THE DANISH INSTITUTE FOR HUMAN RIGHTS

# ENI MEXICO: HUMAN RIGHTS IMPACT ASSESSMENT OF AREA 1 DEVELOPMENT PROJECT

OBSERVATIONS AND RECOMMENDATIONS OVERVIEW

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**ABBREVIATIONS**

| | |
|---|---|
| BHRRC | Business and Human Rights Resource Centre |
| BSA | Benefit-Sharing Agreement |
| CDA | Community Development Agreement |
| CEDAW | Convention on the Elimination of all forms of Discrimination Against Women |
| CGM | Community Grievance Mechanism |
| CLO | Community Liaison Officer |
| CNA | Comisión Nacional del Agua *(Spanish)* (National Water Commission) |
| CONAPESCA | Comisión Nacional de Acuacultura y Pesca *(Spanish)* |
| CSO | Civil Society Organisation |
| DIHR | Danish Institute for Human Rights |
| EIA | Environmental Impact Assessment |
| EITI | Extractive Industries Transparency Initiative |
| ESHIA | Environmental Social and Health Impact Assessment |
| EVIS | Evaluación de Impacto Social *(Spanish)* |
| FPSO | Floating Production Storage and Offloading unit |
| GBV | Gender-Based Violence |
| GGI | World Economic Forum's Gender Gap Index |
| HRD | Human Rights Defender |
| HRIA | Human Rights Impact Assessment |
| HSE | Health, Safety and Environment |
| LGTAIP | General Law on Transparency and Access to Public Information |
| LTI | Loss-Time Injury |
| MIA | Manifestación de Impacto Ambiental *(Spanish)* |
| MoU | Memorandum of Understanding |
| NGO | Non-Governmental Organisation |
| OECD | Organisation for Economic Cooperation and Development |
| ORF | Onshore Receiving Facility |
| PHRIM | Preliminary Human Rights Impact Mapping |
| PSM | Preliminary Stakeholder Mapping |
| SIA | Social Impact Assessment |
| UN | United Nations |
| UNGPs | United Nations Guiding Principles on Human Rights and Business |
| VPSHR | Voluntary Principles on Security and Human Rights |

# 1 INTRODUCTION AND METHODOLOGY

## 1.1 INTRODUCTION

In October 2018, the Danish Institute for Human Rights (DIHR) developed a Preliminary Human Rights Impact Mapping (PHRIM) and Preliminary Stakeholder Mapping (PSM) based on desktop research and interviews with internal Eni Mexico stakeholders and a number of external stakeholders. The aim of the PHRIM project was to ensure that adequate human rights due diligence would take place as Eni Mexico's Area 1 Development Project (the Project) progressed.

The PHRIM and PSM were used to inform Eni's decision-making process around Eni's next steps in its efforts to avoid and address potential and actual negative human rights impacts related to the Project. A number of priority impact areas were identified during the drafting and updating of the PHRIM, including: 1) labour standards among contractors and sub-contractors, and the existence and/or adequacy of grievance mechanisms; 2) potential community impacts, such as threats to livelihoods and insufficient stakeholder consultation and information sharing (especially in relation to local fishermen); and 3) security and conflict related issues.

Following the PHRIM and PSM, Eni asked DIHR to conduct a Human Rights Impact Assessment (HIRA) that included engagement with potentially affected rights-holders. Following such an agreement, DIHR carried out the on-site part of the HRIA in March 2019 (March 11 to March 19) with the principle aims of examining:

- the impacts of offshore operations (platforms, sealine, traffic etc.) on coastal communities (including fishermen) and on workers (contracted and sub-contracted), and;
- the impacts of onshore activities (Onshore Receiving Facility (ORF) and pipeline) related to the Project.

This observations and recommendations overview report of the HRIA includes:

- brief background information about Eni Mexico's current and planned activities;
- the methodology and approach of the HRIA;
- an introduction to responsible business conduct in Mexico;
- overview of key observations and recommendations, and;

- an overview of the limitations of the assessment (see Annex I).

In accordance with the United Nations Guiding Principles on Human Rights and Business (UNGPs), the assessment took into consideration all internationally recognised human rights, and this overview report looks at both actual and/or potential impacts caused or contributed to by Eni Mexico's own activities, as well as impacts linked to Eni Mexico's operations, products or services through business relationships.[1]

## 1.2 ABOUT THE PLANNED ACTIVITIES

The Project includes three offshore fields (Amoca, Mitzón, and Tecoalli), discovery wells, an offshore sealine (10 km), an onshore pipeline (7 km) and an ORF. The Project is located near the small fishing town and port of Sánchez Magallanes and the towns Villa Benito Juárez, Paylebot and Ley Federal de la Reforma Agraria, in the state of Tabasco. Apart from the mentioned activities and installations, at the time of the field visit Eni maintained an operational office in Ciudad del Carmen, in the state of Campeche (moved to Villahermosa, Tabasco, in April 2019), a logistics base in Dos Bocas in the state of Tabasco, a jacket construction site in the state of Tampico, and its main office in Mexico City. There is also ongoing work in Shanghai, China, where a vessel is stripped and refurbished and made into a Floating Production Storage and Offloading unit (FPSO),[2] which will then be sailed to Mexico for activities in the project area.

## 1.3 ASSESSMENT METHODOLOGY

### 1.3.1 DESKTOP RESEARCH

In Q3 2018, before the field visit, DIHR developed a PHRIM and PSM to provide an initial overview of potential human rights impacts caused or contributed to by Eni Mexico's operations, or otherwise directly linked to Eni's operations, products, or services via its business relationships in Tabasco (and to a limited extent Mexico City), Mexico. The main sources for the desktop research included:

- existing research and country risk analysis of Mexico previously conducted by DIHR;
- relevant public information and assessments of Mexico;
- internal interviews with different Eni functions; and
- external phone interviews with two Mexican civil society organizations working on extractives and human rights issues: PODER and Centro PRODH.

[1] See further, United Nations Guiding Principles on Business and Human Rights, Principle 13.
[2] A Floating, Production Storage and Offloading unit is a floating vessel used for production and processing of hydrocarbons and for the storage of oil.

### 1.3.2 FIELD VISIT

The field visit took place between March 11 and March 19 2019 and was prepared in collaboration with Eni Impresso and Eni Mexico. DIHR collaborated with the local consultancy Enûma, who was primarily responsible for organising the various engagements with external stakeholders, whereas Eni Mexico was primarily in charge of organising transportation and other logistics, though it also organised a few of the rights holder meetings with groups of community members in the Project area. Eni Mexico was also in charge of organising the internal stakeholder interviews with Eni Mexico management staff and with the contractor and sub-contractor management.

DIHR was accompanied by its local consultant, two Eni Mexico representatives (sustainability manager, and stakeholder relations and grievance coordinator) and one Eni Impresso representative (manager for human rights, transparency and global issues) for most of the field visit. While the three Eni representatives were present in most interviews with government agencies, they only participated in specific civil society organisation (CSO) interviews, after an assessment was made by DIHR and the local consultant on whether it was appropriate or not for them to participate. None of the Eni representatives were present during rights holder interviews with workers and community members.

During the field visit the HRIA team met with a variety of stakeholders (internal and external), including internal Eni Mexico staff, government agencies, CSOs, individual experts and academia, and one religious leader. The interviews with external stakeholders (except with rights holders) were conducted as one-on-one interviews (or on a few occasions with a small group of stakeholder representatives).

A significant part of the field visit was dedicated to engagement with rights holders (community members, such as fishermen, women, and land owners, and male and female workers). The workers who were interviewed were randomly selected on the day the HRIA team visited the site, based on their availability. Workers were selected from a variety of functions and tasks they performed. The interviewees came from a range of different worker categories, including middle management, skilled and non-skilled workers, foreign and national workers, workers from the local community and workers from elsewhere in Mexico, and included both contractor and sub-contractor workers.

The community members (fishermen, women and land owners) interviewed were identified by Eni Mexico's stakeholder relations and grievance coordinator, based on pre-established contacts and relation with community members. The interviewed religious leader was randomly selected without prior engagement by Eni Mexico.

During the HRIA, the assessment team used various data gathering and interview approaches and techniques, including focus group interviews, women-only group interviews, one-on-one interviews with key informants and interviews with external stakeholders such as CSO staff.

Although interview questionnaires were developed focusing on a wide range of issues, in practice the interviews held were semi-structured, focusing on the most important human rights issues highlighted through the PHRIM, the desktop research performed as part of the initial stages of the HRIA and based on input from CSOs and other external stakeholders the HRIA team met in Mexico City and Villahermosa.

Full overview of stakeholders met with during the field visit:

| | |
|---|---|
| **Government institutions** | • **Mexico City**: Comisión Nacional de Derechos Humanos<br>• **Villahermosa**: Comisión Nacional de Derechos Humanos; SEDAFOP (Sub-sec de Pesca); CONAPESCA; Instituto Estatal de Mujeres (IEM); Sec. de Desarrollo Energético;<br>• **Sánchez Magallanes**: CONAPESCA; two Delegados Municipales (Municipal delegates) (2); Capitanía de Puerto (local port authority) |
| **Eni Mexico** | • **Mexico City**: Security, HSE, HR, Legal, Procurement, Managing Director, Operations, Technical<br>• **Tabasco**: ORF Company Representative |
| **Civil society organisations** | • **Mexico City:** Oxfam; Poder; Business and Human Rights Resource Centre; one civil society organisation who did not want to be named |
| **Academia and individual experts** | • Professor from Universidad Juárez Autónoma de Tabasco (UJAT);<br>• Four researchers from a local research institution<br>• Independent SIA and human rights expert<br>• Independent sustainability expert with experience from the oil and gas industry |
| **Contractors and sub-contractors** | • Lindsayca and Arendal management |
| **Community members** | • 2 landowners; 10 fishermen; 7 women; one priest |
| **Contractor and sub-contractor workers** | • **Contractor - Lindsayca**: 2 male workers;<br>• **Sub-contractor - Itracsa**: 2 female workers; 3 male workers (welders and carpenters)<br>• **Sub-contractor - Arendal**: 4 male and 4 female workers (skilled and unskilled) |

## 1.4 INTRODUCTION TO RESPONSIBLE BUSINESS IN MEXICO

Challenges remain numerous to responsible business conduct in Mexico, including cases of corruption at all levels, a weak legal framework, lack of independent judiciary, conflicts between communities and companies, and the negative legacy from past company activities across the country. However, it is expected that foreign investors respect internationally recognised human rights in their activities in Mexico, as set out in the UNGPs and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, regardless of a host government's potential failure to uphold human rights.

The responsibility to respect human rights by companies should be understood as avoiding causing or contributing to human rights abuses within their own operations, as well as preventing and mitigating adverse human rights impacts linked to their operations, products and services through business relationships.

In addition to reputational and legal or quasi-legal risks of not respecting human rights in Mexico, foreign investors also have the unique opportunity to contribute to an improvement of the situation of human rights in Mexico, through respecting human rights within their own activities and working to ensure that business partners improve their own practices.

In 2017, Mexico was approved as a member of the Extractive Industries Transparency Initiative (EITI). This initiative promotes the open and accountable management of oil, gas, and mineral resources all over the world. The EITI standard strives to ensure transparency and accountability of how a country's natural resources are governed in issues pertaining to how the exploitation rights are issued, how resources are monetised, and how the existence of natural resources and related business activities benefit the citizens and the economy. All member countries agree to abide by and adhere to this standard and the principles of EITI.[3]

In Mexico specifically, EITI looks at a range of issues within the oil, gas, and mining sectors, such as licence allocation, production data, tax transparency, the role of state-owned enterprises and the allocation of revenue. The Mexican Government has committed to map and identify the beneficial ownership of the companies operating in the country and explore the issue of contract transparency. In December 2018, Mexico completed its first annual progress report as an EITI member, and validation and approval of the report by the multi-stakeholder group is pending.[4]

[3] Extractive Industries Transparency Initiative (EITI) (2018): https://eiti.org/who-we-are
[4] Extractive Industries Transparency Initiative (EITI) (2018): https://eiti.org/mexico

# 2 OBSERVATIONS AND RECOMMENDATIONS OVERVIEW

This section summarises the main observations made by the Danish Institute for Human Rights (DIHR) during the March 2019 field visit to Mexico for on-site data collection as part of the Human Rights Impact Assessment (HRIA) conducted in relation to Eni Mexico's Area 1 Development Project (the Project). Further, the report:

- looks into the preliminary human rights issues identified in the Preliminary Human Rights Impact Mapping developed by DIHR in October 2018, which elaborates on the potential human rights issues related Eni Mexico's operations and the project area;
- provides practical and actionable recommendations and proposed mitigation measures (short-term, and medium and long-term) to Eni Mexico; and
- provides practical recommendations for Eni Impresso.

See below the overview of the key observations and recommendations made to Eni Mexico and Eni Impresso as a result of the HRIA.

## 2.1 OVERVIEW OF OBSERVATIONS AND RECOMMENDATIONS

Below is a schematic overview of the assessment observations and recommendations.

| Chapter | Key observations | Recommendations:<br>Fast track / *Medium and long-term* | Recommendations:<br>Eni Headquarter (Sustainability Function) |
|---|---|---|---|
| General | • Generally, the interviewed external stakeholders, as well as the rights holders had a positive perception of and attitude towards Eni Mexico.<br>• In comparison to the past experiences of oil and gas sector projects a majority of the interviewees expressed they were content to see a change in the sector. The expectations among external stakeholders interviewed was that Eni would follow international standards and best practices and thus raise the bar.<br>• External stakeholders expressed that engagement by a company with NGOs was not common in Mexico and that they appreciated being contacted and informed about the HRIA. | **1. Share assessment findings and planned actions with rights holders on the HRIA report and the action plan that Eni Mexico is committing to.**<br>**2. Share assessment findings and planned actions with external stakeholders engaged with during HRIA.**<br>*3. Publish the key observations and findings of the HRIA*<br>*4. Meet with Mexico EITI, who can support Eni Mexico as it enters the country and as it develops practice that its peers and competitors can follow as they enter the country.*<br>*5. Share experiences/good practices on Health, Safety and Environment (HSE) and sustainability topics more broadly with other energy companies operating in Mexico.*<br>*6. Regularly engage with relevant experts working in the field of human rights and business and* | 7. Develop a company standard concerning the need to commission HRIAs early in the project development phase when Eni enters a new and potentially high-risk market where it has had no previous presence.<br>8. Extract relevant learnings and recommendations regarding particular human rights risks and impacts from the HRIA in Mexico so that similar approaches can be applied for other new projects globally. |

| Chapter | Key observations | Recommendations:<br>Fast track / *Medium and long-term* | Recommendations:<br>Eni Headquarter<br>(Sustainability Function) |
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| | | *the oil and gas sector in Mexico in order to keep up to date on developments in this area.* | |
| **Fishing communities** | • Due to the past issues with contamination, indemnification payments to fishermen and other community members, and perceived untruths spread by business actors operating in the area, the local communities (in particular the fishermen) are sceptical of the oil and gas industry.<br>• The fishermen that the HRIA team met with (leaders of various fishing communities, i.e. cooperatives and "permisionarios") were generally in support of the Project because of the potential positive impacts on the local economy. They mentioned that while they were not against the project, they want to be consulted, they want to engage with the company and they want to be included and feel respected.<br>• The livelihoods of the local fishermen are threatened as it is, which means that they are a particularly vulnerable group. Their dependency | **9. Directly engage with fishermen and oyster farmers that allegedly oppose the Project.**<br>**10. Engage with fisheries experts to understand 1) the current status of local fishing industry, 2) the fishing seasons, and 3) the potential specific impacts on fishing during the phases of the Project. Consider expanding collaboration with local research institutions that are focusing on the local fishing sector and engaging with the Food and Agricultural Organization (FAO) office in Mexico.**<br>**11. Establish a compensation methodology for fishermen, based on input from fisheries experts, as well as consultations with the impacted fishermen. Further, 1) clearly explain to the potentially impacted fishermen how the compensation payment in relation to the security zones is calculated and measured; 2) compensate fishermen directly to the extent possible; 3) consider providing in-kind** | 20. Work together with fisheries experts to better understand the potential negative impacts of offshore projects on local fishing communities and consider jointly developing company guidance related to impacts on local fishermen in offshore projects. Such guidance should include, but not necessarily be limited to: 1) what are the main risks and impacts of offshore oil and gas projects on fishing communities; 2) how should such impacts be measured; 3) how should local fishermen be compensated; and 4) how |

| Chapter | Key observations | Recommendations:<br>Fast track / *Medium and long-term* | Recommendations:<br>Eni Headquarter<br>(Sustainability Function) |
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| | on the local fishing industry also implies that this vulnerability is extended to all community members who indirectly derive their livelihoods from fishing.<br>• The assessment team was told that one group of registered fishermen opposed the Project at the time of the HRIA. The group had also allegedly rallied another group of fishermen (oyster farmers) and groups of informal fishermen to oppose the project.<br>• The fishermen's main concerns and fears regarding the Project's impacts concerned the following: 1) the permanently restricted areas; 2) damaged fishing equipment; 3) contamination and pollution; and 4) the "fishermen's area" being taken away from them.<br>• According to local authorities and fishermen the installation of the sea line is taking place during the high season for fishing.<br>• The fishermen are equipped with boats that lack the necessary safety equipment. The boats themselves are also not safe enough and the | **compensation; 4) inform fishermen of timelines and process for payment of compensation; and 5) provide compensation in a transparent and timely manner. (See also recommendation 18)**<br>**12. Conduct spot-checks of compensation payments made.**<br>**13. Conduct interviews with fishermen who have received compensation to assess satisfaction levels regarding the compensation process.**<br>**14. Have regular meetings directly with fishermen to ensure adequate information sharing and proper rights holder engagement.**<br>*15. Work together with organisations and/or academics who have already established good relations with the fishermen in order to engage with (potentially) affected fishermen in an inclusive manner.*<br>*16. Consider establishing a multi-stakeholder platform to address concerns of local fishermen. (See also recommendation 18)*<br>*17. Work together with other oil and gas companies that are active in the area in order to take* | should impacts be mitigated beyond compensation. |

| Chapter | Key observations | Recommendations:<br>**Fast track /** *Medium and long-term* | Recommendations:<br>**Eni Headquarter (Sustainability Function)** |
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| | motors are weak, which further increases the dangers for fishermen. These issues may worsen as an increase in the restricted areas near the coastline will force fishermen to travel further out into the sea.<br>• The fishermen themselves stated that they were unaware of the details of the project and had received little to no information about the Project.<br>• The fishermen had allegedly not been asked about their own needs in relation to the potential and actual negative impacts related to the Project activities.<br>• In the area where the local fishermen fish there will be several oil platforms installed by various companies, implying further restricted areas. | *collective action to address (potential) cumulative impacts.*<br>*18. Collaborate with local fishing communities in order to explore the development of a Benefit-Sharing Agreement (BSA). (See also recommendations 11, 29.3 and 38)*<br>19. *Establish a local Eni office, hiring someone from the local community. (See also recommendation 26)* | |
| **Local communities** | • Eni is seen as a positive presence in the area, in part because of the job creation (direct and indirect) but also because of high expectations of future job opportunities and significant social/community investment. Risk that expectations are too high and illusory. | **21. Design and implement broad information and consultation campaigns. (See also recommendations25.1, 34 and 46)**<br>**21.1 As soon as possible, share information to community members in the Project area about Eni Mexico's activities, the current construction phase as well as following phases of the Project, and how the activities may** | 30. Provide support to Eni Mexico in developing a Community Grievance Mechanism according to Eni policies and procedures. (See also recommendation 25) |

| Chapter | Key observations | Recommendations:<br>**Fast track /** *Medium and long-term* | Recommendations:<br>**Eni Headquarter (Sustainability Function)** |
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| | • Communities are pleased with the presence and availability of Eni Mexico's stakeholder relations and grievance coordinator.<br>• Eni Mexico's "quick impact projects" had in general been well received. They have however also caused envy in communities who have yet to benefit from such projects.<br>• The quick impact projects have however not been accessible for everyone.<br>• The land acquisition process was perceived to have been dealt with in an appropriate manner. Land owners and their representatives confirmed that the land acquisition process had been participatory, that adequate information had been provided to them in order for them to make an informed decision and that they were satisfied with the outcome.<br>• The precarious situation in the local communities in the Project area makes them very vulnerable to negative human rights impacts. The Project area suffers from, among other issues, extreme poverty, high unemployment rates, social issues, isolation of | **impact communities in the future. Consider the following:**<br>• **Consult community members on their information needs.**<br>• **Provide as detailed information as possible while ensuring it can be understood by the target audience.**<br>• **Provide information at an early stage.**<br>• **Go out to the communities directly.**<br>• **Invite at least one member from each household to information and consultation sessions.**<br>• **Use simple language and imagery.**<br>• **Engage with communities in a holistic manner.**<br>**21.2 Develop and regularly update a dedicated page on Eni Mexico's website which includes information and updates about Eni Mexico's activities.**<br>**21.3 Use social media to reach the local communities with Project updates.**<br>**21.4 Facilitate the access to the EIA and SIA reports developed for the Project.** | 31. Provide support to Eni Mexico in conducting a needs assessment for social projects, based on guidance and examples that exists at HQ level and in other subsidiaries. (See also recommendation 29) |

| Chapter | Key observations | Recommendations:<br>**Fast track /** *Medium and long-term* | Recommendations:<br>**Eni Headquarter (Sustainability Function)** |
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| | villages, erosion of the shoreline, organized crime, unjust practices by unions, lack of infrastructure, past contamination by oil and gas activities, and overexploitation of fish.<br>• None of the interviewed stakeholders had been informed of or consulted as part of the Environmental Impact Assessment and Social Impact Assessment, nor did they know how they could provide comments to the reports or were able to get access to the reports.<br>• Lack of transparency and lack of information sharing about the project with communities. A majority of interviewed rights holders had only limited information about the Project. Several community members specifically asked for more information. That need was also confirmed by external stakeholders.<br>• Eni Mexico's community engagement had until the time of the HRIA primarily focused on engaging with various leaders within the community, with limited "bottom up" engagement. | **22. Develop and share emergency protocols and procedures within the communities in the Project area.**<br>**23. Hold focus groups with women, elderly, youth and children to understand their views and the specific potential impacts that they might be subjected to.**<br>**24. Ensure that contractors' and sub-contractors' vehicles move at a slow speed when passing through village areas where children are present.**<br>**25. Establish a Community Grievance Mechanism (CGM) as soon as possible to deal with community concerns, grievances and complaints, and the risks related to misinformation and rumours circulating in the community. (See also recommendations 30 and 45)**<br>*26. Appoint a Community Liaison Officer (CLO) who is based in the project area and who can serve as the main contact point for any concerns raised by community members. (See also recommendation 19)* | |

| Chapter | Key observations | Recommendations:<br>**Fast track** / *Medium and long-term* | Recommendations:<br>**Eni Headquarter (Sustainability Function)** |
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| | • Limited inclusion of all potentially affected groups in communication and information sharing, particularly "Pescadores libres". | *27. Engage with community members involved in the HRIA process and share the findings of the HRIA and planned future actions by Eni Mexico.*<br>*28. Develop strict and transparent criteria for social projects. (See also recommendations 29, 38 and 50)*<br>29. *Conduct needs assessments for any social investment projects in the Project area. (See also recommendations 18, 28, 31, 38 and 50)* | |
| **Workplace** | • The local unions wield a significant amount of power in relation to companies wanting to operate in the Project area<br>• HSE standards, policies and processes are efficient as well as HSE training for contractors.<br>• Eni Mexico has a solid local content plan, including capacity-building of local workers, and provision of employment opportunities for the local population is a part of Eni Mexico's sustainability strategy.<br>• All interviewed workers had positive perceptions of Eni as an employer in general and of the company's presence in the area. The interviewed workers expressed that they were | **32. Conduct one social audit of each contractor and sub-contractor working on the Project (ORF and pipeline) before the end of the construction phase.**<br>**33. Work closely with contractors and sub-contractors to ensure that:**<br>• **All workers receive training related to their tasks before they start their work;**<br>• **Normal working hours do not exceed 48 hours;**<br>• **Hours worked past 48 hours/week are paid at a higher rate;**<br>• **Adequate rest days are provided to contract and sub-contractor workers;** | 40. Ensure that a labour rights audit of the contractor Modec and sub-contractor activities in Shanghai involved in the refurbishment of the vessel for FPSO is conducted, due to the high-risk of labour rights impacts in China and in particular in shipyards.<br>41. Work with Eni Mexico on developing a grievance mechanism for Eni Mexico workers, which is also accessible for contractor and |

| Chapter | Key observations | Recommendations:<br>**Fast track /** *Medium and long-term* | Recommendations:<br>**Eni Headquarter (Sustainability Function)** |
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| | satisfied with their working conditions, in particular related to salaries and respect in the workplace**.**<br>• Eni Mexico's contractors and sub-contractors were reported to pay adequate salaries and overtime payment in accordance with national laws.<br>• Spot-checks are conducted by Eni Mexico representatives including the ORF site manager to assess if on-site contractors and sub-contractors are abiding by Eni standards.<br>• Limited but still significant labour issues were identified during the worker interviews, including: 1) one case of lack of a written contract; 2) some workers not receiving HSE training specific to their job functions; 3) normal work hours extending beyond 48 hours/week; 4) lack of rest days; 5) excessive total number of normal and overtime working hours.<br>• There is no official grievance mechanism where workers can raise complaints was available. | • **No workers are working excessive overtime;**<br>• **All workers are provided with written contracts that they fully understand.**<br>**34. Share information about job opportunities in the community in a transparent manner. (See also recommendation 21)**<br>**35. Create a grievance mechanism for contractor and sub-contractor workers. (See also recommendation 41)**<br>**36. Report back to contractors and sub-contractors on findings from the HRIA and planned follow-up actions.**<br>**37. Work with labour rights expert with local knowledge (such as IndustriALL and International Labour Organization Mexico).**<br>*38. Provide basic skills training to community members in the project area based on community needs and requirements. (See also recommendations 18, 28, 29 and 50)*<br>39. *Monitor the activities of all contractors and sub-contractors during the construction activities* | sub-contractor workers. The grievance mechanism should be in line with the 8 effectiveness criteria as described in the UN Guiding Principles on Business and Human Rights (UNGPs). (See also recommendation 35) |

| Chapter | Key observations | Recommendations:<br>**Fast track** / *Medium and long-term* | Recommendations:<br>**Eni Headquarter (Sustainability Function)** |
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| | • Risk of labour issues among contractors and sub-contractors developing the Floating Production Storage and Offloading unit. | *and activities in following project phases by conducting periodical on-site social audits.* | |
| **Women** | • Women were working in various functions for contractors and sub-contractors, both in skilled positions and in unskilled positions.<br>• Women feel respected in the workplace.<br>• Women earn well above the minimum salary and their weekly salary could be up to 4000 pesos when they work overtime.<br>• In some cases working hours were reportedly excessive and working overtime was mandatory for a number of functions that women occupied. | **42. Engage women directly to hear and consider their views on how the Project activities and Eni Mexico's presence in the area may impact them specifically.**<br>**43. Engage with women in the communities through a female Eni representative.**<br>**44. Plan and implement targeted engagement activities with women.**<br>**45. Ensure that the information sharing about the Community Grievance Mechanism is designed** | 51. Develop a module on gender and gender-sensitive engagement methods as part of training (e.g. e-learnings) available for CLOs and stakeholder relations staff.<br>52. Develop contractual clauses at HQ level that can be included in contracts with local and external contractors |

| Chapter | Key observations | Recommendations:<br>**Fast track** / *Medium and long-term* | Recommendations:<br>**Eni Headquarter (Sustainability Function)** |
|---|---|---|---|
| | • Women in the community whom the female HRIA assessor met with said that they felt safe, even though the general security situation in the community is poor.<br>• Women in the community whom the female HRIA assessor spoke with appreciated that they were consulted as previously they had never been consulted about the project nor been provided with information regarding the project.<br>• Women in the community remain a highly vulnerable group due to the lack of opportunities for women, the prevalence of domestic violence and Gender-Based Violence (GBV), the high numbers of single mothers and teenage pregnancies, prominence of child marriages as well as the increased human rights risks for female Human Rights Defenders (HRDs).<br>• Women in the Project area are often marginalised and excluded from the formal labour market.<br>• The local unions are led solely by men. | **to reach and inform women specifically. (See also recommendation 25)**<br>**46. Specifically include gender considerations in stakeholder engagement plans as well as information and consultation campaigns. (See also recommendation 21)**<br>*47. Create opportunities in the workplace and in the community specifically for women.*<br>*48. Consider partnering with women organizations such as the State Institute for Women and labour organizations such as the ILO in working to address workplace barriers for women.*<br>*49. Engage an independent third-party to implement a targeted program addressing domestic violence, sexual health and family planning.*<br>50. *Ensure that women are consulted and that their concerns and views are adequately taking into account before deciding on social investment projects. (See also recommendations 28, 29 and 38)* | on progressive employment targets for women, and include demonstration of these targets in prequalification, review of contractor performance and contract renewal. |

| Chapter | Key observations | Recommendations:<br>**Fast track** / *Medium and long-term* | Recommendations:<br>**Eni Headquarter (Sustainability Function)** |
|---|---|---|---|
| | • Lack of direct engagement with women at community level, except for with some female community leaders.<br>• Lack of specific gender focus in quick impact projects. | | |
| **Security** | • There are many security concerns for the communities in the Project area, which were confirmed by various external stakeholders. These concerns include:<br>  • high crime rates;<br>  • high levels of alcohol and drug abuse, including among youth;<br>  • high rates of domestic violence, and;<br>  • incidents of oil theft and other criminal activities.<br>• The drug cartels operating in Tabasco are allegedly involved in killings, kidnappings, executions, threats against indigenous peoples, and various forms of harassments, including in the Project area. The Sánchez Magallanes area itself also suffers from high criminal activity related to drug trafficking. | **53. Engage with contractors and sub-contractors on the issue of behaviour and do's and don'ts when living and working in a new host community through the distribution of relevant guidance such as Eni's Code of Conduct and/or an Employee Handbook, which discusses such topics. (See also recommendation 57)**<br>  • **Ensure that these topics are discussed during induction and on-boarding.**<br>  • **Check this element during social audits of contractors and sub-contractors.**<br>*54. Continue the collaboration with other oil and gas companies in the area to ensure a common security strategy and share good practices.*<br>*55. Ensure that security staff is trained on human rights and the use of force (including the VPSHR).* | 57. Support Eni Mexico with the development and/or provision of specific clauses for contractors and sub-contractors on behaviour and do's and don'ts of contractor and sub-contractor staff living and working in host communities. This should include elements related to culture, respect and gender issues, do's and don'ts and sanctions when such rules are not respected. (See also recommendation 53) |

| Chapter | Key observations | Recommendations:<br>**Fast track /** *Medium and long-term* | Recommendations:<br>**Eni Headquarter (Sustainability Function)** |
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| | • In the Project area the practices of road blocks and blackmail of oil companies (Pemex in particular), and their contractors and sub-contractors, have been commonplace.<br>• It seems that Eni Mexico has established a strong security set up in the country. Security trainings and inductions are regularly carried out and protocols are shared with all staff, visitors and contractors.<br>• Eni Mexico has a solid and well-functioning cooperation on security between itself and other oil and gas companies that are starting up operations in the country.<br>• While Tabasco has been less affected by the presence of organised crime than some other Mexican states, Eni is still vigilant and has employed the use of private security personnel in order to ensure the safety of its workers. Eni workers are not allowed to be in the Project area or travel after sunset.<br>• The HRIA team found that the security setup to protect the employees was thorough, providing a safe working place for the workers that were | 56. *Ensure that background checks of all security staff are conducted and that security personnel and security companies have not been involved in past human rights violations.* | |

| Chapter | Key observations | Recommendations: Fast track / *Medium and long-term* | Recommendations: Eni Headquarter (Sustainability Function) |
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| | interviewed. In addition, community members also did not report any perceived heightened security risks associated with Eni Mexico's presence in the Project area.<br>• Arbitrary detention and arrest of Human Rights Defenders is commonplace in southern parts of Mexico and therefore this is an area that Eni Mexico must pay close attention to.<br>• Eni Mexico references to the VPSHR and IPIECA standards concerning security and human rights.<br>• No interviewed community member mentioned security concerns as an issue of concern in relation to the Project.<br>• Women in the local community and in the workplace stated that they felt respected and safe, and did not report any security concerns.<br>• No concerns were raised by either community members or non-local workers in relation to the latter's influx in the communities.<br>• However, it was stated in interviews with non-local sub-contractor workers that they had received no specific guidelines concerning how | | |

| Chapter | Key observations | Recommendations:<br>**Fast track /** *Medium and long-term* | Recommendations:<br>**Eni Headquarter (Sustainability Function)** |
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| | to engage with or behave when living in host communities during the project. | | |

# ANNEX I: LIMITATIONS

- The human rights impact assessment was conducted in March 2019, which was towards the end of the construction phase. At this time many of the activities in the Project area were coming to an end. Many contractors and sub-contractors had finalized their work or were about to leave the Project area in a few weeks. Due to this timing, and the ending of certain activities and contracts, there are limitations in terms of implementation of certain recommendations provided in this report and the relevant follow-up activities.
- All community members that were interviewed by the assessment team were selected by Eni Mexico given their prior engagement with these groups. Due to the high-risk security situation in the Project area and the security protocols (and associated limitations) the assessment team had to comply with, the team was not able to walk around and identify and speak with community members at random.
- While trying to find other ways of engaging with community members the HRIA team, through its local consultant, talked to a number of academics and civil society organizations who had previous experience engaging with community members in the Project area. However, they eventually decided to not act as the convener for the engagement for the HRIA and the attempt to have other entry points was not successful. Therefore, the HRIA team relied on the connections provided by Eni Mexico.
- The HRIA team primarily spoke to persons generally in favour of the Project. Some of the community members interviewed mentioned that there were other groups within the community who opposed the Project, but the assessment team did not have a chance to talk to them since there was no prior established contact with these groups. However, when speaking to community members that were identified by Eni Mexico, they were vocal and openly expressed concerns and criticism vis-a-vis Eni Mexico and the Project, giving the impression that even though they had prior relations with Eni, this did not alter their views.
- During the HRIA, DIHR mostly engaged with community and fishermen leaders, rather than other community members in the potentially impacted communities. This meant that the HRIA team primarily talked to those from the community who were in leadership roles and therefore might hold different opinions of the project. While this has no implications for the data derived from those interviews, more interviews with non-leaders could have provided the HRIA team with more and different

perspectives and insights concerning the situation of the impacted communities.

- The HRIA team only spoke to one land owner and one representative of a land owner (the relative of one of the impacted land owners) on the topic of the land acquisition process related to the Project. While this number was limited, given the fact that Eni Mexico acquired/leased land from a total of 24 land owners, the number of interviews could still be considered representative.
- The assessment team could not select all workers for workers interviews themselves due to the fact that workers were engaged in activities and could not be taken out of their workplace activities at random. Therefore, the workers were selected by the Human Resources managers of the various contractors and sub-contractors, to ensure the work activities were not disturbed. However, the HRIA team explained what categories of workers they would like to interview, and the team was able to speak to workers from different categories. Interviews were held in a separate room without presence of Eni or contractor management. Through the interviews it was evident that the workers had not been instructed prior to being interviewed by the assessment team.
- During the assessment, the HRIA team was informed about activities taking place in Tampico (construction activities) and in Shanghai in relation to the refurbishment of the FPSO that involve a large number of workers and comes with related labour rights risks. The HRIA team was not able to visit the sites in Tampico, nor in Shanghai. Therefore, it could not assess the labour situation to provide findings and more targeted recommendations in relation to these two sites. However, given the type of activities and a notion of the type of impacts in the two areas associated with the activities, the HRIA team was able to provide general recommendations.
- Through desktop research and input from the local consultant it was found that there were no indigenous communities in the Project area. Therefore, there are no specific findings regarding indigenous peoples included in the report. However, Eni must still pay attention to this topic and act accordingly if indigenous communities are identified as impacted by their operations at a later stage.


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