

Eni response to the report by “Facing Finance”

Nigeria

Ikebiri community. In connection with the oil spill which allegedly affected the Ikebiri community in 2010, NAOC has actively engaged with representatives of the Ikebiri community and confirms that it has promptly and effectively cleaned up the affected area which was re-inspected by the relevant regulatory agencies in Nigeria and confirmed as satisfactory. NAOC has also been addressing compensation issues with the affected members of the Community. It is necessary to note, however, that in view of the numerous illegal activities carried out in the area, it is impossible to establish a correlation between the alleged harm suffered by the Ikebiri population and the oil spill in question. More generally, the difficult environmental situation of the Niger Delta is a regional issue, which the Government of Nigeria is addressing as a matter of policy; NAOC company standards have been continuously improved over the last years to ensure a more effective response to oil spills, even if (as is normally the case) the same are attributable to third party actions (bunkering, thefts).

Aggah community. Aggah is located in an area of the Niger Delta, which is regularly and naturally subject to flooding, due to seasonal rains. Consequently, since the planning phase, and in compliance with local regulations, the Nigerian NAOC JV (NNPC 60%, Eni 20%, Oando 20%) has ensured that the plant, access routes and pipes are all elevated. Furthermore, all work and roads are equipped with adequate drainage systems to ensure regular water flows, even during the rainy season. NAOC is in constant dialogue with local authorities and communities to intervene in a timely manner in the event of blockages, the obstruction of drains, or other damage to infrastructure. Every reported event is followed by an analysis of the specific case and appropriate intervention, for example the removal of the material causing obstruction or damage repairs. Where economic damage is identified, all those affected will receive appropriate compensation, the amount of which is determined on the basis of defined standards that take account of the impact on the proprietor or community resulting from the non-use of the area in question. All the companies operating in the sector share these standards, and compensation levels are regularly reviewed. With specific reference to the request presented at the Italian National Contact Point by the Egbema Voice of Freedom, represented by Chima Williams & Associates (CWA) and Advocates for Community Alternatives, Eni is providing all the relevant information to the National Contact Point, in line with its commitment to comply with the OECD Guidelines for Multinational Companies.

Clough Creek-Tebidaba pipeline (9 July 2015). In relation to the Clough Creek-Tebidaba pipeline explosion (9 July 2015) which caused 14 fatalities, the Nigerian Department of Petroleum Resources (DPR) certified that the accident is attributed to an external act of vandalism with use of explosives. The DPR also testified that NAOC was compliant with safety procedures and did not operate negligently. Following pipeline explosions, NAOC has further engaged with Government Security Agencies, which have increased the number of military escort - prior to - and during the pipeline repair activity. NAOC has also immediately taken actions to curb any related reoccurrence of the

fire incidents and to support the families of people involved (subcontractors and local authority representatives).

Olugboboro (26 March 2016). The incident which caused the deaths of three workers in Olugboboro, Bayelsa State, occurred on the 26th of March 2016, during a NAOC JV (eni 20%, Oando 20%, NNPC 60%) repairing intervention of the Ogbainbiri-Tebidaba line, damaged by the use of explosive by unknown persons the day before. During the intervention, a series of explosions detonated outside the operation area, pushing the intervention team members to split into two groups, one moving toward the muster point (17 people), and the other (7 people) moving into the surrounding forest, looking for protection. This last group resulted dispersed till the next day, when four of them have been rescued, while the other three have been found dead. In their statement the survivors declared that they escaped towards the forest "for safety" and "for their own life". The investigations and the Report of the Nigeria Security & Civil Defense Corps have confirmed the malicious nature of the incident, and have brought to the arrest of three criminals.

Asset integrity . Eni considers safety one of the most important issues for a company's sustainability and it promotes actions in the behavioural and process areas, as well as actions to improve emergency preparedness and response. Eni in Nigeria guarantees the integrity of its assets through a structured and consolidated programme of interventions that includes periodic prevention, maintenance, control and risk assessment - in collaboration with the authorities and in compliance with national legislation and international standards. Activities include:

- Monitoring the internal and external corrosion of the network;
- Pipeline protection using anti-corrosion chemical treatment;
- Monitoring and maintenance of cathodic protection systems;
- Replacement of damaged pipelines and flowlines;
- Marking of points where there is a risk of leakage;
- Removing old clamps;
- Adoption of best repair techniques (e.g. for pipeline linings, welding, etc.);
- Planned maintenance of plants and flow stations;
- Risk assessments and studies (e.g. on damage caused by corrosion).

In recent years about 10% of oil spills have been caused by operating issues, demonstrating the commitment that Eni, through its subsidiary NAOC, dedicates to the issues of asset integrity and process safety. In 2017, the number of operational oil spills decreased by 74% compared to 2014 (74 cases in 2014 vs. 19 in 2017) and the volumes spilled decreased by 50% compared to 2014 (533 bbl in 2014 vs. 268 bbl in 2017). In Nigeria, Eni has also adopted a Process Safety Management System with the aim of preventing and mitigating the risks of significant accidents through the application of high management and technical standards during the gap analysis, planning, implementation, monitoring and follow up phases. Thanks to the application of and compliance with process safety procedures, in the last two years the indicators for the number of Losses of Primary Containment (LOPC) due to operational causes for TIER 1 and TIER 2 have significantly improved (TIER 1 2017 vs. 2016: -91%; TIER 2 2017 vs. 2016: -64%). Finally, Eni, through its subsidiary NAOC, carries out activities to make staff aware of the importance of preventing and containing operational spills (HSE Leadership Visits + Safety Talks), promoting a culture of safety for its own sake and that of the territories in which we operate. With regard to response actions in the event of an oil spill event, NAOC's Oil Spill Contingency Plan defines guidelines for the best management of oil spills and subsequent clean-up operations based on the requirements of EGASPIN - Nigerian Environmental Legislation (Section B - Oil Spill Contingency Plan). Compliance with the procedures developed by NAOC was successfully audited by RINA - the third-party certification body - as adhering to the

standards defined by the Company. The NAOC operating procedures to be applied following a spill differ according to the quantities of crude oil spilled and the type of area impacted. There are 3 levels of severity (Tiers) - most events are managed with owned (or third party) first response resources which are available immediately; for the most critical situations the support is requested of international associations such as OSRL able to intervene both effectively and rapidly.

See also the answers to Amnesty International available on our website ([link](#)). For more information on oil spills in Nigeria, see also the dedicated pages in our website ([link](#)).

OPL 245. For years the development of exploration block OPL 245 was suspended due to an international dispute between Shell, Malabu and the Nigerian Federal Government. In 2010 Eni, that already held the contiguous block 244, began negotiations for the possible acquisition of a stake in block OPL 245. Eni concluded the transaction on OPL 245 in 2011 with Shell and the Nigerian Government only and all relevant payments were made by Eni and Shell to the Federal Government of Nigeria. It was up to the Nigerian government to settle all issues with Malabu and Shell in respect of the long-standing litigation they had on OPL 245. This was of course necessary for issuing the new license to Eni and Shell. Eni did not enter into any commercial agreement with Malabu. In December 2016, the Milan prosecutor's office gave notice that the investigation had been closed and filed the relevant documentation. In December 2017, the Judge of the preliminary Hearing committed Eni and its managers, as well as other persons and entity, to stand trial. It should be noted that in September 2014 independent enquiries were independently commissioned by the control bodies of Eni and specifically by the Board of Statutory Auditors and the 231 Watch Structure. The in-depth independent investigation, concluded in March 2015, confirmed that the procedure for the acquisition of the OPL 245 block was regular and found no credible evidence of involvement of Eni staff in corrupt activities with Nigerian government officials, nor any knowledge of the actual existence of such schemes by third parties in connection with the transaction. Furthermore, Eni has provided the US legal counsel appointed to perform the independent verification of the OPL 245 transaction with a copy of all the documents submitted as part of the Public Prosecutor's Office of Milan's investigation file. In summary, the US lawyers concluded that the additional checks performed by them confirm the conclusions of the previous controls based on which no evidence of unlawful conduct by Eni emerged in relation to the acquisition of the OPL 245 license from the Nigerian Government. It should be borne in mind that the committal to trial decided by the Judge of the Preliminary Hearing in December 2017 does not constitute a judgment of guilt, but only an assessment of the theoretical sustainability of the allegations in the first instance. On the contrary, the trial will give the opportunity to Eni to fully defend its position and to provide full evidence of the correctness of the actions taken with respect to the OPL 245 transaction. It's worth also reminding that in February 2017 the Board of Directors of Eni, also on the basis of the result of the independent investigations carried out, confirmed its total confidence that neither the company or its CEO were involved in the alleged illicit conduct. The Board of Directors reaffirmed such confidence in December 2017.

Our position on this proceeding is also available on our website ([link](#)). A detailed description of this case is included in Eni's Form 20-F for the fiscal year ended December 31, 2017 (page F-93) available in the website as well ([link](#)).

Mozambique

Eni has been present in Mozambique since 2006, following the award of the exploration license relating to Area 4 offshore the Rovuma Basin block, located in the north of the country. In December 2017, Eni and ExxonMobil closed the sale of a 25% indirect interest in the Area 4 block, offshore Mozambique, through a sale of 35.7% stake in Eni East Africa (EEA). Following completion of the transaction, Mozambique Rovuma Venture (MRV), former EEA, is co-owned by Eni and ExxonMobil with a 35.7% stake and the remaining interest of 28.6% by CNPC. Eni continues to lead the off shore Coral South FLNG project and all upstream operations in Area 4, while ExxonMobil leads the construction and operation of natural gas liquefaction facilities (LNG) onshore.

Project activities onshore also involve the resettlement of a few villages in the Afungi peninsula. Anadarko (the operator of the Area 1) is implementing unilaterally the Resettlement in Afungi Peninsula. Eni (MRV) and Anadarko have jointly prepared the Resettlement Plan according the relevant international standards (IFC performance standard, in particularly PS1 and PS5) ad in close cooperation and consultation with affected communities, local authorities and civil society (NGOs, Media), adopting all the indications and recommendations coming from environmental, social, health, biodiversity and ecosystem studies performed during the EIA preparation. All community members (including fishermen) have been consulted to ensure they were involved in every step of the process, including selecting the resettlement site, and designing the houses and community spaces in the new village. The Resettlement Plan, foreseen compensation "package" for the affected households that, depending on the Census, is made by a combination of the followings: house with a plot (only if the household have been physically displaced), cash compensation and Livelihood restoration Programs dedicated respectively to Agriculture and Fishery and capacity building intervention to ensure long term sustainability of the compensation. The goal is to restore or improve the living conditions of affected families giving a particular attention to vulnerable groups. The Plan has been submitted to the Authorities in January 2016 and approved on November of the same year. In 2017, the Construction and the Environmental Licenses for Resettlement Village (August 2017), and DUAT (Right of Use and Exploitation of Land, September 2017) have been obtained by the Co-proponents.

Arctic

"Arctic" means multiple different situations, with different environmental characteristics, different sensitivities and operability, onshore and offshore. In particular, in the offshore Arctic Eni is engaged in operational and production activities in areas that are ice-free year-round. To date, our drilling and production operations are concentrated in three main areas. We produce from two onshore fields in shallow water in the North Slope region of Alaska and have exploration and production activities in the Norwegian Barents Sea, where we operate the northernmost offshore project ever. In our policy we define these Arctic areas as "workable" or operable. Operations in these areas involve minimal risk. We can safely manage routine and emergency operations through existing know-how and technologies, preserving the environment in all its aspects and in continuous collaboration with local communities. Moreover, Eni operates only during the periods of the year in which the effect on the marine habitat is minimized and the specific in situ biodiversity conservation procedures are guaranteed. Notwithstanding this, the overall attractiveness of activities in Arctic areas depends on economic dynamics (price and cost ratios) and on the effective environmental and social sustainability aspects of the projects. In these cases, Eni is fully aware that it operates in sensitive and remote areas that require a greater safety commitment and therefore applies a careful risk analysis, the use of cutting-edge technology and the selection of highly specialized personnel, drawing on over 30 years of operational experience in extreme environments.