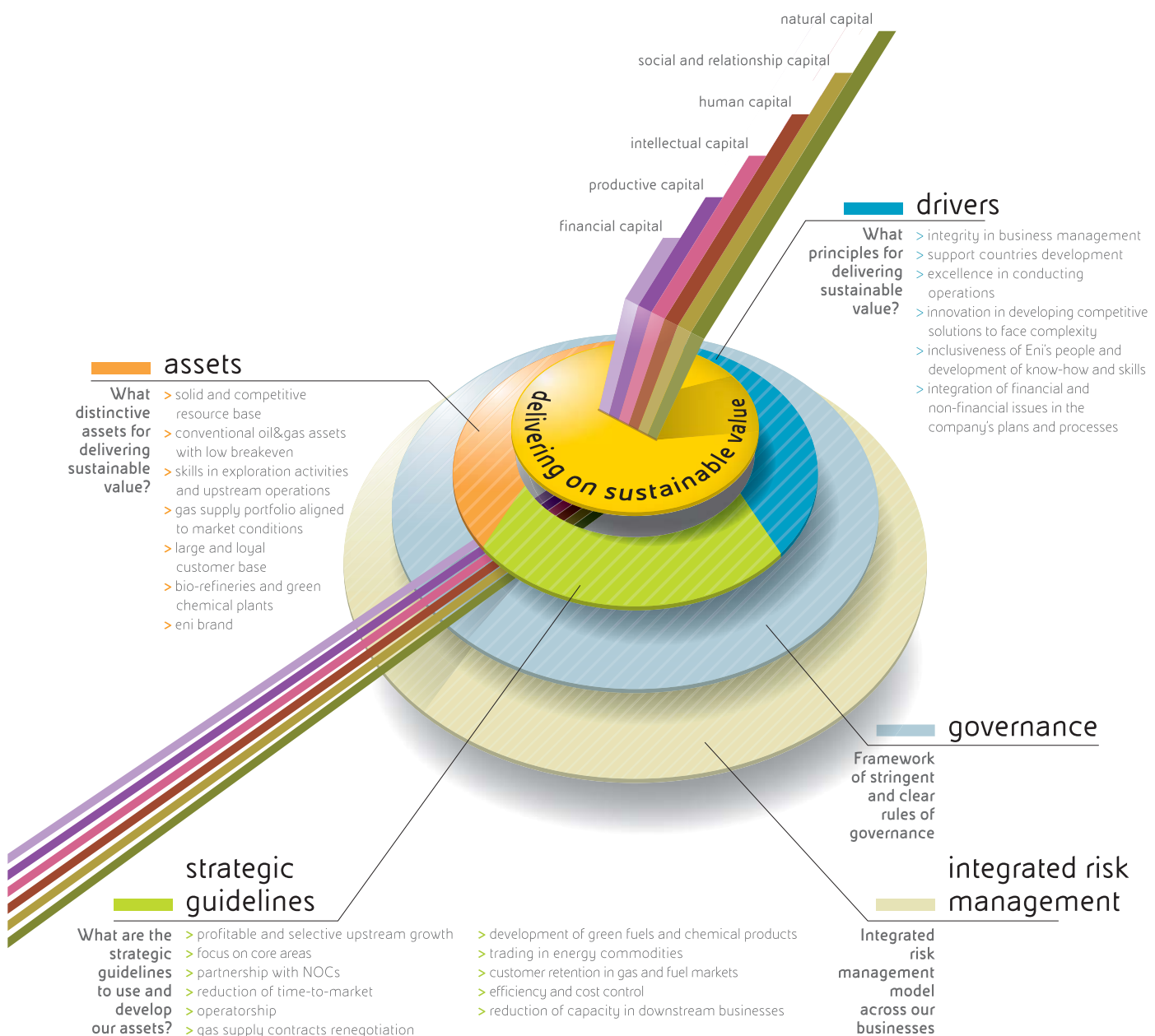








business model

Eni's business model targets long-term value creation for its stakeholders by delivering on profitability and growth, efficiency and operational excellence and handling operational risks of its businesses, as well as environmental conservation, and local communities relationships, preserving health and safety of people working in Eni and with Eni, in respect of human rights, ethics and transparency. The main capitals used by Eni (financial capital, productive capital, intellectual capital, natural capital, human capital, social and relationship capital) are classified in accordance with the criteria included in the "International IR Framework" published by the International

Integrated Reporting Council (IIRC). 2014 financial results and sustainability performance rely on the responsible and efficient use of our capitals.

Hereunder is articulated the map of the main capitals exploited by Eni and actions positively effecting on their quality and availability. At the same time, the scheme evidences how the efficient use of capitals and related connections create value for the company and its stakeholders. For detailed information on results associated to each capital and to the way by which each strategic target is achieved see the Integrated Performance tables.



	stock of capital	Eni's main actions	value creation for Eni	value creation for Eni's stakeholders	
financial capital	<ul style="list-style-type: none"> Financial structure Liquidity reserves 	<ul style="list-style-type: none"> Cash flow from operations Bank loans Bonds Maintaining strategic liquidity Hedging Dividends Working capital optimization 	<ul style="list-style-type: none"> Going concern Lower cost of capital Reduction of working capital Leverage optimization M&A opportunities Mitigation of market volatility Credit worthiness 	<ul style="list-style-type: none"> Yields Share price appreciation Social and economical growth Satellite activities 	
productive capital	<ul style="list-style-type: none"> Onshore and offshore plants Pipelines and storage plants Liquefaction plants Refineries Distribution networks Power plants Chemical plants Buildings and other equipment 	<ul style="list-style-type: none"> Technological upgrade Process upgrade Investment in new businesses (biorefinery, Green chemistry, car sharing) Maintenance and development activities Increase environment Certifications (ISO 14001, ISO 50001, EMAS, etc.) 	<ul style="list-style-type: none"> Returns Enlarging asset portfolio Increase assets value Reduction of operational risk Energy and operational efficiency Reputation 	<ul style="list-style-type: none"> Availability of energy sources and green products Employment Satellite activities Reduction of direct GHG emissions and responsible use of resources 	
intellectual capital	<ul style="list-style-type: none"> Technologies and intellectual property Corporate internal procedures Corporate governance system Integrated risk management Management and control systems Knowledge management ICT (Green Data Center) 	<ul style="list-style-type: none"> Research and development expenditures Partnership with centres of excellence Development of proprietary technologies and patents Application of procedures and systems Audit 	<ul style="list-style-type: none"> Competitive advantage Risk mitigation Transparency Performance License to operate Stakeholders' acceptability 	<ul style="list-style-type: none"> Reduction of environmental and social impacts Transfer of best available technologies and know-how to host Countries Contributing to the fight against corruption Green products 	
human capital	<ul style="list-style-type: none"> Health and safety of people Know-how and skills Experience Engagement Diversity (gender, seniority, geographical) Eni's thinking 	<ul style="list-style-type: none"> Safety at work Recruiting, education and training on the job Promotion of human rights Eni's people engagement Knowledge management Welfare Leveraging on diversity Enhancing individual talents and remuneration in accordance to a merit system 	<ul style="list-style-type: none"> Performance Efficiency Competitiveness Innovation Risk mitigation Reputation Talent attraction Job enhancement 	<ul style="list-style-type: none"> Create employment and preserve jobs Job enhancement Wellness of Eni's people and local communities Increase and transfer know-how 	
social and relationship capital	<ul style="list-style-type: none"> Relationship with stakeholders (institutions, governments, communities, associations, customers, suppliers, industrial partners, NGO, universities, trade unions) eni brand 	<ul style="list-style-type: none"> Stakeholders' Engagement MoU with Governments and local authorities Projects for local development and Local Content Strategic partnerships Involvement in international panel discussion Development of programmes on research and training Partnerships with trade unions Quality of services rendered Brand management 	<ul style="list-style-type: none"> Operational & social licence Reduction of time-to-market Country risk reduction Market share Alignment to international best practices Reputation Competitive advantage Suppliers reliability Customers retention 	<ul style="list-style-type: none"> Local socio-economical development Customers and suppliers satisfaction Share of expertise with territories and communities Satisfaction and incentive of people Promoting respect for workers' rights 	
natural capital	<ul style="list-style-type: none"> Oil and gas reserves Water Biodiversity and ecosystems Air Soil 	<ul style="list-style-type: none"> Exploration, production, transporting, refining and distributing hydrocarbons Investment in new businesses (biorefinery, Green Chemistry, car sharing) Investment in technological and process upgrade Remediation activities 	<ul style="list-style-type: none"> Hydrocarbon reserves growth Opex reduction Mitigation of operational risk (asset integrity) Reputation License to operate Stakeholders' recognition 	<ul style="list-style-type: none"> Reduction of gas flared Reduction of oil spill Reduction of blow out risk Preservation of biodiversity Green products Containment of water consumption (reinjection and water reuse) Energy efficiency 	

Increase the value of explorative resources and growth in upstream cash generation

			2012	2013	2014
Financial capital	Capital expenditure	(€ million)	10,307	10,475	10,524
	Opex per boe	(\$/boe)	7.1	8.3	8.4
	Cash flow per boe		32.8	31.9	30.1
Productive capital	Estimated net proved reserves of hydrocarbons	(mmboe)	7,166	6,535	6,602
	Reserves life index	(years)	12	11	11
	Organic reserves replacement ratio	(%)	147	105	112
Intellectual capital	Existing patents (E&P)	(number)	2,292	2,370	2,016
	First patent filing applications (E&P)		13	8	15
Human capital	Employees at year end (E&P)	(number)	11,304	12,352	12,681
	Employees outside Italy (E&P)		7,371	8,219	8,147
	- of which locals		5,834	6,476	6,441
	Female employees (E&P)		2,146	2,442	2,462
	Number of hiring (E&P)		1,479	1,324	681
	Injury frequency rate (E&P)	(No. of accidents per million worked hours)	0.34	0.23	0.23
	Safety expenditure and investments (E&P)	(€ million)	109	150	100
	Employees covered by potential assessment (young graduates and experts) - (E&P)	(%)	61	27	21
	Employees covered by performance assessment tools (senior managers, managers/supervisors and young graduates) - (E&P)		28	70	62
Training expenditure (E&P)	(€ million)	24.8	44.4	29.0	
Social and relationship capital	Interventions on the territories from agreements, conventions and PSA (community investment)	(€ million)	59	53	63
Natural capital	Direct GHG emission (E&P)	(million tonnes CO ₂ eq)	28.68	25.90	22.98
	- of which CO ₂ equivalent from flaring		9.46	8.48	5.64
	CO ₂ eq emissions/100% operated hydrocarbon gross production	(tonnes CO ₂ eq/toe)	0.23	0.22	0.20
	Volume of gas sent to flaring	(mmcm)	4,506	3,762	2,334
	Oil spills due to operations (> 1 bbl)	(bbl)	3,015	1,728	936
	Produced water re-injected	(%)	49	55	56

Return to structural profitability in the Gas & Power business

			2012	2013	2014
Financial capital	Adjusted operating profit	(€ million)	398	(638)	310
	Operating expenses reduction	(%)	9	(10)	(15)
Productive capital	Worldwide gas sales	(bcm)	95.32	93.17	89.17
	LNG sales	(bcm)	14.60	12.40	13.30
	Customers in Italy	(million)	7.45	8.00	7.93
	Electricity sold	(TWh)	42.58	35.05	33.58
Intellectual capital	Existing patents (G&P)	(number)	46	56	43
	First patent filing applications (G&P)		3	0	0
Human capital	Employees at year end (G&P)	(number)	4,682	4,445	4,136
	Employees outside Italy (G&P)		2,626	2,336	2,191
	Female employees (G&P)		1,442	1,397	1,312
	Number of hiring (G&P)		222	179	68
	Injury frequency rate (G&P)	(No. of accidents per million worked hours)	2.23	1.43	0.49
	Safety expenditure and investments (G&P)	(€ million)	12.3	8.9	7.1
	Employees covered by performance assessment tools (senior managers, managers/supervisors and young graduates) - (G&P)	(%)	74	63	72
	Training hours (G&P)	(number)	167,975	147,011	92,701
	Training expenditure (G&P)	(€ million)	3.0	1.9	1.2
Social and relationship capital	Customer satisfaction code (CSS)	(%)	89.70	92.90	93.4 ^(a)
Natural capital	Direct GHG emissions (G&P)	(million tonnes CO ₂ eq)	12.77	11.22	10.08
	CO ₂ eq emissions/kWheq (EniPower)	(g CO ₂ eq/kWheq)	399.03	406.33	408.18
	Power generation (EniPower)	(TWh)	26.01	23.15	21.05
	NO _x emissions/kWheq (EniPower)	(g NO _x eq/kWheq)	0.16	0.16	0.15
	SO _x emissions/kWheq (EniPower)	(g SO _x eq/kWheq)	0.027	0.017	0.001
	Water withdrawals/kWheq produced (EniPower)	(cm/kWheq)	0.01	0.02	0.02

(a) The customer satisfaction score for 2014 relates to the first six months as at the date of publication of this Annual Report the Authority for Electricity, Gas and Water has not yet published the data for the second half of the year.

Turnaround in Refining & Marketing and Chemical businesses

			2012	2013	2014
Financial capital	Recovery in profitability (R&M)	(%)	46	(58)	54
	Recovery in profitability (Versalis)		(??)	20	10
	Refining capital expenditure	(€ million)	675	462	362
Productive capital	Service stations in Europe at year end	(number)	6,384	6,386	6,286
	Balanced capacity of refineries	(kbbbl/d)	767	787	697
	Average plant utilization rate (Versalis)	(%)	66.7	65.3	71.3
Intellectual capital	Existing patents (R&M)	(number)	772	839	662
	Existing patents (Versalis)		3,365	3,474	2,946
	First patent filing applications (R&M)		7	6	15
	First patent filing applications (Versalis)		17	10	14 ^(a)
Human capital	Employees at year end (R&M)	(number)	6,993	6,815	6,156
	Employees at year end (Versalis)		5,668	5,708	5,443
	Female employees (R&M)		1,306	1,316	1,144
	Female employees (Versalis)		588	620	607
	Injury frequency rate (R&M)	(No. of accidents per million worked hours)	1.74	1.01	0.86
	Injury frequency rate (Versalis)		1.09	0.57	0.28
	Safety expenditure and investments (R&M)	(€ million)	34	43	31
	Safety expenditure and investments (Versalis)		117	116	106
	Employees covered by performance assessment tools (senior managers, managers/supervisors and young graduates) - (R&M)	(%)	49	48	40
	Employees covered by performance assessment tools (senior managers, managers/supervisors and young graduates) - (Versalis)		84	73	61
	Training hours (R&M)	(number)	265,702	244,279	163,321
	Training hours (Versalis)		253,207	258,927	180,163
	Training expenditure (R&M)	(€ million)	2.8	3.3	2.5
Training expenditure (Versalis)		2.6	3.0	1.9	
Social and relationship capital	Customer satisfaction index (R&M)	(likert scale)	7.90	8.10	8.20
	Customers involved in the satisfaction survey (R&M)	(number)	30,438	29,863	24,081
Natural capital	Direct GHG emissions (R&M)	(million tonnes CO ₂ eq)	6.06	5.20	5.34
	Direct GHG emissions (Versalis)		3.72	3.69	3.09
	GHG emissions/refining throughputs (R&M)	(tonnes CO ₂ eq/kt)	273.28	251.32	290.67
	SO _x emissions/refining throughputs (R&M)	(tonnes SO _x eq/kt)	0.77	0.52	0.33
	NO _x emissions (Versalis)	(tonnes NO _x eq)	3,428	3,286	2,450
	SO _x emissions (R&M)	(tonnes SO _x eq)	16,990	10,805	6,091
	NM VOC emissions (Versalis)	(tonnes)	4,404	3,933	3,508
	Water withdrawals (Versalis)	(mmcm)	1,036	1,004	837
Recycled and/or reused water (Versalis)	(%)	81.6	86.2	87.7	

Focus on efficiency

			2012	2013	2014
Financial capital	Changes in working capital	(€ million)	(3,281)	456	2,668
	Purchases, services and other		95,034	90,003	86,340
Human capital	Days of absence due to accidents	(number)	13,084	8,627	7,933
	Total employment disputes		1,383	1,607	1,355
	Disputes/employees ratio		864/1,383	577/1,607	658/1,355
Natural capital	Net consumption of primary resources	(toe)	14,629,243	14,225,297	12,463,585
	of which: natural gas		10,126,614	9,964,105	9,341,204
	of which: oil products		4,286,526	4,135,871	3,034,550
	of which: other fuels		216,103	125,322	87,831
	Energy consumptions from productive activities/100% operated hydrocarbon gross production (E&P)	(GJ/toe)	1.56	1.54	1.67
	Energy Intensity Index (R&M)	(%)	76.9	76.3	77.8
	Total water withdrawals	(mmcm)	2,356	2,205	1,878
Total recycled and/or reused water	(%)	73.4	80.0	81.7	

[a] Among the 14 first patent filing applications, one application is shared between R&M and Versalis and it is assigned to the latter.

Other significant performances

		2012	2013	2014	
Governance	Members of the Eni's Board of Directors	(number)	9	9	9
	- executive		1	1	1
	- non executive		8	8	8
	- independent ^(a)		7	7	7
	- non-independent		2	2	2
	- members of minorities		3	3	3
	Presence of women on the Boards of Directors of Eni Group companies	(%)	8	14	22
Presence of women on the Boards of Statutory Auditors of Eni Group companies	(%)	15	28	36	
Intellectual capital	R&D expenditure	(€ million)	263	218	199
	First patent filing applications	(number)	74	59	84
	- of which filing of renewable energy		21	28	29
	Existing patents		8,931	9,427	8,225
Human capital	Employees at year end	(number)	77,636	82,093	83,599
	- men		64,789	68,505	69,949
	- women		12,847	13,588	13,650
	Local employees abroad by professional category		39,668	43,121	45,864
	- of which senior manager		223	213	201
	- of which manager/supervisors		3,798	4,004	4,096
	- of which employees		19,683	20,522	21,662
	- of which workers		15,964	18,382	19,905
	Female managers (senior manager and manager/supervisors)	(%)	19	19	20
	Injury frequency rate of total Eni workforce	(No. of accidents per million of worked hours)	0.49	0.35	0.31
	Fatality index	(Fatality injuries per one hundred millions of worked hours)	1.10	0.98	0.72
Safety expenditure and investments	(€ million)	364	400	361	
Training hours	(hours)	3,132,350	4,348,352 ^(b)	3,207,027 ^(c)	
Training expenditure	(€ million)	55.67	75.91	60.93	
Social and relationship capital	Total spending for the territory	(€ million)	91	101	96
	Suppliers used	(number)	32,621	34,848	31,555
	Total procurement	(€ million)	31,811	32,814	42,800
	Suppliers subjected to qualification procedures including screening on Human Rights	(number)	12,471	14,833	19,823
	SA8000 Audits carried out		16	23	20 ^(d)
	Hours of training on Human Rights		576	667	700
	Security personnel trained on Human Rights		1,008	235	143
Security contracts containing clauses on Human Rights	(%)	65	84	90	
Natural capital	Direct GHG emissions	(tonnes CO ₂ eq)	52,840,365	47,599,206	42,925,895
	NO _x emissions	(tonnes NO ₂ eq)	115,571	103,736	89,916
	SO _x emissions	(tonnes SO ₂ eq)	30,137	27,949	24,891
	NM VOC (Non-Methane Volatile Organic Compounds) emissions	(tonnes)	49,562	44,027	27,978
	TSP (Total Suspended Particulate) emissions		3,548	2,876	2,256
	Total number of oil spills (> 1 bbl)	(number)	329	386	368
	Total volume of oil spills (> 1 bbl)	(bbl)	12,428	7,903	15,580
	- of which from sabotage and terrorism		8,669	6,002	14,401
	- of which due to operations		3,759	1,901	1,179
	Total water withdrawals	(mmcm)	2,356	2,205	1,878
	- of which sea water		2,143	2,002	1,705
- of which fresh water		189	184	162	
- of which salt/salty water taken from underground or surface sources		25	18	10	

[a] This refers to independence according to law, mentioned by Eni Statute; 6 out 9 directors are independent pursuant to Code of Self-regulation.

[b] Data include the activity of the Iraq project performed in 2013 for company subsidiary of Zubair Field Operation Division.

[c] Data not include the activity of Iraq project performed in 2014 for company subsidiary of Zubair Field Operation Division and included 61,764 hours.

[d] Data include SA8000 Audits of 8 suppliers/sub-suppliers that was performed in Mozambique, Indonesia, Pakistan and Angola as well as 12 follow-ups of audits performed in 2013 in Congo, Pakistan and Timor Leste.