

Chapter 17

The Contribution of Multinational Companies: Eni Corporate, Sustainability and Corporate Social Responsibility

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Abstract The business sector led by multinational corporations has an increasingly prominent role in international development. Global consensus praises the role of the Millennium Development Goals (MDGs) agenda in challenging resources to poverty reduction and various dimensions of social development, yet poverty is still widespread and new multiple challenges at a time of financial crises undermine the world ability to eradicate poverty; poverty defined not only in terms of money, but in terms of food insecurity, unemployment, violence and humiliation, lack of health care, electricity and good housing. For these reasons, during Rio + 20 Summit, world leaders have emphasized the need for a new single coherent agenda with sustainable development at its core. In this complex architecture the new global partnership for sustainable development have reified the centrality of business to development and affirmed its central role in contributing to poverty reduction.

The Global Agenda and the Eni's Contribution

As Rio + 20 Summit majors outcome called for the need to identify new goals and targets to help translate the global aspirations into practical actions, business leaders have been encouraged to contribute with their knowledge and expertise to the definition of new Sustainable Development Goals (SDGs). The SDGs framework is built on the MDGs and guided by the new development paradigm which reflects equally the economic, social and environmental dimensions of sustainable development and the interconnections between them. The SDGs, therefore, reiterate the imperative need for a new global partnership that enables a

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transformative, people-centered and planet sensitive agenda, realized through the equal partnership of all stakeholders and Governments' ability to define their own development agenda. To this end, SDGs aim to galvanize individual and collective actions and provide a new definition of good governance that not only applies to Governments and donors, but also to multinational companies and international organizations. What is about to be delivered is an accountability framework which demands for a global agenda in which all are equally accountable for its actions.

eni contribution to the development agenda has built on a partnership model with local Governments, especially developing countries, with multilateral and international organisations and other representatives of the private sector. As a matter of fact, nowadays strategic partnerships should include joint projects for the economic and social development of the Countries. One of **eni**'s distinctive features, useful for developing collaboration with producing Countries, is having operations and skills integrated in the entire energy business sector. The operational excellence and the integrated approach aligned with a culture of cooperation with the producing Countries enable **eni** to operate with the responsibility of an international energy Company whilst having the ability to invest in the Country's future as a national Company. This is the "dual flag" approach, through which **eni** shows its ability to take part in the design and implementation of sustainable development of Countries: one flag shows the six-legged dog, **eni**'s symbol, the other is the host Country's. From the dual nature of a local and global company, **eni** has the ability to dialogue with local, national and international institutions on the major sustainable development issues. Years of experience in the field have thought that **eni**'s "dual flag" approach has been successful to cater for diverse national realities. **eni** has long recognized that inclusive and sustainable development requires a stronger emphasis on the promotion of productive employment, the respect of environment as well as social transformation emphasizing inclusiveness. Among others, one of the reasons of the success of **eni**'s model and the basis of its ability to be "chosen" by the countries in which it operates is the will to create growth opportunities for the local people. **eni**'s model of cooperation relies on empowering human potential in the territories to promote a country's autonomous growth. The strategy adopted is to form the local people to take on more and more important roles within the company.

Thanks to this approach, **eni** operates in many developing Countries. The activities and initiatives promoted locally, as part of cooperation agreements, have a strong impact on the economy of the communities. As a consequence, **eni** is the leading international producer of hydrocarbons in Africa.

At a global level the company is committed to cooperating with multilateral and international organisations, governments, other energy companies and private organisations to define and develop collective actions to improve business efficiency and transparency, with positive effects for both international oil companies and oil producing Countries.

eni is active in a number of organizations and networks where the contribution of business to development is debated. For example, with reference to the United Nations networks, since 2001, **eni** is a member of the UN Global Compact. In

November 2010, within the Global Compact, **eni** was invited to join the LEAD platform, an initiative reserved for the global companies deemed able to play a leading role at international level for the sustainable development by actively promoting the MDGs of the UN. The United Nation LEAD platform is also involved in SDGs process with a related group, in which **eni** plays a proactive role. **eni** supports the UN Secretary General's Sustainable Energy For All initiative, acknowledging that energy illustrates well the cross-cutting challenge of sustainable development. Among the initiatives launched to promote sustainability, **eni** contributes with its extensive experience to the United Nation Sustainable Development Solution Networks (SDSN), led by Professor Jeffrey Sachs. The SDSN convenes global expert thematic groups on key sustainable development challenges that identify common solutions and highlight best practices. It also provides technical support to the High-level Panel of Eminent Persons on the Post-2015 Development Agenda and the related SDGs definition process. Within the SDSN, **eni** also leads the Solutions initiative on Energy for All in Sub-Saharan Africa.

Energy as a Development Enabler

Energy is a prerequisite for development, supplying energy to populations who currently have a scarce access to it, gives **eni** the ability to indirectly, but efficiently, pursue the Millennium Development Goals defined by the United Nations. Addressing the lack of access to clean, reliable and affordable energy services for billions of people is one of the world's most critical development challenges. The different distribution of energy consumption worldwide represents both a barrier to the growth and a cause of inequality. People without access to electricity are around 1.3 billion equal to 20 % of the world population. 84 % of these live in rural areas, 95 % of them in Sub-Saharan Africa and in the least developed regions of Asia.

Therefore, access to energy is a particularly serious problem in Africa, which represents the paradox of countries that are major energy producers while suffering from energy poverty. In Africa, **eni** operates in 21 countries, and as mentioned above is the leading international oil company in terms of hydrocarbons production.

eni has been able to integrate the development of local energy systems in Africa into its core business by taking new opportunities and by creating the basis for the development in the Countries where it operates, especially in those areas where energy poverty is a crucial issue. The activities carried out in Nigeria and in the Republic of Congo are the main examples of this approach. **eni** has been active in constructing and rehabilitating grids and power plants fed by gas previously flared. The issue of gas flaring is particularly significant in Africa too. Using gas to produce electricity has enabled **eni** to turn gas flaring from an environmental risk into a business that offers opportunities for local development.

In order to play a leading role in making the change happen, under the Sustainable Energy For All initiative, **eni** registered two commitments at the UN Conference on Sustainable Development (Rio, June 2012). In particular, **eni** committed to reduce carbon intensity of hydrocarbon production, reduce gas flaring intensity of upstream activities and use associated gas, especially where flared and to improve access to modern energy. As a matter of fact, in Africa, **eni** has a flaring down strategic plan that seeks to address the dual challenge of fighting energy poverty while tackling climate change; an approach which catalyzes social and economic development, while taking into account an important environmental aspect.

Accessing Electricity and Reducing Gas Flaring in Nigeria and the Republic of Congo

In Nigeria, as part of a Gas Master Plan defined in agreement with the Federal Government, **eni** responds to access to energy lack providing electricity and natural gas through three types of interventions:

- Supply of electricity and natural gas through the Independent Power Projects;
- Supply of energy to the community through creation of networks connected to industrial plants;
- Delivering of electricity through off-grid systems.

Regarding the Independent Power Projects, the Okpai plant inaugurated by **eni** in 2005, has an installed capacity of 480 MW and which answer to the electricity need of approximately 10 million people (estimated data based on the total annual consumption of population with access energy); in addition to the gas sent to Okpai, **eni** supplies gas to the Rivers State Government power station, with an installed capacity of 150 MW equal to need of 1 million users (estimated data based on the total annual consumption of population with access energy). **eni** promotes, also, access to electricity through the creation of networks connected to industrial plants such as the Ebocha Early Gas Recovery Project, with the result of: 28 communities reached, 26.5 MW of installed capacity, about 200 thousand people served. Furthermore, thanks to this project in 2012, the gas flared in Ebocha was equal to 0.32 million standard cubic metres per day with a 66 % of decrease compared to 2009 level. **eni** also provides electricity access through off-grid electrification systems: 32 communities served, 6.5 MW of installed capacity and 63.4 thousand beneficiaries.

Based on its first experience in Nigeria, **eni** signed a first agreement with the Republic of Congo in 2007. It presented a four-year plan to the Congolese authorities, setting out its commitment to produce electricity for the country thanks to two electric power stations. Gas flaring would be reduced reusing it in electricity

production, and the remaining parts of it would be reinjected into the hydrocarbon deposit.

The Integrated Project foresees:

- the construction of the Centrale Electrique du Congo (300 MW, completed in November 2010);
- the revamping of the Centrale Electrique de Djeno (an additional 25 MW for a total of 50 MW, in full service since 2009);
- the installation of the associated gas treatment and transportation system from the gas field to the power plants (completed in 2009);
- the development of a gas and condensates to supply gas to the CEC;
- the revamping of the national electricity network (RIT project) to facilitate the distribution of electricity throughout the Country (officially delivered in December 2011);
- the revamping of the medium and low voltage electric network in Pointe-Noire (DEPN) (Medium Tension Phase Project delivered in 2011, Low Tension Project under way).

The interventions in the power plants fed by associated gas have led to a significant reduction in gas flaring. Overall, the two power plants represent 60 % of current electricity production in the Country. The energy produced is distributed to the Pointe-Noire where, thanks to these power plants, about 350,000 people are served today. In 2012, a new project started in the field of Kouakouala. The gas, which until a few months ago was burned in torch, is now being conveyed to a system of generators which supplies electricity to two villages located in the areas close to the field, feeding among other things water wells, schools, health centres and public lighting. These villages, which count about 4,000 inhabitants, did not have any access to electricity before.

Other pilot studies could be defined in Sub-Saharan countries in order to integrate and improve **eni**'s community development projects capacity related to local access to energy increase.