st</sup> December, 2015 there were still 19 files open related to the 'Internal Control and Risk Management System' and 18 files concerning 'Other Matters'.

With reference to the management of reports concerning human rights issues, please see the following section.

## Human rights

		2013	2014	2015
Hours of training on human rights	(number)	667	700	29,608 <sup>(a)</sup>
Suppliers subjected to qualification procedures including screening on human rights		2,434	3,846	2,806
% procurement from vendors subjected to qualification procedures including screening on human rights	(%)	85	89	87
SA8000 audits carried out	(number)	23	20	16 <sup>(b)</sup>
- of which follow-ups		9	12	8
Security contracts containing clauses on human rights <sup>(c)</sup>	(%)	83	95	85
Security personnel trained on human rights	(number)	235	143	61
Critical sites covered by assessments/surveys		21	23	35
Sites verified by means of a check list		186	134	258
Countries with armed guards protecting sites		11	11	7

(a) These include hours for the course on 'non discrimination' held in 2015.

(b) Of which 8 vendors/sub-vendors in Ecuador, Vietnam, Algeria and Ghana and 8 follow-ups of audits carried out in 2014 in Mozambique, Indonesia, Angola, Pakistan.

(c) The decrease in the percentage of contracts containing human rights clauses is primarily due to refinement of the calculation method.

In 2015, in addition to the ordinary checks carried out during the qualification process, SA8000 Audits were carried out on vendors/sub-vendors of 4 subsidiaries (Ecuador, Vietnam, Algeria, Ghana) and 8 follow-ups on SA8000 audits carried out in 2014 in Mozambique, Indonesia, Angola and Pakistan. To support these activities, in 2014 3 people in the following subsidiaries were trained as SA8000 Auditors: Vietnam, Ecuador, Algeria. In total 35 people received training, including two Lead Auditors.

As regards "Whistleblowing Management", for aspects

connected to human rights, in 2015, 25 files were archived, of which:

- for 22 files the audits did not find any evidence to confirm the facts reported, nevertheless for 9 files (36%) improvement actions were taken in any case;
- for the 3 remaining files, the audits confirmed, at least in part, the content of the report and the appropriate corrective actions were taken.

As of 31/12/2015, there were still 9 files open connected to human rights aspects, mainly concerning potential impacts on worker rights.

	2013	2014	2015
Report on human rights violations (closed during the year and divided by result of investigation and by type), of which:	35	36	25
<b>- founded at least in part with the adoption of corrective measures</b>	<b>2</b>	<b>6</b>	<b>3</b>
- potential socio-economic impacts on local communities <sup>(a)</sup>	0	0	0
- potential impacts on health, safety and/or well-being of local communities <sup>(b)</sup>	0	0	0
- potential impacts on worker rights <sup>(c)</sup>	2	4	3
- potential impacts on workplace health and safety <sup>(d)</sup>	0	2	0
<b>- unfounded, with the adoption of corrective/improvement measures</b>	<b>11</b>	<b>10</b>	<b>9</b>
- potential socio-economic impacts on local communities <sup>(a)</sup>	0	0	0
- potential impacts on health, safety and/or well-being of local communities <sup>(b)</sup>	1	1	0
- potential impacts on worker rights <sup>(c)</sup>	9	8	7
- potential impacts on workplace health and safety <sup>(d)</sup>	1	1	2
<b>- unfounded</b>	<b>22</b>	<b>20</b>	<b>13</b>
- potential socio-economic impacts on local communities <sup>(a)</sup>	3	1	2
- potential impacts on health, safety and/or well-being of local communities <sup>(b)</sup>	0	1	1
- potential impacts on worker rights <sup>(c)</sup>	17	16	9
- potential impacts on health and occupational security <sup>(d)</sup>	2	2	1

(a) Including issues related to consultation and/or compensation processes and increase in conflicts.

(b) Including spills, atmospheric pollution, accidents, etc.

(c) Including discrimination, violations of labour union rights, forced labour, child labour and unfit working conditions (including harassment and mobbing, salaries less than minimum wage and/or undignified salaries).

(d) Including unhealthy and/or insecure workplace environments.

## Transparency of payments

See specific annex "Transparency".

## Value added

(€ million)	2013	2014	2015
Global gross value added	27,689	20,796	14,364
- of which to human resources	2,881	2,899	3,017
- of which to shareholders	3,985	4,045	2,884
- of which to States and Public Administrations	9,055	6,681	3,147
- of which to financial backers	887	871	838
<b>Total Distributed</b>	<b>16,808</b>	<b>14,491</b>	<b>9,886</b>

The distributed gross value added in 2015 is 14,364 million euros, a decrease compared to the previous period due to the structural weaknesses in the petroleum market that eroded operating profits and the value of Eni assets; the gross value added, with the exception of that to the corporate system (31%), in 2015 was divided as follows:

- 22% to the State and Public Administrations through

taxes on the income of both Italian and overseas businesses;

- 21% to human resources remunerated through wages, salaries and welfare contributions;
- 20% to shareholders remunerated through the distribution of dividends;
- 6% to financial backers, paid through financial charges.

# People

## Employment

(number)	2013	2014	2015
Employees as of 31 <sup>st</sup> December	<b>29,176</b>	<b>28,597</b>	<b>28,246</b>
- men	21,672	21,227	20,992
- women	7,504	7,370	7,254
- Italy	16,835	16,299	16,287
- Abroad	12,341	12,298	11,959
Employees abroad by type	12,341	12,298	11,959
- local	10,510	10,442	9,975
- Italian expatriates	1,242	1,191	1,325
- international expatriates (including TCN)	589	665	659
Employees by type of contract	<b>29,176</b>	<b>28,597</b>	<b>28,246</b>
- temporary	397	426	682
- permanent	28,779	28,171	27,564
- part time	729	680	620
- full time	28,447	27,917	27,626
Senior Managers employed	936	942	929
Middle managers employed	7,942	8,110	8,338
White collar workers employed	15,892	15,440	15,201
Blue collar workers employed	4,406	4,105	3,778
Employees aged 18 - 24	470	406	362
Employees aged 25 - 39	10,747	10,408	9,782
Employees aged 40 - 54	13,506	13,217	12,935
Employees aged over 55	4,453	4,566	5,167
Employees by educational qualification	<b>29,176</b>	<b>28,597</b>	<b>28,246</b>
- less than secondary school diploma	3,221	3,107	2,706
- secondary school diploma	12,657	12,364	11,561
- degree	11,333	10,915	11,526
- postgraduate training	1,965	2,211	2,453
Number of permanent hires	1,879	1,225	849
Number of terminations of permanent contracts	1,372	1,859	1,163

In 2015 employment was reduced by 351 positions compared to 2014, equal to 1.2%, of which 12 positions in Italy and 339 abroad. Overall employment is 28,246, of which 16,287 in Italy (57.7% of Eni employees) and 11,959 abroad (42.3% of Eni employees). In Italy, 359 hires were made, of which 310 under permanent employment contracts. Permanent hires in Italy involved 279 graduates, equal to 90% of total hires. Also in Italy, 366 employment contracts were terminated, of which 277 permanent contracts. These reductions were based on restructuring and streamlining of operating structures in various business lines. The majority of

new hires abroad in 2015, for a total of 718, of which 539 under permanent employment contracts, involved Local Companies in the Upstream business area (323 equal to 45% of the total) with a final negative balance of outgoing and incoming (permanent and temporary) equal to -128 with a substantially stable employment scenario compared to 2014 (+9) and a positive in/out balance of overseas resources. This dynamic can be traced to the re-dimensioning of some projects, in particular in Australia, the United States, Turkmenistan, Togo, Pakistan and Nigeria, and the reinforcement of the Engineering structures in Basingstoke and activities

in Indonesia, Ghana, Angola and North Africa. A total of 1,984 expatriates are working abroad (of which 1,325 Italian), an increase compared to 2014 (+128); in local employees there is a reduction of 467 resources compared to 2014 equal to -4.5%, due, in addition to the effect of managerial efficiencies,

to transfers to third parties, including the commercial companies R&MC of eastern Europe (Romania, Czech Republic, Slovakia), which impacted over 200 resources. The average age of Eni people in the world is 44.2 years old, of which 45.6 years old for resources working in Italy and 42.2 years old for resources working abroad.

## Safety

		2013	2014	2015
Injury frequency rate	(injuries/hours worked) x 1,000,000	0.43	0.33	0.19
- employees		0.28	0.29	0.21
- contractors		0.49	0.35	0.18
Injury severity index	(days of absence/hours worked) x 1,000	0.015	0.014	0.009
- employees		0.009	0.010	0.014
- contractors		0.017	0.016	0.007
Total Recordable Injury Rate (TRIR)	(recordable injuries/hours worked) x 1,000,000	0.75	0.62	0.40
- employees		0.43	0.35	0.34
- contractors		0.90	0.75	0.43
Fatality index	(fatal injuries/hours worked) x 100,000,000	0.00	1.08	0.39
- employees		0.00	0.00	0.00
- contractors		0.00	1.57	0.58
Near misses	(number)	1,382	1,536	1,374
OHSAS 18001 certifications		83	90	92
Training Hours on safety	(hours)	268,529	178,676	187,000
- of which to senior managers		5,568	2,870	1,502
- of which to supervisors		45,579	37,177	28,030
- of which to white collar workers		142,784	102,117	107,340
- of which to blue collar workers		74,598	36,512	49,967
Expenditures and investments on safety	(€ thousands)	205,249	142,694	239,035
- of which current expenses		128,296	75,169	180,148
- of which investments		76,953	67,525	58,887

In 2015 the trend in safety improvement continued, with the lowest injury rate of the last eleven years. The number of injuries fell by more than 46% compared with 2014 and more than 88% compared with 2006, falling from over 440 events to 50 in 2015. The injury frequency rate for the total workforce (equal to 0.19) has fallen by 42% compared to 2014: there was a 27% improvement for employees and a 48% for contractors. Despite these positive results, in 2015 1 fatal accident

occurred in Nigeria involving an E&P contractor.

In 2015 98% of the subsidiaries with significant HSE risks were certified according to the OHSAS 18001 international standard, equal to 79 of 81 companies certified with total coverage forecast by 2016.

Safety expenditures in 2015 increased compared to 2014 by over 67% for the contribution of the E&P sector. These involved primarily coordination activities (90.4 million euros), specific safety studies, procedures, risk assessments

(52.3 million euros), plant modifications (17.8 million euros), plant and equipment maintenance (9.1 million euros),

realization and acquisition of fire prevention equipment and systems (6 million euros).

## Health

(number)	2013	2014	2015
Health Impact Assessments carried out	18	32	16
OHSAS 18001 certifications	83	90	92
Employees included in health monitoring programs	25,901	23,759	20,672
Diagnostic procedures	109,171	108,445	107,501
- of which diagnostic tests	72,977	82,805	83,550
- of which laboratory protocols	36,194	25,640	23,951
Services provided by Company health structures	442,312	438,431	466,536
- of which to employees	346,738	350,862	367,884
- of which to third parties	95,574	87,569	98,652
Vaccinations provided by Company structures	14,227	10,449	10,012
- of which to employees	9,255	6,527	6,872
- of which to third parties	5,022	3,922	3,140
Repatriation for health reasons	43	23	28
- of which employees	34	19	25
- of which contract workers	6	3	1
- of which family members	3	1	2

In 2015 all of the Group companies continued the implementation of health management systems with the objective of obtaining OHSAS 18001 certification for the subsidiaries that have significant HSE risks. The business areas completed the health monitoring programs producing a final result in line with that planned by the competent physicians. In order to assess the impact of projects on the health of the communities involved, the upstream sector completed 16 ESHIA (Environmental and Social Health Impact Assessment) studies in 2015: 1 in Ghana, 1 in Mozambique, 1 in the USA, 1 in Nigeria

(pre-ESHIA), 2 in China, 4 in Iraq, 1 in Portugal, 1 in Italy, 2 in Myanmar and 1 in Congo. Over the course of 2015, Upstream managed 28 repatriations for health reasons (25 employees, 1 contractor and 2 relatives) of which 7 due to an injury and 21 due to illness. The medical repatriations in the upstream sector were attributable mainly to the complex health risks posed in certain areas such as Iraq (6), Algeria (5), Congo (4) and Kazakhstan (3).

The variation in the number of total vaccinations is justified by the seasonal influence and the several-years' duration of vaccination cycles.

## Engagement of people

	2013	2014	2015
Eni Engage - number of online meetings (number)	6	6	11
Eni Engage - access to online meetings (total clicks)	28,449	25,809	32,359
Eni Engage - opinion on clarity of Eni objectives (max score 6)	4.7	4.8	4.8
Myeni - enabled users on MyEni (number)	22,193	22,968	20,285
Myeni - coverage of Myeni users on no. of employees in service (%)	76	80	72

In 2015, the Eni objectives communication program, Cascade, after nine years changed its design and became the new program 'Eni engage'. This renewal arose from the need to align the program with corporate priorities in terms of the business, speed, efficiency and integration. The main new items include more transversal meetings, more interaction, more space dedicated to questions, clearer contents and more in-depth information for detailed meetings with the main departments of the various lines of business.

During 2015, the MyEni portal was reconfirmed as the main tool for entering the world of Eni, for communication, and support for daily activities. All employees in Italy are automatically enabled by default and the Italy profile can be attributed on request also to expatriated colleagues who prefer the Italian language. For employees abroad, the section of the portal in English is accessible without authentication, and therefore visible to anyone who accesses the Eni network. Coverage is therefore considered to be global.

## Industrial relations

(number)	2013	2014	2015
Employees covered by collective bargaining (Italy)	18,371	17,716	17,940
Consultations, negotiations with trade unions on organizational changes (Italy) <sup>(a)</sup>	209	158	231

(a) The minimum notice period for operational changes is in line with the provisions of the laws in force and the trade union agreements signed in the Countries in which Eni operates.

## Enhancing people

(%)	2013	2014	2015
Employees subject to management review (senior managers) <sup>(a)</sup>	100	100	100
Employees covered by performance assessment tools (senior managers, managers and young graduates)	57	56	59
Employees subjected to assessment of potential /No. of planned needs	80	68	68

(a) Refers to the percentage of senior managers to whom this procedure is applicable.

Annual review process: in respect to 2014 the complete mapping of senior management was confirmed through management reviews; in regards to the rest of the population, the process was decisively expanded (+13%), in particular due to the increased involvement of graduates with 7 years of service (+8%) and other resources (+28%), demonstrating an ever more influential use of these instruments and processes, also at an international level (+25% application of annual reviews in areas outside of Italy).

Performance assessment process: comprehensive coverage is increasing (+3%), and confirming the gradual process to extend this instrument, there is an even greater percentage of application in the target populations of the

process (senior managers: 99%; middle managers with formal responsibilities: 72%; and young graduates: 55%) as set forth in the standardized instrument that governs its implementation.

Process for assessment of potential: approximately 68% of potential assessments were carried out in respect to the planned number (using the methodologies of the Development Center, Assessment Center and Focused Interviews) demonstrating an improvement trend, especially in Italy. Over recent years this process was applied in a more selective manner, especially in international contexts where scheduling activities is more complex due to logistics and costs.

## Equal opportunities

		2013	2014	2015
Women employees in service	(%)	25.72	25.77	25.68
Women hired		29.64	23.59	26.86
Women in managerial positions (senior and middle managers)		23.52	23.76	24.19
Women senior managers		14.21	14.54	14.96
Replacement rate by gender		1.37	0.66	0.73
- men		1.22	0.67	0.71
- women		1.92	0.64	0.78
Employees who took parental leave	(number)	611	526	650
- of which women		480	420	510
Employees returning from parental leave		552	486	613
- of which women		429	384	479

At the conclusion of 2015, 7,254 women worked for Eni (25.68% of total employees) of which 4,453 in Italy (27.3% of employees in Italy) and 2,801 abroad (23.4% of employees abroad). In Italy, of the 310 permanent hires over the course of 2015, 30% (tot. 94) were female employees. It should be noted that in 2015 the replacement rate of women (ratio between permanent recruitment/ termination of permanent contracts) increased compared with 2014 both in Italy and abroad, rising from 1.92 in 2013 to 0.64 in 2014, and to 0.78 in 2015. The downward trend in 2014, gaining slightly in 2015, can be traced to the high number of female employees stemming from the

2013-2014 mobility program. In 2015, the recovery in the substitution rate for women employees can be attributed to the effects of early hires forecast for 2016, implemented to take advantage of tax breaks according to the Italian Financial Act of 2015, as well as to the reduction of terminated employment contracts due to the raising of the retirement age (age and years of service). In particular, in Italy the replacement rate for women in 2015 is 1.5, with 94 hires and 62 terminated contracts. The percentage of women that fill managerial roles is increasing (Senior Managers and Managers), going from 23.52% in 2013, to 23.76 in 2014 and reaching 24.19 in 2015.

%		2013	2014	2015
Pay gap senior managers (women vs men)	(%)	94	97	98
Pay gap middle managers and senior staff (women vs men)		96	96	97
Pay gap white collar workers (women vs men)		94	96	96
Pay gap blue collar workers (women vs men)		97	103	94
Total pay gap (women vs men)		95	97	96

In 2015 the gender pay gap assessment process was updated, with exclusive reference to the new perimeter of Eni resources (excluding Saipem and Versalis resources), according to the methodology used since 2011 which neutralizes, in the pay comparison, any effects deriving from differences in roles and seniority. This measurement

was conducted at a worldwide level on a sample of more than 90% of the Eni population (approximately 25,000 resources in over 40 Countries). The results of the analysis at a global level show a substantial alignment between the pay of female workers and that of male workers for the same role and seniority. There is a slight difference

compared to previous years but it is statistically irrelevant. For the sake of uniform comparison, the pay gap data

from the years 2013 and 2014 were updated to the new resources perimeter.

## Employment disputes

		2013	2014	2015
Employee disputes	(number)	869	864	959
Prevention/disputes ratio		326/869	370/864	470/959
Disputes/employees ratio	(%)	1.95	1.62	3.4

In 2015, Eni continued its commitment to preventing labour law disputes, working at the pre-trial phase with effective instruments to reduce the number of disputes and the consequent costs. Most of the disputes (28% of the total) concern occupational diseases, which are currently a typical feature of Italian employment disputes and are due to claims for alleged exposure to potentially damaging agents, mainly occurring in industrial sites only subsequently acquired by Eni. The number of claims made directly

connected with work contracts such as claims relating to the type of contract, recognition of pay differences and alleged downgrading or demotion, remain at an extremely low level which, if considered in relation to the number of employees, amounts to 0.30% of the employees in service at the end of December 2015 (0.31% in 2014). This confirms a work organization model which allows Eni personnel, through a shared system of personnel classification, to make the most of their skills and potential.

## Training

		2013	2014	2015
Total Attendances	(number)	102,245	93,945	99,693
Training hours by type	(hours)	1,492,809	1,032,372	914,901
- HSE and quality		351,151	235,125	238,126
- Languages and IT		200,133	171,351	112,819
- Conduct/Communication/Institutional		121,931	108,329	137,331
- Professional - cross-cutting		253,420	167,556	156,648
- Professional - technical/commercial		566,174	350,011	269,976
Training expenditures	(€ million)	54.63	37.15	27.51

With a scenario with a reduction in spending on education compared to 2014 of 26%, the hours are reduced by 11% and there was an increase of 6% of the attendances. These variations are due to the change in the mix of training which included shorter duration

courses and the increasing provision of courses in 'distance mode'. The contraction of the expense recorded between 2013 and 2014 (-32%) was mainly due to the reduction of some foreign projects (eg. Iraq, Mozambique).



## Knowledge Management

(number)	2013	2014	2015
Knowledge/Community network by application sector	65	66	67
- business	57	58	59
- cross-cutting	8	8	8
Participants in the knowledge community/network by application sector	5,676	6,883	8,266
- business	5,072	6,216	7,558
- cross-cutting	604	677	708

In 2015 knowledge management initiatives confirmed the trend towards growing dissemination of knowledge already demonstrated in recent years, thus evidence of the continued investment in tools and processes aimed at improving knowledge management and knowledge

sharing and dissemination among Eni personnel.

At the conclusion of 2015, Eni's knowledge management system was composed of a total of 67 active communities involving a total of 8,266 members, a 20% increase over the previous year.

## Environment

### Environmental Management System

		2013	2014	2015
ISO 14001 Certifications	(number)	85	87	87
EMAS registrations		8	8	8
ISO 50001 certifications		6	7	10
Environmental expenditures and investments	(€ thousands)	607,249	645,377	512,350
- of which current costs		375,018	491,272	401,642
- of which investments		232,231	154,105	110,708

In 2015 98% of the subsidiaries with significant HSE risks were certified according to international standard ISO 14001, equal to 79 of 81 companies certified with total coverage forecast by 2016. In Italy the main production units of the R&M and G&P sectors completed EMAS registration.

Environmental expenditures and investments were mainly related to remediation of land and groundwater (among which: emergency and operational safety measures put into place, decommissioning, environmental monitoring

and post-works risk analyses and characterization, for a total of 186.2million euros), waste management (deposit, treatment, recovery, transport and disposal, for a total of 121.8 million euros), water resources and drainage (among which: maintenance, provision of services and modification to sewer systems, water monitoring and treatment, systems to reduce consumption, for a total of 41.1 million euros), protection of the air (monitoring and analyses, system modifications to abate pollution, for a total of 37.1 million euros), spill prevention (35.5 million euros).

## Protection of water resources and biodiversity

		2013	2014	2015
Total water withdrawals	(Mm <sup>3</sup> )	1,193.24	1,037.29	872.47
- of which sea water		1,113.70	967.76	801.33
- of which fresh water		61.10	59.17	58.01
- of which salt/salty water from subsoil or surface		18.44	10.36	13.13
Water withdrawals/kWheq produced (EniPower)	(m <sup>3</sup> /kWheq)	0.017	0.017	0.015
Water withdrawals/crude and semi-finished product processing (R&M) <sup>(a)</sup>	(m <sup>3</sup> /ton)	20.04	21.24	4.32
Total production water extracted (E&P)	(Mm <sup>3</sup> )	61.32	62.71	66.56
- of which re-injected		20.02	24.29	31.72
- of which discharged into surface water bodies and into the sea		24.60	25.26	27.04
- of which sent to evaporation tanks		3.30	2.32	2.53
- of which injected into deep wells for disposal purposes		13.40	10.83	5.27
Production waters re-injected including those injected into deep wells for disposal purposes/Total production water	(%)	55	56	56
Fresh water discharged	(Mm <sup>3</sup> )	25.27	29.00	33.83
Sea water discharged		935.28	891.41	706.15
Expenditures on and investments in water resources and discharges <sup>(b)</sup>	(€ thousands)	17,603	19,679	41,378
- of which current expenses		3,982	2,553	27,739
- of which investments		13,621	17,126	13,639
Expenditures for Protection of ecosystems and biodiversity <sup>(a)</sup>	(€ thousands)	5,859	4,668	3,979

(a) The index refers to traditional refineries: Livorno, Sannazzaro, Taranto, Gela and Venice up to 2013; Livorno, Sannazzaro, Taranto and Gela in 2014; Livorno, Sannazzaro and Taranto since 2015.

(b) Part of the environmental spending and investments set forth in the 'Environmental Management System' table.

In 2015 there was a reduction of total water consumption of 15.9% in respect to 2014 (over -160 Mm<sup>3</sup>) due to reduced consumption of sea water attributed to the R&M sectors (approximately -134 Mm<sup>3</sup> of the refinery in Gela in relation to the stoppage of the plants for ongoing reversion to a "green" refinery) and G&P (over -36 Mm<sup>3</sup> of the EniPower plant in Brindisi and over -36 Mm<sup>3</sup> in Lng Shipping).

Fresh water consumption, which represents about 7% of the total water resources used, remained basically stable (-2%), because the decreases recorded in the E&P sectors (-7.4% equal to approximately -0.8 Mm<sup>3</sup>) and R&M (-21.8% for over -3 Mm<sup>3</sup>) were compensated for by the increases recorded by EniPower in the G&P sector (+6.4% equal to approximately +1.5 Mm<sup>3</sup>) and Syndial in the Corporate sector and Other activities (+18.7% equal to over + 1.6 Mm<sup>3</sup>). In EniPower the trend can be traced back to the sites in Brindisi (where the highest consumption of fresh water was recorded due to more supplies going to the demi water production systems because of downgraded desalination plant) and Ravenna (more

steam production). In Syndial the increase is linked to the start of several demolition worksites at the Porto Marghera site. EniPower recorded improvement in the performance index related to total water consumption in respect to the kWheq (-11,8% compared to 2014). Performance related to production water in the E&P sector remained stable, with a percentage of re-injection of 56%.

Eni carries out annual mapping and monitoring of water risk and drought scenarios, which together with the implementation of emergency procedures in response to natural events, allow the development of long-term actions to also prevent risks deriving from climate change. In 2015, less than 20% of Eni systems resulted as in critical areas (Libya, Algeria, Tunisia, Egypt and Pakistan), corresponding to approximately 3% of total fresh water consumption. In the top consumer sites, local Water Management Plans are either active or have been completed.

For the protection of biodiversity, Eni continues to commit to operating according to international best practices. This commitment is implemented through instruments that periodically assess exposure to biodiversity risk of all

operating sites and identify priority sites where more in-depth assessment is required.

Eni is committed to the defining and implementation of measures for managing biodiversity in the following activities:

- Exploration: Mexico, Myanmar, Portugal, South Africa and Gabon.
- Development projects: Mozambique, Ecuador, Congo and Ghana.
- Hydrocarbon production: Italy (Val d'Agri), Ecuador (Villano), Kazakhstan (Karachaganak), Congo and United States (Alaska and Gulf of Mexico).

The identification of potential criticalities takes place through basic information supplied by the Integrated Biodiversity Assessment Tool (IBAT), a database

maintained by UNEP-WCMC, which highlights geographical areas characterized by the presence of species at risk of extinction according to the criteria set forth in the Red List of IUCN or sensitive areas. In managing biodiversity the Eni leadership is also expressed through active participation in international work groups. In particular, Eni participates in (chairing for over 5 years) the Biodiversity and Ecosystem Services Working Group of international associations from the IPIECA and IOGP sector; furthermore, it is also active in the Cross-Sector Biodiversity Initiative, a multi-sector group uniting the oil&gas sector, mining sector and financial sector and is part of the team that manages the IOGP Environment Committee.

## Managing spills<sup>(a)</sup>

		2013	2014	2015
<b>Operational oil spills</b>				
Total number of oil spills (> 1 barrel)	(number)	95	76	80
- of which E&P		90	74	56
Volume of oil spills (> 1 barrel)	(barrels)	1,762	1,161	1,603
- of which E&P		1,728	936	1,146
<b>Oil spills due to sabotage (including theft)</b>				
Total number of oil spills (> 1 barrel)	(number)	287	286	167
- of which E&P		282	284	158
- of which R&M		5	2	9
Total volume of oil spills (> 1 barrel)	(barrels)	6,002	14,401	14,847
- of which E&P		5,493	6,610	10,530
- of which R&M		509	7,791	4,317
Oil and chemical spill prevention expenditures and investments <sup>(b)</sup>	(€ thousands)	47,351	29,831	35,457
- of which current expenses		9,989	5,210	8,751
- of which investments		37,362	24,621	26,706

(a) In line with international standards all the values above refer to events involving more than 1 barrel. The data referring to sabotage includes oil spills due to attempted oil theft and vandalism.  
 (b) Part of the environmental spending and investments set out in the "Environmental Management System" table.

All volumes spilled in 2015 are exclusively attributed to the E&P and R&M sectors. The operational oil spill volumes show an increase (+38%) due to trends recorded in both sectors; the oil spill volumes from sabotage, increasing (+3.1%) overall, are growing in E&P (where all of the events were in Nigeria, as occurred in 2014), while there was a drop (-45%) in R&M due to the

reduction of theft quantities along the Italian pipeline. In 2015 there were spills caused by sabotage/theft in only two Countries: Nigeria and Italy. In Nigeria (E&P sector), where in 2015 there were 158 sabotage/theft events relating to over 3,000 km of managed pipelines, the number of events has fallen significantly (there were 284 in 2014), but the amounts

spilled were greater (10,530 barrels in 2015 in respect to 6,610 in 2014). Over the next years prevention activities will regard systematic maintenance and replacement of some sections of pipeline, with several helicopter fly-overs a day along the pipeline, optimization of surveillance contracts with ground installations and an increase of the number of emergency response teams (7 groups in the Swamp and Land areas).

In Italy (R&M sector), the significant reduction of volumes spilled in contrast to the higher number of events from autumn of 2014 demonstrates improved reaction and intervention capabilities. Many prevention and response optimization activities were put into place. Prevention activities included passive and active protection of pipeline chambers (implementation of anti-theft and video surveillance systems, structural reinforcements in Sannazzaro-Volpiano with 8 additional sections scheduled for 2016) and increase in patrols along all the lines. In the scope of activities for the improvement of rapid and quality response, in addition to strengthening the collaboration with law enforcement, the implementation of an eVPMS (Eni Vibro Acoustic Monitoring System) system along

the entire national pipeline network is ongoing, with completion scheduled by 2016, for a total cost of approximately 6 million euros. Currently it is installed along 7 sections (Gaeta-Pomezia, Pantano-Fiumicino, Livorno-Calenzano, Ferrera-Cremona, Sannazzaro-Volpiano, Sannazzaro-Rho and Sannazzaro-Fiorenzuola) and installation is ongoing in the sections Rho-Malpensa and Genova Fegino-Ferrera.

In 2015 the project "Support for oil pipeline spills" was initiated. Its pilot phase is expected to be concluded in April 2016. The purpose of the project is to identify, first in a sample of approximately 110 km of pipeline in the R&MC network in Lazio, the most valuable areas, and therefore the most critical areas from a socio-environmental standpoint in the event of a spill. These areas will be used to produce a technical data sheet that allows the interventions to be optimized in terms of time and quality. The "socio-environmental" atlas and technical data sheets will be available on an integrated computer platform (3Ter Advanced), with the possibility of access to alarms coming from the eVPMS. In relation to the assessment of application results, gradual extension is planned to the entire pipeline network.

## Air protection

		2013	2014	2015
NO <sub>x</sub> (nitrogen oxides) emissions	(tonnes NO <sub>2</sub> eq)	74,657	62,238	66,523
NO <sub>x</sub> emissions/100% operated hydrocarbon gross production (E&P)	(tonnes NO <sub>2</sub> eq/kboe)	0.075	0.064	0.064
NO <sub>x</sub> emissions/kWheq (EniPower)	(g NO <sub>2</sub> eq/kWheq)	0.158	0.145	0.137
SO <sub>x</sub> (sulphur oxides) emissions	(tonnes SO <sub>2</sub> eq)	22,062	19,124	10,501
SO <sub>x</sub> emissions/100% operated hydrocarbon gross production (E&P)	(tonnes SO <sub>2</sub> eq/kboe)	0.012	0.015	0.005
SO <sub>x</sub> emissions/kWheq (EniPower)	(g SO <sub>2</sub> eq/kWheq)	0.017	0.001	0.001
SO <sub>x</sub> emissions /crude oil processing and semi-processed oil (R&M) <sup>(a)</sup>	(ton SO <sub>2</sub> eq/kt)	0.53	0.32	0.29
NM VOC (Non-Methane Volatile Organic Compounds) emissions	(tonnes)	39,060	22,664	17,227
TSP (Total Suspended Particulate) emissions		2,103	1,578	1,763
Air protection expenditures and investments <sup>(b)</sup>	(€ thousands)	45,141	29,861	37,103
- of which current expenses		2,391	6,060	11,166
- of which investments		42,750	23,801	25,937

(a) The index refers to traditional refineries: Livorno, Sannazzaro, Taranto, Gela and Venice up to 2013; Livorno, Sannazzaro, Taranto and Gela in 2014; Livorno, Sannazzaro and Taranto since 2015.

(b) Part of the environmental spending and investments set out in the "Environmental Management System" table.

In 2015 the NO<sub>x</sub> emissions increased comprehensively by 6.9% compared with 2014. In E&P in particular, to which 87% of the Eni consolidated datum can be attributed, the parameter grew in absolute values due to increased production in Angola (started in late 2014 in the West Hub) and increased consumption of fuel gas at the Northern District Centre, but it remained stable in relation to production. In the G&P sector NO<sub>x</sub> emission by EniPower increased (in line with a comprehensive increase in the production of electricity), but the specific emission factor decreased, demonstrating good efficiency in the systems due to the fully operating VeLoNO<sub>x</sub> burners.

In 2015 the overall drop in SO<sub>x</sub> emissions continued (-45.1% equal to more than -8,600 tonnes compared to 2014), significantly influenced (about 8,800 tonnes) by progress in the E&P sector due to the variation in the composition of the gas burned in the Libyan field in Bourj. In G&P, where the recorded emissions decreased overall by 32.2% (equal to approximately -130 tonnes

compared to 2014), the trend is attributed to LNG shipping (more than -134 tonnes) due to less commercial use of the ships.

In the R&M sector, the emissions of SO<sub>x</sub> increased in absolute values (+4.7%), but decreased in reference to crude oil processing and semi-processed oil (-9.5%). Emissions of NMVOC fell by 24% compared to 2014, due to the contribution of all the sectors and in particular the E&P sector (approximately -5,200 tonnes) in relation to the reduction in flaring.

In contrast, emissions of PST are increasing (+11.7% compared to 2014) due to contributions by the E&P and R&M sectors. In E&P the trend is mainly due to the subsidiary Eni Angola (which started business in 2014), increased consumption of fuel gas in internal combustion engines and turbines at the companies Mellitha Oil & Gas, Virginia Indonesia and the Northern District Centre, as well as the start of business in 2015 at Eni Norge. In R&M the trend can be traced back to the refinery in Sannazzaro.

## Protection of the soil and remediation

		2013	2014	2015
Total waste from production activities	(tonnes)	1,135,413	1,111,278	1,174,156
- of which from drilling activities		366,440	342,643	308,306
Hazardous waste from production activities		265,765	265,153	283,070
Non-hazardous waste from production activities		869,649	846,125	891,086
Waste from remediation activities	(tonnes)	9,098,242	8,030,724	5,130,726
- of which hazardous		2,423,400	2,176,595	89,386
- of which non hazardous		6,674,843	5,854,129	5,041,340
Waste management expenditures and investments <sup>(a)</sup>	(€ thousands)	61,247	110,620	121,803
- of which current expenses		60,899	110,353	121,197
- of which investments		348	267	606
Soil and groundwater remediation expenditures and investments <sup>(a)</sup>	(€ thousands)	172,189	248,509	186,161
- of which current expenses		164,265	237,898	182,270
- of which investments		7,924	10,611	3,891

(a) This is part of the environmental spending and investments set out in the 'Environmental Management System' table.

Activities continued in the realization of approved remediation projects and administrative follow-up on several ongoing procedures. Eni operations are spread over 17 Sites of National Interest

(refineries and disused sites), encompassing points of sale in the R&M sector and well fields in the E&P sector, and there are evidently extreme variations in the scale of any problems related to remediation activities.

To this already complex panorama, the phenomenon of theft on R&M pipelines and subsequent environmental impacts (and economic impacts) resulted in the opening of many new remediation procedures only partly managed through simplified procedures.

The most relevant remediation activities were carried out mainly by Syndial, a company dedicated to remediation of contaminated disused sites (64% of expenditures in 2015) and the R&M sector (34%); progressive transfer of remediation activities to Syndial from the lines of business is ongoing.

The overall cost for remediation in Italy in 2015 was approximately 186 million euros and is realigned with the values from 2012/13 after a peak of 248 million euros in 2014. The items for which greater decrease compared to last year is evident are related in particular to Syndial and mainly concern groundwater remediation/MISE (safety and emergency measures), but also "decommissioning"; a significant increase in expenditures for soil remediation/MISE was recorded, especially with regards to the R&M sector, due to numerous emergency interventions on pipelines.

The volumes of waste from remediation works on soil doubled in Eni (from approximately 48,000 tonnes in 2014 to approximately 99,000 tonnes in 2015) due to the contribution of R&M, which quadrupled.

90% of volumes of waste from remediation produced refer to drawn groundwater. In volumetric terms, the decrease of 40% compared to last year (equal to more than -3 million tonnes) is indicative of the process that released waste from specific regimes according to

Art. 243 of Italian Legislative Decree 152/06 (as replaced by Art. 41, paragraph 1, Law no. 98/2013).

As regards wastes from production activities generated in Eni in 2015 (approximately 1.2 million tonnes), the trend increased by 5,7% over the previous year due to hazardous waste contributions (+6.8% equal to approximately +17,900 tonnes) as well as non-hazardous waste (+5,3% equal to approximately +45,000 tonnes).

The growth trend can be traced back to the E&P sector, where hazardous waste increased (+22.2% equal to approximately +41,000 tonnes) mainly due to clean up activities with disposal of an elevated amount of sludge at the Brass site of the NAOC subsidiary in Nigeria, and where the non-hazardous waste is increasing (+12,7% equal to over +94,600 tonnes) with contributions by the Southern District for construction of the fifth gas treatment line in Val d'Agri and the subsidiaries in Angola (start of the West Hub in late 2014) and AGIBA (new gas plant construction activities).

In the other sectors both hazardous and non-hazardous waste are decreasing (the only exception being the Corporate and Other activities sectors, where non-hazardous waste is increasing due to the activities at the Syndial chlorine-soda plant). In G&P the reductions can be attributed to EniPower (-72% equal to approximately -29,000 tons) for the conclusion of revamping activities at the Bolgiano plant and demolition activities on the old boilers at the Mantua site. In R&M the largest reductions were in the refineries at Taranto and Gela.

# Local development

## Employees abroad

(number)	2013	2014	2015
Employees in Africa	3,668	3,587	3,612
Employees in the Americas	1,387	1,377	1,297
Employees in Asia	2,726	2,611	2,545
Employees in Australia and Oceania	180	178	135
Employees in Italy	16,835	16,299	16,287
Employees in the Rest of Europe	4,380	4,545	4,370
Local employees abroad by professional category	10,510	10,442	9,975
- of which senior managers	97	83	71
- of which middle managers	1,849	1,883	1,869
- of which white collar workers	6,150	6,181	5,902
- of which blue collar workers	2,414	2,295	2,133
Employees in non OECD Countries	7,536	7,206	7,137

Abroad, local resources decreased by 467 compared to 2014, equal to -4.5%. Reduction was recorded in all qualification roles: the middle managers remain basically

stable with a reduction of -0.7%, white collar and blue collar workers decreasing respectively by -4.5% and -7.1% and senior managers falling by -14.5%.

## Ratio between Eni minimum wage policy and market minimum wage (1<sup>st</sup> decile) - (middle manager - senior staff)

Ratio	Countries
100-115	Italy, Belgium, France, Germany, Holland, Spain
116-130	United Kingdom, Angola
131-150	Libya, Norway, Russia, United States
151-180	Australia, Venezuela
> 180	Algeria, China, Egypt, India, Indonesia, Kazakhstan
<b>159</b>	<b>Global Average</b>

In its policy for local personnel Eni defines reference salary levels in terms of minimum/maximum ranges, in relation to the market data for each individual Country, monitored annually using international providers. The comparison between the minimum levels defined in Eni policies and the minimum market levels supplied by providers (1<sup>st</sup> decile of local pay levels) refers to the

section of the workforce composed of middle managers and senior staff. The analysis carried out relates to 20 Countries chosen from those most representative in terms of business presence and strategic importance. The results of the analysis show that on average the minimum levels defined in Eni's policy are in line with or superior to the market minimums.

## Spending for the territory

(€ million)	2013	2014	2015
Total spending for the territory	100.547	95.851	96.650
- of which interventions deriving from agreements, conventions and PSAs	57.570	67.406	73.68
- of which short-term investments related to initiatives in favour of the territory	0.813	0.419	0.434
- of which association membership fees	1.800	1.859	1.621
- of which contributions to Eni Foundation <sup>(a)</sup>	10.000	-	6.00
- of which sponsorships for the territory	26.469	22.272	11.375
- of which contributions to the Eni Enrico Mattei Foundation	3.895	3.895	3.540

(a) In 2012 and 2014, based on the financial requirements relating to the implementation of projects, Eni Foundation did not request any contribution.

In 2015, the overall spending in the territory amounted to over 96 million euros and included territorial investments deriving from agreements, conventions and PSA (community investment), donations related to initiatives to benefit the territory, membership fees for associations, sponsorship and contributions to

the Eni Enrico Mattei Foundation. Approximately 74 million euros was invested in community projects to encourage and promote community development in the Countries which host Eni operations, established through agreements or conventions with local stakeholders.

## Community investment

(€ million)	2013	2014	2015
Interventions on the territory based on agreements, conventions and PSAs by type	57.570	67.406	73.680
- training/professional coaching	13.527	7.699	6.598
- environment	9.164	17.823	6.460
- culture	1.713	1.727	9.466
- training and education	5.384	5.057	4.407
- health (community health)	2.931	3.570	7.203
- infrastructure development	15.176	20.717	28.916
- socio-economic development	5.792	6.451	4.798
- relationships with communities	2.332	2.455	3.509
- access to energy	1.551	1.907	2.323

The overall spending in interventions for the territory deriving from agreements and conventions (Community Investment) in 2015 amounts to approximately 74 million euros, an increase over 2014, of which approximately 95% in the upstream activities sector. Investment in the African continent remains high with a total of 27.54 million euros, of which 78% in Sub-Saharan Africa (21.59 million euros).

2015 recorded an increase in Eni's commitment, mainly due to the restarting of activities in Libya in the sector of community health and infrastructures and in Kazakhstan for cultural initiatives linked to Expo 2017 in Astana based on the theme "Future energy". The change recorded in the environmental sector is due to the timing of contractual obligations with local institutions in Italy.



## Local content

### Procurement by geographical area in 2015

		Africa	Americas	Asia	Italy	Rest of Europe	Oceania
Number of suppliers used*	(number)	2,215	941	741	2,840	2,442	137
Total procurement	(€ million)	4,996	962	3,753	5,561	4,120	122
- of which goods	(%)	25	12	3	12	37	7
- of which works		5	8	2	7	4	<1
- of which services		70	80	95	81	59	93

(\* The total number of suppliers by geographical area does not match with the total number of the reported vendors as some suppliers are used across multiple geographical areas.

### Local procurement in 2015 by Country

#### % procurement on the local market Countries

0-25%	Algeria, Canada, Cyprus, Denmark, Ghana, Iran, Ireland, Libya, The Netherlands
26-49%	Myanmar
50-74%	Angola, China, Republic of Congo, Egypt, Iraq, Mozambique, Pakistan, Russia, Slovakia, Tunisia, Turkmenistan, Venezuela
75-100%	Australia, Austria, Belgium, Croatia, Ecuador, France, Gabon, Germany, Great Britain, Indonesia, Italy, Kazakhstan, Nigeria, Norway, Slovenia, Spain, United States, Switzerland, Ukraine, Hungary, Vietnam

## Relations with vendors

		2013	2014	2015
Procurement by macro-class	(€ million)	19,043	22,955	19,514
- works		2,361	3,862	924
- services		14,898	16,295	14,935
- goods		1,784	2,798	3,655
Supplier Concentration top 20	(%)	24	38	37
Suppliers used	(number)	13,573	11,342	9,268
Qualification cycles performed during the year		7,382	14,664	9,540
- of which with negative results	(%)	8	15	17
Checks carried out following negative feedback and consequent actions taken	(number)	451	480	719
- suspensions		106	114	128
- revocations		9	37	40
- alert statuses		336	329	551

In 2015, 9,268 vendors throughout the world worked with Eni with a total trade value of 19.51 billion euros. The comprehensive amount of procurement in local markets

was 65%, approximately 12.7 billion euros. The percentage of local procurement exceeds 50% in diverse contexts, including, in addition to Italy (86%), Nigeria (84%),

Republic of Congo (63%), Gabon (85%), Mozambique (67%), Indonesia (100%), Ecuador (91%) and Venezuela (74%) thanks to the local content strategies enacted. These results are based on in-depth market analyses that also assess the availability and capacity of local companies to respond to the sector needs, also for the purposes of identifying and implementing improvement actions in order to achieve the required standards. In effect, Eni uses a qualification and quality control system that includes vendor evaluation using criteria defined by the SA8000 standard in relation to respect for human rights and worker rights, the protection of minors against exploitation and guaranteeing health and safety at work. Furthermore, in 2015 the new vendor qualification questionnaire was enacted, in line with the 10 principles of the Global Compact, which is the result of collaboration with the Italian Global Compact Network. In 2015, 16

Audit SA8000 were conducted (of which 8 vendors/ sub-vendors in Vietnam, Algeria, Ghana, Ecuador and 8 follow-ups conducted in 2014 in Indonesia, Mozambique, Angola, Pakistan), for a total of 123 SA8000 Audits carried out since 2008 at 13 foreign sites: China, Congo, Angola, Nigeria, Pakistan, Timor Leste, Ecuador, Mozambique, Indonesia, Algeria, Ghana, Ecuador, Vietnam. These activities are an integral part of the Vendor Management System (VMS), which qualifies vendors through the evaluation, verification and monitoring of their respective technical and management capabilities and their ethical, economic and financial reliability. In 2015, Eni pressed ahead with its commitment to roll out the VMS to its subsidiaries. In particular, VMS (systems and training) were activated and consolidated in 4 sites abroad: training concluded in the NAOC, Indonesia, Norway, Algeria offices.

## Relations with customers and consumers

Eni call center performance	2013	2014	2015	Standard AEEGSI
% of customers who called and spoke to an operator (service level)	95.5%	96.3%	96.8%	80%
Average hold time (seconds)	90	107	91.6	240
First Call Resolution (FCR)	89%	91%	93%	
Self Care (operations performed autonomously by customers on the total of operations requested)	51%	57%	63%	

The Eni call center results from 2015 confirm a service level exceeding 96%, with the average call waiting time substantially below the benchmark threshold, 91.6 seconds compared to the 240 seconds set by the Authority for Electricity, Gas and Water System (AEEGSI).

The percentage of requests resolved on the first call (FCR) increased from 91% in 2014 to 93% in 2015. Furthermore, in this area a considerable increase was

recorded in the number of operations carried out independently (self care), from 57% in 2014 to 63% in 2015.

### Eni gas and electricity market

Eni has conducted a Customer Satisfaction survey since 2013 to monitor the daily level of satisfaction of customers that use the call center, interviewing a representative sample of customers, which in the last year reached nearly 200,000 customers.

## Satisfaction of G&P customers regarding telephone services

Service assessment*	2013	2014	2015
Clarity	78.1	80.6	84.2
Courtesy	83.2	84.9	87.9
Wait time	78.7	78.6	84.6
Resolution	69.4%	72.5%	77.2%
Satisfaction with service	73.8	75.8	79.9
<b>Average assessment</b>	<b>80.0</b>	<b>81.4</b>	<b>85.6</b>

(\*) The assessment of the service, with the exception of questions related to resolutions, is measured on a scale from 0 to 100.

In 2015, Eni Gas & Power continued with the program of initiatives aimed at increasing the level of customer satisfaction and outlining a reference model for the quality

of the gas and electricity service. In this scenario the average assessment of customers on service performance continues its growth trend, recording a score of 85.6 in 2015.

## Energy and climate

### Combating climate change

	2013	2014	2015
Direct GHG emissions <sup>(a)</sup>	(tonnes CO <sub>2</sub> eq) 43,895,685	38,915,474	38,513,328
- of which CO <sub>2</sub> equivalent from combustion and process	29,447,284	27,891,032	28,460,644
- of which CO <sub>2</sub> equivalent from flaring	9,132,464	5,728,443	5,506,608
- of which CO <sub>2</sub> equivalents from non-combusted methane and fugitive emissions	3,391,197	3,403,084	2,749,389
- of which CO <sub>2</sub> equivalents from venting	1,924,740	1,892,915	1,796,687
CO <sub>2</sub> emissions from Eni plants subject to EU ETS	16,804,560	16,175,562	16,698,618
Quotas allocated to Eni plants subject to EU ETS	5,573,975	5,204,706	4,323,377
Eni plants subject to EU ETS	(number) 29	32	31
Indirect GHG emissions from purchases from other companies (Scope 2) <sup>(a)</sup>	(tonnes CO <sub>2</sub> eq) 227,181	268,563	272,044
Indirect GHG emissions other than those due to purchases from other companies (Scope 3) <sup>(a)(b)</sup>	(million tonnes CO <sub>2</sub> eq) 421.455	411.654	427.346
GHG emissions/100% operated hydrocarbon gross production (E&P)	(tonnes CO <sub>2</sub> eq/kboe) 31.85	27.47	24.97
CO <sub>2</sub> eq emissions/kWheq (EniPower)	(gCO <sub>2</sub> eq/kWheq) 408.779	410.669	410.093
GHG emissions/crude oil processing and semi-processed oil (R&M) <sup>(c)</sup>	(tonnes CO <sub>2</sub> eq/kt) 252.08	286.92	237.39
Volumes of hydrocarbon sent to process flaring	(MSm <sup>3</sup> ) 3,320	1,678	1,564
Volume of gas vented	19.69	15.47	10.81

(a) The GHG includes emissions of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O; the Global Warming Potential used is 25 for CH<sub>4</sub> and 298 for N<sub>2</sub>O.

(b) The datum includes indirect emissions of GHG from drilling activities subcontracted to third parties by the E&P sector, from sales of petroleum products, natural gas and LNG, from business travel, transportation subcontracted to third parties by road and sea, electricity produced by third parties and sold to final customers and Service Stations in Franchising.

(c) The index refers to traditional refineries: Livorno, Sannazzaro, Taranto, Gela and Venice up to 2013; Livorno, Sannazzaro, Taranto and Gela in 2014; Livorno, Sannazzaro and Taranto since 2015.

The Eni GHG emissions are basically stable compared to 2014 (-1%), thanks to flaring down projects, energy efficiency and containment of fugitive methane emissions, which significantly compensated for increases in emission due to growth in production; the efficacy of the enacted interventions was confirmed by the trends in all of the sector performance indicators. In E&P the emissions were reduced comprehensively by 2.8% in absolute value and 9.1% in reference to production. The trend was due to the reduction in components linked to flaring (-3.9% equal to over -221,800 tonnes of CO<sub>2</sub>eq), non-combusted methane and fugitive methane (-20.5% equal to over -638,000 tonnes of CO<sub>2</sub>eq) and venting (-5.1% equal to over -96,000 tonnes of CO<sub>2</sub>eq). The increase in the GHG component linked to combustion and process due to an increase in production was contained at 2.4% thanks to energy efficiency interventions and streamlining in logistics.

The reduction in flaring emissions is attributed to interventions enacted to reduce volumes of hydrocarbons sent to process flaring, reduced by approximately 0.3 MSm<sup>3</sup>/day. In 2015 the flaring down project in M'Boundi (Congo) received a 2015 Excellence award from the World Bank GGFR (Global Gas Flaring Reduction) for its contribution to the reduction of global gas flaring. Interventions to reduce methane in the E&P sector (to which over 90% of the Eni datum can be attributed) were related the fugitive component (over 92% of the total methane emissions), through specific monitoring and containment campaigns in the first 8 plants for their emissions impact, covering approximately 38% of total estimated methane gas emissions.

The GHG emissions from the G&P sector increased (+4.5%), in line with production. In EniPower, to which over 95% of emissions in the sector can be attributed and where the production of electricity has increased

by more than 6%, the energy efficiency interventions enacted and the start-up of the new plant in Bolgiano permitted improvement in the performance index. The GHG emissions in the R&M sector decreased in the absolute value (-3.8% compared to 2014) as well as in relation to the processing of crude and semi-processed oil (-17.3%).

In Europe, in the scope of the Emissions Trading Scheme (ETS), in 2015 the consolidated Eni emissions of greenhouse gas were overall on the increase by 3.2% compared to 2014, because the reduction recorded by the R&M sector (-2.1%) was compensated for by increases in the E&P sector (+7.2%) and G&P sector (+5.6%). The free quotas assigned in 2015 under the allocation rules in force during the third ETS period (2013-2020) were not, however, sufficient to cover the Company's needs (EniPower in the G&P sector is particularly affected as, since 2013, it no longer receives free quotas except for those related to heat sold to third parties). The installations went from 32 to 31 due to the Syndial site at Assemini leaving the ETS application field in the Corporate and Other activities sector.

With regard to indirect GHG emissions other from those due to purchases from other companies (so-called Scope 3), in the scope of continuous improvement of accuracy and coverage of reporting GHG, the historic series was reviewed, inserting additional categories to those previously accounted for. In particular, emissions from products sold by the Upstream sector were inserted (crude oil and natural gas), those derived from the sale of LNG in the G&P sector, emissions derived from commercialization of energy and those derived from Service Stations in Franchising. The overall increase of Scope 3 GHG emissions in 2015 (+3.8% over the previous year) is attributed mainly to greater volumes of sales of petroleum and natural gas to external customers.

## Energy efficiency

		2013	2014	2015
Electricity produced by type of source (EniPower)	(TWh)	23.14	21.04	22.34
- of which from natural gas		21.52	19.71	21.01
- of which from petroleum products		1.61	1.32	1.32
- of which from renewables		0.01	0.01	0.01
Energy consumption from production activities/100% gross operated hydrocarbon production (E&P)	(GJ/toe)	1,536	1,668	1,619
Energy Intensity Index (R&M)	(%)	76.0	77.8	79.9
Net consumption of primary resources	(toe)	11,675,939	10,606,496	10,910,143
- natural gas		9,809,086	9,107,522	9,245,994
- petroleum products		1,767,269	1,423,944	1,572,924
- other fuels		99,583	75,030	91,225
Primary energy purchased from other companies by type	(GJ)	14,624,083	12,440,978	9,645,865
- electricity		7,506,690	8,421,288	5,919,961
- primary resources		6,752,073	3,229,016	3,319,925
- steam		365,320	497,599	400,381
- other sources <sup>(a)</sup>		0	293,076	5,598

(a) Including direct process heat, recovery heat and hydrogen.

The initiatives to improve energy efficiency include, in addition to traditional investments, interventions of a managerial nature such as the adoption and certification of Energy Management Systems (EMS). The energy management systems in the R&M refineries of Livorno, Sannazzaro, Taranto and Venice, the EniPower electrical power plants (for which the certification process concluded in 2015), the Eni SpA corporate offices and the E&P United Gas Derivates company are ISO 50001 certified. The energy saving initiatives implemented in Eni between 2008 and 2015 have made possible energy savings of almost 370 ktoe/year, amounting to a reduction in emissions of more than 1 million tonnes of CO<sub>2</sub>. Historically the refining sector contributed to this

result, but since 2014 the E&P sector also has a strong influence by carrying out in 2015 efficiency and logistics interventions that once fully implemented resulted in savings of over 60 ktoe/year, equal to almost 70% of the consolidated Eni datum.

In the R&M sector, energy savings (fully operational) of more than 24 ktoe were obtained through the new projects implemented in 2015 at the refineries in Sannazzaro, Taranto and Venice.

In the G&P sector work continued on improvements to energy efficiency and the technical and economic optimization of the use of plants in electricity generation; EniPower also continued to invest in renewable energy and alternative sources.

## Technological innovation

		2013	2014	2015
R&D expenditures	(€ million)	142	134	139
Tangible value generated by R&D		856	666	655
People employed in R&D activities (full time equivalents)	(number)	558	537	513
First patent filing applications		35	50	22
- of which filed on renewable sources		21	17	11
Existing patents		3,664	3,056	3,162
Average age of patents	(years)	7.66	7.24	7.73

In 2015, Eni's economic investment in scientific research and technological development activities amounted to 139 million euros net of general overheads attributed to research activities. The tangible value generated by R&D is measured by the economic benefits related to the application of production technologies/process innovation. This overall value is understood at 100% of the investment in the technological applications projects and before tax. The valuations are based on actual data, or alternatively, in terms of the Net Present Value (NPV), for investment projects that employ innovative technologies authorized by Eni in the year and agreed with the lines of business and the competent planning and control functions. The tangible benefits are identified in a "what if" scenario, namely as the difference derived from comparison with the application of the best alternative technology or, in the case of new products, as the difference compared to the margin generated by the products replaced. The value created in 2015 by the innovative technologies and Eni products was estimated at 655 million euros. In 2015, 68% of the entire value created by R&D was taken into account, whereas in 2014 it was 100% and 75% in 2013. The ratio between the benefits generated by innovation and

the expenditures sustained by Eni for R&D (net of general and administrative costs) is 4.8 for 2015 (it was 5.2 in 2014). Staff involved in R&D activities as of 31<sup>st</sup> December, 2015 was equal to 513 resources (full-time equivalents), a slight reduction compared to 2014.

With regard to intellectual property in support of technological innovation, in 2015 a total of 22 new patent applications were filed, 11 of which are directly concerned with developing technologies in the field of renewable energy sources. The dimension of the comprehensive patent portfolio at the conclusion of 2015 is in line with the normal development of the portfolio after the strategic restructuring implemented in 2014, with moderate growth essentially due to the geographical extension of patents originally filed in Italy. The decrease of approximately 50% in the number of primary patents filed compared to 2014 (-37% as compared to 2013) is attributed to a normal statistical variation and to the simultaneous increase in prodromal activities for industrial valorization projects based on research results in 2015. In particular, priority was given to activities designed to assess the capability to implement proprietary technologies in order to focus maximum attention on the rights of third parties and to reduce the Company's exposure to risk.



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