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Eni Rovuma Basin

Area 4

Human Rights Action Plan

Interim Report

December 2020

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1. INTRODUCTION

This interim report (IR) presents key actions and achieved results based on the implementation of the Human Rights Action Plan (HRAP) prepared by Eni Rovuma Basin (ERB) in 2019 on the observations and recommendations from the Human Rights Assessment (HRA) prepared by the Danish Institute for Human Rights in 2018. This Interim Report covers ERB's operations in Mozambique's Area 4.

2. PROJECT OUTLINE

Under the EPCC the participating interest of the parties in Area 4 are as follows: Mozambique Rovuma Venture S.p.A. (MRV) – 70%, Galp Energia Rovuma, B.V. (GALP) - 10%, K G Mozambique LTD. (Kogas) - 10% and Empresa Nacional de Hidrocarbonetos E.P. (ENH) - 10%. MRV is a joint venture company between Eni S.p.A. (35.7%), ExxonMobil Development Africa B.V. (35.7%) and CNODC Dutch Cooperatief U.A. (28.6%).

Eni Rovuma Basin B.V. (ERB), a company 100% owned by Eni S.p.A., is the designated Operator of Offshore Operations for Area 4, whereas ExxonMobil Moçambique, Limitada (EMML), an ExxonMobil affiliate, is the designated Operator of Liquefaction and Related Operations.

ERB currently manages the offshore activities and pipeline construction from the reservoir to the coast, while EMML is responsible for the construction and operation of the natural gas liquefaction facilities located off the Afungi Peninsula of Palma District.

In undertaking the onshore activities, EMML coordinates with a third entity, Total (formerly Anadarko - operator of Area 1) who is implementing the resettlement of local communities who were living in the area. Total is responsible for performing such resettlement operations in accordance with a Resettlement Action Plan that has been agreed with MRV and the Mozambican Government. EMML (and Total) operations are not included in the scope of this report.

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3. BACKGROUND

The Danish Institute for Human Rights (DIHR) was invited in 2014 to conduct a scoping exercise for a Human Rights Impact Assessment (HRIA) for the activities of Eni East Africa in Mozambique. The scoping concerned current, as well as future operations (as of 2014), both on-shore and offshore. A number of priority impact areas were identified, including Land Management, Influx & Community Development, Conflict & Security, and Labor Standards in Sub-contractors.

Based on the scoping DIHR provided advise to support Eni in Mozambique to take an iterative approach to human rights due diligence, through a mix of measures which could eventually include a HRIA or a number of assessments and steps integrating human rights in different areas of concern.

In May 2018, DIHR was invited to conduct a Human Right Assessment (HRA) related to the activities carried out by Eni’s subsidiaries operating in Mozambique (Eni Rovuma Basin and Eni Mozambico) and Coral FLNG S.A.

The approach of the HRA was based on three over all phases:

- i. Human rights impact scoping and stakeholder mapping.
- ii. On-site data collection.
- iii. Consolidating human rights assessment observations, developing recommendations and developing a conclusive HRA report.

As a result of the HRA, the DIHR produced a report including key observations and recommendations to be implemented in the project by ERB. To address DIHR recommendations, ERB, jointly with Eni’s Sustainable Development Department (SOST), developed an Action Plan (HRAP) for the period 2019-2022, approved by ERB in September 2019.

The HRAP is under execution and at good stage of implementation, considering that all (100%) actions foreseen in 2019 and approximately 80% of the actions foreseen in 2020 have been completed, despite the Covid-19 pandemic. This leads to an overall implementation rate of nearly 60%.

This interim report includes activities carried out so far, both in 2019 and 2020, by ERB.

In chapter 4 are reported therefore: i) the main recommendations coming from the HRAP grouped into the main areas where Eni's **Human Rights Salient Issues** fall (i.e. Communities, Security, Labour, Supply chain, etc.), followed by ii) actions undertaken/on going to address them.

In Chapter 5 a clue of main actions foreseen on 2021 is reported as well as relevant issues/potential criticalities.

4. HRAP ACTIVITIES IMPLEMENTATION

ISSUE A: COMMUNITIES

Regarding how the human rights issues are managed with respect to communities, it should be noted that the HRAP establishes actions to ensure and/or increase the level of engagement and communication with communities (including grievance, feedback and communication mechanisms). In this regard it is worth mentioning that ERB has in place a set of Social Management Plans (SMPs) prepared in compliance with company regulatory system, Country legal requirements and International Standards (IFC Performance Standards and Equator Principles) as required by performance standards asked by Coral South lenders.

Below the main recommendations referred to Communities are reported, as for the HRA Report issued by the DIHR, together with their respective actions carried put accordingly to the HRAP.

RECOMMENDATION

Development of regular procedures for disclosing information on the prospect activities including ERB's assessment of their scale and possible impacts.

ACTIONS

On this regard, two Stakeholder Management Plans were developed for Coral South project Stakeholder Engagement Plan (SEP) – aimed at identifying relevant stakeholders and guiding current and future stakeholder engagement activities related to the Coral South Project. The

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SEP details the main engagement strategies for each identified stakeholder group and it is the basis for development of detailed stakeholder engagement plans.

RECOMMENDATION

Development of system of communication combining various means of communication to make sure all segments of the community are reached. The means could include notice boards, community meetings and social media.

ACTIONS

On this regard:

- An Operative Stakeholder Engagement and Communication Plan (OSCEP) was developed, which is a specific Management Plan developed to proactively engage and communicate with Project's relevant stakeholders during the drilling phase. It establishes regular ways of information disclosure on the prospect activities and their impacts. Such Plan combines various means of communication, including disclosure of information via Radio Broadcasts, Consultation Campaigns, direct meetings, email, fax, telephone and formal letter.
- Three consultation/information meetings were held in Pemba City, in March 12th and 13th, 2019 to engage and inform key stakeholders (previously identified in the SEP) regarding the Coral South Project drilling and completion prior to relevant infield development activities. As per the SEP, engagement included the following stakeholders:
 - Paquitequete community – meeting held in 12 March, at Paquitequete Neighbourhood Head Quarter, with 40 participants;
 - Tourism and fishery operators/associations - meeting held in 13 March, at Pemba Beach Hotel, with 26 participants; and
 - Quirimbas National Park (QNP) administration - meeting held in 13 March, at QNP offices, with 17 participants.

During these meetings, the project updated description, timelines and logistic aspects, as well as the impacts and mitigation measures were presented in detail. Specifically, for Paquitequete community, simple language (clear and objective) techniques and A1 posters, containing project information, were provided to better describe the activities to

be undertaken during the project. An open questions and answers (Q&A) session followed the presentations. These sessions allowed the participants to raise their main concerns and questions regarding the project activities and the influence on stakeholders' activities. Thus, all the comments, questions and suggestions raised were duly registered and addressed.

- On 14 March 2019, ERB organized a workshop entitled “*Local Content and Sustainable Development Workshop for Coral South Project*” to disseminate opportunities upcoming from the Coral South Drilling and Completion activities. The event was attended by 86 people representing different level of stakeholders, mainly from Government institutions, NGOs, Academic Institutions, Private Sector, Contractors and Social Projects Implementation Partners.
- Communications letters and emails were sent to the stakeholders in 2019 and 2020. For instance, the communication of 10 December 2020, to inform the resuming of drilling and completion activities.

RECOMMENDATION

Ensure that technical or otherwise complex information is conveyed in phrasing, formats and language that the community members understand.

ACTIONS

In order to guarantee community members full understanding of technical information, ERB prepared posters in Portuguese to disclose project/drilling campaign information. Specifically, for Paquitequete community, during engagement meetings held in 2019, simple language (clear and objective) techniques and A1 posters, containing project information, were used to better describe the activities to be undertaken. There was also a translator to ensure that project information is conveyed in local language (Kimwani).

Moreover, in 2019, ERB also translated Grievance Mechanism posters into Portuguese and local languages (Kimwani).

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RECOMMENDATION

Set up workable avenues by which community members can approach ERB to enquire about all relevant aspects they either do not understand or find should be addressed.

ACTIONS

In order to give to communities the opportunity to raise concerns, since 2019 the Company has implemented a dedicated Grievance Mechanism easily accessible and compliant to international standards (in particular IFC-PS1) and UNGP n. 31. The grievance mechanism for communities includes tools such as: physical box, posters (in local language) email and phone numbers (green line); to date, no claims have been registered.

In September 2019, ERB installed permanent boxes, at 6 (six) sites in Pemba (Paquitequete Neighbourhood Meeting Place, Paquitequete Primary School, Improved Cookstoves Sales Unit in Paquitequete, ERB new offices, hangar/airport offices, City hall) as part of the Grievance Mechanism, to ensure that community members could leave their enquires/concerns/grievances. In these six locations, were also installed Grievance Mechanism posters, translated into Portuguese and local languages (Kimwani), including ERB' contact details (Office address, email, telephone numbers).

RECOMMENDATION

Design collaborative initiatives based on shared inputs from ERB and community members. For instance, a train-the-trainers program for training of school children in road safety, which includes school teachers and parents.

ACTIONS

Based on consultation findings, this year, ERB activated an Education implementing partner project to establish initiatives aimed at increasing the inclusion of community members and at spreading behaviours likely to mitigate potential impacts from project activities. Such collaborative initiatives have included the training of Paquitequete primary school teachers and parents in road safety rules to create a cascade effect on community members.

RECOMMENDATION

Assessment of type and scale of impact on livelihood and the resultant economic displacement.

ACTIONS

The Coral South EIS Report (2016) assessed the impacts on livelihood. It indicated that no significant residual impacts were expected to occur on the artisanal (community) fisheries sector. Nevertheless, the activity required to keep assessing and monitoring residual impacts. This has been done (in 2019 & 2020) mainly through the OSECP (ESMP - Environmental and Social Management Plan).

ISSUE B: WORKERS

Below the main recommendations referred to workers are reported, as for the HRA Report issued by the DIHR, together with their respective actions carried put accordingly to the HRAP.

RECOMMENDATION

"Town halls" or other regular meetings that include all employees, to reaffirm that company management respect the employees' right and ILO standards; Commit to support the forming and running of a workplace employees' representative committee where no formal union representation exists; Commit to enter into consultation and collective bargaining with such committee in good faith.

ACTIONS

On this regard:

- From time to time, ERB organizes engagement meetings with all the employees and main contractors, to inform them regarding the status of the Project and reaffirm the Company's commitment to respect human rights and workers' rights.

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- In 2019, an union representative committee was established within ERB, whose members were subsequently confirmed by SINTIQUIAF (Sindicato Nacional dos Trabalhadores da Indústria Química e Afins, a local union organization affiliated to IndustriAll¹.) On a regular basis, this committee meets with the management of the Company to discuss several job-related topics and other matters of mutual concern.

ISSUE C: SUPPLY CHAIN

Below the main recommendations referred to supply chain are reported, as for the HRA Report issued by the DIHR, together with their respective actions carried put accordingly to the HRAP.

RECOMMENDATION

Require contractors/suppliers to adopt in any case written employment contracts and to apply remuneration aligned with the rising living costs in and around Pemba (living wage).

ACTIONS

In 2020, ERB and Coral FLNG SA have adopted the new Eni's Supplier Code of Conduct. Contract & Procurement Dept. always guarantees during pre-qualification/tender phase the abidance with such terms. Contract Holders have constantly monitored contractors' adherence to contract terms.

¹ IndustriALL Global Union represents 50 million workers in 140 countries in the mining, energy and manufacturing sectors. Eni has in place a specific [Global Framework Agreement](#) with IndustriAll, signed in 2019 and focused on International Relations and Corporate Social Responsibility.

ISSUE D: GOVERNANCE\TRANSPARENCY\ ACCOUNTABILITY

Below the main recommendations referred to governance, transparency and accountability are reported, as for the HRA Report issued by the DIHR, together with their respective actions carried put accordingly to the HRAP.

RECOMMENDATION

Tracking ERB's use of leverage and performance in complying with the corporate responsibility to avoid and mitigate adverse human rights impacts.

ACTIONS

The present interim report on area 4 HRAP implementation, represents itself a way to start a better and more systematic tracking of the performance of ERB on abiding the corporate responsibility to respect human rights by implementing an adequate process of due diligence.

5. LESSON LEARNED and FOLLOW UP ACTIONS

As mentioned in the background section, the HRAP is under execution and at good stage of implementation. However, some activities (approximately 7 actions) initially foreseen in 2020 were postponed to 2021 due to impacts from Covid-19 pandemic. Main 2021 actions will be following:

ISSUE A: COMMUNITY

In case of evidence of relevant and diffused impacts on fishermen livelihoods emerged during the Drilling, Completion and Installation campaign, ERB will liaise with local authorities and community to create a shared protocol/procedure/fishery management plan which may also include community projects to ensure alternative livelihood options.

ISSUE B: WORKERS

A town hall event will be performed with ERB employees as well as with Coral South main Contractors, in order to reaffirm and create awareness of employee' rights and ILO standards.

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ISSUE C: SUPPLY CHAIN

A Social Audit framework will be defined by SOST and will be implemented on selected relevant contractors and/or subcontractors to monitor how first tier contractors implement ERB's policies and standards to ensure adequate protection of workers of sub-contractors.

ISSUE D: GOVERNANCE

On this regard, a Human Rights Policy proposal for MRV as Area 4 Operator and a dedicated Human Rights clause proposal to amend the Area 4 JOA will be the main focus for 2021.