



eni's strategy and sustainable growth

30 January 2012

eni.com

our distinctive approach to sustainability comes from history

eni model of relations with producing countries

- Business and technology development
 - Oil & gas integration
- Access to energy and infrastructure
 - To be local

“eni model”

1950s – 1960s

present day

“Mattei Formula”

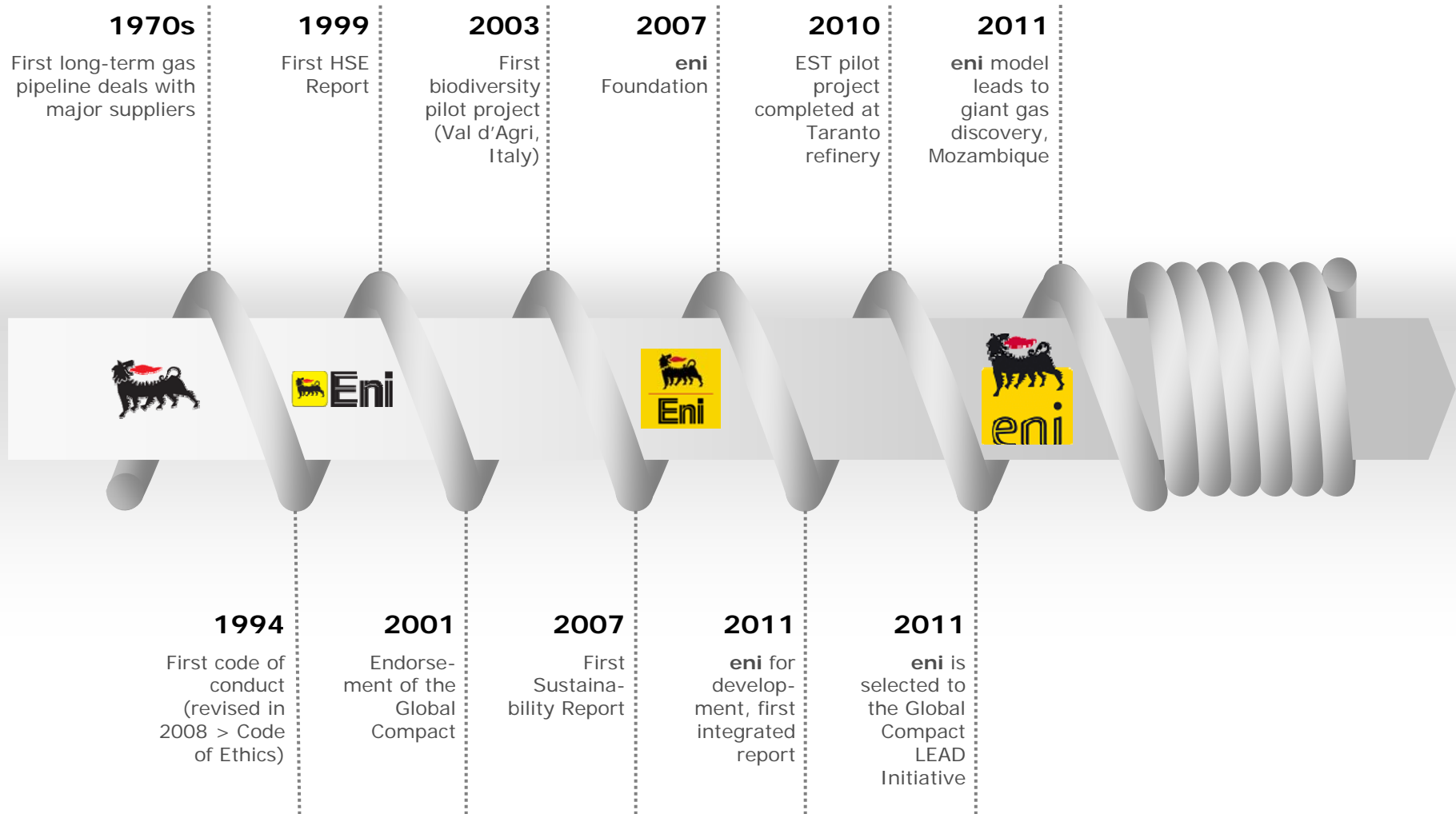
Distinctive approach to partnership with host communities.

Offered producing countries:

- Long-term approach
- Better economic terms
- Active participation in projects
- Knowledge sharing and training



continued innovation on sustainability initiatives



eni's sustainability approach: the benefits

Creating long-term growth opportunities

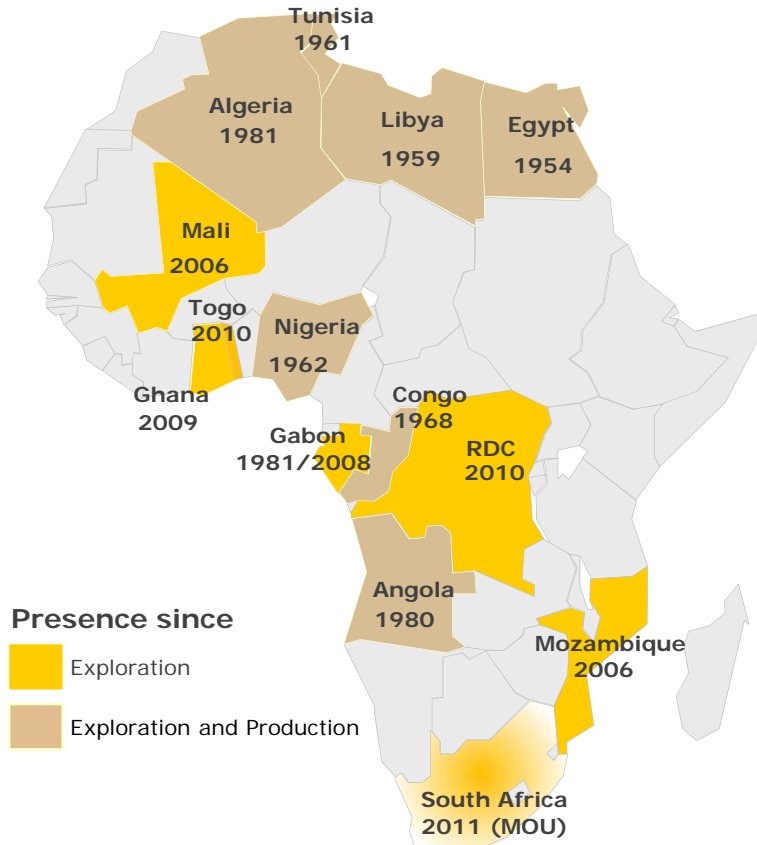
- Access to resources
- Strategic partnerships
- Exposure to growing gas market
- Maximising efficiency
- Synergic unconventional
- Talent attraction/retention

Managing and mitigating risks

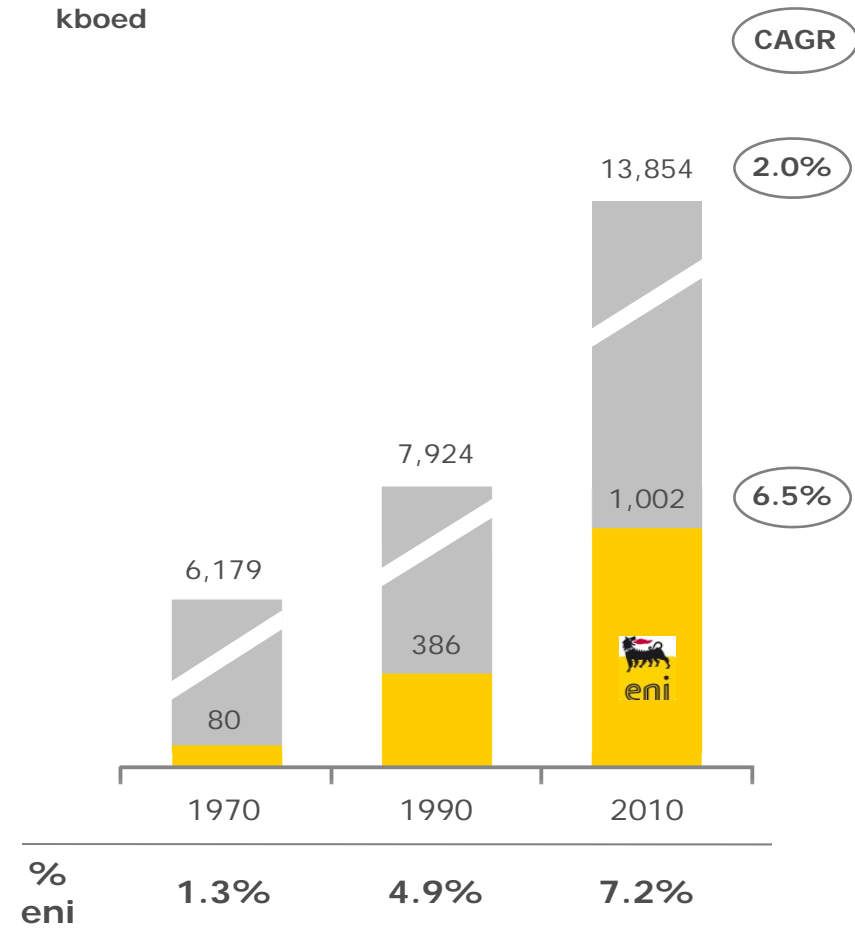
- Political
- Financial
- Operational
- Environmental
- Geological
- Reputational

eni in Africa: our model has driven growth...

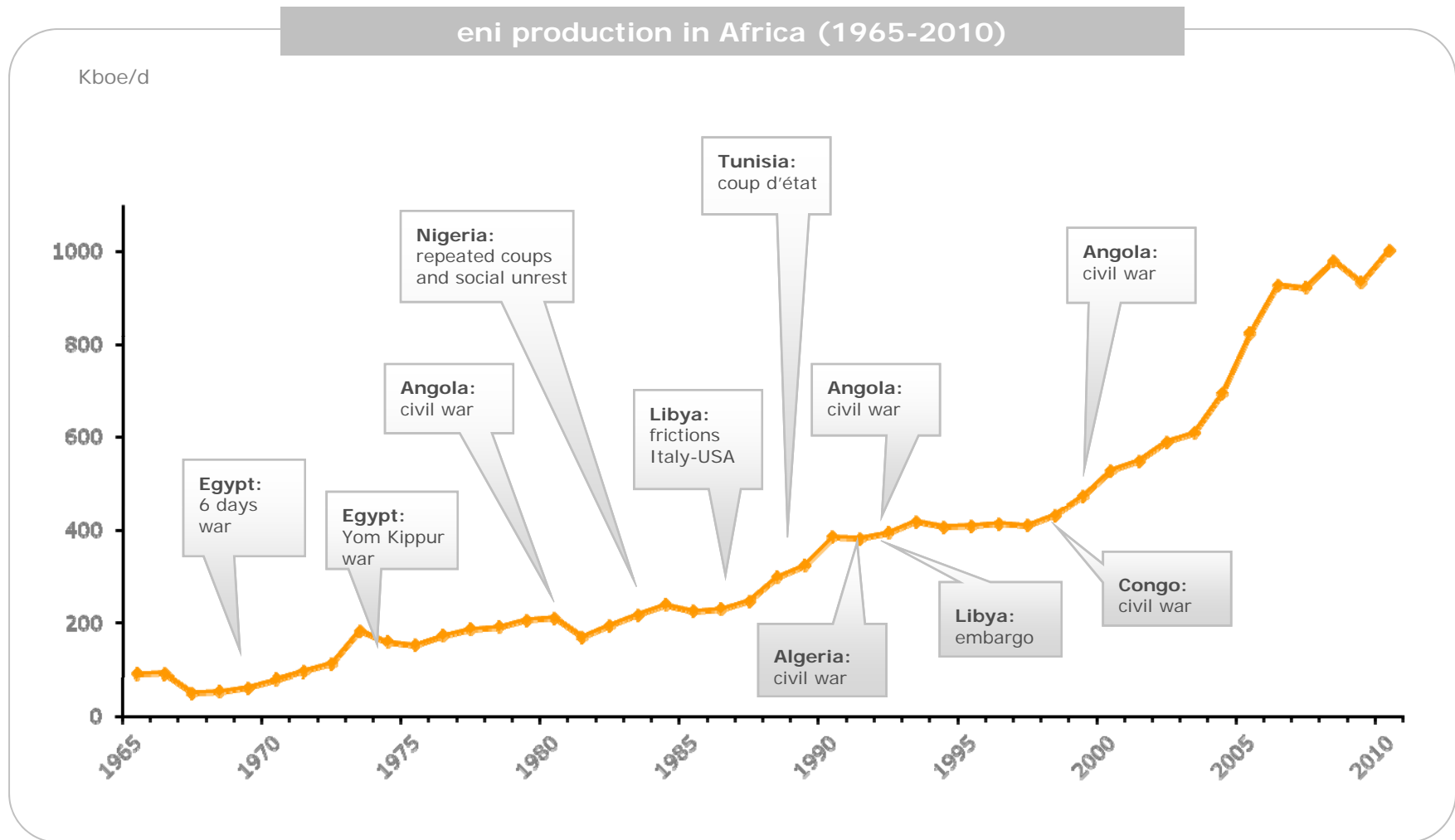
Countries and year of entry



African production (1970-2010)



... while contributing to political risk management



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eni's strategy: well-positioned to deliver further growth

E&P

Another decade of sustainable growth

- Leveraging on increased scale (2000-10 production CAGR 4.3%)
- Continuing expansion in legacy areas and in new growth hubs
- Strengthened resource base through exploration (10 Bboe discovered in 2000-10)

G&P

From a domestic incumbent to a European leader

- Expanded presence in France, Germany, Iberia and Benelux
- Medium-term recovery opportunity leveraging on secular gas demand growth

R&M Petchem

Efficiency in a difficult market

- 2006-11 effort: €800m of efficiency gains
- Profit enhancement through innovation and further efficiency



sustainability will continue to support growth

**Leveraging on
key competences**

**Taylor-made for
country
requirements**

**Prepared to
invest with a
long-term view**

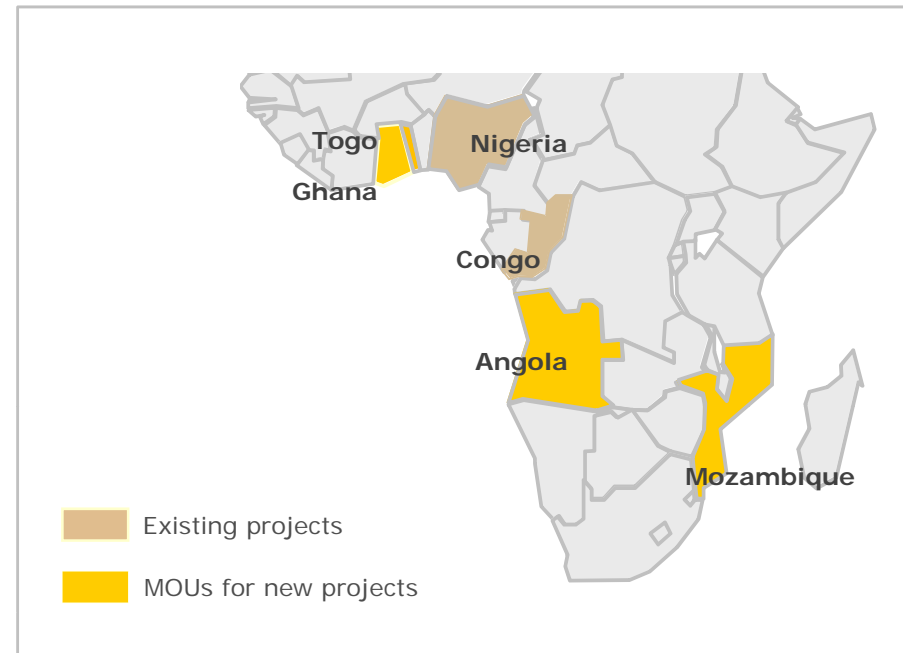
- **Access to energy**
- **Agriculture and development**
- **Innovation to enhance profitability**

**Creating new
business
opportunities**



access to energy

- First IOC to invest in power generation in Africa using associated gas
- Major electricity generation: 4 plants in Congo and Nigeria
 - 60% of Congolese electrical production
 - 20% of Nigerian electrical production
- Large involvement in electrification projects
- MOUs for 4 new power projects in Angola, Ghana, Togo and Mozambique



**Facilitates resource access,
improves community
relations and reduces
political risk**

agriculture: local approach to support development

Ongoing projects

Green River Project, Nigeria

- Integrated social project impacting agriculture, fishing and livestock
- 1988-2010 investments: \$49m
- Benefits more than 500,000 people

Rice and Manioca cultivation, Congo

- Focused local community projects
- Improves seed quality and agricultural techniques, building on Green River experience

Improving community relations at local level

New developments

Palm oil projects, Congo and Angola

- Supporting the creation of modern, large scale agriculture
- Reducing dependence on food imports
- Promoting non oil-linked economic activities



petchem: innovation for business turnaround



Capitalises on new business trend, contains downstream losses safeguarding community development

- New bio-based chemical JV to be developed on site hosting former, structurally loss-making, petchem plant
- Will produce bio-intermediates for plastics, lubricants and additives for elastomers
- Bio-refinery fully integrated with local cultivation and production of vegetable oil for feedstock
- Project will boost employment in the area
- Investments of >€500m, return on capital in line with **eni** average

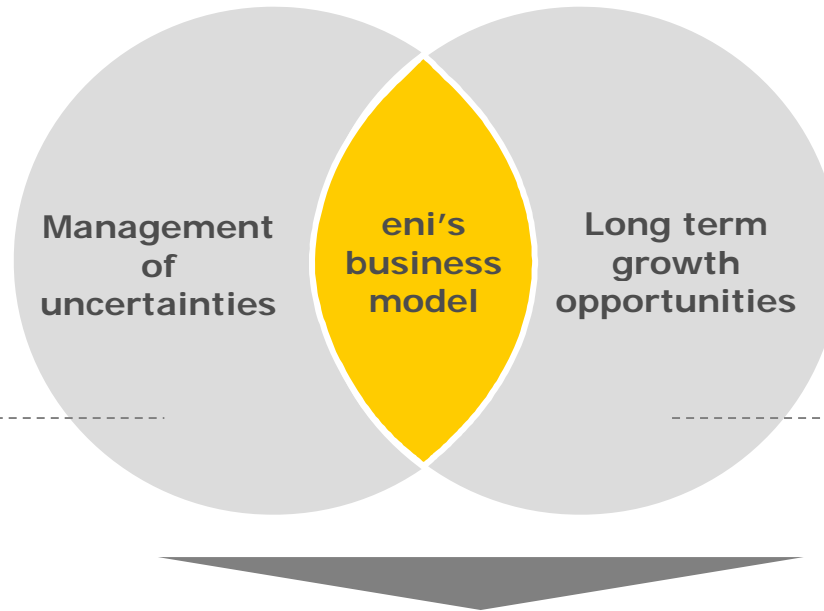


eni's strategy and sustainable growth

Claudio Descalzi, E&P COO

eni's sustainability approach

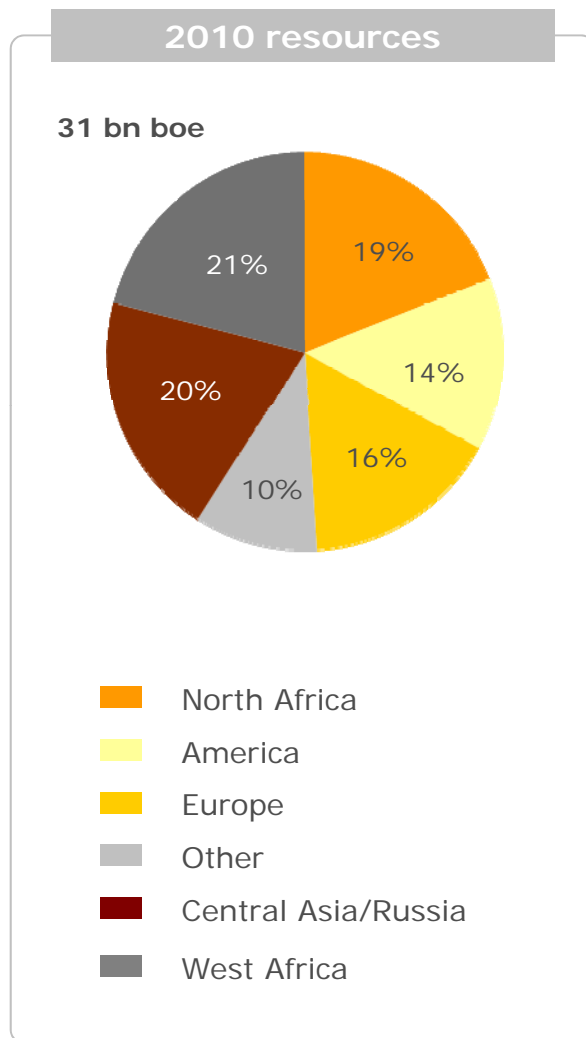
- Political
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- Reputational



- Access to resources
- Strategic partnerships
- Growing global gas market
- Minimizing footprint
- Synergic unconventional
- Talent attraction/retention

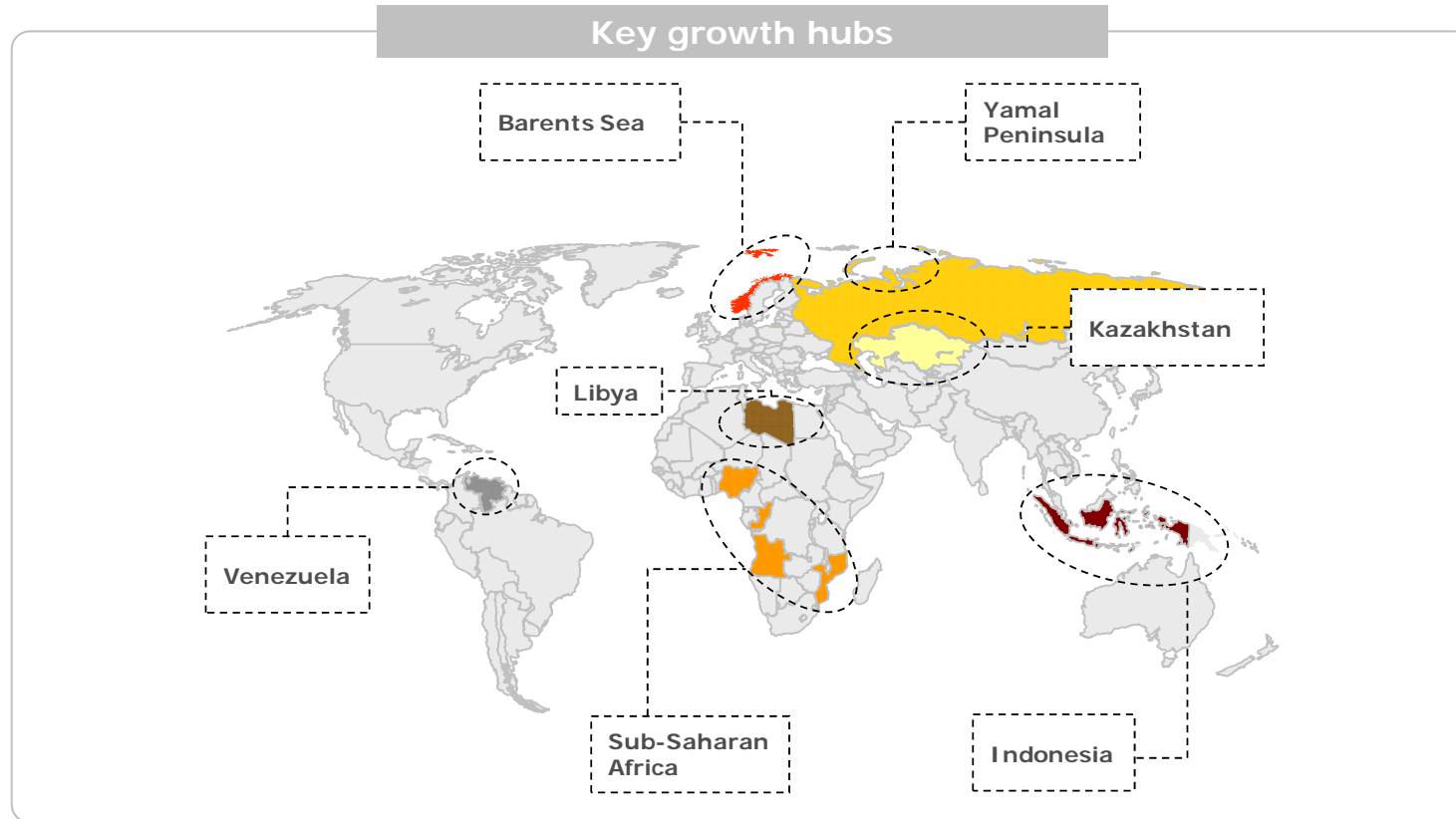
E&P: sustained production growth over past 10 years

managing political risk: geographical diversification



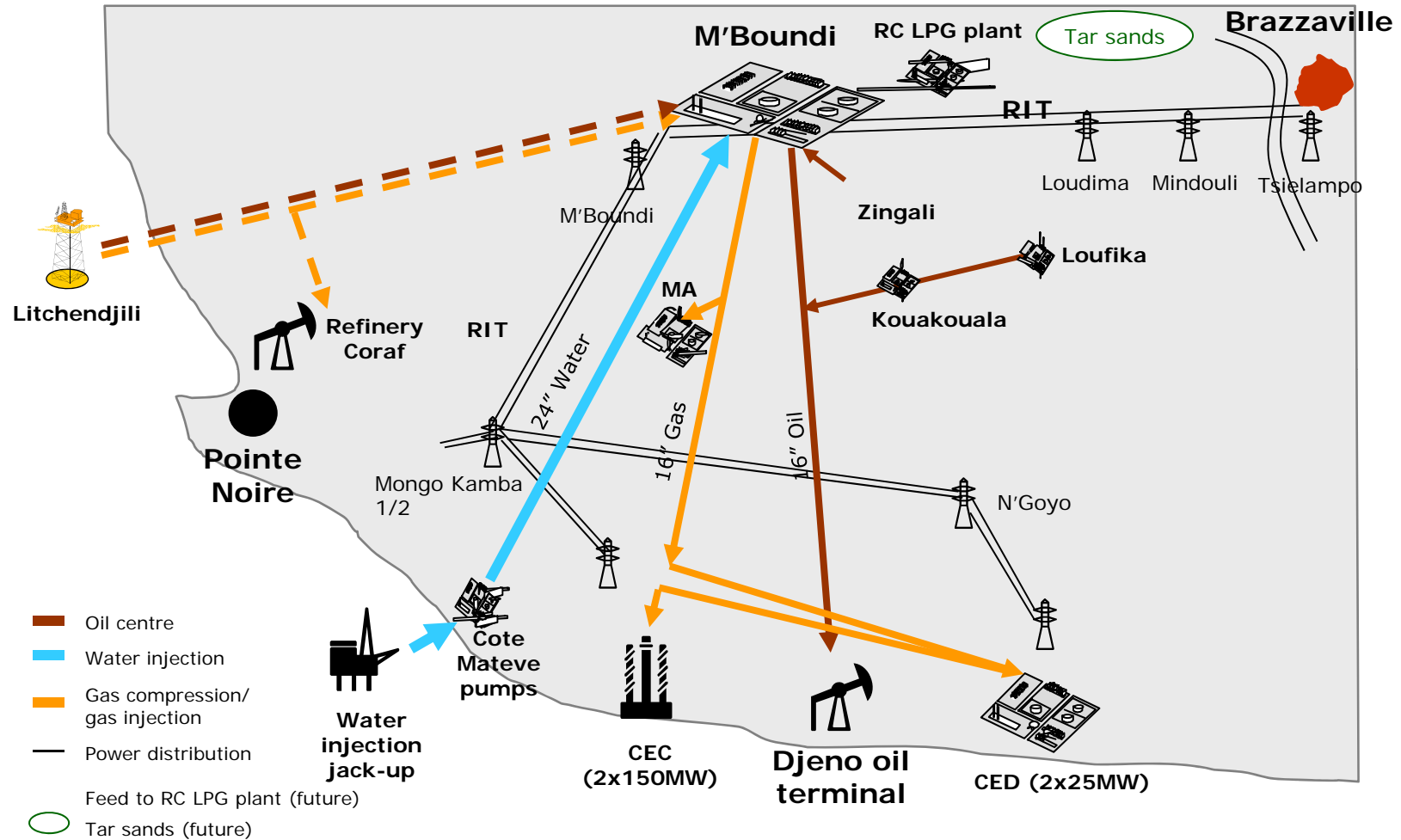
- Diversified resource base: key growth areas in Africa, OECD, FSU and Far East
- Containment of financial exposure per country
- Risk of new projects embedded in hurdle rate
 - Use of certified international providers for country risk
 - Country risk assessed each quarter
- Reduced weighted average risk premium over the last 5 years

managing political risk: focus on core hubs



- Core areas producing ca 1 mboe/d in 2010
- Drivers of synergic long-term growth
- Consolidated relationship with producing countries
- Double-flag approach

local approach: meeting the country's development needs

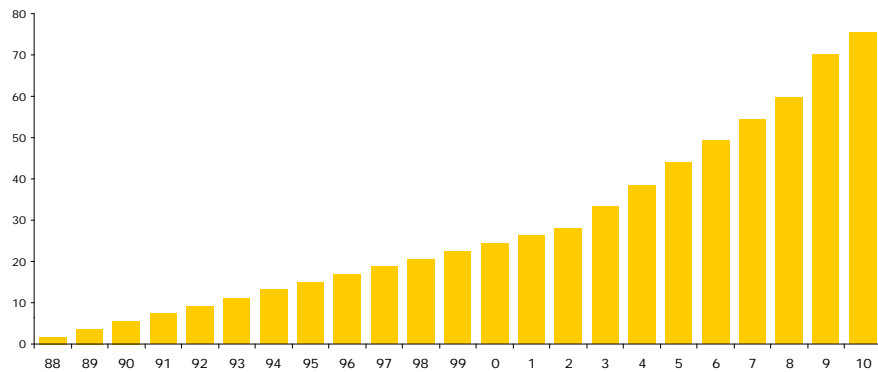


M'Boundi: the energy hub of Congo



local approach: the Green River Project in Nigeria

No. of families involved (,000)



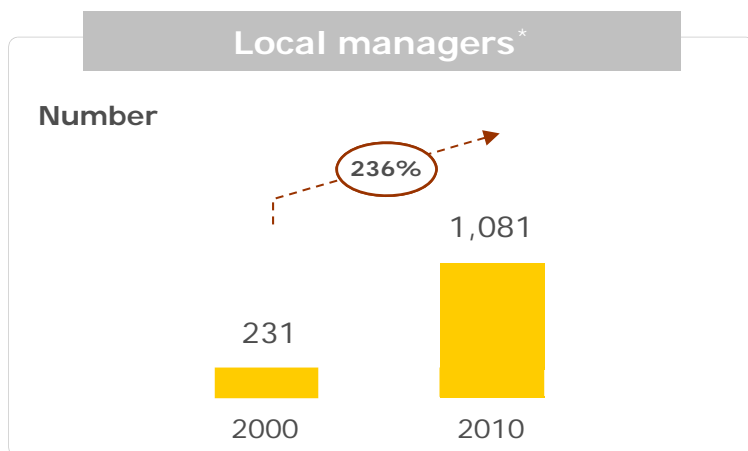
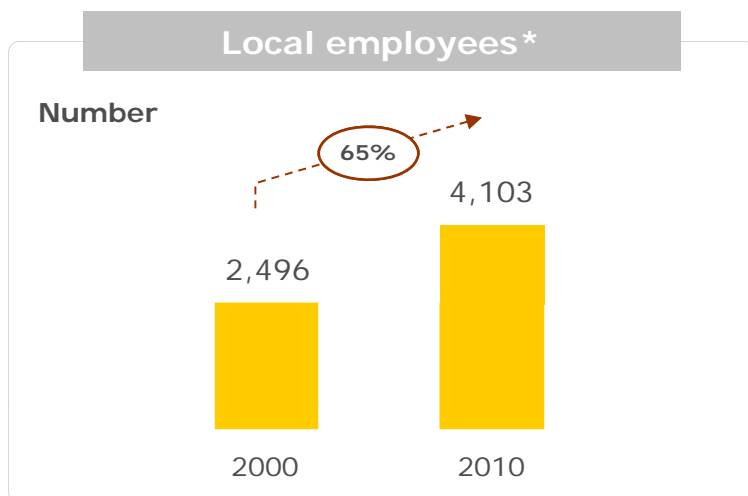
Fisheries in the Delta region



- First integrated social project in the industry
- Project impacting 500,000 people in 2010
- Introduction of modern farming techniques respecting the cultural heritage of host communities
- Involving four states: Rivers, Bayelsa, Delta, Imo
- Total investment 1988-2010 : USD 49 million

Creation of a sustainable and modern agriculture industry

local content



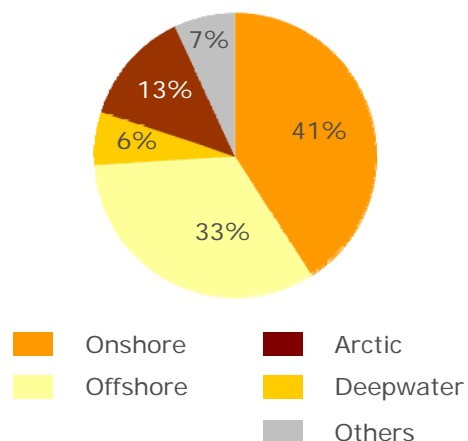
- Africa main area of increase
- Contribution to country-wide education/university programmes
- Training programmes
 - Training on the job at the headquarter
 - Dedicated local training
 - Master abroad
- Career development programmes
- International career opportunities



* Consolidated subsidiaries only

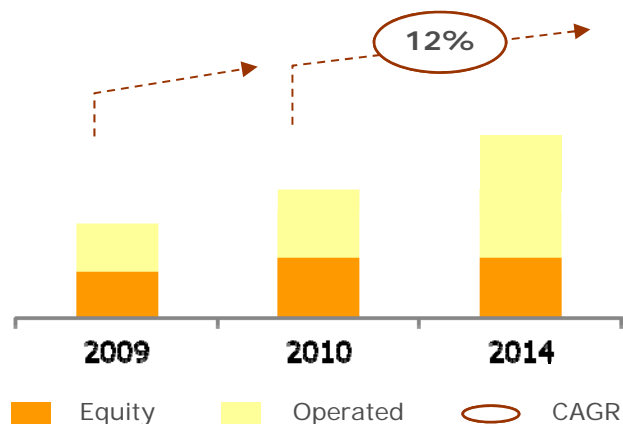
limiting exposure to operational risk

2010 resources by type



- Balanced portfolio with little exposure to high risk projects:
 - 74% onshore or shallow water
 - Only 6% deepwater exposure
 - HP/HT wells only 3% of total wells

Operated production



- Increased operatorship:
 - Competences & know how
 - Enforcement of technical & HSE standards
 - Cost efficiency
 - Organizational unit dedicated to non-operated assets

preventive approach: **eni's** policy

Operated assets

- Processes
 - Mandatory while-drilling technology for real time well monitoring
 - Increase of **eni's** supervisors on contracted rigs
 - Specific contractual strategies for suppliers, bonuses in absence of violations and accidents
- Technology
 - Adoption of double barriers in every phase
 - Proprietary lean profile technology
- People
 - Maintaining core competences in house
 - Knowledge management and training
 - Low turnover

Non-operated assets

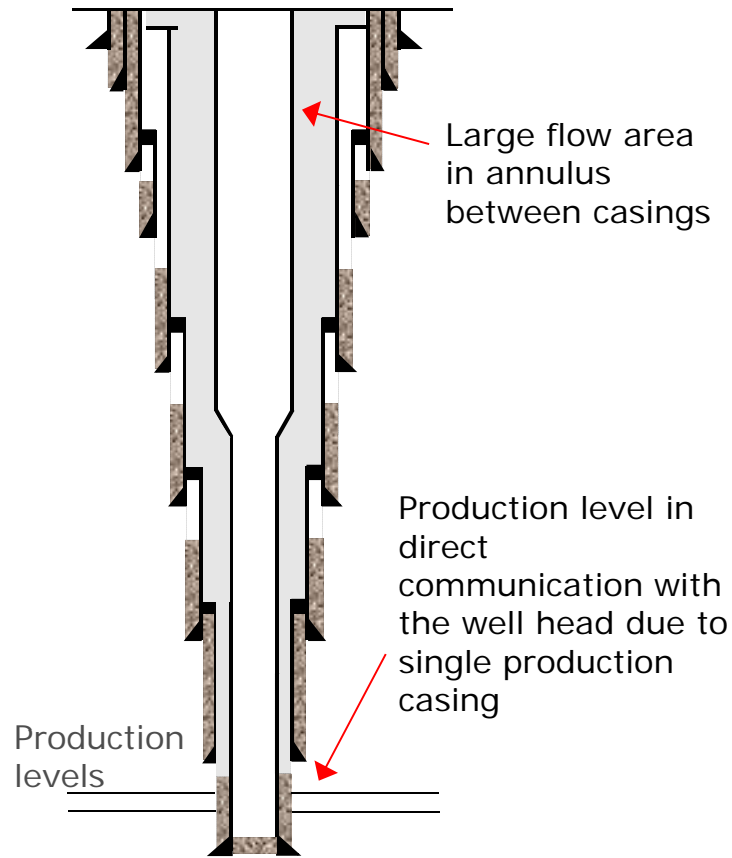
- Preventive approval of well design and execution by headquarter
- **eni's** representative in the JV will oppose drilling programme and subsequent changes if not compliant with **eni's** technical or HSE standards

**eni's policy aligned to international best practices
and applied worldwide**

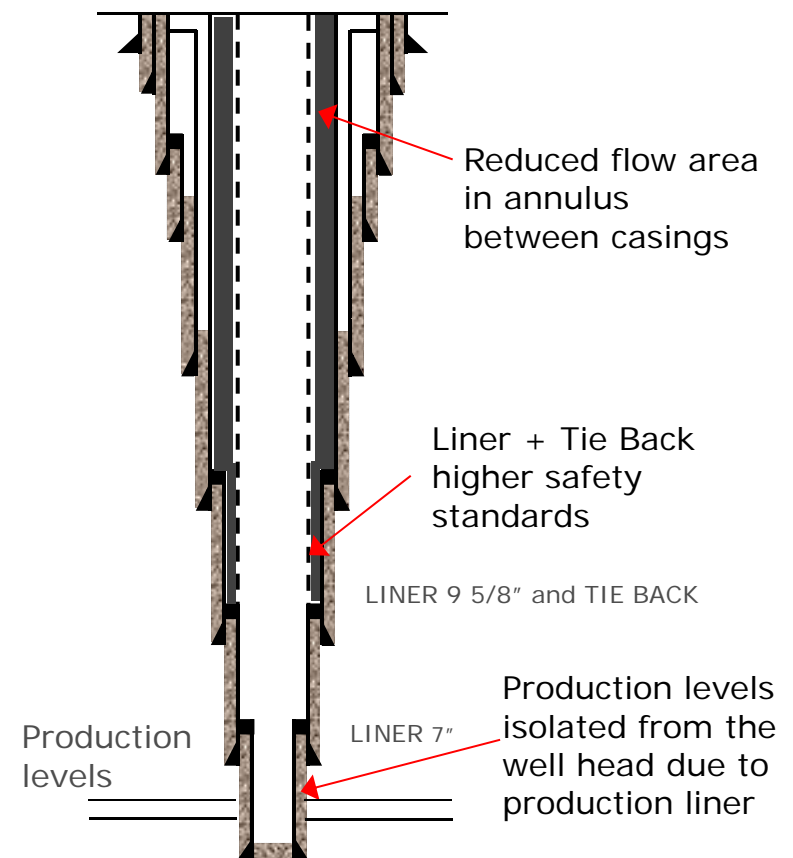


focus on proprietary technologies

Big hole profile – industry standard



Extreme lean profile – eni standard



Effective reservoir isolation



operational results: blowouts

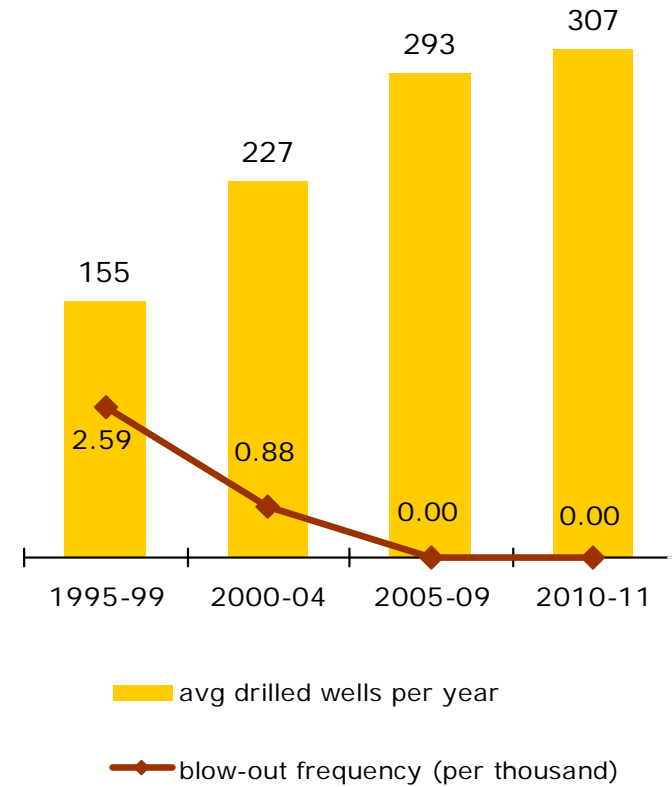
eni in 2000-2011

3214 wells drilled
1 blow-out
0.3/1,000 wells

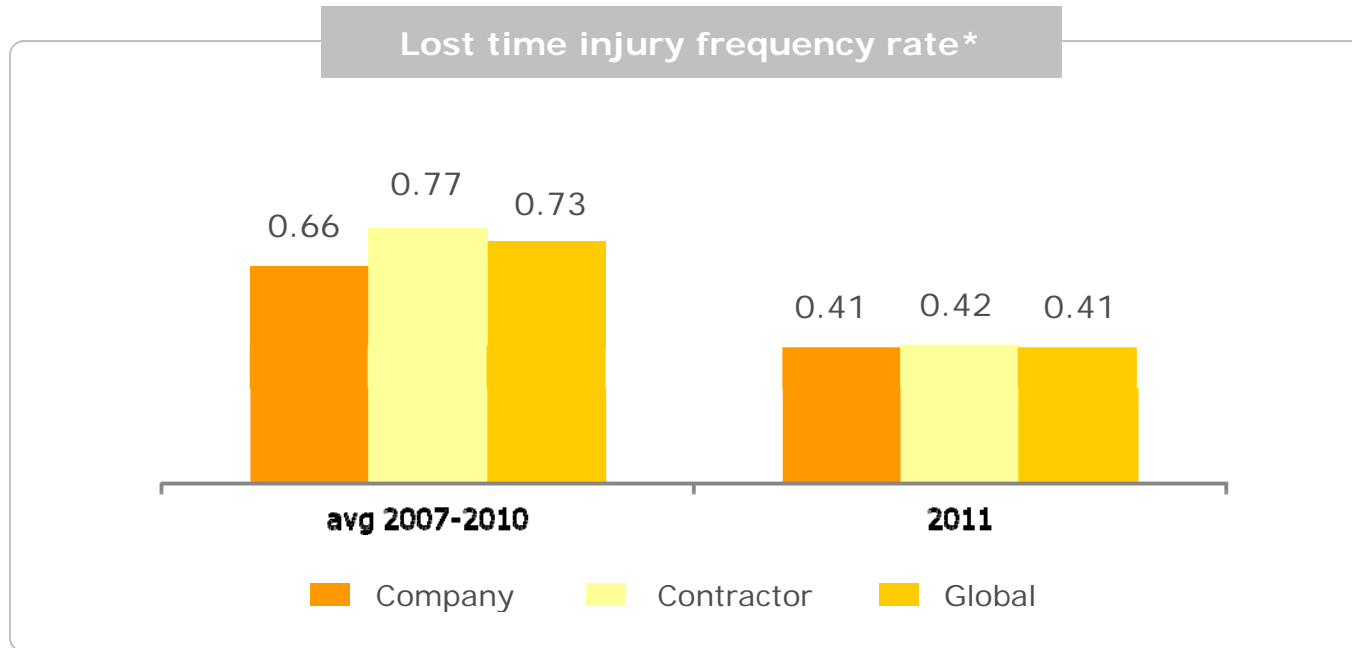
Global average and
accepted insurance coverage

4/1,000 wells

Drilled wells



operational results: improving safety

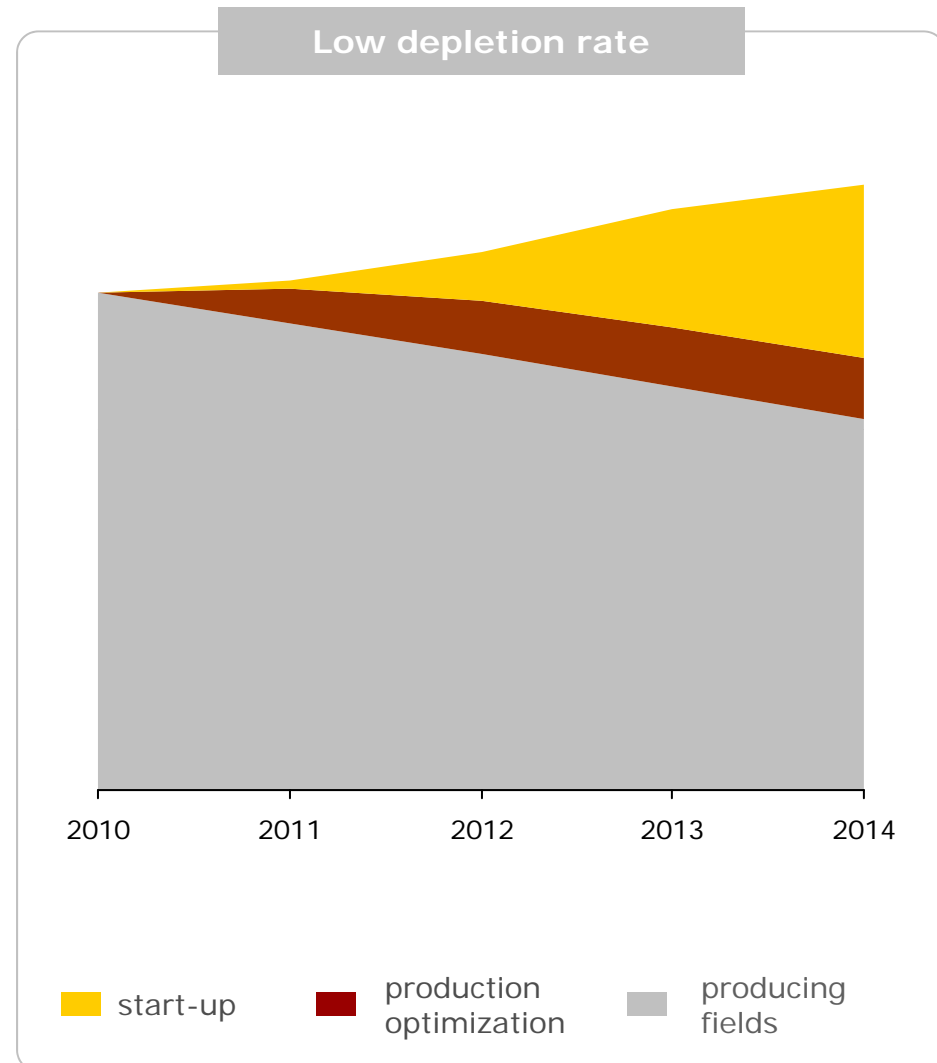
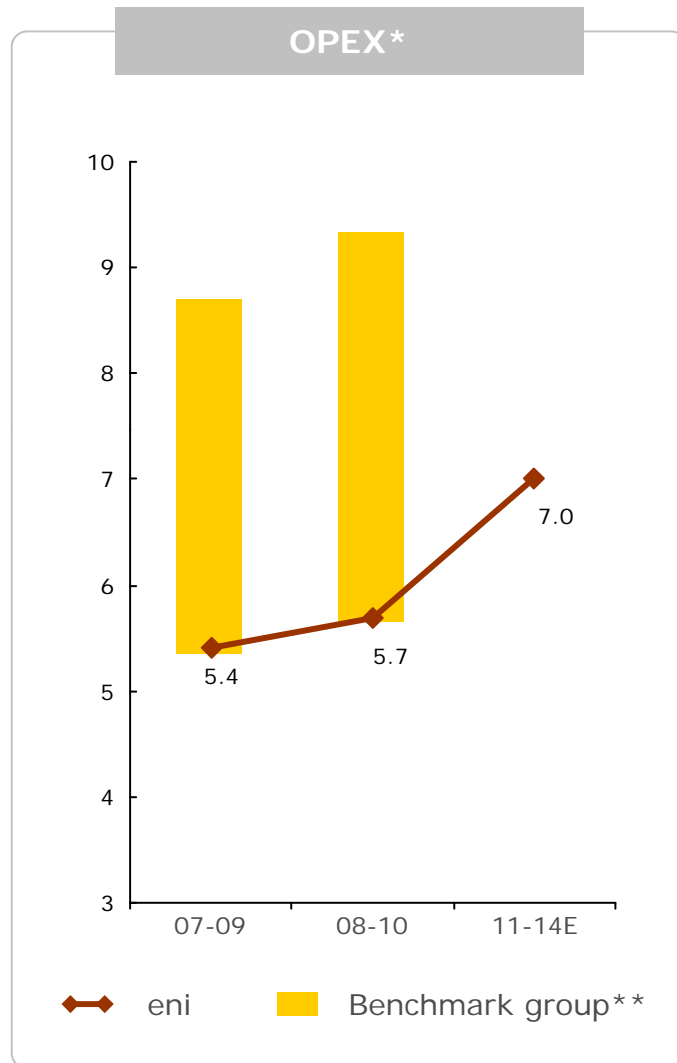


- Prevention and preparedness: 170,000 training hours per year
- "Leadership in safety" programme
- Tracking of near-misses
- Quarterly reporting of safety performance to top management



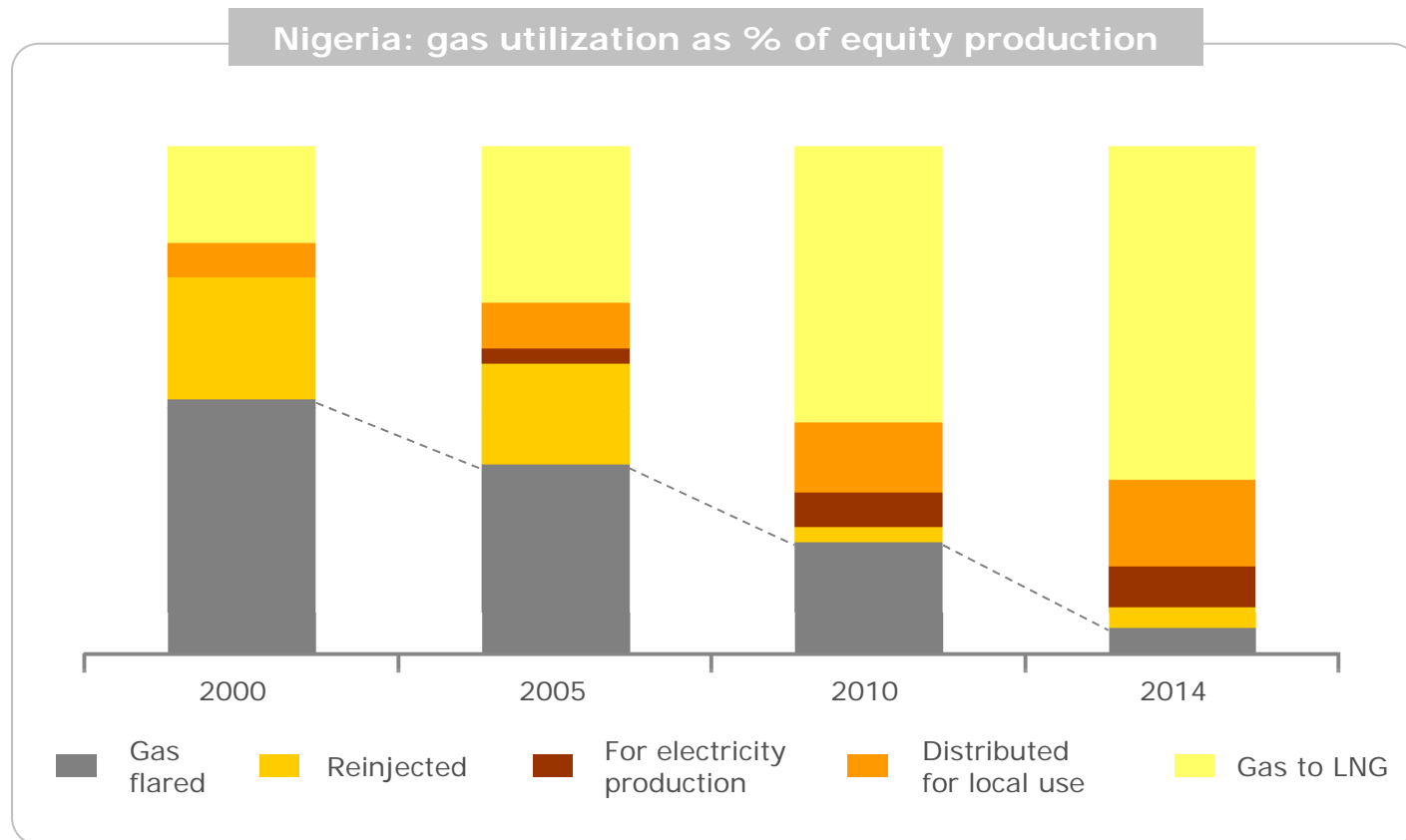
* n. of LTI/Mln of worked hours

operational results: low opex and efficient field management



* RDS n.a.
 ** XOM, CVX, COP, BP, RDS, TOT, eni. Company data and Wood Mackenzie

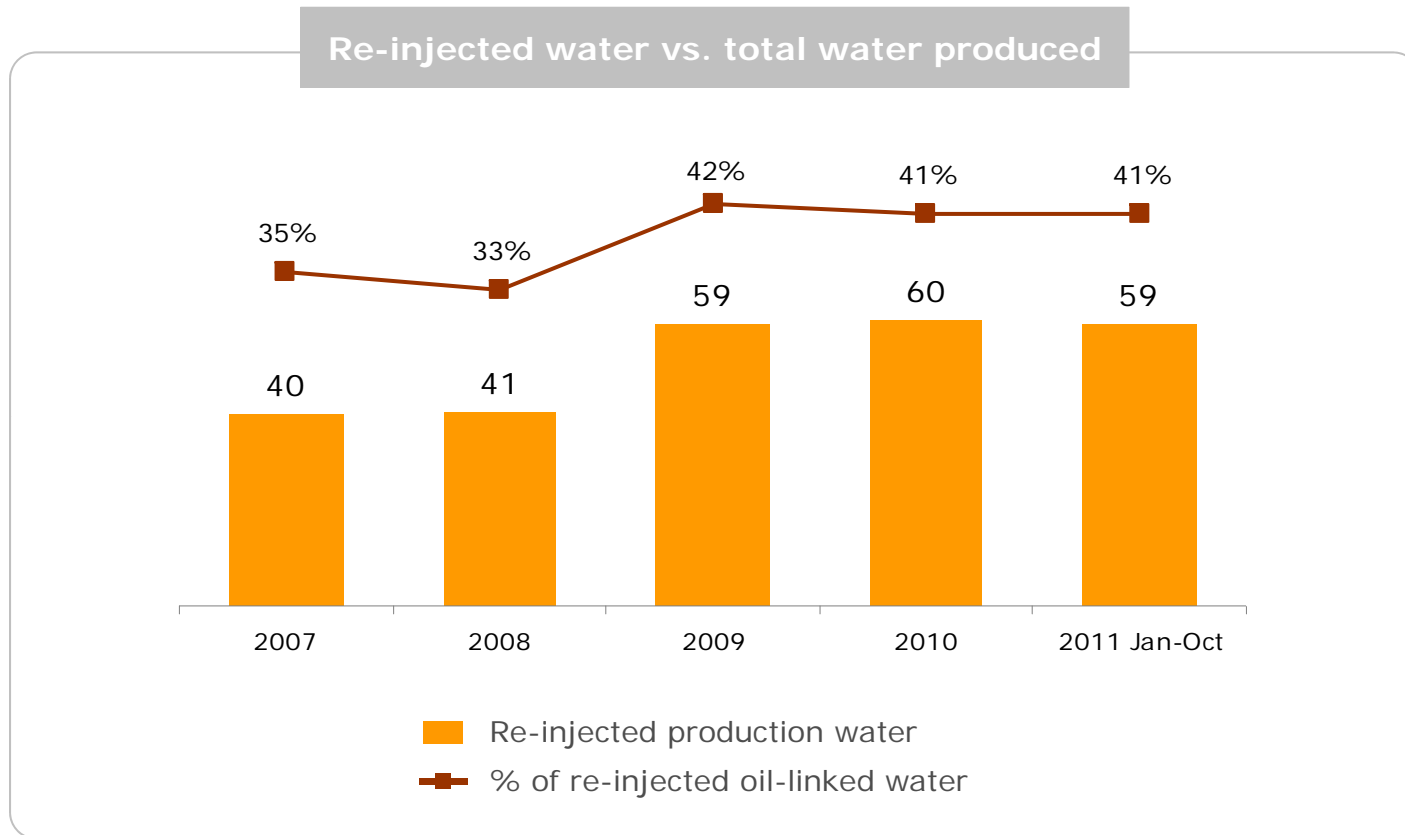
minimizing environmental impacts: zero gas flaring commitment



**Associated gas valorization
Commitment to zero gas flaring**

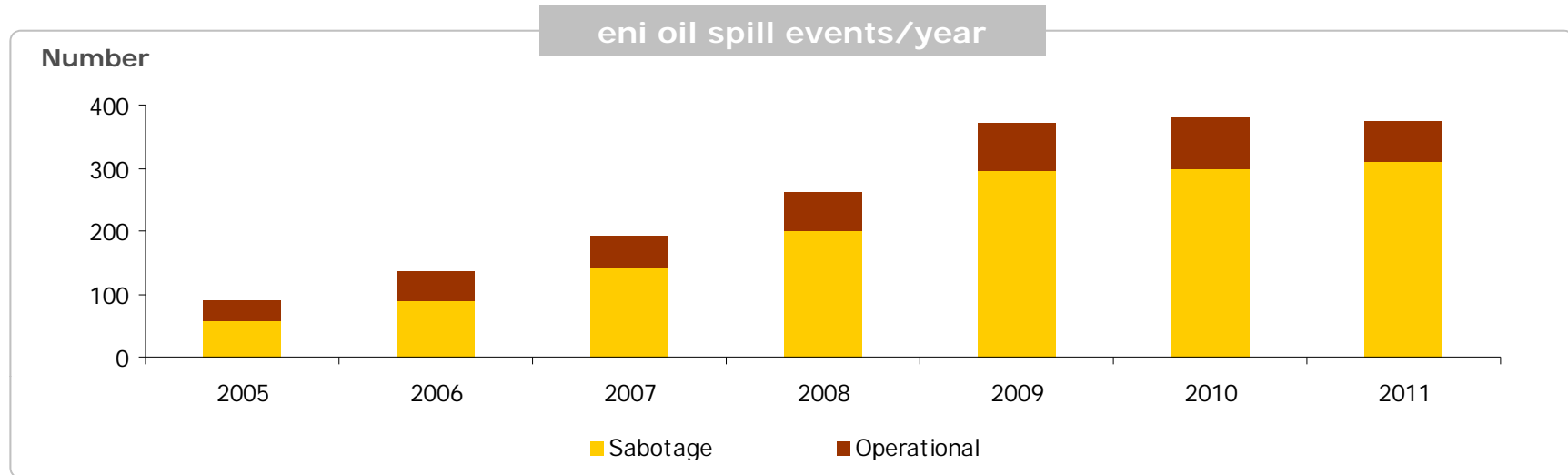


minimizing environmental impacts: water usage optimization



Water reinjection target: 62% of the total water produced by 2014

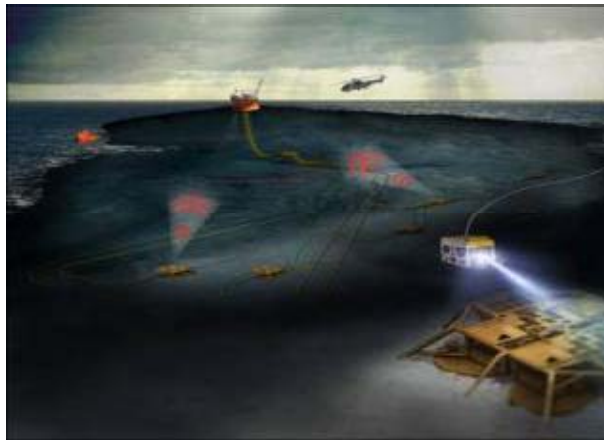
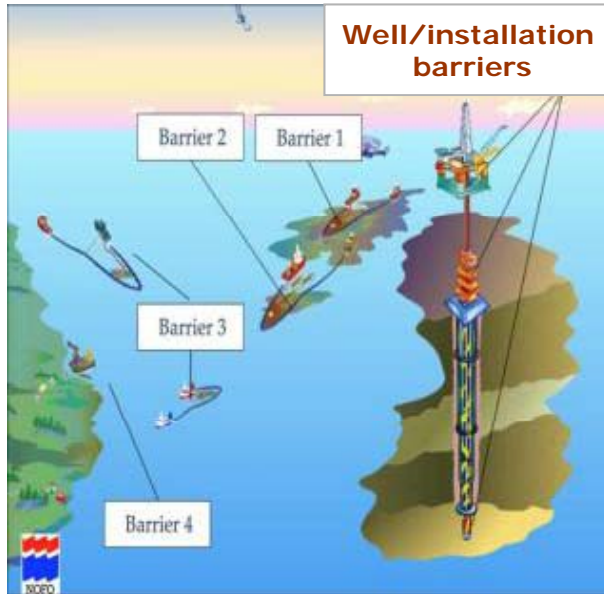
case study: Nigeria oil spills



- Increasing bunkering activity
- Local refining with heavy impact on environment
- Response:
 - Collaboration with local authorities and communities
 - Increased investment in asset integrity
 - Two new anti-intrusion monitoring systems successfully tested
 - New techniques for tackling with bunkering (tests on site 1H 2012)
 - Continuing remediation activities

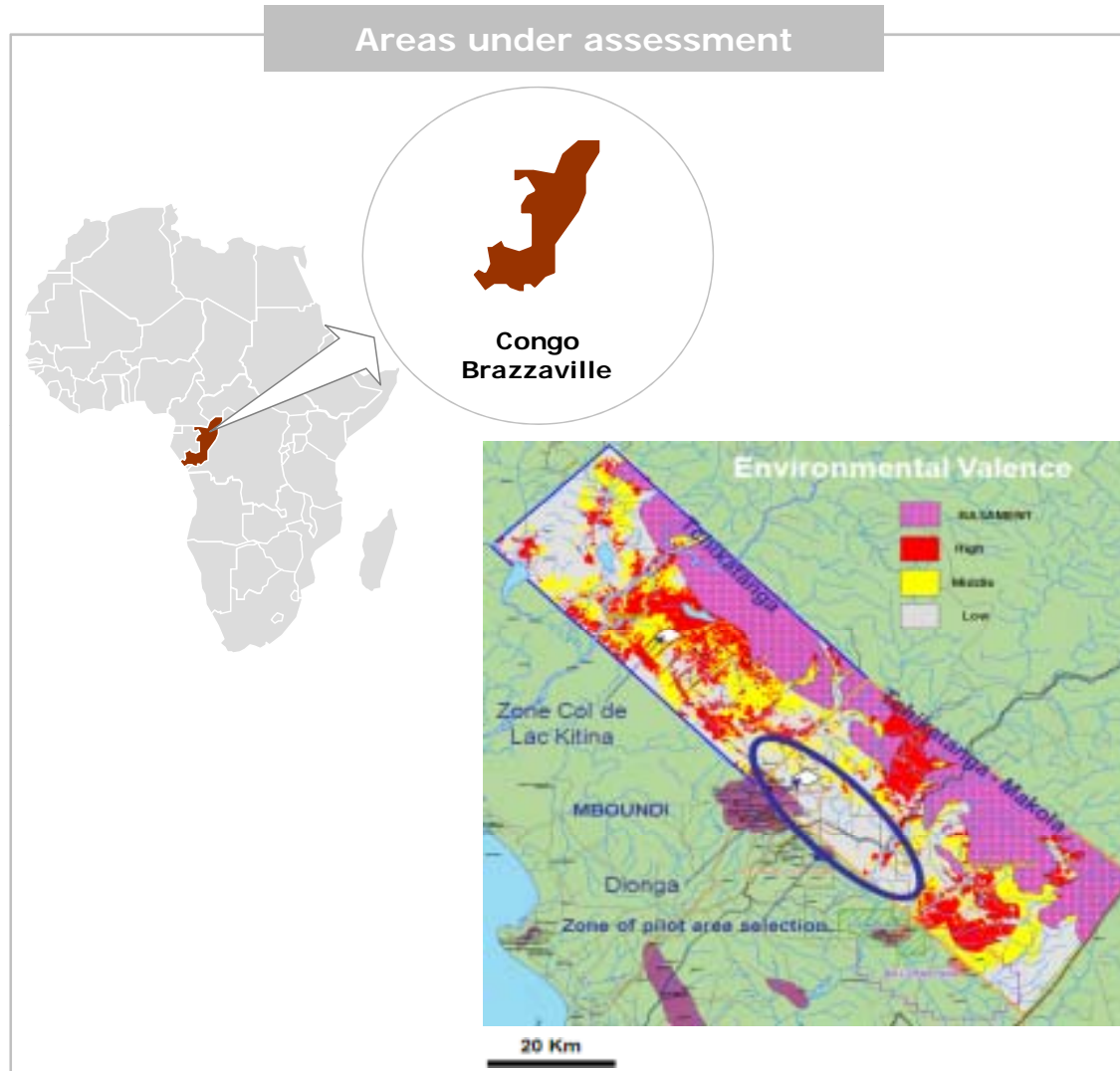


case study: Goliat blow-out response plan



- Goliat environment:
 - Close to the coast: short time to shore
 - Vulnerable resources: large seabird colonies, rich fisheries
 - Limited visibility in winter
- Activities:
 - Radar coverage
 - Accurate simulation of the dynamics of a potential oil spill
 - Infra-red devices for oil spill detection and monitoring in the darkness and low visibility
 - 4 mechanical recovery and dispersion barriers and stand-by vessel
 - Pre-agreed involvement of a pool of fishing vessels and 2 deposits stocked with oil spills equipment on the shore

case study: Congo tar sands risk assessment



- Two exploration permits:
 - Tchikotanga and Tchikotanga-Makola 1790 sqkm
 - 45 km NE of Pointe Noire
- Pilot project in Q2 2012:
 - Study of the best areas for production
 - Study of the best cultivation method in order to minimize impacts
 - Study of the appropriate conservation and restoration techniques
 - Exploitation of synergies with the M'Boundi oilfield
- First exploration phase concluded in April 2011

eni's strategy for the future: continuous improvement

- Consistent focus on conventional assets and geographical diversification
- Consolidation of community relations
- Increased operatorship as a tool to contain risks
- Continuous development of competences and technologies
- Proactive attitude in implementing HSE throughout our operations





closing remarks

Paolo Scaroni, CEO

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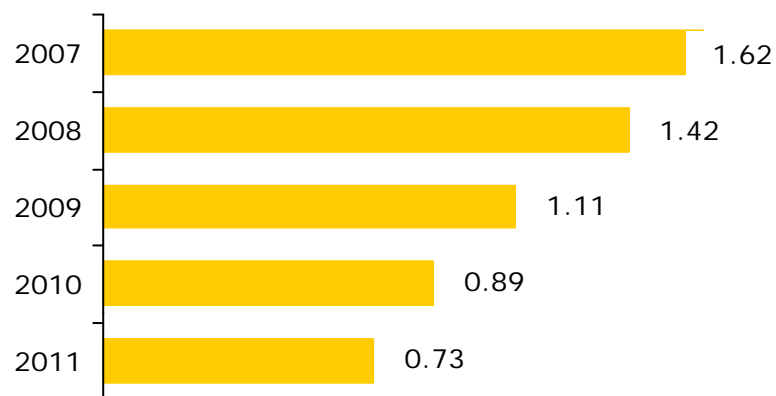
Back up

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Safety is our first priority

Lost time injury frequency

Frequency per million hours worked



LTIF rate eni workforce
(employees and contractors)

- Steady improvement in all business areas
- Safety indices included in management incentive schemes
- Emphasis on training and cultural change
- Periodic update of eni board of directors on safety issues and results

eni in Safety programme launched for further improvement:

- Cascade process ensuring management commitment
- Addressed to line managers as well as HSE specialists
- 20 000 people to be trained between 2012-2014
- €3.5m investment



eni model: focus on compliance and control

Board of statutory auditors/SOA audit committee

- Supervises board compliance
- 4 members (all chartered accountants)

Internal Control committee & Internal audit

- Supervision of internal audit activities
- Internal audit structure of >100 FTE
- Chairman drawn from minority slate
- 2010: 20 meetings, 98% attendance

Compensation Committee

- Variable compensation linked to annual and long term performance
- Management objectives include sustainability indicators

Board of Directors

- Significant role in company strategies, risk management and control
- 9 members (8 non execs, 7 independent and 3 elected by minorities)

- Code of Ethics universally applied (incl. BoD, employees, JV partners & suppliers)
- New management system extended to all of Eni

- Best in class anti-bribery policies and processes
- Extensive compulsory training



Compliance & business ethics

