

## Employment disputes

|                           |          | 2011      | 2012      | 2013      |
|---------------------------|----------|-----------|-----------|-----------|
| Employment disputes       | (number) | 1,170     | 1,383     | 1,607     |
| Prevention/disputes ratio |          | 952/1,170 | 864/1,383 | 577/1,607 |
| Disputes/employees ratio  | (%)      | 1.39      | 1.80      | 1.95      |

In 2013, Eni's commitment to preventing and managing work disputes was maintained, working at the pre-trial phase with effective tools to reduce the number of legal disputes and the consequent costs.

Thanks to the continued legal assistance provided, the level of conflict remained low, taking into account the size of the company and the complex structure of employment legislation, particularly in Italy.

The number of cases reaching the Italian and non-Italian courts connected with work contracts such as claims for superior grading, recognition of pay differences and, in particular for Italy, alleged downgrading and deskilling remained at an extremely low level (0.35% of employees in service in December 2013). This confirms a model of work organization which allows Eni's people to make the most of their skills and potential with the support of a shared system of skill classification.

The majority of disputes (18% of the total) concern occupational illnesses and represent, at this time, a typical feature of Italian employment disputes; they are due to claims for alleged exposure to potentially damaging agents, often linked to the industrial sites acquired by Eni.

About 16% of the total disputes, however, relate to claims following outsourcing by Eni, such as transfers of company branches and service contracts.

Moreover, concerning disputes abroad, particular importance is assumed by requests for profit sharing in addition to the pay claims already referred to.

## Spending for the territory

| (€ million)   | 2011    | 2012   | 2013    |
|---|---------|--------|---------|
| Total spending for the territory  | 100.885 | 90.568 | 100.547 |
| - of which interventions on the territories from agreements, conventions and PSA      | 69.279  | 63.052 | 57.570  |
| - of which short-terms investments linked to initiatives in favour of the territories | 0.865   | 3.377  | 0.813   |
| - of which association memberships fees   | 1.624   | 1.803  | 1.800   |
| - of which contributions to the Eni Foundation  | 3.000   | -      | 10.000  |
| - of which sponsorships for the territory   | 22.399  | 18.618 | 26.469  |
| - of which contributions to Eni Enrico Mattei Foundation                              | 3.718   | 3.718  | 3.895   |

In 2013, the overall cost for the territory amounted to over €100 million and included local projects stemming from agreements, conventions and PSA (community investments) and donations linked to local initiatives, membership fees for associations, sponsorships and contributions to the Eni Enrico Mattei Foundation. Over €57 million (about 60% of the total) was invested in community projects, established through agreements or conventions with local stakeholders, to encourage and promote community development in the Countries in which Eni works.

## Community Investment

| (€ million)   | 2011   | 2012   | 2013   |
|---|--------|--------|--------|
| Interventions on the territories from agreements, conventions and PSA by category | 69.279 | 63.052 | 57.570 |
| - training/professional coaching  | 4.570  | 9.886  | 13.527 |
| - environment   | 15.899 | 9.698  | 9.164  |
| - culture   | 1.938  | 1.300  | 1.713  |
| - instruction and education   | 3.207  | 3.789  | 5.384  |
| - health  | 2.035  | 3.886  | 2.931  |
| - infrastructure development  | 18.334 | 20.344 | 15.176 |
| - socio-economic development  | 6.794  | 6.357  | 5.792  |
| - relationships with communities  | 7.134  | 7.077  | 2.332  |
| - access to energy  | 9.368  | 0.715  | 1.551  |

The cost in 2013 of community projects deriving from local agreements and conventions (community investment) amounted to more than €57 million, about 93% of which was spent in the area of exploration and production activities. Spending on the African continent remained constant, with a positive trend in Sub-Saharan Africa, where €25.7 million was spent in 2013 against the previous year's €23.2. Regarding the E&P figures, the total for 2013 was €53.3 million, less than the total for 2012 of €59.5 million. This decrease is explained by reduced investment, mainly in infrastructure development in Kazakhstan, and the reduction in spending on training in Egypt; at the same time, there was increased investment in terms of access to energy, instruction, education and training. Concerning access to energy, the increase is attributable to the progress in electrification projects for local communities in Nigeria.

## Sponsorship for the territory

| (€ thousand)  | 2011   | 2012   | 2013   |
|---|--------|--------|--------|
| Sponsorships for the territory by intervention sector | 22,399 | 18,618 | 26,469 |
| - health  | 168    | 40     | -      |
| - training  | 71     | 185    | 183    |
| - education   | 436    | 862    | 366    |
| - environment   | 233    | 69     | 122    |
| - culture   | 15,771 | 13,678 | 21,438 |
| - social infrastructures                              | 162    | 37     | 60     |
| - social interventions                                | 5,559  | 3,748  | 4,300  |

Eni also works to benefit local communities through support for initiatives selected on the basis of different criteria, such as affinity with the image and identity of the company, links with the territory, adherence to business goals and, as a common denominator, consistency with sustainability principles. In 2013, local sponsorship amounted to €26.5 million, almost all in Italy; more than 80% was dedicated to the promotion of cultural activities in regions where Eni is present. Among these, a few examples of excellence are the strategic partnership with Expo 2015 for sustainability initiatives in African countries and the collaboration with the Louvre and the Vatican Museums for the promotion of art and culture.

## Local content

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

| Ratio      | Countries  |
|------------|--|
| 100 - 115  | Australia, Italy, the Netherlands, Hungary, Belgium, Germany, France, Libya, Romania, Norway, United Kingdom |
| 116 - 130  | United States, Angola, Countries of the Gulf Area  |
| 131 - 150  | Peru, Venezuela, Algeria   |
| 151 - 180  | China, Kazakhstan, Brazil  |
| > 180      | Egypt, Indonesia, Russia, India  |
| <b>135</b> | <b>Global Average</b>  |

In its policy for local personnel (see the detail on local overseas employees by professional category in the International Development section), Eni defines relevant salary levels in terms of minimum/maximum range, in relation to 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 a sample of about 14,000 resources in 24 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.

### Procurement by geographical area 2013

|                           |             | Africa | Americas | Asia  | Italy  | Rest of Europe | Oceania |
|---------------------------|-------------|--------|----------|-------|--------|----------------|---------|
| Number of suppliers used  | (number)    | 7,105  | 6,116    | 5,246 | 9,980  | 9,940          | 520     |
| Total procurement         | (€ million) | 8,434  | 2,871    | 5,036 | 10,714 | 5,340          | 419     |
| - of which in goods       | (%)         | 17.5   | 24.4     | 16.2  | 11.2   | 17.9           | 10.3    |
| - of which in works       |             | 16.3   | 26.4     | 21.5  | 12.4   | 26.1           | 1.0     |
| - of which in services    |             | 60.8   | 48.1     | 49.2  | 73.1   | 53.7           | 88.2    |
| - of which unidentifiable |             | 5.4    | 1.1      | 13.1  | 3.3    | 2.3            | 0.5     |

In 2013 more than 34.8 thousand suppliers worldwide worked for Eni, some of which operated on more than one continent; in particular, more than 20% were on the African continent, in line with the previous year (20% in 2012). Eni is committed to maximizing the participation of local enterprises when pursuing its business activities and contributing to the growth of local supply chains, including in developing and emerging Countries. In 2013 the total share of procurement from local markets increased, reaching 63%, with steady growth in Africa where the share of local procurement rose from 54% to nearly 60%. In 2013, among 54 countries under investigation, the share of procurement from local markets was higher than 50% in 39 Countries, with peaks of over 80% in several Countries including Nigeria (94%), Kenya (100%), Gabon (81%), Indonesia (92%), Vietnam (87%), Poland (94%), Venezuela (92%) and Ecuador (89%).

### Local procurement 2013 by Country

| % procurement on local market | Countries   |
|-------------------------------|---|
| 0 - 25 %                      | UAE, Luxembourg, Malaysia, Mozambique, Peru, Portugal   |
| 26 - 49 %                     | Angola, China, Germany, Iran, Iraq, Libya, Norway, Czech Republic, Slovenia   |
| 50 - 74 %                     | Algeria, Saudi Arabia, Brazil, Republic of Congo, Croatia, Egypt, France, Ghana, United Kingdom, India, Kazakhstan, the Netherlands, Pakistan, Switzerland, Togo, Tunisia, Hungary                      |
| 75 - 100 %                    | Argentina, Australia, Austria, Belgium, Canada, Cyprus, Ecuador, Gabon, Indonesia, Italy, Kenya, Mexico, Nigeria, Poland, Romania, Russia, Singapore, Spain, United States, Ukraine, Venezuela, Vietnam |

## Relations with suppliers

|   |             | 2011   | 2012   | 2013   |
|---|-------------|--------|--------|--------|
| Procurement by macro-class  | (€ million) | 32,586 | 31,811 | 32,814 |
| - works   |             | 6,782  | 7,024  | 5,948  |
| - services  |             | 15,990 | 15,283 | 20,047 |
| - goods   |             | 6,743  | 5,449  | 5,200  |
| - unidentifiable  |             | 3,071  | 4,055  | 1,620  |
| Supplier concentration top 20   | (%)         | 20     | 15     | 17     |
| Suppliers used  | (number)    | 31,878 | 32,621 | 34,848 |
| Qualification cycles carried out during the year                            |             | 26,936 | 31,991 | 46,913 |
| - of which with negative results  | (%)         | 13     | 6      | 9      |
| Checks carried out following negative feedback and consequent actions taken | (number)    | 365    | 381    | 451    |
| - suspensions   |             | 73     | 69     | 106    |
| - revocations   |             | 56     | 53     | 9      |
| - states of attention   |             | 236    | 259    | 336    |

In 2013, Eni's total procurement valued €32.8 billion. The process of extending vendor management models (Assessment Process Level systems and training) to 4 foreign Countries has continued (in Angola, Congo, Tunisia and Pakistan). Suppliers are subjected to qualification and audit processes as well as performance assessment procedures and verification of corrective actions implemented. Monitoring of suppliers not yet in line with Eni standards (including sustainability requirements) has continued, with the production of monthly reports. In 2013, monitoring activities related in particular to four foreign enterprises and two Italian ones: Eni Gabon, Eni G&P France, Eni Indonesia, Eni Norge, Gela Refinery and Syndial. Communication initiatives were carried out to spread good practices and awareness of procurement issues overseas (in Pakistan, Mozambique, Norway and Angola) in addition to updates on sustainability topics for the personnel of associates at head office. The status of initiatives encouraging the promotion of good practices in the supply chain management has been maintained. These include participation in the Carbon Disclosure Project Supply Chain, involving significant Eni suppliers; the IPIECA Supply Chain Task Force Working Group on the development of environmental topics and CSR in the supply chain; and participation in the Sustainable Supply Chain Working Group as part of Global Compact Network Italia.