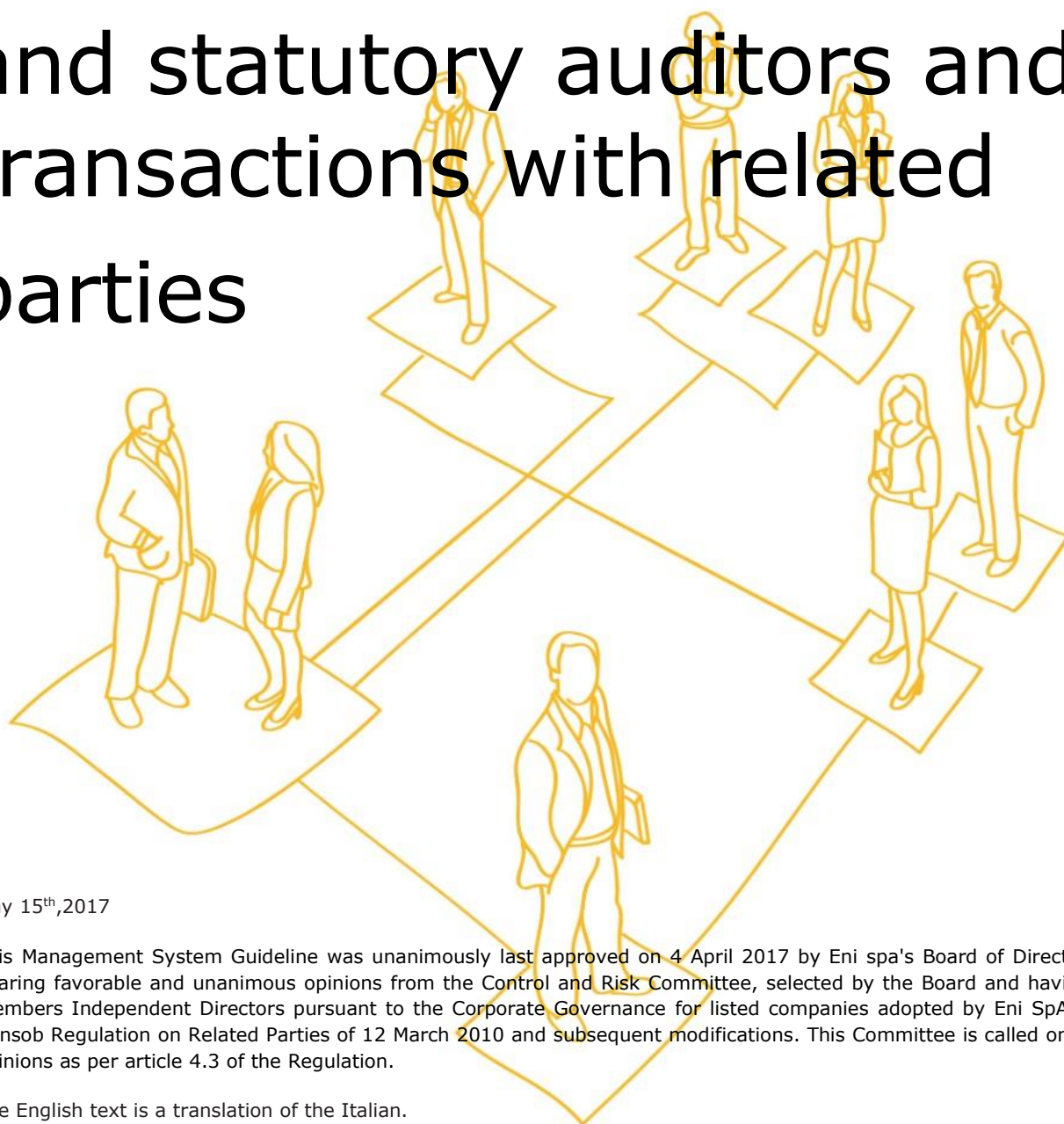


# Management System Guideline

## Transactions involving the interests of the directors and statutory auditors and transactions with related parties



May 15<sup>th</sup>, 2017

This Management System Guideline was unanimously last approved on 4 April 2017 by Eni spa's Board of Directors after hearing favorable and unanimous opinions from the Control and Risk Committee, selected by the Board and having as its members Independent Directors pursuant to the Corporate Governance for listed companies adopted by Eni SpA and the Consob Regulation on Related Parties of 12 March 2010 and subsequent modifications. This Committee is called on to issue opinions as per article 4.3 of the Regulation.

The English text is a translation of the Italian.

For any conflict or discrepancies between the two texts the Italian text shall prevail.



## Message from the Process Owner

*The protection of company assets, the safeguard of interests of the shareholders and the market, as well as the transparency and integrity of conduct, are the key principles of Eni's corporate governance: the respect of these values drives the company to adopt internal control rules which could constitute a defence of correct management.*

*Within this context, this Management System Guideline (MSG) has been adopted which, implementing Consob regulations issued in 2010 and in accordance with the recommendations of the Corporate Governance Code, aims to ensure transparency and substantial and procedural fairness of transactions in which a potential conflict of interest exists.*

*The term "related parties" means those subjects which can exert, directly or indirectly, an influence on the company that could alter the decision-making process, aimed at the exclusive pursuit of the company's interest, or subjects on which Eni can exert an influence, affecting third parties' interests.*

*Depending on the relevance of the transactions, this MSG provides more or less strict procedural constraints and obligations to provide information to the public.*

*In order to ensure maximum protection of the interests involved, this MSG regulates transactions with related parties of Eni SpA carried out not only by Eni but also by all its subsidiaries, as well as by the subjects under Eni SpA's influence.*

*This MSG has been prepared by ensuring consistency with regulations regarding company financial statements and information given to the public on price-sensitive matters.*

*The MSG, although required by Consob Regulations, constitutes an opportunity to make internal control even more effective and strengthen the protection of the interests involved and the values espoused by Eni.*

**Roberto Ulissi**

SEVP Corporate Affairs and Governance



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## 1. INTRODUCTION

### 1.1 Aims of this document

- This Management System Guideline ("MSG") establishes the principles and rules to which Eni SpA (or the "Company") and its subsidiaries<sup>1</sup> must adhere in order to ensure transparency and substantial and procedural fairness of transactions with Related Parties and with parties that are of interest to Eni SpA's directors and statutory auditors, carried out by Eni itself or its subsidiaries, also taking into account the aim of avoiding the risk of depleting the Company's equity.
- Transactions with Related Parties become relevant for the Company with regard to two different aspects: the management of these transactions and the financial reporting. This MSG has been drawn up in coordination with the provisions of the administrative and accounting procedures in accordance with Art. 154-bis of Italian Legislative Decree no. 58/1998 (Consolidated Law on Finance).
- The members of Eni SpA's Board of Directors and of the Board of Statutory Auditors undertake to fulfil commitments made as set out in Chapter 9 of this MSG.
- 

<sup>1</sup> Subsidiary: companies directly or indirectly controlled individually by Eni SpA in Italy and abroad. The list of these subsidiaries is represented by the "subsidiaries" annex of the latest approved consolidated financial statements. Therefore, jointly controlled companies are not included.

# Introduction

## 1.2 Area of application

This MSG applies to Eni SpA and, for transactions with Eni SpA<sup>2</sup> and related parties of Eni SpA, to all Eni SpA's subsidiaries, directly and indirectly, in Italy and abroad, with the exclusion of listed companies, which are required only to comply with the applicable provisions of the Consob Regulation. Only if the transaction is carried out by Eni SpA through a controlled listed company, both companies must apply the procedures according to their respective roles<sup>3</sup>. The provisions of this MSG referring to subsidiaries of Eni SpA also apply, where applicable, to subjects of a non-corporate nature (such as foundations) in which Eni SpA, directly or indirectly, has the power to appoint and remove the majority of the members of the management bodies, and that for the purpose of this MSG, must therefore be considered subjects which are similar to subsidiaries (the "Equivalent Subjects").

To protect the market, Eni SpA guarantees substantial and procedural fairness, voluntarily extending the system contemplated by the Consob Regulation to all transactions concluded by its unlisted subsidiaries with parties related to Eni itself. In such cases a suitable and timely flow of information is ensured between the top management of the unlisted subsidiaries and Eni SpA in compliance with regulations regarding the confidentiality of commercially sensitive information.

<sup>2</sup> The case of exclusions as indicated in Chapter 10, letter h) of this MSG apply to Transactions with or between subsidiaries, also jointly, as well as Transactions with associated companies.

<sup>3</sup> The Consob Communication of 24 September 2010 rules, for this purpose, that "if the transaction is carried out by a listed company through another listed company, both companies must apply the procedures according to their respective roles" (Paragraph 7).



# Introduction

In the case of subsidiaries subject to monitoring of stability or banks, the provisions of Article 13, clauses 4 and 5, of the Consob Regulation<sup>4</sup> are also taken into account, as well as the provisions of the sector.

The foreign subsidiaries will apply this MSG in compliance with local regulations.

## 1.3 Implementation procedures

This MSG and the relative modifications apply in Eni SpA from the date of their issuance. Subsidiaries and Equivalent Subjects must ensure that this MSG is implemented immediately or, in any case, no later than 120 days from its issue or from the issuance of the relative modifications or, if later, within 120 days from their establishment, according to the methods described in the "Regulatory System" MSG. This MSG cancels and supersedes:

- the MSG of the same name issued by Eni SpA on 19 January 2012<sup>5</sup>
- the Professional Operating Instruction entitled "Requirements connected to reporting flows of Transactions involving interests of directors and statutory auditors and transactions with related parties", issued by Eni SpA on 27 May 2015.

<sup>4</sup> Chapter 13, clause 4, of the Consob Regulation: "The provisions of this regulation, without prejudice to the application of Chapter 5, shall not apply to transactions for stabilization purposes required by the Italian Central Bank or rather, on the basis of provisions issued by the parent for the execution of instructions issued by the Italian Central Bank in the interests of the stability of the group".

Chapter 13, clause 5 of the Consob Regulation: "Without prejudice to the application of Chapter 5, for related parties transactions subject to applicable provisions in Chapter 136 of Italian Legislative Decree no. 385 of 1 September 1993, the company, in establishing the procedures, shall not apply the provisions and opinions of independent experts under Chapter 7, subsection 1, letters a), b), d), g), and in subsections 1.1, paragraphs a), b) and g), 1.2 and 1.3 of Annex 2 and, for transactions of greater importance, Chapter 8, subsection 1, paragraphs a), c) and d), and 2, and subsections 2.1, paragraphs a), c) and d), 2.2, b) and d), and 3.1, points a), c), d) and e), of Annex 2."

<sup>5</sup> The previous MSG, which cancelled and replaced Guidelines no. 344/2009 approved on 12 February 2009, was implemented in Eni with effect from 1<sup>st</sup> January 2011, with the exception of those provisions relating to the informative report for the public which were implemented with effect from 1<sup>st</sup> December 2010.



## 2. DEFINITIONS, ABBREVIATIONS AND ACRONYMS

For the purposes of this MSG and conforming to the principles established by the Consob Regulation, the following terms are used with the meanings given below:

**INDEPENDENT DIRECTORS:** Eni SpA Directors that have independence requirements as described in the Corporate Governance Code of listed companies;

**NON-RELATED DIRECTORS:** Eni SpA Directors other than the counterpart of a specific transaction and its Related Parties;

**BUSINESS AREAS:** these are intended separately as i) the business lines and the companies belonging to them; (ii) the business support functions and the companies belonging to them; (iii) companies which report to the CEO of Eni SpA;

**CORPORATE GOVERNANCE CODE:** Corporate Governance Code for listed companies adopted by Eni SpA;

### **CONTROL AND RISK COMMITTEE AND COMPENSATION**

**COMMITTEE:** Committees constituted by the Eni SpA Board of Directors in accordance with the Corporate Governance Code;

**EQUIVALENT TO MARKET OR STANDARD CONDITIONS:** the same conditions as those normally applied in the case of non-related parties for transactions of a corresponding nature, extent and risk, or based on regulated tariffs or imposed prices or those applied to subjects which Eni SpA (or Eni subsidiaries) is obliged by law to contract at a certain price. Conditions determined subsequent to competitive and transparent procedures governed by general company rules or by rules which are consistent with the legal procedures for the acquisition of goods and services are normally included;

**ENI:** Eni SpA and its subsidiaries;

**INDEPENDENT EXPERT:** individual or corporate entity holding the requisites of professional skill, integrity and independence required by the nature of the office conferred. Independence is assessed in particular taking into account possible economic, equity and financial relations between the expert and (i) Eni SpA; (ii) the subjects which control Eni SpA, Eni SpA subsidiaries or



## Definitions, abbreviations and acronyms

subject to joint common control with the latter; (iii) the Directors of the companies referred to in points (i) and (ii) above; (iv) the counterpart of the transaction, and is confirmed by a declaration issued by the expert on assignment of the mandate.<sup>6</sup>

**TRANSACTION** (or "Transactions"): any transfer, either incoming or outgoing, of resources, services or acquisition of obligations, regardless of whether or not a sale price has been agreed on, carried out by Eni SpA or its subsidiaries - taking into account the principles of management autonomy and special disciplines for listed subsidiaries.<sup>7</sup>

Transactions include:

- mergers, spin-off by incorporation or strictly non-proportional spin-off;
- every decision on the assignment of remuneration and economic benefits, in any form, to the members of the boards of Directors or Statutory Auditors and to the key management personnel.<sup>8</sup>

**TRANSACTIONS INVOLVING THE INTERESTS OF THE DIRECTORS AND STATUTORY AUDITORS**: any Transaction carried out by Eni SpA or its subsidiaries with Parties that are of interest to Eni SpA;

**TRANSACTIONS WITH RELATED PARTIES**: any Transaction carried out by Eni SpA or its subsidiaries with Eni SpA's Related Parties;

**TRANSACTIONS OF SMALL AMOUNTS**: Transactions identified as such by Chapter 10, letter d) of this MSG, which, in consideration of Eni's size, do not involve any appreciable risk for the protection of investors and for the integrity of the Company's equity;

**TRANSACTIONS OF GREATER IMPORTANCE**: Transactions that have been identified as such in Annex A of this MSG;

<sup>6</sup> In the Communication of 24 September 2010, Consob specifies that the Experts chosen by the Independent Directors need not necessarily differ from those appointed by the company. In this case the mandate must specifically provide that the expert also assists the Independent Directors in performing the tasks assigned. The independence of the experts is assessed by the Independent Directors. Furthermore, the above-mentioned economic, equity and financial relations can be considered irrelevant for the purposes of the judgement of independence, although express motivation must be given in the information document referred to in Annex 4 of the Consob Regulation (see section II – Information Document on Transactions of Greater Importance with Related Parties referred to in Annex B of this MSG).

<sup>7</sup> Appointments are included, intended as the establishment of a subordinate or para-subordinate working relationship.

<sup>8</sup> See Chapter 10 below.





## Definitions, abbreviations and acronyms

**TRANSACTIONS OF LOWER IMPORTANCE:** Transactions other than those of Greater Importance and other than Transactions of Small Amounts;

**ORDINARY TRANSACTIONS**<sup>9</sup>: Transactions which fall within the sphere of the ordinary management of business operations and related financial activities;

**RELATED PARTIES OF ENI**<sup>10</sup>:

- a) entities which, directly or indirectly, also through subsidiaries, trustees or an intermediary:
  - (i) control<sup>11</sup> Eni SpA, are controlled by Eni SpA, or are under joint control with Eni SpA. Related parties of Eni SpA also refer to subjects which are not of a corporate nature, in which Eni SpA, directly or indirectly, has the power to appoint or remove the majority of the members of the management bodies (otherwise indicated in this MSG as "Equivalent Subjects")<sup>12</sup>;
  - (ii) hold an interest in Eni SpA to exert significant influence<sup>13</sup> over the same;

<sup>9</sup> The expression refers to the concept of "the ordinary course of business". According to the Consob Communication of 24 September 2010, "an 'ordinary' transaction is a transaction relative to which two selective criteria are simultaneously satisfied. Firstly, the transaction must be consequent to operating activities or, alternatively, to the financial activity related to the same. Secondly, the same transaction must also fall within the sphere of "ordinary" operating activities or the related "financial" activities." **"Operating activities"** are the series of (i) the core business activities which generate the company's revenue, and (ii) all other management activities that cannot be classified as 'investment' or 'financial' activities. In identifying **"ordinary business"**, it is necessary to take into account the object, frequency, function or purpose, dimensions, terms and conditions of the contract, the type of counterpart and the timing.

<sup>10</sup> For listed subsidiaries, in addition to the Related Parties of Eni, their own Related Parties are also relevant.

<sup>11</sup> **"Control"** is the power to govern the financial operating policies of an entity such as to obtain benefits from its activities. It is assumed that control exists when a person owns, directly or indirectly, through subsidiaries, more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly proven that such ownership does not constitute control. Control also exists when a person owns half, or less than half of the voting rights exercisable at the shareholders' meeting, if they have: (a) control of more than half of the voting rights by virtue of agreement with other investors; (b) the power to govern the financial and operating policies of the entity under a charter or agreement; (c) the power to appoint or remove the majority of the members of the board of directors or equivalent body of corporate governance, and control of the entity held by that board or body; (d) the power to cast the majority of the voting rights at the meetings of the Board of Directors or equivalent body for corporate governance, and control of the entity held by that board or body. A list of subsidiaries is provided in the consolidated financial statements, together with those included in the database defined by Article 4 of this MSG.

<sup>12</sup> In particular, this category includes the Enrico Mattei Eni Foundation and the Eni Foundation.

<sup>13</sup> **"Significant influence"** is the power to participate in the determination of financial and operating policies of an entity without having the control. Significant influence may be gained through share ownership, charter provisions or agreements. The presence of a person in possession of the absolute or relative majority of voting rights does not necessarily preclude another person from having significant influence.

If a person owns, directly or indirectly (for example, through the parent company) at least 20% of the voting power of the investee, it is presumed that it has significant influence, unless such influence can be clearly proven to be not significant.

For stakes of less than 20%, significant influence over Eni SpA is presumed if a person directly or indirectly has control over 3% of the company capital, unless otherwise assessed by the Eni SpA Board of Directors. If a person



## Definitions, abbreviations and acronyms

- (iii) exercise control over Eni SpA jointly<sup>14</sup> with other subjects;
- b) companies associated<sup>15</sup> with Eni SpA, directly or indirectly and joint ventures<sup>16</sup> in which Eni SpA participates directly or indirectly;
- c) Directors, standing Statutory Auditors and key management personnel<sup>17</sup> of Eni<sup>18</sup> SpA and of the controlling subject. For the purposes of this MSG, the Magistrate of the Italian Court of Auditors ("Corte dei Conti") delegated to control the Company's financial management is considered a party related to Eni.
- d) close relatives of the subjects referred to in letters (a) or (c), i.e. family members who can influence or be influenced by such subjects in their relations with Eni. Unless there is an objective situation which excludes the circumstance, such related parties include: the non-legally separated spouse or domestic partner; the offspring, including minors; persons dependent on the subject and his/her non-legally separated spouse or domestic partner. Close relatives refer also to subjects recognized as such by the related parties on declarations made periodically as per letters (a) and (c);

directly or indirectly (for example, through the parent company) holds less than 3% of the voting rights which can be exercised at the shareholders' meeting, it is presumed that it does not have significant influence, unless this influence can be clearly proven. For this purpose, one or more of the following circumstances have demonstrative value: (i) representation on the board of directors or equivalent governing body of the investee; (ii) participation in decision making, including participation in decisions about the dividends or other distribution of profits; (iii) the presence of significant transactions between the investor and the investee; (iv) exchange of managerial personnel; (v) the provision of essential technical information. With reference to the circumstance referred to in point (i), the following cases are also relevant: (a) the person, other than asset management companies (SGR) or similar entity, has jointly presented a list of candidates from which one or more members of the Board of Directors are appointed, always providing the person presenting the list holds at least 0.1% of the capital with voting rights; (b) the person other than asset management companies (SGR) or similar entity, has voted for the aforesaid list provided that the person holds at least 0.1% of the company capital with voting rights and is connected, in accordance with the criteria established in Article 17.3, letter b, of the Eni SpA charter, with one of the persons which has presented the said list.

<sup>14</sup> **"Joint control"** is the contractually agreed sharing of control over an economic activity. For a list of jointly controlled entities, please refer to the Eni database which lists the company details for the purposes of the financial statements, integrated with the results of the database as indicated in Chapter 4 of this MSG.

<sup>15</sup> An **"associated company"** is an entity, even without legal personality, as in the case of a partnership, in which a shareholder exercises significant influence, but not control or joint control. For a list of associated companies, please refer to the Eni database which lists the company details for the purposes of the financial statements, integrated with the results of the database as indicated in Article 4 of this MSG.

<sup>16</sup> A **"joint-venture"** is a contractual arrangement whereby two or more parties undertake an economic activity subject to joint control. For a list of "joint ventures", please refer to the Eni database which lists the company details for the purposes of the financial statements, integrated with the results of the database as indicated in Chapter 4 of this MSG.

<sup>17</sup> **"Key management personnel"** are those persons who have the power and responsibility, directly or indirectly, to plan, direct and control.

<sup>18</sup> **"Eni SpA key management personnel"**, other than Eni SpA directors and statutory auditors, are those that report directly to the CEO and to the Chairman of Eni SpA and, in any case, who sit on the Company's Management Committee, i.



## Definitions, abbreviations and acronyms

- e) the parties controlled, directly or indirectly, also jointly, or subject to significant influence<sup>19</sup> by any of the parties referred to in letters (c) or (d), or parties in which such persons directly or indirectly hold a significant proportion, in any case no less than 20% of the voting rights;
- f) supplementary pension funds, collective or individual, Italian or foreign, constituted in favour of the employee of Eni SpA or any other entity related with Eni SpA.<sup>20</sup>

**SIGNING OFFICER:** subject endowed with the power to carry out deeds in the name of and on behalf of Eni SpA or its subsidiaries, responsible for ensuring the completeness and timeliness of the data needed to provide the informative reports to corporate bodies provided for in this MSG<sup>21</sup>;

**NON-RELATED SHAREHOLDERS:** subjects with voting rights, other than the counterpart of a certain transaction and subjects related to both the counterpart of the Transaction or to Eni itself.

**SUBJECTS OF INTEREST:** subjects (individuals or corporate entities other than the Related Parties) indicated by Directors and Statutory Auditors, in which the latter subjects may directly or indirectly have an interest, also potential, in relation to the activities carried out by Eni SpA and its subsidiaries or certain Transactions<sup>22</sup>.

In examining each relationship with Related Parties, attention must be addressed to the substance of the relationship and not only to the legal form.

Interpretation of the above definitions must also be understood with reference to the entirety of the international accounting principles adopted according to the procedure referred to Chapter 6 of Regulation (EC) no. 1606/2002.

<sup>19</sup> Subjects under significant influence include, among others, those for which the said Related Parties are able to determine management policies due to the office held (e.g. Chief Executive Officer or Executive Director, Chairman, Chief Operating Officers or equivalent offices).

<sup>20</sup> With its Communication of 24 September 2010 Consob clarified that should be considered "*only the funds founded or promoted by the companies, and the funds on which the latter can exercise an influence*".

<sup>21</sup> See Chapter 12.

<sup>22</sup> If the Subject of Interest is referred to for a specific transaction, the director or the statutory auditor will assess whether or not to update their declaration and, in any case, inform the Eni SpA Governance function in order to apply Chapter 12 of this MSG.



### 3. REGULATORY REFERENCES, REGULATIONS, SELF-REGULATORY AND INTERPRETATIONAL REFERENCES

#### ITALIAN CIVIL CODE

**CODE OF ETHICS** - the Eni Code of Ethics approved by the Board of Directors of Eni SpA, an integral part of Model 231;

**CORPORATE GOVERNANCE CODE** – The Corporate Governance Code of listed companies adopted by Eni SpA;

**CONSOB COMMUNICATIONS** – Consob Communications DEM/10078683 of 24 September 2010 and DEM/10094530 of 15 November 2010;

**CONSOLIDATED LAW ON FINANCE (TUF)** - Italian Legislative Decree no. 58 of 24 February 1998, and subsequent amendments and additions;

**"RELATED PARTIES" CONSOB REGULATION** – Regulation adopted with the Consob Resolution no. 17221 of 12 March 2010 and subsequent modification with Consob Resolution no. 17389 of 23 June 2010.



## 4. GENERAL CRITERIA. ROLES AND RESPONSIBILITIES

At the start of any Transaction, or any amendment to the conditions of a Transaction which has already been approved, the Signing Officer is responsible for ascertaining, also through subjects that he/she has appointed, that the Transaction falls within the area of application of this MSG<sup>23</sup>, also making use of the specialist support from the Eni SpA Governance function.

### 4.1 Related Parties and Interests Databases

Specifically, the Signing Officer, or someone delegated by him, must check if the counterpart in the Transaction is a Related Party or Subject of Interest.

For this purpose, the Related Parties of Eni and the Subjects of Interest are registered, in compliance with the privacy legislation, in a database ("Related Parties and Interests Database") created on the basis of the Eni database. This database lists the company shares for the purpose of the financial statements, the information transmitted by the competent functions, the declarations<sup>24</sup> that the Related Parties referred to in letters a) and c) in the definition of "Related Parties" contained in the previous Chapter 2, in the case of individual persons, issue periodically regarding the identification of Related Parties referred to in letters d) and e) of the same definition in Chapter 2<sup>25</sup> and of the Subjects of Interest, as well as information available to Eni<sup>26</sup>.

The Related Parties and Interests Database is available on Eni's Intranet.<sup>27</sup>

The Signing Officer keeps track of the possible application of a case of exclusion as specified in Chapter 10 below.

<sup>23</sup> In the case of Transactions of Greater Importance which require the calls for tender or other competitive procedures, when possible verifications must be carried out when the documentation for participation is prepared or when the call for tenders is launched and in any case, as soon as possible to verify the presence of Related Parties.

<sup>24</sup> The declaration must also indicate any transactions carried out by the declaring body or by the related parties connected to that body during the six-month reporting period, with Eni SpA, with its subsidiaries and/or Equivalent Subjects unless exempt.

<sup>25</sup> The Related Parties referred to in letters a) and c) above must inform the Eni SpA Governance function of any possible update to the declaration issued.

<sup>26</sup> The information and data regarding the Related Parties and Subjects of Interest contained in the Database are: (i) for physical persons: name and surname, date and place of birth, tax identification number; (ii) for legal persons: company name, registered office, tax identification/VAT number. The information regarding Directors, Statutory Auditors, Key management personnel and the Magistrate of the Court of Auditors and those people who are reported by them, are acquired and processed in compliance with privacy regulations.

<sup>27</sup> The Database is also available at this Internet address <http://www.relatedparties.eni.com>.



## General criteria. Roles and Responsibilities

### 4.2 Roles and responsibilities for investigations

#### 4.2.1 Transactions with Subjects of Interest

If the Signing Officer ascertains through consultation with the Related Parties and Interests Database, that the Transaction is being carried out with a Subject of Interest and the conditions for exclusion from applying this MSG described in Chapter 10 below are not applicable, then Chapter 9 of this MSG must be applied.

#### 4.2.2 Transactions with Related Parties

However, if the Signing Officer or the person delegated by him, ascertains that it is a Transaction with a Related Party, and that the conditions for exclusion from applying this MSG described in Chapter 10 below are not applicable, the information<sup>28</sup> must be sent with the relevant assessments of the Transaction by the relevant managers:

- (i) **in the case of Transactions of Eni SpA:** to those who report directly to the Chief Executive Officer of Eni SpA or to the Chairman of Eni SpA, or rather to their direct line managers of reference for the Transaction.<sup>29</sup>

In the case of Transactions of the competence of the Board of Directors of Eni SpA<sup>30</sup> or of the CEO of Eni SpA<sup>31</sup>, the information and the relative assessments of the same are transmitted to the CEO of Eni SpA;

- (ii) **in the case of Transactions of subsidiaries which report organizationally to the Chief Executive Officer of Eni SpA or another Equivalent Subject (in accordance with Chapter 2, letter a) point (i),**

<sup>28</sup> The information on Transactions is drawn up coherently and compatibly with the provisions of the "Information Document on Transactions of Greater Importance with Related Parties" referred to in Annex B. For Transaction of Lower Importance, this document is the only reference. This is the necessary information and assessments which will allow the Committee identified in accordance with Article 4.3 below to express an opinion on the Company's interest in concluding the Transaction and the convenience and substantial correctness of the conditions. In the case of Transactions of greater importance, the aforementioned Committee must also be informed regarding the ongoing negotiations and the investigation activities.

<sup>29</sup> The latter will assess, on the basis of the significance of the Transaction, whether or not it is necessary to inform their line manager, reporting directly to the Chief Executive Officer of Eni SpA or the Chairman of Eni SpA.

<sup>30</sup> Transactions which are the competence of the Board of Directors of Eni SpA are those provided by resolution of the Board on matters exclusively reserved to the latter.

<sup>31</sup> Transactions which are the competence of the Chief Executive Officer of Eni SpA are those not covered by the resolution of the Board of Directors of Eni SpA on matters exclusively reserved to the latter and subject to the decision of the CEO himself/herself.



## General criteria. Roles and Responsibilities

**second paragraph**): to the CEO or Managing Director or Chairman/Sole Director (when applicable) of the subsidiary or other Equivalent Subject.

**(iii) in the case of Transactions of subsidiaries which report to the Business**

**Areas:** to the CEO or Managing Director or Chairman/Sole Director (when applicable) of the subsidiary which will submit it to the person in charge of the organizational position to which the company refers.<sup>32</sup>

Considering the provisions indicated at the previous points i), ii) and iii), subjects which receive the information

- will verify the correctness of the assessments carried out by the Signing officers, requesting where necessary, additional information from the signing officers and
- ensuring the subsequent transmission of the communication to the Committee assigned with formulating the judgement<sup>33</sup> in accordance with Chapter 4.3 below as well as additional activities requested in accordance with Chapters 5 and 6 below.

In any case, if the responsibility for deciding and/or authorizing completion of the Transaction is attributed to a subject or body other than the one which has carried out the investigation of the Transaction, the same information and relative assessments referred to above are transmitted, by the Signing Officer, to such a subject or body.

### 4.3 Committees with the competence for issuing the opinion

Eni SpA entrusts the duty of providing the opinion contemplated by Chapters 5 and 6 below to the Control and Risk Committee, established within the Board of Directors of Eni SpA. In the case of Transactions relative to the remuneration of Eni SpA Directors and key management personnel, the duty is entrusted to the Compensation Committee, unless expressly assigned to the Control and Risk Committee.

The composition criteria and the provisions contemplated below for the Control and Risk Committee also apply to the Compensation Committee.<sup>34</sup>

<sup>32</sup> The person responsible will assess, on the basis of the significance of the Transaction, whether or not it is necessary to inform his/her line manager, reporting directly to the Chief Executive Officer of Eni SpA.

<sup>33</sup> The communication must be sent, also by email, to the Committee Secretary.

<sup>34</sup> In accordance with Principles 7.P.4 and 6.P.3 of the Corporate Governance Code, both the Control and Risk Committee and the Compensation Committee are composed of independent Directors. In alternative, the Committee may be composed by non executive Directors, the majority of whom are independent; in this case, the Chairman of Committee is elected between the independent Directors.



## General criteria. Roles and Responsibilities

In the case contemplated by Chapter 5 below, if the Control and Risk Committee is not entirely composed of Non-Related Directors, the Committee will carry out the activities foreseen with a composition restricted to only Non-Related Directors present, provided they number at least three and provided the majority are independent.

In the case contemplated by Chapter 6 below, if the Control and Risk Committee does not consist fully of Independent and Non-Related Directors, only the Independent and Non Related Directors of the Committee will carry out the activities foreseen, provided they number at least three.

If the Committee does not have the minimum number of Non Related and Independent Directors, the Committee is integrated with another Non-Related and Independent Director based on seniority.

If it is impossible provide such integration, the Control and Risk Committee informs the Board of Directors which will appoint an Independent Expert.





## 5. PROCEDURE FOR TRANSACTIONS OF LOWER IMPORTANCE WITH RELATED PARTIES

Subject to compliance with the authorization and decision-making authority established by the system of governance and organizational and regulatory standards of Eni, for the Transactions of Lower Importance, other than those excluded under Chapter 10 of this MSG, the procedure indicated below must be followed:

- a) before the approval of a Transaction of Lower Importance, the information referred to in Chapter 4 above is transmitted, as soon as available and in any case at least 10 working days before its next meeting, to Eni SpA's Control and Risk Committee<sup>35</sup> for the issue of the opinion contemplated by letter b) below. In any case, the time deemed necessary by the Committee itself will always be respected to ensure that it can adequately examine the documentation transmitted. If the Transaction conditions are deemed by the subject responsible for the investigation of the Transaction Equivalent to Market or Standard Conditions, the documentation drawn up must track use of the grounds for exclusion;
- b) the Control and Risk Committee expresses a non-binding motivated opinion on the Company's interest in concluding the Transaction, and on the convenience and substantial correctness of the relative conditions<sup>36</sup>;
- c) the Committee may arrange to be assisted, at the Company's expense, by one or more Independent Experts of its own choice;
- d) if the responsibility for authorizing and/or deciding is attributed to a subject or body other than the Signing Officer, or the subject who carried out the examination, the Committee's opinion, in addition to the information already transmitted in accordance with Chapter 4, will also be communicated to the said subject or body;
- e) the report or the approval documents of the Transaction, when applicable, must indicate adequate motivation regarding the Company's interests in carrying out

<sup>35</sup> Or the Compensation Committee in the case of Transactions regarding the remuneration of directors and key management personnel. If the amounts submitted for opinion are not the actual amounts but the result of an estimate, these estimates must constitute the maximum limit of the transaction, above which the relevant Committee will be required to issue a new opinion to issue a new opinion.

<sup>36</sup> The opinion is expressed by the Compensation Committee in the case of Transactions regarding the remuneration of directors and key management personnel. The criteria indicated in Chapter 4 above, on the composition of the Control and Risk Committee always hold firm.



## Procedure for transactions of lower importance with related parties

the Transaction as well as the convenience and substantial correctness of the relative conditions;

- f) the Board of Directors and the Board of Statutory Auditors of Eni SpA receive from the CEO of Eni SpA, in accordance with Chapter 12 below, full information on the execution of Transactions of Lower Importance, with evidence of any Transactions that are approved in spite of a negative opinion expressed by the Committee and the relative motivations;
- g) without prejudice to the provisions of current legislation regarding the communication of inside information, if the Transactions have been approved in spite of the Control and Risk Committee's negative opinion according to the above letter b), a document containing indications of the counterpart, the subject matter and the amount of the Transactions of Lower Importance approved in the quarter of reference, and also the reasons why the negative opinion was not shared, is made available to the public by the competent functions within fifteen days from the closure of every quarter of the year, at the company's head office and according to the means indicated in Title II, Chapter I, of the Consob Regulation on Issuers. Within the same term, the opinion is made available to the public as an annex to the information document on the Company's website.



## 6. PROCEDURE FOR TRANSACTIONS OF GREATER IMPORTANCE WITH RELATED PARTIES

For Transactions of Greater Importance which do not fall within the possible scenarios of exclusion indicated in Chapter 10 below, the responsibility for deciding by resolution is reserved to the Eni SpA Board of Directors.

Without prejudice to the above, and in addition to indications provided in Chapter 5, letter a)<sup>37</sup>, c), d), e), f) in the case of Transactions of Greater Importance:

- a) the Eni SpA Control and Risk Committee<sup>38</sup> or one or more of its members, delegated by the Committee, will be involved in the negotiating phase and in the examination phase by receiving a complete and immediate information flow, with the power to request information from and to address observations to the delegated bodies and the subjects in charge of the negotiations or the enquiries;
- b) the Board of Directors of Eni SpA approves the Transaction only after receiving the motivated favourable opinion from the Control and Risk Committee<sup>39</sup> on the company's interest in concluding the Transaction and on the convenience and substantial correctness of the relative conditions.

<sup>37</sup> In the case of a Transaction of Greater Importance, the information referred to in Chapter 4 of this MSG is sent to the Committee as soon as it is available and in any case at least 20 working days before its next meeting. In any case, the time deemed necessary by the Committee itself will always be respected to ensure that it can adequately examine the documentation transmitted.

<sup>38</sup> Or the Compensation Committee in the case of Transactions regarding the remuneration of directors and key management personnel. The criteria indicated in Article 4 above, on the composition of the Committee, always hold firm.

<sup>39</sup> The opinion is expressed by the Compensation Committee in the case of Transactions regarding the remuneration of directors and key management personnel. The criteria indicated in Article 4 above, on the composition of the Committee, always hold firm.



## 7. TRANSACTIONS WITH RELATED PARTIES ATTRIBUTED TO THE SHAREHOLDERS' MEETING

When a Transaction of Lower Importance must be submitted for resolution, or authorised, by the Eni SpA shareholders' meeting, in the examination phase and the approval phase of the resolution proposal to be presented to the shareholders' meeting, Chapter 5 of this MSG is to be applied as far as compatible.

When a Transaction of Greater Importance is to be submitted for resolution, or authorised, by the Eni shareholders' meeting, Chapter 6 of this MSG will be applied in the examination phase and the approval phase of the resolution proposal to be presented to the shareholders' meeting.



## 8. FRAMEWORK RESOLUTIONS

For similar Transactions to be concluded with the same Related Party, framework resolutions may be adopted.

In the examination and approval phases of the framework resolution, Chapters 5 or 6 of this MSG, according to the expected maximum amount of the Transactions, considered collectively, to which the resolution refers, are applicable as far as compatible.

In any case, framework resolutions must be effective for not more than one year, refer to sufficiently determined Transactions, and indicate at least the expected maximum amount of the Transactions to be carried out in the period of reference and the reasons for the contemplated conditions.

In accordance with Chapter 12 below, the Board of Directors of Eni SpA must receive full information on the implementation of framework resolutions.

The provisions of Chapters 5 and 6 of this MSG are not applied to the single Transactions carried out in implementation of a framework resolution.



## 9. TRANSACTIONS INVOLVING THE INTERESTS OF THE DIRECTORS AND STATUTORY AUDITORS

In the case of Transactions in which a Director or a standing Statutory Auditor has an interest on his/her own behalf or on behalf of third parties, the following provisions are applied.

Without prejudice to Chapter 4 of this MSG, if the Signing Officer ascertains through the Related Parties and Interests Database, that the Transaction is being carried out with a Subject of Interest, the Signing Officer must carry out a thorough and documented examination, in the investigation and resolution phases, of the reasons for the Transaction, with a clear indication of the deliberative company's interest<sup>40</sup> in the completion of the Transaction, also taking into consideration the implications and advantages associated with belonging to Eni, as well as the financial benefit and fairness of the terms and conditions, in light of objective and documented evidence.

If the competence to authorise or decide the completion of the Transaction is assigned to a subject or body other than the Signing Officer who has carried out the investigation, the motivations must be brought to the attention of that subject/body.

If the Transaction falls within the competence of the Eni SpA Board of Directors, the procedures of Chapter 5, letter b) of this MSG are applied.<sup>41</sup>

At the Board of Directors' meeting, the interested Directors do not normally participate in the discussion or the voting phase on the relevant questions, leaving the meeting room.

On the basis of the provisions of Article 2391 of the Civil Code and of the Corporate Governance Code, before discussing each point on the agenda of a Board of Directors' meeting, each Director and Statutory Auditor must, in any case, state any interests, on their own behalf or on behalf of third parties, which they may have in the matters or questions to be discussed, specifying the nature, terms, origin and extent.

<sup>40</sup> The term "deliberating company" refers also to those subjects without legal form of a company, whose management bodies are composed mainly of employees of Eni SpA or its subsidiaries.

<sup>41</sup> The information regarding these Transactions is sent to the Control and Risk Committee as indicated in Chapter 5, letter a) of this MSG.

## Transactions involving the interests of the directors and statutory auditors

If the person involved is the CEO and if the Transaction falls within his/her competence, he/she will in any case abstain from taking part in the Transaction and will entrust the matter to the Board of Directors (Art. 2391 of the civil code).

To ensure compliance with the investigation and resolution procedures envisaged by this Chapter, Directors and Statutory Auditors of Eni spa issue a declaration, every six months and/or when there is any variation, in which they illustrate their potential interests relative to Eni SpA and its subsidiaries. In any case the Directors and the Statutory Auditors report in good time the single Transactions that Eni intends to carry out and in which they have an interest. In the case of Directors, reporting of the interests is brought to the attention of the Eni SpA Chief Executive officer (or the Chairman, in the case of interests of the Chief Executive Officer), who will in turn notify the other Directors and the Board of Statutory Directors. In the case of Statutory Auditors, reporting of the interest is brought to the attention of the other Statutory Auditors and of the Chairman of the Eni SpA Board of Directors. The evaluation of the Directors and Statutory Auditors is subjective. The subjects indicated as potentially interested parties are, in any case, not Related Parties. The interest can be relevant even if it is indirect (e.g. via a close relative). The declarations should also indicate the entities, except for subsidiaries and associated companies of Eni SpA, in which the Directors and Statutory Auditors hold directorships or in which they are Statutory Auditors or key management personnel or with which, in any case, they have a significant business, financial or professional relationship, with particular attention to those who exercise, also indirectly, activities in Eni's own operating sector.



## 10. CASES OF EXCLUSION

The procedures indicated in Chapters 5, 6, 7 and 9 of this MSG and the public information obligations referred to in Chapter 11 below, do not apply:

- a) to the shareholders' meeting resolutions referred to in Article 2389, clause 1, of the Italian Civil Code regarding fees due to members of the Board of Directors;
- b) to resolutions regarding remuneration for directors holding special offers included within the total amount already allocated by shareholders' meeting resolution in accordance with Article 2389, clause 3, of the Italian Civil Code;
- c) to the shareholders' meeting resolutions referred to in Article 2402 of the Italian Civil Code relative to fees due to members of the Board of Statutory auditors;
- d) to Transactions with Related Parties and Subjects of Interest of Small Amounts, in other words that have a value that does not exceed 1,000,000 Euro, with the exception of the following specific thresholds of small amounts:
  - Transactions with Eni Directors and standing Statutory Auditors of Eni SpA, Magistrate of the Court of Auditors, key management personnel of the entity that controls Eni SpA and/or the subjects referred to in Chapter 2 letters d) and e) of this MSG: Transactions of Small Amount are those that do not exceed a value of 50,000 Euro<sup>42</sup>;
  - Transactions with key management personnel of Eni SpA and/or subjects referred to in Chapter 2 letters d) and e) of this MSG: Transactions of Small Amount are those that do not exceed a value of 500,000 Euro.

The Transactions to which the aforementioned small amount thresholds are applied include:

- the establishment of subordinate or para-subordinate employment relationships<sup>43</sup>;

<sup>42</sup> In the case of contracts, roles or relations of a continuous nature, in the absence of a final deadline, the amount is calculated on an annual basis.

<sup>43</sup> For the purposes of calculating the threshold all the fixed components required on an annual basis are taken (in the case of a permanent employment relationship) by the National Collective or Individual Contract as applicable (for example, gross annual salary; job-related benefits, etc.) and variables, if provided, (for example, production bonus, participation in annual and long-term incentive plans). Cases of hiring for the position of "key management personnel of Eni SpA" are excluded (unless they are already Related Parties), which become related parties as a result of the appointment. In any case, the causes and exclusions indicated at letters e) and f) of this MSG remain valid.





## Cases of exclusion

- the remunerations and economic benefits, under any form, awarded or assigned to related parties employed by Eni SpA, subsidiaries and Equivalent Subjects, in addition to the sums due according to the applicable National Collective or Individual Contract, save the application of other causes for exclusion established by this MSG. For the purpose of calculating the threshold, the fixed component is to be considered on an annual basis<sup>44</sup>.

If, in the 12-month period, Transactions are carried out with the same Related Party which if cumulatively considered exceed this amount, even if each individual transaction is below the threshold, the transaction which causes the total to exceed this amount and any subsequent transactions (still within the 12-month period), regardless of the individual value, will be subject to the procedures set out for transactions of Lower Importance, save the application of other causes for exclusion established by this MSG. In any case, the cumulation does not apply with reference to the assigning of remuneration and economic benefits under any form, if not referable to the same ratio<sup>45</sup>.

Given that the provisions of the Consob Regulation on public information on financial statements<sup>46</sup> remain valid, the procedures indicated in Chapters 5, 6, 7 and 9 of this MSG and the public information obligations referred to in Chapter 11 below, do not apply:

- e) to remuneration plans based on financial instruments approved by the shareholders' meeting according to Article 114-bis of the Consolidated Law on Finance and the related executive Transactions;
- f) to the resolutions regarding the remuneration of Directors and Statutory Auditors holding special offices, other than those indicated in points a) and b), and of key management personnel, providing: (i) the company has adopted a remuneration policy; (ii) the Compensation Committee has been involved in the definition of the remuneration policy; (iii) a report setting out the remuneration

<sup>44</sup> In the case of merit-based increases, one-off bonuses and variable remuneration, the calculation is made by reason of the individual assignment or for each type of intervention, provided that are effectively and objectively distinguishable from one another and are therefore not referable to the same ratio. Contractual indemnities are excluded (e.g. travel or transfer costs) for the non-discretionary part.

<sup>45</sup> The forecast on the total of the Transactions of small amounts will apply on the date of implementation of IT systems on the relative monitoring. Eni and the companies subject to application of this MSG will be provided with an informative report regarding this implementation.

<sup>46</sup> See Article 5, clause 8, of the Consob Regulation.



## Cases of exclusion

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policy has been submitted to the shareholders' meeting for approval and the resulting vote was favourable; (iv) the assigned remuneration is consistent with this policy;

- g) to Ordinary Transactions with Related Parties and with Subjects of Interest concluded with conditions Equivalent to Market or Standard Conditions. In this case, without prejudice to the provisions of current legislation on the communication of inside information, with regards to Transactions of Greater Importance:
- (i) Consob is informed of the counterpart, the object and the amount of the Transactions that have benefited from the exclusion within a period of seven days from approval of the Transaction by the competent body or, if the competent body decides to submit a contractual proposal, from the moment that the contract, even if merely preliminary, is concluded;
  - (ii) the interim management reports and annual report will indicate, within the information required by the Consob Regulation regarding information given to the public on financial statements<sup>47</sup>, which of the Transactions subject to the information obligations envisaged therein have been concluded making use of the exclusion envisaged for Ordinary Transactions at Equivalent to Market or Standard Conditions;
- h) to Transactions with or between subsidiaries, also jointly, and to Transactions with associated companies<sup>48</sup>, if in the subsidiaries or associated counterparts to the Transaction no interests exist, which may be qualified as significant, on the basis of the criteria defined in Annex A, section II, by other Related Parties of the company. Significant interests will not be considered those derived from the mere sharing of one or more Directors or other key management personnel between the company and its subsidiaries or associated companies.

<sup>47</sup> Article 5, clause 8, of the Consob Regulation.

<sup>48</sup> This case of exclusion applies also to Transactions with or between Equivalent Subjects which are not legally companies (for example, Foundations) as referred to in point i) letter a) of the definition of Related Parties in Article 2 of this document.



## 11. INFORMATION TO BE PROVIDED TO THE PUBLIC

Transactions with Related Parties carried out by Eni SpA, and by the subsidiaries, are communicated to the public when they are concluded and periodically in the interim management reports and annual report, in compliance with the Consob Regulation, cited in Annex B of this MSG (please refer to Annex B).



## 12. REPORTING TO THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

Without prejudice to obligations required by current regulations described in Chapter 9, the Chief Executive Officer of Eni SpA gives a bi-monthly and six-monthly report within the periodical informative report to the Board of Directors and to the Board of Statutory Auditors of Eni SpA on the execution of all Transactions with Related Parties and involving the interests of Directors or Statutory Auditors, governed by this MSG.

The six-monthly report is sent in advance to the Control and Risk Committee.

For this purpose, “**execution**” is considered the stipulation of the contract or its revision (for example, modification of the amount or expiry date), the assumption of the obligation, finalization of the corporate transaction (for example, incorporation of the company or joint venture, the purchase of shares) the establishment of subordinate or para-subordinate employment relationships or the issue of the opinion by the relevant committee (Control and Risk Committee or Compensation Committee) which took place during the reporting period.

### a) Bi-monthly report

The report covers the Transactions with Related Parties and involving interests of Directors and Statutory Auditors carried out in the two-month period of reference, except those exempted under the previous Chapter 10.

All Signing Officers ensure prompt transmission to the Governance Function of Eni SpA of the information required for the bi-monthly report.

### b) Six-monthly report

The report is given at the approval of the interim management report and the annual management report providing information on:

- Transactions involving interests of Directors and Statutory Auditors carried out in the period of reference, including those exempted under the previous Chapter 10;
- Transactions with Related Parties, including those exempted under the previous Chapter 10.

The individual Transactions are aggregated, in one single report, for each individual counterpart.



## Reporting to the Board of Directors and the Board of Statutory Auditors

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The representatives identified by the relevant functions, within the Eni SpA departments/structures, ensure prompt transmission to the Eni SpA Governance department of the information required for the six-monthly report, in accordance with the terms and in the manner indicated by the aforementioned function.

Without prejudice to the information flows for the bi-monthly and six-monthly report referred to in letters a) and b) above, the Eni SpA Governance department may request information regarding relations which exist between Eni SpA and/or its subsidiaries, on the one hand, and the Related Parties and/or subjects of interest of directors and auditors, on the other, from the specific representatives, for specific requirements related to the control system, also upon the request of other functions.



## 13. OVERSIGHT ON MSG COMPLIANCE

The Board of Statutory Auditors of Eni SpA supervises to ensure the conformity of this MSG with the principles expressed in the Consob Regulation, and on their observance on the basis of the information reports that it receives according to Chapter 12 above, and it includes its findings in the report addressed to the shareholders' meeting.



## 14. FINAL PROVISIONS

The Eni SpA Board of Directors assesses annually, after having heard the opinion of the Control and Risk Committee, whether to revise this MSG, taking into account any changes in the ownership structure and the effectiveness demonstrated by the practical application of the procedures.

This MSG is published on the Eni website ([www.eni.com](http://www.eni.com)) and reference to it is also made in the Annual Management Report.

