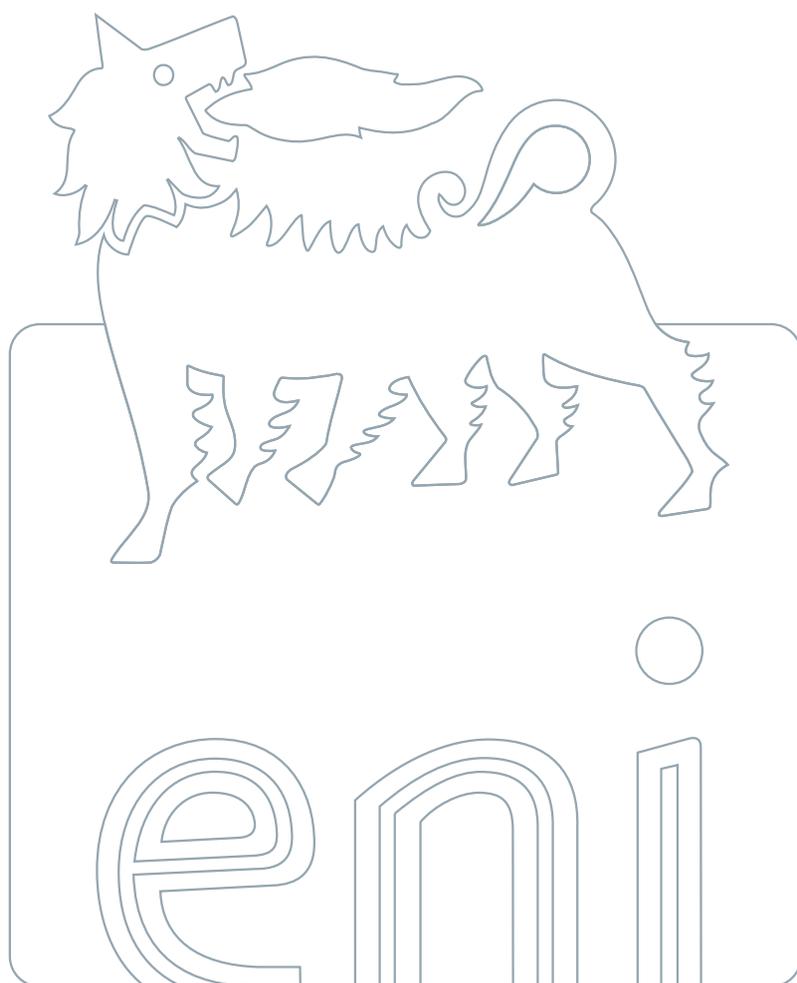


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Corporate Governance Report  
2015



## Mission

We are a major integrated energy company, committed to growth in the activities of finding, producing, transporting, transforming and marketing oil and gas. Eni men and women have a passion for challenges, continuous improvement, excellence and particularly value people, the environment and integrity.

### Countries of activity

#### EUROPE

Austria, Belgium, Croatia, Cyprus, Czech Republic, France, Germany, Greece, Greenland, Hungary, Ireland, Italy, Luxembourg, Norway, Portugal, Romania, Slovakia, Slovenia, Spain, Switzerland, the Netherlands, the United Kingdom, Turkey, Ukraine

#### AFRICA

Algeria, Angola, Congo, Egypt, Gabon, Ghana, Ivory Coast, Kenya, Liberia, Libya, Mozambique, Nigeria, South Africa, Tunisia

#### ASIA AND OCEANIA

Australia, China, India, Indonesia, Iraq, Japan, Kazakhstan, Kuwait, Malaysia, Myanmar, Oman, Pakistan, Russia, Saudi Arabia, Singapore, South Korea, Taiwan, the United Arab Emirates, Timor Leste, Turkmenistan, Vietnam

#### AMERICA

Argentina, Canada, Ecuador, Mexico, the United States, Trinidad & Tobago, Venezuela

# Corporate Governance and Shareholding Structure Report 2015\*

Approved by the Board of Directors on March 17, 2016



(\*) The Report is published in the "Governance" section of the Company's website [eni.com](http://eni.com). The Italian text prevails over the English version.



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# Corporate Governance and Shareholding Structure Report 2015

This Report, approved by the Board of Directors of Eni SpA on March 17, 2016, provides a broad and comprehensive overview of the Corporate Governance system adopted by Eni SpA (hereinafter referred to as “Eni” or the “Company”).

In compliance with the applicable legal<sup>1</sup> and regulatory requirements, and taking account of the guidelines and recommendations of Borsa Italiana SpA (hereinafter “Borsa Italiana”) and of the most representative business associations, this Report provides information on Eni’s ownership structure and on its compliance with the Corporate Governance Code<sup>2</sup> for listed companies, as updated on July 9, 2015 (“Corporate Governance Code”), explaining the choices made in implementing the corporate governance principles and on the corporate governance practices actually instituted.

The Corporate Governance Code is available to the public at the Internet address [www.borsaitaliana.it](http://www.borsaitaliana.it)<sup>3</sup> and on the Company’s website<sup>4</sup>, which contains a description of the governance solutions adopted by Eni.

Furthermore, the Report on Operations, which is a part of the 2015 Annual Report<sup>5</sup>, contains a section entitled “Governance”, which describes Eni’s Corporate Governance system with an integrated view of the creation of sustainable value through business support.

Finally, for a more detailed treatment of compensation matters, please refer to the Remuneration Report<sup>6</sup>, approved by the Board on March 17, 2016 and published simultaneously with this Report.

The information contained in this Report refers to 2015 and, with respect to certain issues, is up-to-date as of the date of the meeting of the Board of Directors called to approve it. This Report, which is published in the “Governance” section of the Company’s website<sup>7</sup>, consists of three sections: the first describes Eni’s profile, structure and values; the second focuses on information on the ownership structure; and the third analyses and provides information on corporate governance, specifically compliance with the Corporate Governance Code, on the main features of the Internal Control and Risk Management System, including with regard to the financial reporting process and, more generally, the primary governance practices followed.

[1] Art. 123-bis of Legislative Decree no. 58/1998 (Consolidated Law on Financial Intermediation).

[2] The Code was produced by the Corporate Governance Committee sponsored by Abi, Ania, Assonime, Assogestioni, Borsa Italiana and Confindustria. More information on the various editions of the Code and the composition of the Committee can be found on Borsa Italiana’s website.

[3] Available at: <http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm>.

[4] Available at: [http://www.eni.com/en\\_IT/attachments/governance/governance-model-policies/Eni-Corporate-Governance-Code.pdf](http://www.eni.com/en_IT/attachments/governance/governance-model-policies/Eni-Corporate-Governance-Code.pdf).

[5] Available at: [http://www.eni.com/en\\_IT/investor-relation/presentations-reports/reports/reports.page?type=bil-rap](http://www.eni.com/en_IT/investor-relation/presentations-reports/reports/reports.page?type=bil-rap).

[6] This is the report envisaged by art. 123-ter of the Consolidated Law on Financial Intermediation, published with this Report in the manner required by art. 84-quater of Consob Resolution no. 11971 of May 14, 1999, as amended (“Consob Issuers’ Regulation”). The Report is published on Eni’s website.

[7] Available at: [http://www.eni.com/en\\_IT/governance/report-on-corporate-governance/report-on-corporate-governance.shtml](http://www.eni.com/en_IT/governance/report-on-corporate-governance/report-on-corporate-governance.shtml).

# Eni: profile, structure and values

## Profile and structure

Eni is a company that issues shares listed on the electronic stock exchange (Mercato Telematico Azionario) operated by Borsa Italiana SpA and securities traded on the New York Stock Exchange (NYSE) in the United States. Eni is an integrated company that operates along the entire energy chain with operations in **66 countries** and a workforce of **29,053<sup>8</sup>** (12,333 abroad). The Company operates in oil, natural gas, and energy in general. On May 28, 2014, the Board introduced a new organisational structure, in effect as from July 1, 2014, in order to maximise the delivery of its strategy based on selective growth in the upstream sector and a turnaround in the mid-downstream segments<sup>9</sup>.

The new organisational structure replaces the divisional model with an integrated operational model built around business lines, each specialising in a core business and responsible for achieving performance and operating targets for its segment, as well as achieving excellence in key competencies.

The business lines are assisted by business support functions, whose services are centralised to ensure quality and efficiency.

More specifically, Eni operates the following business lines:

- (i) **Exploration:** responsible for hydrocarbon discovery and exploration;
- (ii) **Development, Operations & Technology:** responsible for carrying out development projects, providing technical support to industrial assets and managing research activities;
- (iii) **Energy solutions:** responsible for the development of the renewable energy business and the development of innovative solutions in the energy field;
- (iv) **Upstream:** responsible for the management and development of upstream activities, guiding, controlling and coordinating the geographical units and districts in Italy and monitoring activities not operated directly for the guidance, control and coordination of geographical units and districts in Italy as well as the business development activities of the upstream sector;
- (v) **Midstream Gas & Power:** responsible for procurement and optimization of the Gas&Power portfolio, for the sale of LNG and Gas & Power to large customers, for the production of electricity, and for the management of commodity price risk, trading and oil and gas transportation;
- (vi) **Refining & Marketing:** responsible for the supply, refining, production, distribution and sale of petroleum products and lubricants, as well as for environmental reclamation;
- (vii) **Retail market G&P:** responsible for sales of gas and electricity to retail and mid customers.

> Eni is an integrated energy company that operates in oil, natural gas, and energy in general

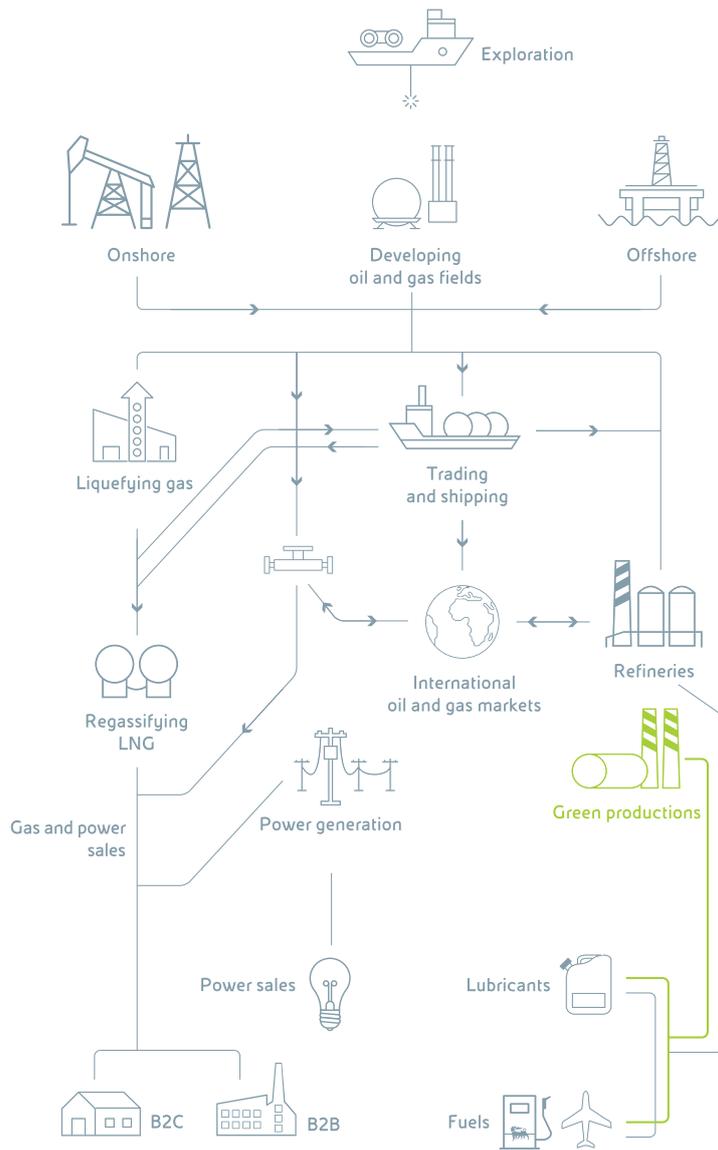
[8] For consistency with the representation in the 2015 Annual Report, Saipem SpA, Versalis SpA and their subsidiaries are not included.

[9] For more information, please consult the "Company" section of the Company's website and the Annual Report.

The chart below shows Eni's activities<sup>10</sup>:

### Upstream

Eni engages in oil and natural gas exploration, field development and production, mainly in Italy, Algeria, Angola, Congo, Egypt, Ghana, Libya, Mozambique, Nigeria, Norway, Kazakhstan, UK, The United States and Venezuela, overall in 42 countries.



### Mid-Downstream

Eni sells gas in the European market basing on the portfolio availability of equity gas and long-term contracts, sells LNG on a global scale. Produces and sells electricity through gas plants.

Through refineries, Eni processes crude oil to produce fuels, lubricants that are supplied to wholesalers or through retail networks or distributors.

Eni engages in the trading of oil, natural gas, LNG and electricity.

### Eni worldwide presence

	E&P	G&P	R&M
<b>Europe</b>			
Austria		•	•
Belgium		•	
Croatia	•		
Cyprus	•		
Czech Republic			•
France		•	•
Germany		•	•
Greece		•	
Greenland	•		
Hungary		•	•
Ireland	•		
Italy	•	•	•
Luxembourg		•	
Norway	•		
Portugal	•		
Romania			•
Slovakia			•
Slovenia		•	•
Spain		•	•
Switzerland		•	•
the Netherlands		•	•
the United Kingdom	•	•	•
Turkey		•	
Ukraine	•		
<b>Africa</b>			
Algeria	•		
Angola	•		
Congo	•		
Egypt	•	•	
Gabon	•		•
Ghana	•		•
Ivory Coast	•		
Kenya	•		
Liberia	•		
Libya	•	•	
Mozambique	•		
Nigeria	•		
South Africa	•		
Tunisia	•	•	•
<b>Asia and Oceania</b>			
Australia	•		•
China	•	•	
India	•	•	
Indonesia	•		
Iraq	•		
Japan		•	
Kazakhstan	•		
Kuwait		•	
Malaysia		•	
Myanmar	•		
Oman		•	
Pakistan	•		
Russia	•	•	•
Saudi Arabia			•
Singapore		•	•
South Korea		•	
Taiwan		•	
the United Arab Emirates		•	
Timor Leste	•		
Turkmenistan	•		
Vietnam	•		
<b>America</b>			
Argentina	•	•	
Canada	•		
Ecuador	•		•
Mexico	•		
the United States	•	•	•
Trinidad & Tobago	•		
Venezuela	•		•

[10] For more information, please consult the "Company" section of the Company's website and the Annual Report.

At December 31, 2015, Eni controls **299<sup>11</sup> companies** in Italy and abroad.

On January 22, 2016, the disposal by Eni SpA to Fondo Strategico Italiano SpA ("FSI") of 12.503% of Saipem SpA share capital took effect, thereby rendering fully effective the shareholders' agreement signed on October 27, 2015 between Eni and FSI concerning Saipem shares. Following the disposal and the entry into force of the shareholders' agreement, Eni no longer exercises sole control over Saipem.

### Principles and values. The Code of Ethics

Integrity and transparency are the principles that guide Eni's action in formulating a management and control structure that is suited to its size, complexity and operating structure, in adopting an effective internal control and risk management system, and in communicating with shareholders and other stakeholders, also by reviewing and updating the information on its website.

These values are set forth in the **Eni Code of Ethics**, approved by the Board of Directors on March 14, 2008, which replaces the previous 1998 Code of Conduct. The Code of Ethics was updated on April 10, 2014.

> Eni's values are set forth in the Eni Code of Ethics

Directors, Statutory Auditors, management and all Eni's employees, as well as those who operate in Italy or abroad to achieve Eni's objectives, are required to uphold, in the context of their own functions and duties, the principles set out in the Code of Ethics.

The Code contains concrete rules of behaviour, so that the principles contained therein form a practical guide for corporate operations.

For that purpose, the Code of Ethics has been translated into **21 languages**. It has been distributed<sup>12</sup> widely and is explained through a range of initiatives, including special training courses. The Code represents an essential general principle of Model 231<sup>13</sup>, as well as a key element of the anti-corruption framework<sup>14</sup> of which it is an integral part: the synergies between the Code of Ethics and the Model 231 are underlined by the assignment to the Eni Watch Structure – established by Model 231 – of the function of **Guarantor of the Code of Ethics**, with the duty of promoting and verifying its implementation.

The Guarantor of the Code of Ethics presents a **report every six months** on the implementation of the Code and any updating need to the Control and Risk Committee, to the Board of Statutory Auditors and to the Chairman and Chief Executive Officer ("CEO") of Eni, who in turn report to the Board<sup>15</sup>.

**The Code of Ethics applies to all direct or indirect subsidiaries**, both in Italy and abroad. Each subsidiary assigns the function of Guarantor of the Code of Ethics to its own Watch Structure. Listed subsidiaries adjust the Code – where necessary – to their specific characteristics, in accordance with their own managerial independence.

### Corporate Governance Policy

In the context of Eni's Regulatory System<sup>16</sup>, on July 28, 2010 the Board of Directors defined the **inalienable principles of Eni's Corporate Governance system**, issuing the Corporate Governance Policy in which, identifying **integrity and transparency** as the founding principles of its system, it stated its commitment to:

> The Board defined the inalienable principles of Eni's Corporate Governance system

- adopt measures that ensure **correct handling** of any situation that may involve a **conflict of interest, even potential**, while safeguarding the rights of and relations with its stakeholders and providing complete, timely, clear and correct information, ensuring shareholders have equal access to information;

[11] The figure includes the companies of the Saipem and Versalis Group in the scope of consolidation at December 31, 2015.

[12] For more information on the dissemination and communication of the Code, please refer to the "Sustainability" section of the Eni website: <http://www.eni.com/en/IT/sustainability/sustainability.shtml>.

[13] For more information, please refer to the section on "Model 231" of this Report.

[14] For more information, please refer to the section on the Anti-corruption compliance programme of this Report.

[15] The report is submitted together with that required from the Watch Structure under Legislative Decree no. 231/2001.

[16] For more information on Eni's Regulatory System, please refer to the "Internal Control and Risk Management System" section of this Report.

- pursue the **best Corporate Governance practices**, including through comparison with the best Italian and foreign governance models and, in particular, with the principles issued by the most representative institutions and associations;
- **promote its Corporate Governance principles outside** by encouraging observations and introducing new ideas, in particular through participation in institutional and sector working groups and by promoting relevant initiatives;
- promote and maintain an **adequate, effective and efficient Internal Control and Risk Management System**.

In performing its **management and coordination activities**, Eni acts in accordance with the **managerial independence of the individual companies**, in particular of the listed companies and those subject to special regulations, and respects the **interests of other shareholders**, the **confidentiality obligations** that safeguard the commercial interests of the companies involved and, regarding foreign companies, local regulations.

More specifically, among the aims pursued, actions designed to ensure an adequate and effective internal control and risk management system for the integrated company are of fundamental importance – both overall and in its main components – in addition to compliance with the rules the Company is subject to in its role as parent company<sup>17</sup>.

### Responsible and sustainable approach

> Eni operates under a logic of value creation over the medium and long-term

A responsible and sustainable approach represents the Company's methods of operating under a logic of **value creation over the medium and long-term** and is based on an **integrated view** of all company processes: from planning, monitoring and control to risk prevention and management, from implementation of operations to reporting, and in communications with internal and external stakeholders.

All Company objectives are pursued with an approach that is strongly focused on **operational excellence, research innovation, cooperation for countries development, the importance of people** (developing their professional capabilities and skills), **integrity in managing its business** following strict financial rules, the highest ethical principles, and synergies deriving from integration between financial and non-financial aspects in all corporate decisions and processes.

**The Board of Directors of Eni has always sought to play a key role in defining the sustainability policies and strategies and checking the sustainability results**, which are also presented to the Shareholders' Meeting. The Sustainability and Scenarios Committee was established in 2014 to further bolster attention to sustainability issues. In 2015 the Committee's work focused, among other things, on the issue of climate change and connected aspects, such as the Arctic and renewable energy.

In order to maintain high sustainability standards in operations, Eni sets annual targets, pursued through projects and initiatives carried out by all the relevant functions at Eni and its subsidiaries. Approval of the relative action plans and review of the main results achieved is done by the Company's highest decision-making bodies.

In order to emphasize the contribution to creating value for the Company and stakeholders stemming from operating in a sustainable manner, **the sustainability results**, as well as all the main activities that determine the same, **are communicated in the Annual Report**, as provided for under the integrated reporting framework supported by the International Integrated Reporting Council (IIRC), which Eni has followed since 2011.

[17] All Eni subsidiaries adopt the "Eni Internal Control System for Financial Reporting" Management System Guidelines. For further information, please refer to the section "Internal Control and Risk Management System" of this Report.

Eni's Audit Firm (Reconta Ernst & Young) verifies the appropriateness of the overall business planning and management process, as well as the transparency and traceability of the sustainability data from the operational sites, which are then consolidated and audited at a country, business areas, and sustainability unit level.

This certification process complies with the criteria set forth in the ISAE 3000 standard, issued in 2004 by the International Auditing and Assurance Standards Board (IAASB), which is also responsible for issuing auditing principles.

The sustainability initiatives undertaken by Eni in terms of governance system in 2015 include, in particular:

- (i) the **consolidation of the role of the Sustainability and Scenarios Committee**, especially with regard to environmental issues and the supervision of sustainability training initiatives (as in the case of the Lead Board Programme under the aegis of the UN Global Compact, described in greater detail below);
- (ii) **training programmes for the Eni SpA corporate bodies** (i.e. board induction) which, in keeping with prior initiatives, addressed corporate topics (such as corporate governance, compliance, internal control and risk management) and business issues (in particular, exploration and drilling), with visits to operating sites in Italy and abroad;
- (iii) **promoting shareholders participation in Company life**, through clear and thorough communication of information, so that they may exercise their rights in an informed manner;
- (iv) in a continuation of initiatives already undertaken in 2013-2014, the organisation of a **roadshow for leading institutional investors**, with the participation of the Chairman of the Board of Directors to present the Company's governance system and the main sustainability and corporate social responsibility initiatives.

On September 17, 2015 the second session of the **UN Global Compact LEAD Board Programme**, dedicated to "The role of the Board" was held, examining issues concerning the role of the Board in integrating sustainability into corporate strategy and management, with a special focus on climate change<sup>18</sup>.

Following the training session, a position was developed on climate change and the environment. The actions addressing the climate and the environment were also discussed at the meetings of the Sustainability and Scenarios Committee. More specifically, attention was focused on Eni's position on renewable resources, Eni's presence at the Paris "COP 21" conference<sup>19</sup>, the policy on the Arctic and the outcome of COP 21.

Eni's commitment to sustainable development has also been recognised by the **leading financial sustainability indexes**.

In 2015, for the ninth consecutive year, Eni was included in the **Dow Jones Sustainability World Index**, made up of 13 oil and gas companies out of 97 eligible candidates, and for the eighth straight year in the **Dow Jones Sustainability Europe Index**, made up of four oil and gas companies out of 12 eligible organisations.

Eni was also once again included for the ninth straight year in the **FTSE4Good Index** following the half-yearly review in December 2015.

In addition, in 2015 Eni received the **maximum possible score for disclosure (100/100) in the CDP2015**<sup>20</sup> and was again included in the CDP Italy Climate Disclosure Leadership Index (CDLI)

> Eni is included in the leading financial sustainability indexes

[18] The first session of the programme in October 2014 was devoted to "The Materiality of Sustainability", in order to enhance awareness of the importance of sustainability for an enterprises' strategy and business. The programme was held under the supervision of the Sustainability and Scenarios Committee.

[19] COP 21 is the twenty-first annual conference of the parties to the UN Framework Convention on Climate Change, held in Paris in December 2015.

[20] The CDP (Carbon Disclosure Project) is a non-profit organisation that has developed a system to measure, share and publish information on the environmental performance of companies or cities. CDP2015 (Global Climate Change Report 2015) is the annual report published by the CDP reporting performances and the response of companies to the causes of global warming.

2015, an index that includes Italian listed companies that have distinguished themselves for the quality and comprehensiveness of their disclosures on climate change and greenhouse gas emissions issues.

For more information, please refer to the “Sustainability” section of Eni’s website<sup>21</sup>.

### Eni’s Corporate Governance initiatives

In line with the principles of its Corporate Governance Policy, adopted by the Board of Directors on July 28, 2010, Eni is committed to creating a corporate governance system that is inspired by excellence, in open dialogue with the market.

Accordingly, the Company pursued a number of initiatives for improving its own system and that of the nation, focusing heavily on communication with its stakeholders and demonstrating an on-going commitment to helping shareholders exercise their rights effectively.

More specifically, in 2011 Eni provided a contribution to the debate on the corporate governance of listed Italian companies, based on the analysis of foreign best practices that are not yet established in the national system and to which Eni pays particular attention due to the international scope of its business. The results of the analysis, filtered through the Company’s experience, led to the drafting of **35 proposals (regulatory and voluntary) to improve the efficiency of the Italian system**. A large portion of the proposals were incorporated as recommendations or comments in the 2011 edition of the Corporate Governance Code.

In recent years, responding to the need for a more thorough dialogue with the market on corporate governance, **Eni held a cycle of meetings with institutional investors and leading proxy advisors (Roadshow)** to explain the Company’s governance system and assess the most significant issues, including in relation to the various applicable regulatory models.

> In the Governance Roadshow, held in January 2016, the Chairman presented Eni’s governance innovations to institutional investors

This initiative, carried out most recently in January 2016, made it possible to receive external feedback on the Company’s governance system, providing insight on where improvements could be made and topics that require further reflection. Attendees appreciated Eni’s initiative and noted that the Company’s Corporate Governance system is well-designed and solid.

**Transparency in terms of the quality and completeness of the information provided<sup>22</sup> was judged to be one of Eni’s most important strengths.**

In addition, **its internal control and risk management model is considered to be a fundamental pillar of the Company’s governance**, and during the recent meetings **appreciation was expressed for the role of the Chairman in the control system and the risk governance arrangements adopted by the Company.**

Finally, acting on the proposal of the Chairman, the **Board appointed a Secretary** and assigned him specific duties. It also **made him Corporate Governance Counsel**, reporting directly to the Chairman, who is tasked with providing **independent assistance and advice** to the Board and the Directors. The Secretary reports annually to the Board on the functioning of Eni’s governance system.

Eni is consistently committed to promoting a greater degree of involvement by its shareholders. For more information, please refer to the “Relations with shareholders and the market” section of this Report.

Finally, **on February 25, 2016, the Eni Board of Directors adopted the recommendations of the Corporate Governance Code issued in July 2015**. The Board noted that the corporate governance model of Eni was already largely consistent with the new recommendations and

[21] Available at: [http://www.eni.com/en\\_IT/sustainability/sustainability.shtml](http://www.eni.com/en_IT/sustainability/sustainability.shtml).

[22] For more information on the recognition received by Eni for its online communication of governance information, please refer to the “Relations with shareholders and the market” section of this Report.

approved governance solutions, some of which went beyond the steps called for in the Code, that accompany the application of the Code's recommendations within the Company. The Corporate Governance Code, updated with the amendments of July 9, 2015, has been published on the Company website, highlighting the solutions, including the improvements, adopted by Eni.

## Corporate Governance Model

### *The Corporate Governance Model of Eni SpA*

Eni's Corporate Governance structure is based on the **traditional Italian model** that – respecting the duties of the Shareholders' Meeting – assigns the strategic management of the Company to the Board of Directors, the heart of the organisational system, and supervisory functions to the Board of Statutory Auditors.

> Eni's Corporate Governance structure is based on the traditional Italian model

The statutory audit is carried out by an Audit Firm appointed by the Shareholders' Meeting. In accordance with the By-laws, the Board of Directors appointed a **Chief Executive Officer** to manage the Company, while reserving decisions on certain issues exclusively to itself.

The Board of Directors appointed by the Shareholders' Meeting of May 8, 2014 attributed to the **Chairman a major role in internal controls**, entrusting her to oversee the Internal Audit Unit, the Head of which reports directly to the Board and, on its behalf, to the Chairman, without prejudice to his being functionally subject to the authority of the Control and Risk Committee and the CEO, as director in charge of the internal control and risk management system. The Chairman is also involved in the appointment of the main Eni officers responsible for the internal control and risk management system, including the Head of Integrated Risk Management, as well as the internal regulatory process for controls, approving among other things the rules governing internal audit activities.

The Board also decided that the Chairman will, in accordance with the By-laws, be legal representative of the Company, responsible for managing institutional relationships in Italy, together with the CEO.

The model adopted therefore makes a **clear separation between the functions of the Chairman and those of the CEO**, both of whom are empowered to represent the Company, in accordance with art. 25 of the By-laws.

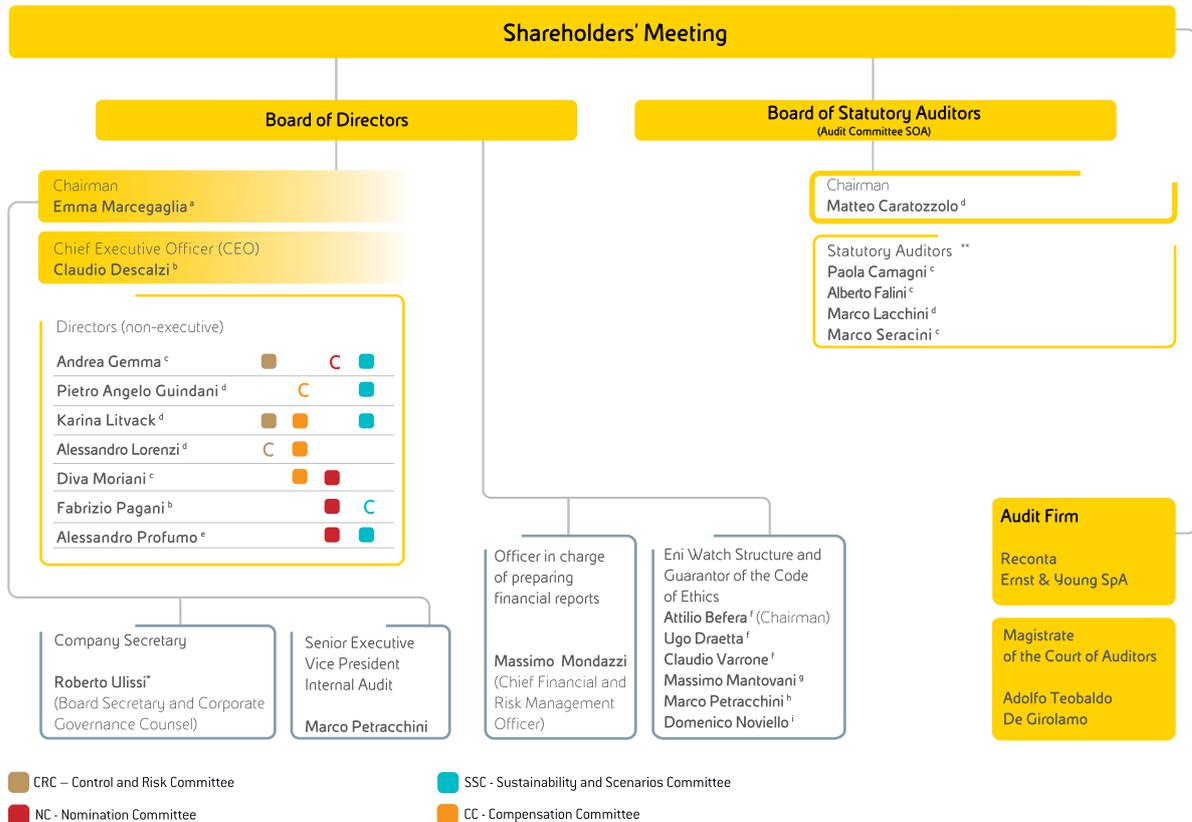
The Board of Directors has created **four internal committees** having advisory and proposing functions: the Control and Risk Committee, the Compensation Committee, the Nomination Committee and the Sustainability and Scenarios Committee. These Committees report to the Board at every meeting, through their respective chairmen, on the most significant matters that they have addressed.

Moreover, on a proposal of the CEO and in agreement with the Chairman, and with the approval of the Board of Statutory Auditors, the Board of Directors has appointed the Chief Financial and Risk Management Officer of the Company as the **Officer in charge of preparing financial reports** ("Financial Reporting Officer"). The proposed nomination of the Financial Reporting Officer is also examined by the Nomination Committee.

Certain organisational and managerial decisions, highlighted in this Report, were made to achieve compliance with US regulations, to which the Company is subject as a NYSE-listed company.

Specifically, on March 22, 2005, the Board of Directors, electing the exemption granted by the Securities and Exchange Commission ("SEC") to foreign issuers of securities listed on regulated US markets, designated the **Board of Statutory Auditors** as the body that, as from June 1, 2005, performs, to the extent permitted under Italian regulations, the functions attributed to the **Audit Committee** of foreign issuers by the Sarbanes-Oxley Act and SEC rules.

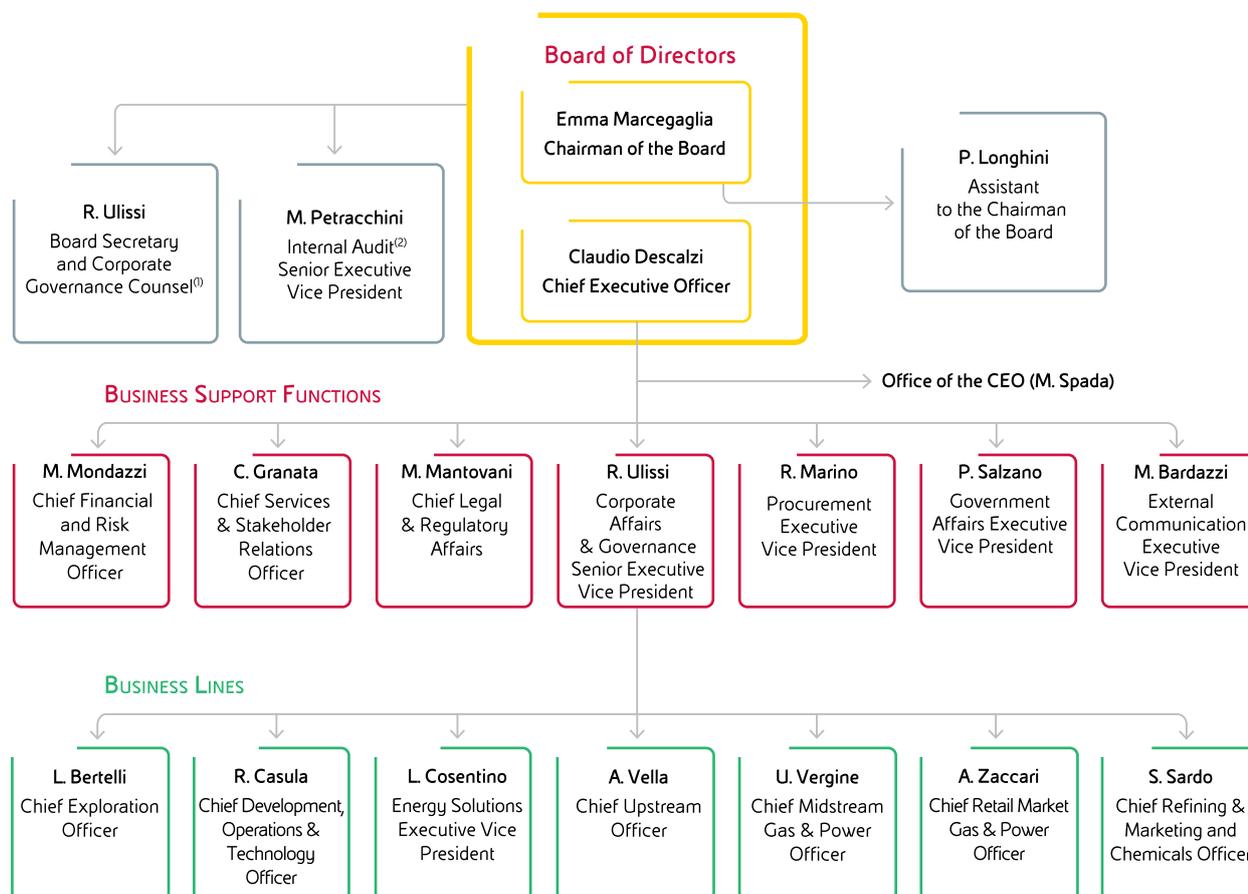
The following chart represents the Company's governance structure at March 17, 2016:



a - Member appointed from the majority list, non-executive and independent pursuant to law.  
 b - Member appointed from the majority list.  
 c - Member appointed from the majority list and independent pursuant to law and Corporate Governance Code.  
 d - Member appointed from the minority list and independent pursuant to law and Corporate Governance Code.  
 e - Member appointed by the Board of Directors on July 29, 2015 - in replacement of Luigi Zingales, who resigned from the Board on July 2, 2015 - independent pursuant to law and Corporate Governance Code.  
 f - External member.  
 g - Chief Legal & Regulatory Affairs.  
 h - Senior Executive Vice President Internal Audit.  
 i - Executive Vice President Labour Law and Dispute.  
 \* Also Senior Executive Vice President Corporate Affairs and Governance.  
 \*\* The following are Alternate Auditors:  
**Stefania Bettoni** - Member appointed from the majority list and independent pursuant to law and Corporate Governance Code.  
**Mauro Lonardo** - Member appointed from the minority list and independent pursuant to law and Corporate Governance Code.

Eni's organisational management structure is divided into "business lines" and "business support functions" that report directly to the CEO of Eni SpA.

The following is a chart setting out the current macro-organisational structure at March 17, 2016:



[1] The Board's Secretary reports hierarchically and functionally to the Board and, on its behalf, to the Chair.

[2] The Senior Executive Vice President Internal Audit reports to the Board of Directors and, on its behalf, to the Chair, without prejudice to its functional reporting to the Control and Risk Committee and to the CEO (in his capacity as director in charge of the Internal Control and Risk Management System).

## The main Management Committees

### Management Committee

The **Management Committee**<sup>23</sup>, presided over by the CEO of Eni, is composed of the: Chief Exploration Officer, Chief Development, Operations & Technology Officer, Chief Upstream Officer, Chief Midstream Gas & Power Officer, Chief Refining & Marketing and Chemicals Officer, Chief Retail Market Gas & Power Officer, Executive Vice President of the Energy Solutions Department, Chief Financial and Risk Management Officer, Chief Services & Stakeholder Relations Officer, Chief Legal & Regulatory Affairs, Senior Executive Vice President of the Internal Audit Department, Senior Executive Vice President of the Corporate Affairs and Governance Department, Executive Vice President of the Procurement Department, Executive Vice President of the External Communication Department, Executive Vice President of the Government Affairs Department and the CEO of Versalis SpA.

The Management Committee, which provides advice and support to the CEO, meets on monthly basis and, normally, prior to the meetings of the Board of Directors, and whenever the CEO of

[23] The composition of the Management Committee is current as of November 1, 2015.

Eni SpA believes it necessary, to consider the issues he indicates, including those that may be proposed by Committee members, other persons reporting to him or by the CEOs of the Group companies.

The Chairman of the Board is invited to attend Management Committee meetings. Other persons may also be invited to attend those meetings where their duties relate to items on the agenda.

The Senior Executive Vice President of the Corporate Affairs and Governance Department serves as the Management Committee's Secretary.

#### *Compliance Committee and Risk Committee*

Other managerial committees in addition to the Management Committee have been formed. Those with responsibilities involving corporate governance, particularly control, include the Compliance Committee and the Risk Committee, described in more detail herein:

The **Compliance Committee**<sup>24</sup> is composed of: the Chief Legal & Regulatory Affairs, Corporate Affairs and Governance Senior Executive Vice President, Internal Audit Senior Executive Vice President, Accounting and Financial Statement Executive Vice President, Human Resources and Organisation Executive Vice President. The Committee provides advice and support concerning compliance and governance matters and is responsible for, among other things, reporting to the CEO on the need to examine any new compliance and/or governance issues, suggesting a person to oversee this work and, if necessary, a working group;

The **Risk Committee**<sup>25</sup> has the same composition as the Management Committee and is presided over by the CEO of Eni SpA, to whom it provides advice on the major risks facing Eni and, specifically, reviews and offers its opinion on the main results of the Integrated Risk Management process. The Chairman of the Board of Directors of Eni SpA is also invited to attend the meetings. Other persons may also be invited to attend those meetings where their duties relate to items on the agenda. The Senior Vice President for Integrated Risk Management serves as the Committee's Secretary.

#### *Corporate Governance Model for Eni companies*

On May 30, 2013, the Eni Board of Directors, on the proposal of the CEO, having it first being examined by the Nomination Committee with regard to those matters in which it has expertise, and having received the opinion of the Control and Risk Committee, approved the Management System Guidelines (hereinafter "MSG") "Corporate Governance of the Eni companies", which updates the previous relevant guidelines.

Using this regulatory instrument, the Board of Directors of Eni, consistent with its duties, established the **corporate governance system and rules for Eni's subsidiaries and associated companies** adapting them to incorporate legislative developments, changes in internal organisation and rules<sup>26</sup> and to the best practices in the field.

More specifically, the MSG:

- (i) governs the **legal form and management and control system** of Eni subsidiaries, indicating the size, composition and operating principles for the relative bodies;
- (ii) defines the **requirements that the members of the management and control bodies** of Eni investees appointed by Eni must meet in order to be given and retain such position, particularly as regards integrity, independence and the absence of any conflict of interest:
  - in addition to requiring Directors (usually Eni employees) to comply with the law and the By-laws, the MSG describes in greater detail the criteria already imposed upon Directors under the prior rules, focusing on issues such as technical and professional skills, managerial experience, opportunities for job rotation and the absence of any conflict of interest;

[24] The composition of the Compliance Committee is current as of August 6, 2014.

[25] The composition of the Risk Committee is current as of November 1, 2015.

[26] For more information, refer to the section "Eni regulatory system" of this Report.

- in addition to the requirements provided for by the law and the By-laws, the MSG imposes upon the Statutory Auditors and the members of the control bodies new requirements concerning integrity, independence and the absence of any conflict of interest, based upon the integrity requirements for Statutory Auditors of listed companies (expanded even further) and on the provisions of the Corporate Governance Code;
- (iii) provides that, in order to **appoint the members of the management and control bodies**, the following must be ascertained, including through the submission of declarations: (i) the non-existence of privileged relations with (a) important members of local government and (b) suppliers, customers or third-party contractors of the company, (ii) the non-existence of other relationships prohibited by the Eni Code of Ethics. With regard to the appointment of members of the control bodies, the Guidelines call for the creation of a database containing the names of potential candidates who meet the requirements. Only persons recorded in the database may be nominated;
- (iv) focuses special attention on **diversity, not limited to gender diversity**<sup>27</sup>, in the composition of the bodies.

[27] For more information, please refer to the section "Gender balance in corporate board composition and initiatives to ensure diversity" of this Report.

# Information on the ownership structure<sup>28</sup>

## Share capital structure, significant shareholdings and shareholders' agreements

Eni's share capital is made up of ordinary registered shares. The shares are indivisible and each one grants the holder the right to one vote. Holders of Eni shares have the right to vote in the Company's ordinary and extraordinary Shareholders' Meetings, and exercise the corporate and property rights given them under the laws in force, subject to the limits specified by the latter and by the Company's By-laws.

> Eni's share capital amounts to €4,005,358,876 – fully paid-up – and comprises 3,634,185,330 ordinary shares without par value

At December 31, 2015 the **Company's share capital amounted to €4,005,358,876** – fully paid-up – and **comprises 3,634,185,330 ordinary shares** without par value<sup>29</sup>.

The Company's shares have been listed on the electronic **stock exchange (Mercato Telematico Azionario) managed by Borsa Italiana SpA** since November 1995. Also in 1995, Eni issued an **American Depositary Receipts (ADR) programme for the US market**. An ADR consists of a share certificate representing foreign company shares traded on stock exchanges of the United States. Each Eni ADR represents two ordinary shares and is traded on the New York Stock Exchange<sup>30</sup>.

Eni is therefore **subject to the control of the Ministry of the Economy and Finance**, which has enough votes to exercise a dominant influence in the ordinary Shareholders' Meeting of the Company, through stakes held directly in the Company (with 4.34%) and indirectly through Cassa Depositi e Prestiti SpA (CDP SpA), a company controlled by the Ministry (with 25.76%).

But **Eni is not subject to the management and coordination of the Ministry of the Economy and Finance**<sup>31</sup> or of CDP SpA, pursuant to art. 2497 of the Italian Civil Code, nor is the Company aware of any agreements between shareholders, pursuant to art. 122 of the Consolidated Law on Financial Intermediation.

The following table shows the percentage of Eni's share capital owned directly or indirectly by shareholders or persons whose declared **holdings exceed the 2% threshold (so-called major holding**<sup>32</sup>) pursuant to art. 120 of the Consolidated Law on Financial Intermediation and to Consob Resolution.

Controlling shareholders		
Shareholders	Number of shares	% of total ordinary shares
Ministry of the Economy and Finance	157,552,137	4.34
CDP SpA	936,179,478	25.76
<b>Total</b>	<b>1,093,731,615</b>	<b>30.10</b>

[28] Information on the shareholding structure is provided in accordance with the provisions of art. 123-bis, first paragraph, of the Consolidated Law on Financial Intermediation. Information is provided on:

- the mechanism for the exercise of voting rights in any employee share scheme where voting rights are not exercised directly by the employees, as specified in letter e) of the above-mentioned regulation; please note that the Company does not provide employee share schemes and, since 2009, no stock-grant and stock-option plans have been approved for which, in any case, no special mechanism for exercising voting rights was envisaged;
- rules that apply to the appointment and replacement of Directors, as specified in letter l) of the above-mentioned regulation, please refer to the paragraph "Appointment", of the section "Board of Directors";
- amendments to the By-laws, as specified in letter l) of the above-mentioned regulation; please refer to the paragraph, "Shareholders' Meeting and rights".

[29] The extraordinary Shareholders' Meeting held on July 16, 2012, resolved to eliminate the par value of all ordinary shares representing the share capital, previously equal to €1.00 each, and therefore to amend the By-laws and cancel 371,173,546 treasury shares without par value, leaving the amount of share capital unchanged.

[30] For more information on the ADR program, please refer to the relevant section of the Eni internet site, which contains a FAQ: [http://www.eni.com/en\\_IT/governance/faq-shareholders-gov/faq-shareholders-gov.shtml](http://www.eni.com/en_IT/governance/faq-shareholders-gov/faq-shareholders-gov.shtml).

[31] Art. 19, paragraph 6, of Italian Decree-law no. 78/2009, ratified by Law no. 102/2009, specifies that the reference to management and coordination activity contained in art. 2497, first paragraph, of the Italian Civil Code must be interpreted with reference to the fact that "entities" refers to "collective legal subjects other than the State having shareholdings in the company in the context of their entrepreneurial activity, or for economic or financial purposes".

[32] The Legislative Decree No. 25 of February 15, 2016, published in the Gazzetta Ufficiale on March 3, 2016, increased the major holding threshold from 2% to 3%. This Legislative Decree will enter into force from March 18, 2016.

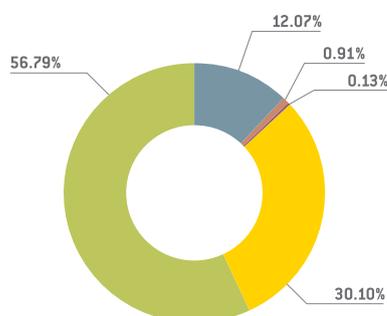
## Other significant shareholders

Declarant	% of total ordinary shares
People's Bank of China	2.102

No changes had been reported at March 17, 2016.

The following is a graphical representation of the share capital structure and the distribution of shares by amount and geographical area based on the registered share owners who received the interim dividend paid for 2015 made by intermediaries (ex-dividend date of September 21, 2015 – record date September 22, 2015 – payment date of September 23, 2015).

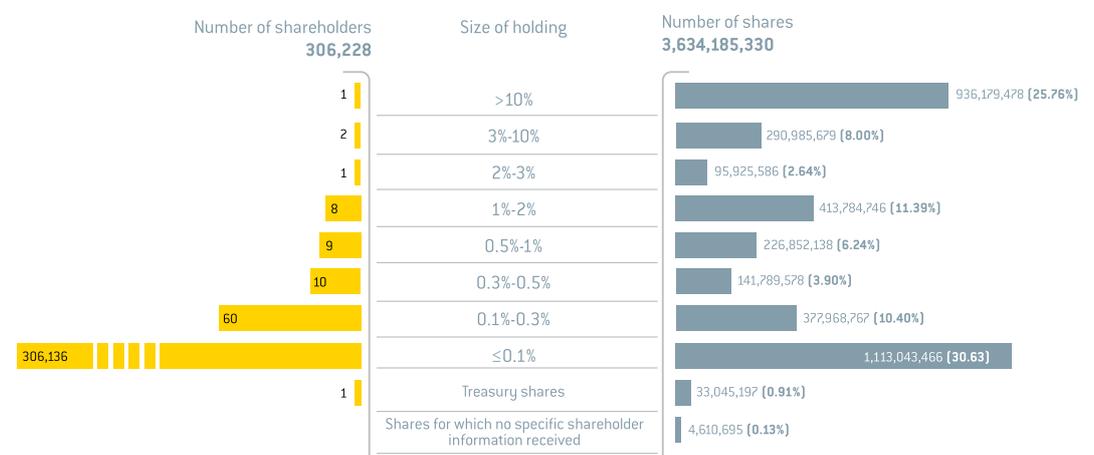
## Shareholder structure based on 2015 interim dividend payment



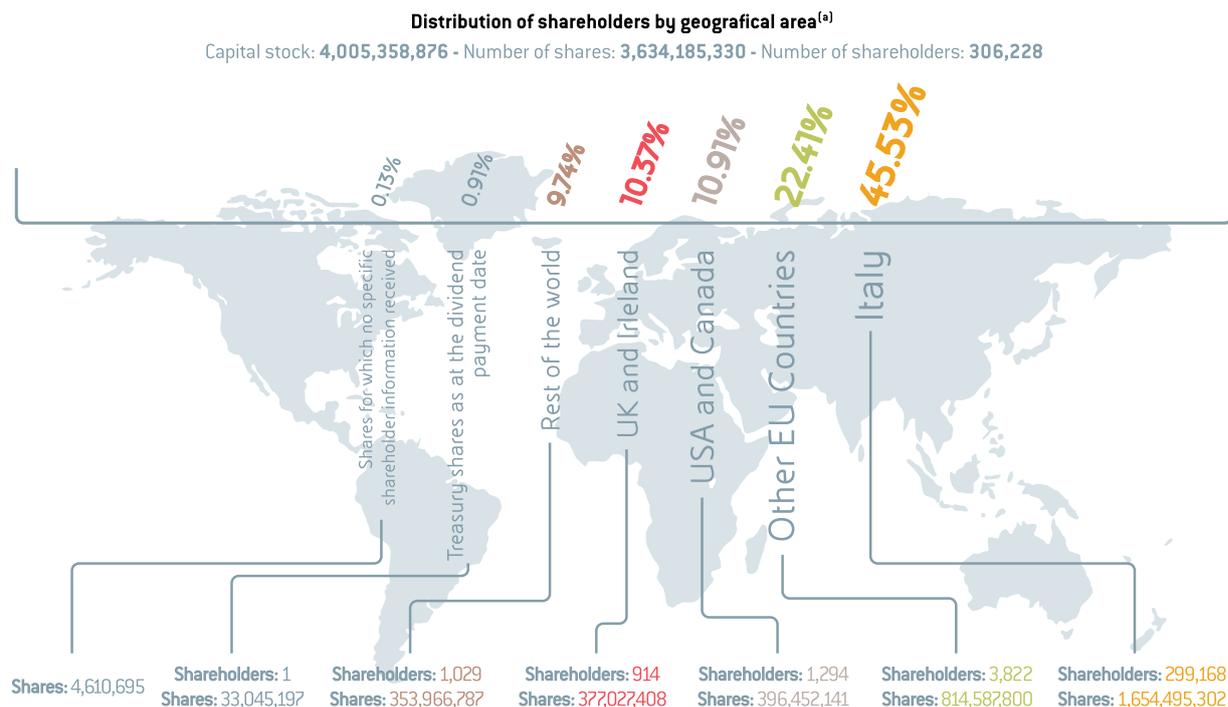
- Ministry of the Economy and Finance and Cassa Depositi e Prestiti SpA
- Institutional investors
- Retail
- Treasury shares
- Identity of shareholders not provided

Distribution of shareholders by size of holding<sup>(a)</sup>

Capital stock: 4,005,358,876



[a] On the basis of shareholder registration details by recipients of paid interim dividend of financial year 2015 (ex-dividend date of September 21, 2015 - record date September 22, 2015 - payment date of September 23, 2015).



(a) On the basis of shareholder registration details by recipients of paid interim dividend of financial year 2015 (ex-dividend date of September 21, 2015 - record date September 22, 2015 - payment date of September 23, 2015).

### Shareholding limits and restrictions on voting rights

Pursuant to art. 6.1 of the By-laws, in accordance with the special provisions specified in art. 3 of Decree-law no. 332 of 1994, ratified by Law no. 474 of 1994<sup>33</sup> (Law no. 474/1994), under no circumstances whatsoever may any party directly or indirectly hold more than 3% of the share capital. Exceeding these limits shall lead to a suspension of the exercise of voting rights or any other rights (except property rights) related to the shares exceeding the aforementioned limit, but leaving the property rights for such shares unchanged.

Therefore, while formally placing a limit on share ownership, in reality **the rule restricts the exercise of voting rights and any other rights except property rights related to shares exceeding 3% of the share capital.**

For the purposes of calculating the shareholding limit (3%), **shares held through trustees and/or intermediaries are also taken into account.**

Pursuant to art. 32 of the By-laws and the aforementioned regulations, shareholdings in the share capital of the Company held by the Ministry of the Economy and Finance, public bodies, or organisations controlled by the latter are exempt from this provision.

Lastly, the special provision states that the clause regarding shareholding limits shall not apply if the above limit is exceeded following a takeover bid, provided that the bidder – as a result of the takeover – will own a shareholding of at least 75% of the capital with voting rights in deliberations regarding the appointment or dismissal of Directors<sup>34</sup>.

[33] Art. 3 of Law no. 474/1994 was formally amended by Decree-law no. 21 of March 15, 2012, ratified, with amendments, by Law no. 56 of May 11, 2012.

[34] Pursuant to Italian Law no. 266 of 2005 (2006 Finance Act), to which a specific paragraph of this Report is dedicated, this clause would cease to apply if the rules regarding the issue of shares or participating financial instruments – such as those specified in the law itself – were included in the By-laws.

## Securities that confer special rights

The Company has not issued securities that confer special controlling rights. The By-laws of Eni do not provide for shares that give the holder a weighted vote.

## Special powers of the State

Decree Law no. 21 of March 15, 2012, ratified with amendments, by Law no. 56 of May 11, 2012, brought the Italian laws on the special powers of the State in line with European Union rules<sup>35</sup>.

The new special powers no longer apply to specific State-controlled companies, identified by name, but to **companies that hold strategic assets** vital to the interests of the Italian State as defined by the abovementioned ministerial regulations.

In brief, the current regulations include: a) veto power (or the power of imposing conditions or requirements) over transactions involving strategic assets that could result in a situation, not regulated by Italian or EU laws, that threatens serious injury to interests regarding networks and systems security, as well as continuity of supply; b) power of attaching conditions or opposing the acquisition by a non-EU party<sup>36</sup>, of an equity interest in the company that directly or indirectly holds strategic assets such as to give rise to the assumption of control of the company, when such an acquisition may result in a threat of serious harm to the abovementioned essential interests of the Italian State. In the calculation of a material equity interest, account shall be taken of interests held by third parties that have entered into a shareholders' agreement with the acquiring party. As a general rule, the acquisition, for any reason, by an entity outside of the EU of the stock of a company that holds strategic assets is allowed on condition of reciprocity, in compliance with international agreements signed by Italy or the EU.

With specific regard to the power referred to in point b), the regulations require that non-EU acquiring parties shall notify the Prime Minister's Office, as well as establishing procedural time limits. Until such notification and, subsequently, until the time period for any exercise of such power has begun, the voting rights or any rights other than property rights attaching to the material equity interest may not be exercised.

In the event of breach of the commitments imposed, for the entire relevant period the voting rights or any rights other than property rights attaching to the material equity interest may not be exercised. Any resolutions adopted with the decisive vote of such equity interest, or any other resolutions or acts adopted in violation or breach of the commitments imposed are void. In addition, except where the situation represents a criminal offence, non-compliance with the commitments imposed shall be punishable by a pecuniary administrative penalty.

In the event of objection, the acquiring party may not exercise the voting rights or any rights other than property rights attaching to the material equity interest, which such party shall sell within one year. In the event of failure to comply, at the request of the Government, the courts shall order the sale of the material equity interest. Resolutions of the shareholders' meeting adopted with the decisive vote of the material equity interest are void.

These powers are exercised exclusively on the basis of objective and non-discriminatory criteria.

[35] The previous provisions [art. 2 of Decree Law no. 332/1994, ratified by Law no. 474/1994 and the relative enabling decrees], as well as the clauses in the By-laws [such as art. 6.2 of the Eni By-laws] deemed incompatible with the new rules, were repealed with the entrance into force of the last of the ministerial regulations implementing the rules affecting the energy, transportation and communications industries. However, those provisions regarding limits on shareholdings and restrictions on voting rights pursuant to art. 3 of Law no. 474/1994 remain in effect, with certain formal modifications. These implementing regulations were approved on March 14, 2014 by the Council of Ministers, were published in the Gazzetta Ufficiale on June 6, 2014 and came into force on June 7, 2014 [in particular, the measures were (i) Presidential Decree 85 of March 25, 2014, containing rules concerning the identification of strategic assets in the energy, transportation and communications industries pursuant to art. 2, paragraph 1, of Decree-law 21 of March 15, 2012; (ii) Presidential Decree 86 of March 25, 2014 containing rules for the specification of procedures for the activation of special powers in the energy, transportation and communications industries pursuant to art. 2, paragraph 9, of Decree-law 21 of March 15, 2012]. The Board of Directors of Eni, at its meeting on November 20, 2014, amended the By-laws of Eni SpA to bring them into line with the regulatory provisions that came into force in June 2014, removing clauses that are incompatible with the new legislation on special powers.

[36] Pursuant to art. 2, paragraph 5, last phrase, of Law 56/2012: "A non-EU party is any natural or legal person who does not have their resident, habitual abode, registered office or administrative headquarters or the center of their principle activity in a Member State of the European Union or the European Economic Area or is not otherwise established therein".

### **Shares and participating financial instruments referred to in Italian Law no. 266 of December 23, 2005**

With the aim of “promoting privatisation and the diffusion of investment in shares” of companies in which the State holds a material shareholding, art. 1, paragraphs 381-384 of Italian Law no. 266 of 2005 (2006 Finance Act) allowed companies primarily controlled by the State, such as Eni, to insert provisions in their By-laws, whereby shares or participatory debt financial instruments can be issued that grant the special Shareholders’ Meeting of the holders of these instruments the right to request that new shares – even at par value – or new participatory debt financial instruments with voting rights in the ordinary and extraordinary Shareholders’ Meeting be issued to them. Adopting this amendment would imply the elimination of the shareholding limit indicated in art. 6.1 of the By-laws. At present, Eni’s By-laws do not include this provision.

### **Material agreements that would become effective, be modified or extinguished in the event of a change of control of Eni<sup>37</sup>**

Except as specified below, Eni and its subsidiaries are not parties to any material agreements that can be disclosed without causing serious prejudice to the Company, and that would become effective, be modified or extinguished should the Shareholders who control Eni change.

Material agreements are agreements that have been examined and approved by the Board of Directors since they fall within its exclusive responsibility.

On January 22, 2016 the disposal by Eni SpA to Fondo Strategico Italiano SpA (“FSI”) of 12.503% of Saipem SpA share capital took effect, giving full effect to the shareholders’ agreement signed on October 27, 2015 between Eni and FSI concerning Saipem shares. Under the provisions of that agreement, the agreement itself will immediately cease to have effect if the parties should no longer be directly or indirectly subject to the common control of the Ministry of the Economy and Finance. For more information, please see the documentation made available to the public in accordance with applicable law on the websites of Consob and Saipem SpA.

### **Agreements between the Company and Directors which envisage indemnities in the event of resignation or dismissal without just cause, or if their employment contract should terminate as the result of a takeover bid**

Information on any agreements between the Company and Directors concerning indemnities in the event of resignation or dismissal without just cause or termination of employment as the result of a takeover bid are provided – in accordance with the recommendations of Borsa Italiana for the preparation of this Report – in the Remuneration Report pursuant to art. 123-ter of the Consolidated Law on Financial Intermediation, to which the reader should refer for more information<sup>38</sup>.

### **Powers to Directors to increase share capital, issue participatory debt financial instruments and authorisation to purchase treasury shares**

The Board of Directors has not been given the power to increase the share capital pursuant to art. 2443 of the Italian Civil Code nor to issue participatory debt financial instruments.

The ordinary Shareholders’ Meeting held on May 8, 2014 cancelled, for the portion not yet implemented at the date of the Shareholders’ Meeting, the authorisation to acquire treasury shares as resolved by the Shareholders’ Meeting of May 10, 2013 and authorised the Board of Directors to purchase on the Mercato Telematico Azionario – in one or more transactions and in any case within 18 months from the date of the resolution – up to a maximum number of 363 million ordinary Eni shares, for an amount of up to €6 billion, including, respectively, the number and the value of treasury shares purchased subsequent to the Shareholders Meeting of July 16, 2012 authorising the share buy-back, for a unit price of no less than €1.102 and

(37) In accordance with Borsa Italiana’s recommendations on the preparation of this Report, the By-laws of the Company do contain an exception to the passivity rule set out in art. 104, paragraphs 1 and 1-bis, of the Consolidated Law on Financial Intermediation, nor do they require the application of the neutralisation rule provided for under art. 104-bis, paragraphs 2 and 3 of such Consolidated Law.

(38) The Eni Remuneration Report can be found in the “Governance” and “Investor Relations” sections of the Eni website ([www.eni.com](http://www.eni.com)).

no more than the official price registered on Borsa Italiana in the trading day prior to each individual transaction, plus 5% in accordance with the operating methods established in the organisation and management regulations of Borsa Italiana. In order to respect the limit set forth in the third paragraph of art. 2357 of the Italian Civil Code, the number of shares to be acquired and the relative amount shall take into account the number and amount of Eni shares already held in the portfolio.

On May 28, 2014, the Board of Directors approved the procedures for carrying out the purchases by authorising an intermediary to begin purchasing shares in accordance with the resolution of the ordinary Shareholders' Meeting of May 8, 2014. The programme was initiated on June 23, 2014. **On March 13, 2015, the suspension of the share buy-back plan was announced.**

The Board of Directors has not subsequently been authorized to buy back Eni shares. As of December 31, 2015, **Eni held a total of 33,045,197 treasury shares, equal to 0.909% of the share capital.**

In addition to making the disclosure via press releases to the market on purchases made, as required by law, the Company has set up a web page on the treasury share purchases under the "Governance" section of its website, where the disclosures made to the market are summarised<sup>39</sup>.

[39] Available at [http://www.eni.com/en\\_IT/governance/shareholders/treasury-shares/treasury-shares.shtml](http://www.eni.com/en_IT/governance/shareholders/treasury-shares/treasury-shares.shtml).

## Compliance with the Corporate Governance Code for Listed Companies

Eni has adopted<sup>41</sup> the Corporate Governance Code for listed companies<sup>42</sup> prepared by the Corporate Governance Committee<sup>43</sup>.

> Eni adopts the Corporate Governance Code for listed companies of July 2015

**With a resolution of the Board of February 25, 2016, Eni adopted the new recommendations issued on July 9, 2015.**

The adoption of the Corporate Governance Code for listed companies is formally resolved by the Board of Directors of Eni, with the support of the competent committees where necessary.

The adoption is announced to the public in a press release.

In addition, in order to provide the market with a simple, transparent and comparable assessment of the choices made by the Company, and maintain the continuity of disclosures, the text of the Code was published on Eni's website before publication of the annual Corporate Governance Report, with an indication of the solutions and improvements adopted by Eni with respect to individual Code recommendations, along with explanations of these choices<sup>44</sup>.

Following adoption, an "action plan" is developed to update the Eni governance system, if necessary, and any necessary modifications of corporate documentation are made to incorporate the new recommendations.

The following sections details the decisions taken by the Eni Board of Directors in adopting the recommendations of the Corporate Governance Code.

### *Role of the Board of Directors*

In line with the recommendations of the Corporate Governance Code (Criterion 1) the functions of the Board of Directors have been defined, thereby confirming its **strategic role** and central position **within the Company's Corporate Governance system** and its wide range of responsibilities, including in terms of Company and Group **organisation and the internal control and risk management system**<sup>45</sup>.

In addition, since 2006, **the interests of stakeholders other than shareholders have been considered a key variable** that the Directors of Eni must assess in taking informed decisions, in creating value over the medium to long term (Criterion 1.P.2 of the Corporate Governance Code).

More specifically, the Board of Directors has reserved itself **a central role in the definition of sustainability policies** and in approving the associated reporting<sup>46</sup>.

[40] Corporate Governance information is provided in accordance with the provisions of art. 123-bis, first paragraph, letters e) and l), and second paragraph, of the Consolidated Law on Financial Intermediation.

[41] The Board adopted the Corporate Governance Code for the first time [ed. 1999] with a resolution of January 20, 2000 and, subsequently, with resolutions of December 13, 2006, December 15, 2011, April 26, 2012 and December 11, 2014.

[42] The text of the Corporate Governance Code, including the amendments made in July 2015, is available on Borsa Italiana's website ([www.borsaitaliana.it](http://www.borsaitaliana.it)).

[43] The current configuration of the Committee was formed in June 2011 by industry associations (Abi, Ania, Assonime, Confindustria) and associations of professional investors (Assogestioni), along with Borsa Italiana SpA.

[44] The Corporate Governance Code is published on the Eni website in the Governance section at <http://www.eni.com/en/IT/governance/governance-model-policies/eni-corporate-governance-code/eni-corporate-governance-code.shtml>. The document, which replaced the Eni Code of December 13, 2006, was updated the subsequent adoptions to the Corporate Governance Code of 2011, 2014 and 2015.

[45] For more information, please see the section "Internal Control and Risk Management System" of this Report.

[46] For the fifth year, in 2016, Eni will present an integrated report to the market (2015 Annual Report) to allow stakeholders, investors and others to completely understand the interconnections existing between the financial results and its achievements in the environmental and social fields, outlining the dimensions of Eni's sustainable development model.

The **most significant transactions** of the Company and its subsidiaries were therefore defined and submitted to the Board for approval (Criterion 1.C.1 letter f), while **conduct and procedural controls** were adopted regarding those cases in which the **Directors and Statutory Auditors have an interest of their own** or on behalf of another, including in the case of **transactions with related parties** of Eni.

As required by the Code, the Board has specified **those subsidiaries that are of strategic importance** (Saipem SpA<sup>47</sup>, Versalis SpA<sup>48</sup> and Eni International BV) and has expressly recognised the **principle of safeguarding the managerial independence of listed subsidiaries**, with the commitment on the part of Eni to comply with the provisions of the Code that refer to the shareholders of the issuer.

As regards the changes made in July 2015 to the comments to Criterion 1 of the Corporate Governance Code concerning the **role of the Board of Directors in assessing the actual functioning of the system of internal controls and management of risks** that could potentially jeopardise the medium/long-term sustainability of the issuer's activity, the Eni Board clarified that: (i) the Board of Directors exercises the **role and duties assigned to it under Criterion 7 of the Corporate Governance Code** with regard to the internal control and risk management system, in addition to those provided for by law and the Eni By-laws. More specifically, pursuant to Criteria 7.P.3 and 7.C.1 of the Code, the Board is charged with providing **strategic guidance and evaluating the adequacy of the system and assessing its effectiveness**; and (ii) **the Board does not conduct ex post assessment of the actual results of the control system**, which would not be consistent with its duties and the provisions of Articles 7.P.3 and 7.C.1 of the Code and would partially overlap with the roles of other control bodies (such as the Board of Statutory Auditors and the internal audit function). The indications contained in these comments on the role of the Board in assessing the actual functioning of the internal control and risk management system are also considered by Eni in the possible future development of the system in the light of best practices.

Moreover, the minimum frequency with which Directors with delegated powers must report to the Board has been reduced from three to two months since 2006 (Criterion 1.C.1 letter d) of the Corporate Governance Code<sup>49</sup>).

With specific regard to **policy on the maximum number of management and control positions** in other companies compatible with effective performance of the office of director, with a resolution of September 17, 2015<sup>50</sup>, amending the earlier policy of May 9, 2014, the Eni Board of Directors, acting on a proposal of the Nomination Committee, **reduced the maximum number of non-executive positions** in relevant companies for (i) the CEO from three to one; and (ii) for non-executive Directors, from six to five.

In line with the recommendation contained in Criterion 1.C.1 letter j) of the Corporate Governance Code, on October 29, 2012, acting on a proposal of the CEO and after consultation with the Control and Risk Committee, approved the new internal rules concerning market abuse.

Finally, in accordance with the recommendations of the Corporate Governance Code (Criterion 1.C.1 letter g), for the tenth consecutive year the Board of Directors conducted a **self-assessment** (the **Board Review**<sup>51</sup>) of the Board as a whole and its committees, again **acting with the support of an external consultant** to ensure objectivity in the process. In addition, in line with international best practices and with the support of the same external consultant, in 2015, the Eni Board conducted the third **Peer Review** of the Directors, in which each Director expressed his or her assessment of the contribution made by the other Directors to the work of the Board.

[47] Since January 22, 2016 Saipem is no longer under the sole control of Eni in accordance with art. 93 of the Consolidated Law on Financial Intermediation.

[48] The company is currently in the process of being sold.

[49] This frequency is reported in the resolution delegating the powers of the Board of Directors. For more information, please refer to the section on the "Powers and Responsibilities" of the Board of Directors of this Report.

[50] For more information, please refer to the section "Policy of the Board of Directors on the maximum number of offices held by its members in other companies" of this Report.

[51] For more information, please refer to the section "Board review and Peer Review" of this Report.

### *Composition of the Board of Directors*

In line with the recommendations of the Corporate Governance Code and applicable best practices, the current Board of Directors has assigned the **Chairman, who qualifies as independent in accordance with applicable law, a major role in internal controls**, not assigning her any operational responsibilities and ensuring that in the performance of her duties she has the support of the **Secretary of the Board of Directors, including in his capacity as Corporate Governance Counsel**<sup>52</sup>, appointed by the Board itself.

In order to ensure the effective and informed performance by each director of his or her role, in line with the recommendations of the Corporate Governance Code (Criterion 2.C.2), since 2008 Eni has conducted a **training programme for its Board of Directors** (the “**board induction**”<sup>53</sup>), overseen by the Chairman of the Board of Directors with the support of the Board Secretary and Corporate Governance Counsel, with the active participation of top management. The board induction, in which the Statutory Auditors and the magistrate of the Court of Auditors are also invited to participate, is intended to provide new Directors with a firm grounding in the activities and organisation of the Company, the industry, the applicable regulatory and corporate governance frameworks, company operations and their evolution, as well as the principles of sound risk management. In addition, in accordance with international best practices, during their term the Directors undergo additional training (“**ongoing-training**”) and **at least once a year the Board holds a meeting abroad at an operating facility in Italy or abroad**.

Considering the **separation of the offices of Chairman and Chief Executive Officer** provided for in the Eni By-laws, that the position of Chairman is not held by someone who controls the issuer and the **Chairman is a non-executive Director**, to date the independent Directors have not considered it necessary for the Board to designate a **Lead Independent Director** (Criterion 2.C.3 of the Corporate Governance Code).

### *Independent Directors*

Since 2006 the Eni Board of Directors has specified the recommendations in Article 3 of the Corporate Governance Code on the criteria governing the independence of Directors, setting a threshold of 30% of fixed remuneration as the amount of “additional remuneration” that could compromise the independence of Directors<sup>54</sup>, and defining “close relatives” more specifically to include the spouse, relatives and relatives-in-law within the second degree of kinship (Criterion 3.C.1 letters d) and h) of the Corporate Governance Code).

### *Formation and operation of Board committees*<sup>55</sup>

The Eni Board has always had **all of the committees provided for under the Corporate Governance Code** (Criterion 4.C.2), establishing that the number of members of such committees (Control and Risk Committee, Nomination Committee and Compensation Committee) shall not represent a majority of the Board, so as to avoid altering the Board’s decision-making process (Criterion 4.C.1 letter a) of the Corporate Governance Code).

On May 9, 2014, the Eni Board of Directors formed the **Sustainability and Scenarios Committee**<sup>56</sup> to offer recommendations and advice concerning sustainability issues, thereby anticipating the amendments made to the Corporate Governance Code in July 2015 (Criterion 4.C.2 and comments to Article 4 of the Corporate Governance Code).

With specific regard to the **composition of the committees**, the **chairmen of the Control and Risk Committee** and the **Compensation Committee** are independent Directors in accordance with the provisions of law and corporate governance rules, appointed by the Shareholders’ Meeting from the **minority slate**, presented by Italian and foreign institutional investors.

[52] For more information, please refer to the relevant section in this Report.

[53] For more information, please refer to the section “Board Induction” in this Report.

[54] The Board also clarified that the remuneration received by the Directors for their participation on the Sustainability and Scenarios Committee is not considered additional remuneration for the purposes of independence requirements, as occurs for the other committees envisaged by the Corporate Governance Code (Criterion 3.C.1 letter d).

[55] For more information, please refer to the section “Committees” in this Report.

[56] Replacing the Oil-Gas Energy Committee.

In addition, the Board has strengthened requirements compared with the recommendations of the Corporate Governance Code (Criterion 7.P.4) to establish that **at least two members of the Control and Risk Committee possess adequate experience in accounting and financial or risk management matters**, as specified in the committee rules.

With regard to **reporting**, since 2012, the Chairmen of the Committees report at each meeting of the Board on the key issues examined by the Committees in their previous meetings. On at least a half-yearly basis, the Committees also provide the Eni Board of Directors with a report on the activities they have performed. (Criterion 4.C.1 letter d) of the Corporate Governance Code).

### *Appointment of Directors*

In accordance with the recommendations of the Corporate Governance Code (Criterion 1.C.1 letter h), on February 21, 2014, the Eni Board of Directors, after consultation with the Nomination Committee, taking into account the outcome of the self-evaluation submitted, for the first time, its policy on **the size and composition of the Board** to the shareholders prior to the election of the corporate bodies on May 8, 2014, providing guidance on the managerial and professional qualifications considered most appropriate.

As regard the recommendations concerning the succession plan for the CEO (Criterion 5.C.2 of the Code), at its meeting of February 17, 2015 the Board of Directors, following assessment by the Nomination Committee and in view of the shareholder structure of the Company, decided not to prepare a succession plan for the CEO, but did adopt a **contingency plan** that sets out the actions to take if unexpected events should prevent the CEO from performing his duties.

### *Remuneration of Directors*

In accordance with the suggestions of Borsa Italiana on preparing this Report, details on compliance with the recommendations concerning compensation are contained in the **Remuneration Report**, prepared pursuant to art. 123-ter of the Consolidated Law on Financial Intermediation, to which the reader is referred.

### *Internal control and risk management system<sup>57</sup>*

Eni's internal control and risk management system (ICRMS) is integrated into the organizational, administrative and accounting arrangements of the Company and, more generally, the structure of corporate governance and complies with the recommendations of the Corporate Governance Code.

Accordingly, with the new corporate bodies taking office in 2014, at its meeting of May 9, 2014 the Eni Board of Directors undertook a number of important steps to strengthen the internal control system even further, confirming the assignment to the CEO of the duty of **overseeing the internal control and risk management system** and assigning the **Chairman of the Board of Directors a major role** in the control system. To that end, it has been provided that:

- in line with the most recent best practices, the **Head of the Internal Audit Unit<sup>58</sup> reports to the Board**, and on its behalf, to the Chairman, without prejudice to **his being functionally subject to the authority of the Control and Risk Committee and the CEO**, as director in charge of the internal control and risk management system. The Control and Risk Committee oversees the activities of the Internal Audit Unit with respect to the Board's duties in this area (solution adopted starting from 2012). It also reports to the Board of Statutory Auditors in its capacity as "audit committee" under US law (solution adopted starting from 2006) - (Criterion 7.C.5 letter b) of the Corporate Governance Code);
- **proposals concerning the appointment, the removal, the budget and the remuneration of the Head of the Internal Audit Unit are made by the Chairman of the Board of Directors** in agreement with the director in charge of the internal control and risk management system (CEO) - (Criterion 7.C.1, final part, of the Corporate Governance Code);

[57] For more detailed information on method for implementing the criteria and the principles of the Corporate Governance Code relating to the Internal Control and Risk Management System, refer to the relevant section of this Report.

[58] The internal audit function is performed by an internal department.

- in addition, the Chairman is involved in proposals **to nominate or terminate the main bodies and officers of the Company, especially those involved in controls** (Watch Structure, Financial Reporting Officer, Head of Integrated Risk Management);
- the Chairman of the Board of Directors is consulted during the process of the approval by the Board of Directors of the guidelines for the internal control and risk management system, with regard to the part on internal audit activities (Criterion 7.C.1 letter a) of the Corporate Governance Code);
- the Internal Audit guidelines ("Internal Audit Charter") are approved by the Board of Directors, acting on a proposal of the Chairman of the Board of Directors, in agreement with the director in charge of the internal control and risk management system (CEO) and after consulting with the Control and Risk Committee (Criterion 7.C.1 letter a) of the Corporate Governance Code);
- internal rules (Management System Guidelines) governing the **internal audit process are approved by the Chairman of the Board of Directors**, after consulting with the director in charge of the Internal Control and Risk Management System (CEO) and the Control and Risk Committee (Criterion 7.C.1 letter a) of the Corporate Governance Code);
- **the plan prepared by the Head of the Internal Audit Unit** is approved by Board of Directors, after consulting with the Chairman of the Board of Directors (Criterion 7.C.1 letter c) of the Corporate Governance Code);
- **requests for audits may be submitted by the Chairman of the Board of Directors**, who must simultaneously notify the director in charge of the internal control and risk management system (CEO), the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors (Criterion 7.C.4 letter d) of the Corporate Governance Code).

With specific regard to managing corporate risks<sup>59</sup>, on May 9, 2014 the Board decided that the CEO will **report on the main business risks at least once every quarter**, thereby further strengthening the model, developed in accordance with international principles and best practices.

As regards the new comments to Article 7 of the Corporate Governance Code concerning **whistleblowing systems**, given that fact that Eni is listed on the US stock market and in application of the provisions of the Sarbanes-Oxley Act, **it has drafted internal rules on anonymous complaints<sup>60</sup>**, which also govern reports received from third parties (comments to Article 7 of the Corporate Governance Code).

### *Statutory auditors*

Since December 13, 2006, the Board of Statutory Auditors has expressly complied with the Code provisions that apply to it.

With specific regard to **independence**, in January 2016 the Board of Statutory Auditors expressed its view that the limit of 30% established by the Board for additional remuneration that could compromise the independence (see the governance solution in Criterion 3.C.1, letter d) of the Corporate Governance Code does not include any remuneration received by the Statutory Auditors for positions held on the control bodies of subsidiaries of Eni, taking due account of the 1997 Consob recommendation on the "group statutory auditor".

As regards the recommendation concerning the **remuneration of Statutory Auditors** (Criterion 8.C.3 of the Corporate Governance Code), which was introduced in July 2015, the Eni Board has clarified that it should be referred to the shareholders.

## **Gender balance in corporate board composition and initiatives to ensure diversity**

Starting from the election of the new members of the boards of Eni SpA in 2014, the composition of the Board of Directors and of the Board of Statutory Auditors is balanced with regard to gender, as required by law<sup>61</sup> and as contained in the Company's By-laws since 2012.

[59] For more information, refer to the relevant section of this Report.

[60] For more detailed information, please refer to the section "Procedure for whistleblowing reports (including anonymous complaints) received by Eni SpA and subsidiaries in Italy and abroad" of this Report.

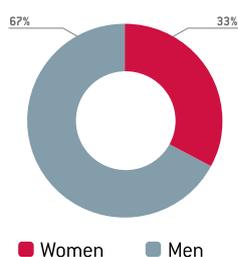
[61] Law no. 120/2011 and Consob Resolution no. 18098 del 2012.

Specifically, the less-represented gender must obtain, in the first term of office, at least one-fifth of the positions of Director and standing Statutory Auditor, and at least one-third of such positions in the subsequent two terms<sup>62</sup>.

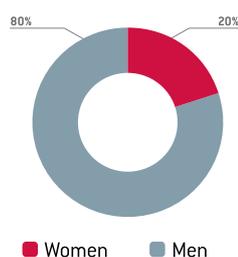
**The Shareholders Meeting of Eni SpA, in appointing the new Board in 2014, took the opportunity to elect three female Directors, equal to one-third of the Directors and a number that exceeds the minimum required by law:** Chairman Emma Marcegaglia and Diva Moriani, drawn from the majority slate, and Karina Litvack, from the minority slate. The Shareholders' Meeting also chose one female standing Auditor (Paola Camagni, from the majority slate) and one female alternate Auditor (Stefania Bettoni, from the majority slate).

> 3 of the 9 Directors are female Directors

Composition of the Board of Directors of Eni SpA



Composition of the Board of Statutory Auditors of Eni SpA

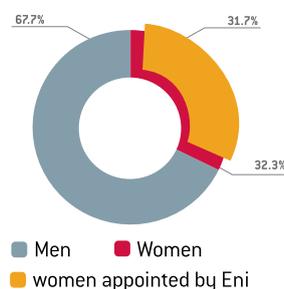


As to **Eni's subsidiaries**, since 2011, the Board of Directors of Eni recommended that the unlisted Italian subsidiaries move forward the effects of the law on gender balance (in force starting from the next election occurring in February 2013), thereby achieving in 2012 the goal that at least one-third of the members of the board appointed be women with regard to those appointments that Eni may make as a shareholder.

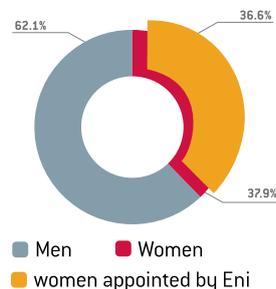
In 2013, these companies amended their by-laws to ensure that for three consecutive terms the compositions<sup>63</sup> of the boards of directors and the boards of statutory auditors, including in the case of replacement of a member. More specifically, they must ensure that the less-represented gender receives at least one-fifth of the positions of each board in the first election and one-third of the positions in the next two elections.

The following chart illustrates the representation of women on the corporate bodies of Eni subsidiaries at December 31, 2015<sup>64</sup>.

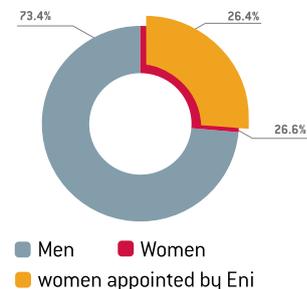
Board of Directors Eni Italian subsidiaries\*  
31.12.2015



Board of Statutory Auditors Eni Italian subsidiaries\*  
31.12.2015



Board of Directors Eni Italian and foreign\*\* subsidiaries\*\*\*  
31.12.2015



\* For the sake of consistency with the representation in the 2015 Annual Report, the companies considered are consolidated Eni subsidiaries (excluding Saipem SpA, Versalis SpA, and their subsidiaries).

\*\* Accordingly, the chart refers to 35 Italian subsidiaries.

\*\*\* The control bodies are not indicated in consideration of the fact that the control body is not always equivalent to the Board of Statutory Auditors in Italy, reflecting different governance models and the applicable legislation.

For the sake of consistency with the representation in the 2015 Annual Report, the companies considered are Eni's foreign and Italian consolidated subsidiaries (excluding Saipem SpA, Versalis SpA, and their subsidiaries). Accordingly, the chart refers to 182 subsidiaries.

[62] For more information, please refer to the section "Appointment" of this Report.

[63] Specified in art. 2 of Presidential Decree No. 251 of November 30, 2012.

[64] For the sake of consistency with the representation in the 2015 Annual Report, Saipem SpA, Versalis SpA and their subsidiaries are excluded.

The Management System Guideline for “Corporate Governance of the Eni companies”<sup>65</sup> approved by the Board of Directors on May 30, 2013 – which updates the previous Corporate Governance guidelines issued by the Board – provides that, subject to legal requirements, in choosing the members of the management and control bodies of its foreign subsidiaries, Eni must consider gender diversification, where possible.

## Shareholders’ Meeting and rights<sup>66</sup>

The Shareholders’ Meeting is the body through which shareholders may actively participate in Company life by expressing their will, in the manner and on the issues specified by the law and the Company By-laws. The Shareholders’ Meeting meets on an ordinary or extraordinary basis. The call and operation of the Meeting and the methods for exercising the rights of the shareholders are those provided for by law and the By-laws.

### Responsibilities of the Shareholders’ Meeting

Pursuant to the Law, the **ordinary Shareholders’ Meeting** (i) approves the annual report (which, for Eni, ends as at December 31); (ii) appoints and removes Directors<sup>67</sup>, and determines their number within the limits set forth in the By-laws; (iii) appoints the Statutory Auditors and the Chairman of the Board of Statutory Auditors; (iv) assigns the auditing functions, upon a proposal of the Board of Statutory Auditors; (v) determines the remuneration of the Directors and Statutory Auditors; (vi) deliberates on the responsibilities of the Directors and Statutory Auditors; (vii) deliberates on any other issues ascribed to it by law, as well as the authorisations required by the By-laws<sup>68</sup>; (viii) approves the Shareholders’ Meeting rules.

The **extraordinary Shareholders’ Meeting** is called to resolve upon amendments to the By-laws and on extraordinary operations such as, for example, capital increases, mergers and demergers, excluding those matters for which the Board of Directors is responsible in accordance with the By-laws, pursuant to art. 2365, paragraph 2 of the Italian Civil Code, namely: (i) merger through acquisition and proportional demerger of companies in which the Company holds shares or shareholdings equivalent to 90% or more of the share capital; (ii) opening or closing of secondary offices and (iii) updating the By-laws to bring them in line with legislative changes.

Specifically with regard to regulations that apply to amendments to the By-laws, Eni is subject to the ordinary legislative framework, except in those cases mentioned in the section of this Report on the special power given the State, to which the reader may refer.

### Methods of calling the Shareholders’ Meeting

**Both the ordinary and extraordinary Shareholders’ Meetings**, pursuant to art. 16.2 of the By-laws, **are normally held after a single call**. The Board of Directors may decide to hold both kinds of Shareholders’ Meetings after more than one call, if appropriate. More specifically, art. 16.2 provides that the ordinary and extraordinary Shareholders’ Meetings are normally held on single call. The Board of Directors may, if deemed necessary, establish that both the ordinary and the extraordinary Shareholders’ Meetings shall be held after more than one call. In any case, the constitutive and deliberative majority specified by the law shall apply.

The Shareholders’ Meeting is called by a **notice published** within thirty days prior to the date of the Shareholders’ Meeting at first or single call<sup>69</sup>, **on the Company’s website and in the ways set forth in the Consob regulation**. This term, in accordance with art. 125-bis, second paragraph, of the Consolidated Law on Financial Intermediation, is moved forward to forty days for

[65] For more information, refer to the section “Management System Guideline for Corporate Governance of the Eni companies” of this Report.

[66] Information provided in accordance with art. 123-bis, first paragraph, letters e) and l) with reference to the By-laws and second paragraph, letter c) of the Consolidated Law on Financial Intermediation.

[67] Pursuant to art. 18 of the By-laws: “If the Shareholders’ Meeting has not appointed a Chairman, the Board shall elect one from among its members”.

[68] More specifically, under art. 16.1 of the By-laws, the ordinary Shareholders’ Meeting authorises the transfer of business.

[69] This term is moved back to twenty-one days for Shareholders’ Meetings specified in art. 2446 (reduction of share capital due to financial losses), art. 2447 (reduction of share capital to below the legal limit), and art. 2487 (appointment and removal of the liquidators; criteria for the liquidation procedure) of the Italian Civil Code.

> Both the ordinary and extraordinary Shareholders’ Meetings are normally held after a single call

Shareholders' Meetings called to elect members of the management and control bodies through the use of slates.

The notice calling the meeting, the content of which is defined by the law and the By-laws, contains all the necessary **instructions on how to participate in the Shareholders' Meeting** including, in particular, information on how to obtain proxy forms and mail-in ballots, including via the Company's website.

In the same manner and within the same time period for publishing the notice calling the meeting, unless otherwise specified by the law, the Board of Directors issues a **report to the public containing the Shareholders' Meeting agenda**.

When items are contained in the agenda that, in the abstract, require different deadlines for calling the Shareholders' Meeting, the reports explaining these items are published by the deadlines for publication of the notices for each of the items on the agenda.

Moreover, the By-laws state that the Board of Directors may call the **Shareholders' Meeting to approve the annual report** within the extended deadline of 180 days from the close of the financial year, subject to the publishing of the draft annual report approved by the Board of Directors within 120 days from the close of the financial year.

In order to ensure greater clarity for shareholders, the By-laws establish the minimum threshold – equivalent to **one twentieth of the share capital** – required **for calling the Shareholders' Meeting at the request of the shareholders**, while also outlining the restrictions and methods specified by law for exercising said option<sup>70</sup>.

## Participating and voting

With regard to Shareholders' Meeting attendance, the so-called **"record date"** mechanism applies [art. 13.2 of the By-laws], which establishes that the right to participate in a Meeting and vote must be certified by a statement submitted by an authorised intermediary on the basis of its accounting records to the Company on behalf of the person entitled to vote.

> The record date mechanism applies to participate and vote in a Shareholders' Meeting

This statement shall be submitted on the basis of the balances recorded at the end of the seventh trading day prior to the date of the Shareholders' Meeting. The Eni By-laws clarify that the record date is determined with reference to the date of the Meeting at first or single call, provided that subsequent call dates are indicated in the notice at first call; otherwise, it is determined with reference to the individual meeting dates. Credit or debit records in the intermediary's accounts after this date have no effect in terms of legitimising the exercise of voting rights in the Shareholders' Meeting.

The Company must receive the statements submitted by the intermediary by the end of the third trading day prior to the date set for the Shareholders' Meeting, or by the date established by Consob regulations, in agreement with the Bank of Italy, without prejudice to legitimate attendance and the right to vote in the event that the certifications reach the Company after the deadline, provided that it reaches the Company by the start of the Shareholders' Meeting at each call.

With the amendments made to the By-laws in 2012, the Company aims to provide shareholders with additional tools for attending the Shareholders' Meeting and exercising the right to vote.

In particular, without prejudice to the possibility of voting by mail in compliance with the law, the following provisions have been set forth in the By-laws:

[70] Pursuant to art. 2367 of the Italian Civil Code, shareholders may not request that a Shareholders' Meeting be called for matters which, under the law, the Shareholders' Meeting deliberates upon a proposal of the Directors or on the basis of a project or report of the Directors; apart from these cases, shareholders who request a Meeting be called must prepare a report on the proposals concerning the issues to be discussed and make it available to the public – together with any comment by the Board of Directors – at the time the notice calling the meeting is published, in accordance with the provisions of art. 125-ter, third paragraph, of the Consolidated Law Financial Intermediation. In the event of a delay by the Board of Directors, the Board of Statutory Auditors will make the shareholders' report, along with its own comments, available to the public.

- assignment of **Shareholders' Meeting proxies via electronic means**<sup>71</sup>;
- **electronic notification of the proxies**, which the shareholder may do through the appropriate section of the Company's website, in the manner set forth in the notice calling the meeting;
- attending Shareholders' Meeting by means of **telecommunications systems** or voting by mail-in or electronic ballot. The By-laws defer to the notice calling the meeting regarding the instructions on using these telecommunications systems.

Furthermore, the Company may designate a person (the "**Designated Representative**") to whom shareholders may grant proxies, with the relevant instructions, for all or some of the proposals on the agenda up until the end of the second trading day prior to the date for the Shareholders' Meeting.

Lastly, in order to simplify proxy voting by shareholders who are employees of the Company and who belong to shareholders' associations that meet applicable legal requirements, the By-laws provide that Eni shall make available to these shareholders' associations locations for communications and collecting proxies, in accordance with the terms and conditions agreed with the legal representatives of said associations.

To ensure that shareholders can exercise the rights established in Eni's By-laws, **a special section of the Company's website is dedicated to the Shareholders' Meeting** through which it is possible, among other things, to submit questions before the Shareholders' Meeting and provide electronic notification of proxies. In accordance with the provisions of art. 83-sexies of the Consolidated Law on Financial Intermediation, the exercise of the above indicated rights is conditional upon the receipt by the Company of the certifying statement sent by an authorised intermediary, which shareholders can submit directly through the Eni website.

In addition, to make it easier for shareholders to exercise their rights, the simple proxy form, the form used to grant a proxy to the Designated Representative, and the mail-in ballot are available in the special section on the Eni website, together with the relevant documentation.

Since the Shareholders' Meeting held in 2012, Eni has made use of its right to appoint a Designated Representative to whom shareholders can freely grant proxies.

### **Shareholders' rights and Shareholders' Meeting rules**

Pursuant to the law and the By-laws, **Shareholders who severally or jointly represent at least one-fortieth of the Company's share capital** may:

- ask for **items to be added to the agenda** by submitting a request within ten days of publication of the notice calling the meeting. The request, which cannot include matters upon which the Shareholders' Meeting must resolve upon a proposal of the Directors or on the basis of a project or report of the Directors, must specify the additional items proposed and must be accompanied by a report to the Board of Directors on the matters proposed for discussion. This report must be made available to the public at the Company's registered office, on the Company's website and as otherwise provided for by applicable regulations, together with any evaluations by the Board of Directors, at the same time as publication of the notice of the additions to the agenda and within fifteen days prior to the date of the Shareholders' Meeting;
- submit **proposed resolutions on items already in the agenda** in the manner and within the time period given for adding items to the agenda.

**Proposed resolutions on the items in the agenda may be presented by individual shareholder entitled to vote at the Shareholders' Meeting**, even if such shareholders do not meet the share capital threshold indicated above.

Additions to the agenda and proposed resolutions may also be submitted electronically, provided that the shareholder complies with any requirements indicated by the Company in the notice calling the meeting for identifying such shareholder.

[71] With regard to proxies granted electronically, Legislative Decree no. 91/2012 specifies that an electronic proxy is one granted via computer document signed electronically in accordance with the Digital Government Code.

The efficient and orderly running of the Shareholders' Meetings and the right of each shareholder to comment on individual items on the agenda are guaranteed by the **Shareholders' Meeting Rules** available on the Eni website.

The Board of Directors strives to ensure timely and easy access to any Company information regarded as important for shareholders so that they may exercise their rights in an informed manner<sup>72</sup>. Furthermore, those entitled to vote may **submit questions on matters on the agenda even before the start of the Shareholders' Meeting**.

Any questions received prior to the Shareholders' Meeting shall be answered at the latest during the Meeting itself, including in paper form at the start of the Meeting. The Company may provide a single answer to questions with similar content and is not required to reply when the information is already available in "question and answer" format in the appropriate section of its website.

The notice calling the Meeting indicates the date by which questions must be submitted to the Company: no more than three days prior to the Shareholders' Meeting at first or single call, or five days if the Company indicates in the notice that it plans to answer questions prior to the Meeting. In the latter case, the answers must be provided at least two days prior to the Shareholders' Meeting and must be published in the appropriate section of Eni's website.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors, or in the event of his absence or impediment, by the CEO, or in their absence, by a person named by the Shareholders' Meeting. The Chairman of the Shareholders' Meeting explains the items to be discussed and conducts the Meeting to ensure a fair discussion and that shareholders have the right to comment and receive answers on each of the agenda items.

In order to stimulate the interest of shareholders and promote a greater degree of involvement in Company life, the Company has created a **video and a Shareholders' Guide** available on its website with clear and direct information on attendance procedures and on the rights that can be exercised at an event that is of primary importance for the Company.

> Eni has created a video and a Shareholders' Guide available on its website with information on attendance procedures and on the rights that can be exercised in the Shareholders' Meeting

[72] For more information, please refer to the section on "Relations with shareholders and the market" of this Report.

Board of Directors<sup>73</sup>

Members	Position	Role	M/m	CRC	CC	NC	SSC	Year of first appointment	Term
 Emma Marcegaglia	Chairman	Independent*	M					May 2014	2016 Annual General Meeting
 Claudio Descalzi	Chief Executive Officer	Executive	M					May 2014	2016 Annual General Meeting
 Andrea Gemma	Director	Independent	M					May 2014	2016 Annual General Meeting
 Pietro Angelo Guindani	Director	Independent	m					May 2014	2016 Annual General Meeting
 Karina Litvack	Director	Independent	m					May 2014	2016 Annual General Meeting
 Alessandro Lorenzi	Director	Independent	m					May 2011	2016 Annual General Meeting
 Diva Moriani	Director	Independent	M					May 2014	2016 Annual General Meeting
 Fabrizio Pagani	Director	Non executive	M					May 2014	2016 Annual General Meeting
 Alessandro Profumo	Director	Independent	C**					July 2015***	2015 Annual General Meeting
<b>Board Secretary and Corporate Governance Counsel</b>									 Roberto Ulissi

 CRC - Control and Risk Committee     SSC - Sustainability and Scenarios Committee    **C** Chairman  
 NC - Nomination Committee     CC - Compensation Committee

\*The Chairman meets the independence requirements provided for by law, as referred to in the Company By-laws. In accordance with the provisions of the Corporate Governance Code, the Chairman cannot be designated as independent as she is key officer of the Company.

\*\* Mr. Profumo was appointed by the Board of Directors on July 29, 2015, in replacement of Luigi Zingales, who submitted his resignation from the Board on July 2, 2015.

\*\*\* Before July 29, 2015, Alessandro Profumo had been a Director on the previous Board (May 5, 2011 – May 8, 2014).

[73] Information provided in accordance with art. 123-bis, second paragraph, letter d) of the Consolidated Law on Financial Intermediation.

## Composition

Pursuant to art. 17 of the By-laws, the Board of Directors is composed of **no fewer than three and no more than nine members**, elected by the ordinary Shareholders' Meeting, which determines their number within these limits.

The By-laws state that non-controlling shareholders can appoint three-tenths of the total number of Directors on the Board<sup>74</sup>.

### The Shareholders' Meeting of May 8, 2014:

- set the number of Directors at nine;
- appointed the Board of Directors and Chairman of the Board, in the persons of Emma Marcegaglia (Chairman), Claudio Descalzi, Andrea Gemma, Pietro A. Guindani, Karina A. Litvack, Alessandro Lorenzi, Diva Moriani, Fabrizio Pagani and Luigi Zingales<sup>75</sup>;
- set the duration of the Board's term at three financial years and in any case until the date of the Shareholders' Meeting that will be called to approve the financial statements for the 2016 financial year.

> The Board is composed by 9 Directors, 3 of whom designated by minority shareholders

Emma Marcegaglia, Claudio Descalzi, Andrea Gemma, Diva Moriani, Fabrizio Pagani and Luigi Zingales were nominated from the slate of candidates submitted by the **Ministry of the Economy and Finance**, which at the time owned 4.335% of the share capital. Present at the vote was 60.187% of the share capital. The slate was elected by the majority of the shareholders that participated in the Shareholders' Meeting (about 57.124% of the voting capital), equal to 34.382% of the share capital.

Pietro A. Guindani, Karina A. Litvack and Alessandro Lorenzi were nominated from the slate of candidates submitted by Italian and foreign **institutional investors**, holding a total of 0.703% of the share capital. Present at the vote was 60.187% of the share capital. The slate was elected by the non-controlling shareholders that participated in the Shareholders' Meeting (about 42.038% of voting capital), equal to 25.302% of share capital.

The Shareholders' Meeting also appointed **Emma Marcegaglia as Chairman of the Board of Directors**. She was the candidate listed first in the majority slate, submitted by the Ministry of the Economy and Finance. Around 60.06% of the share capital took part in the voting, with 58.974% of the entire share capital voting in favour of her appointment (equal to around 97.989% of the shares present at the Meeting).

On May 9, 2014, the Board appointed **Claudio Descalzi as Chief Executive Officer and General Manager** of the Company.

On July 29, 2015, the Board of Directors appointed Mr. Profumo to the Board of Directors, in replacement of Luigi Zingales, who submitted his resignation from the Board on July 2, 2015. Director Profumo will remain in office until the next Shareholders' Meeting.

On May 9, 2014, Roberto Ulissi, Corporate Affairs and Governance Senior Executive Vice President of the Company, was confirmed by the Board as the Secretary of the Board of Directors upon a proposal of the Chairman. In addition, the Board of Directors appointed its **Secretary to be Corporate Governance Counsel**, reporting directly to the Chairman. He provides independent assistance and advice to the Board and to the Directors and once a year presents a report to the Board on Eni's governance.

Below are some personal and professional profiles of Eni's Board members.

[74] Art. 4, paragraph 1-bis, of Law no. 474/1994 (as amended by Legislative Decree no. 27/2010), providing that privatized listed companies apply the general framework set down in the Consolidated Law on Financial Intermediation, confirms that at least one-fifth of the voting directorships must be allocated to slates submitted by non-controlling shareholders.

[75] Mr Zingales resigned on July 2, 2015.


**Emma Marcegaglia**

Date of birth: 1965

Position: Chairman

Participation on committees: -

In office since: May 2014

Number of positions held in other companies for the purposes of the Corporate Governance Code: 2

Slate elected on: majority (Ministry of the Economy and Finance)

She has been Chairman of Eni since May 2014. She was born in Mantua in 1965. She graduated in Business Economics at the Bocconi University in Milan and attended a Master in Business Administration at New York University. Chairman and CEO of Marcegaglia Holding SpA and Deputy Chairman and CEO of the subsidiary companies operating in the processing of steel. Chairman and CEO of Marcegaglia Investments Srl, the holding company of diversified activities of the group. She is President of Businesseurope and Luiss Guido Carli University, Member of the Board of Directors of Bracco SpA, Italcementi SpA and Gabetti Property Solutions SpA. She is Chairman of Fondazione Eni Enrico Mattei, appointed in November 2014. From May 2008 to May 2012, she was President of Confindustria. She was also a Member of the Management Board of Banco Popolare and Director of FinecoBank SpA. She was Chairman of Fondazione Aretè Onlus. She was Confindustria Vice President for infrastructures, energy, transport and environment from May 2004 until May 2008 and Italian Representative in the High Level Group for energy, competitiveness and environment created by the European Commission. From 2000 to 2002, she was Vice President of Confindustria for Europe; from 1996 to 2000 President of the Young Italian Entrepreneurs Association of Confindustria; from 1997 to 2000 President of the European Confederation of the Young Entrepreneurs (YES) and from 1994 to 1996 she was National Vice President of the Young Italian Entrepreneurs Association of Confindustria.


**Claudio Descalzi**

Date of birth: 1955

Position: Chief Executive Officer

Participation on committees: -

In office since: May 2014

Number of positions held in other companies for the purposes of the Corporate Governance Code: -

Slate elected on: majority (Ministry of the Economy and Finance)

He has been CEO of Eni since May 2014. Born in Milan in 1955, he graduated in physics in 1979 from the University of Milan. He is currently Member of the General Board of Confindustria and Director of Fondazione Teatro alla Scala. He joined Eni in 1981 as Oil & Gas field petroleum engineering and project manager, for the development of North Sea, Libya, Nigeria and Congo. In 1990 he was appointed Head of reservoir and operating activities for Italy. In 1994 he was named Managing Director of Eni subsidiary in Congo and in 1998 Vice Chairman & Managing Director of Naoc, Eni subsidiary in Nigeria. From 2000 to 2001 he held the position of Executive Vice President for Africa, Middle East and China. From 2002 to 2005 he was Executive Vice President for Italy, Africa, Middle East covering also the role of Member of the Board of several Eni subsidiaries in the area. In 2005 he was appointed Deputy Chief Operating Officer of Eni - Exploration & Production Division. From 2006 to 2014 he was President of Assomineraria. From 2008 to 2014 he was Chief Operating Officer of Eni - Exploration & Production Division. From 2010 to 2014 he held the position of Chairman of Eni UK. In 2012 Claudio Descalzi was the first European in the field of Oil&Gas to receive the prestigious "Charles F. Rand Memorial

Gold Medal 2012” award by the Society of Petroleum Engineers and the American Institute of Mining Engineers. Claudio Descalzi is a Visiting Fellow at the University of Oxford. In December 2015 he was made a member of the “Global Board of Advisors of the Council on Foreign Relations”.



**Andrea Gemma**

Date of birth: 1973

Position: Director

Participation on committees: Nomination Committee (Chairman); Control and Risk Committee (member); Sustainability and Scenarios Committee (member)

In office since: May 2014

Number of positions held in other companies for the purposes of the Corporate Governance Code: 3

Slate elected on: majority (Ministry of the Economy and Finance)

He has been Director of Eni since May 2014. He was born in Rome in 1973. He is Professor of Private Law at The Third University of Rome, Department of Jurisprudence, Member of the Strategic Board of the American University of Rome. Cassationist Lawyer and Partner of the Law and Tax Firm Gemma & Partners. He is Member of the Studies Centre of the Chamber of Arbitration of Rome, Arbitrator at the Chamber of Arbitration of Public Works. He is Deputy Chairman of Serenissima SGR SpA and Chairman of the Watch Structure of Sorgente SpA. He is member of the Board of Directors of Banca UBAE SpA. He is member of the Board of Directors of Global Capital PLC. He is also Official Receiver of Valtur SpA, Liquidator of Novit Assicurazioni SpA, Sequoia Partecipazioni SpA, Liquidator of Corit SpA and Sigrec SpA (Unicredit Group).



**Pietro Guindani**

Date of birth: 1958

Position: Director

Participation on committees: Compensation Committee (Chairman); Sustainability and Scenarios Committee (member)

In office since: May 2014

Number of positions held in other companies for the purposes of the Corporate Governance Code: 2

Slate elected on: minority (Italian and foreign institutional investors)

He has been Director of Eni since May 2014. Born in Milan in 1958. He graduated in Business at the Università Luigi Bocconi of Milan. From 1982 to 1986 he was Relationship Banker of Citibank N.A. Subsequently he became Director International Finance Department of Montedison SpA (Enimont SpA) until 1992. He was Group Finance, Budget and Reporting Manager of European Vinyls Corporation SA/NV (1992-1993). In 1993 he became International Finance Director of Olivetti SpA. From 1995 to 2004 he was Chief Financial Officer of Vodafone Italy and of Vodafone South Europe, Middle East & Africa Region. From 2004 to 2008 he was Chief Executive Officer of Vodafone Italy. Currently, he is Chairman of the Board of Directors of Vodafone Italia SpA, Board Member of FINECOBank SpA, of Salini-Impregilo SpA, of Cefriel S.cons.r.l. and of the Italian Institute of Technology, Board Member of Civita Foundation, Assonime and Confindustria, Member of the Executive Board of Assotelecomunicazioni, Member of the Executive Board of Confindustria Digitale, Vice President for Universities, Innovation and Human Capital of Assolombarda. He was also Director of Pirelli & C. SpA (2011-2014), Carraro SpA (2009-2012) and Sorin SpA (2009-2012).

**Karina A. Litvack**

Date of birth: 1962

Position: Director

Participation on committees: Control and Risk Committee (member); Compensation Committee (member); Sustainability and Scenarios Committee (member)

In office since: May 2014

Number of positions held in other companies for the purposes of the Corporate Governance Code: -  
Slate elected on: minority (Italian and foreign institutional investors)

She has been Director of Eni since May 2014. Born in Montreal in 1962. She graduated in Political Economy at the University of Toronto and Finance and International Business from the Columbia University Graduate School of Business. She is currently a Member of the Global Advisory Council of Cornerstone Capital Inc., a Member of the Advisory Board of Bridges Ventures LLC, a Member of the CEO Sustainability Advisory Panel of SAP AG, a Member of Business for Social Responsibility and of Yachad, and a Member of the Advisory Council of Transparency International UK. From 1986 to 1988 she was a member of the Corporate Finance team of PaineWebber Incorporated. From 1991 to 1993 she was a Project Manager of the New York City Economic Development Corporation. In 1998 she joined F&C Asset Management plc where she held the position of Analyst Ethical Research, Director Ethical Research and Director Head of Governance and Sustainable Investments (2001-2012). She was also a Member of the Board of the Extractive Industries Transparency Initiative (2003-2009) and of the Primary Markets Group of the London Stock Exchange Primary Markets Group (2006-2012).

**Alessandro Lorenzi**

Date of birth: 1948

Position: Director

Participation on committees: Control and Risk Committee (Chairman); Compensation Committee (member)

In office since: May 2011

Number of positions held in other companies for the purposes of the Corporate Governance Code: 1  
Slate elected on: minority (Italian and foreign institutional investors)

He has been Director of Eni since May 2011. Born in Turin in 1948. He is currently a founding partner of Tokos Srl, consulting firm for securities investment, Chairman of Società Metropolitana Acque Torino SpA, Director of Ersel SIM SpA. He began his career at SAIAG SpA, in the Administration and Control area. In 1975 he joined Fiat Iveco SpA where he held a series of positions: Controller of Fiat V.I. SpA, Head of Administration, Finance and Control, Head of Personnel of Orlandi SpA in Modena (1977-1980) and Project Manager (1981-1982). In 1983 he joined GFT Group where he was Head of Administration, Finance and Control of Cidat SpA, a GFT SpA subsidiary (1983-1984), Central Controller of GFT Group (1984-1988), Head of Finance and Control of GFT Group (1989-1994) and Managing Director of GFT SpA, with ordinary and extraordinary powers over all operating activities (1994-1995). In 1995 he was appointed Chief Executive Officer of SCI SpA, where he oversaw the restructuring process. In 1998 he was appointed Central Manager, and subsequently Director of Ersel SIM SpA until June 2000. In 2000 he became Central Manager of Planning and Control at the Ferrero Group and General Manager of

Soremartec, the technical research and marketing company of the Ferrero Group. In May 2003 he was appointed CFO of Coin Group. In 2006 he became Central Corporate Manager at Lavazza SpA, becoming member of the Board of Directors from 2008 to June 2011.



**Diva Moriani**

Date of birth: 1968

Position: Director

Participation on committees: Compensation Committee (member); Nomination Committee (member)

In office since: May 2014

Number of positions held in other companies for the purposes of the Corporate Governance Code: 3

Slate elected on: majority (Ministry of the Economy and Finance)

She has been Director of Eni since May 2014. She was born in Arezzo in 1968. She graduated in Economics at the University of Florence. She is actually Executive Vice Chairman of Intek Group SpA, CEO of KME AG Vorstand, German holding company of KME Group, Member of the Supervisory Board of KME Germany GmbH and Director of Moncler SpA, Ergycapital SpA, Dynamo Academy, KME Srl, Dynamo Foundation and Associazione Dynamo. From 2007 to 2012 she was CEO of I2Capital Partners, private equity fund sponsored by Intek SpA, with an investment strategy focused on Special Situation



**Fabrizio Pagani**

Date of birth: 1967

Position: Director

Participation on committees: Sustainability and Scenarios Committee (Chairman); Nomination Committee (member)

In office since: May 2014

Number of positions held in other companies for the purposes of the Corporate Governance Code: -

Slate elected on: majority (Ministry of the Economy and Finance)

He has been Director of Eni since May 2014. He was born in Pisa in 1967. He graduated in International Studies at the Scuola Superiore Sant'Anna, Pisa, and received a Master from the European University Institute, Florence. He has been visiting scholar at the Columbia University, New York. Currently, he is the Head of the Office of the Minister of Finance. He has been Senior Economic Counsellor of the Prime Minister and G20 Sherpa from 2013 to 2014; Director of the G8 / G20 Office at the OECD from 2011 to 2013; Political Counsellor of the OECD General Secretary from 2009 to 2011; Director of SACE from 2007 to 2008; Head of the Office of the State Undersecretary, within the Prime Minister Office; Senior Advisor at the OECD from 2002 to 2006; Counsellor for International Affairs of the Minister of Industry and Foreign Trade from 1999 to 2001; Deputy Chief of the Legislative Office at the Department of European Affairs from 1998 to 1999; Professor of International Law at the School of Political Science at the University of Pisa from 1993 to 2001; Deputy Director of the International Training Programme for Conflict Management at the School S. Anna of Pisa, from 1995 to 1998; he has been NATO Fellow.



Alessandro Profumo

Date of birth: 1957

Position: Director

Participation on committees: Nomination Committee (member); Sustainability and Scenarios Committee (member)

In office since: July 2015<sup>(6)</sup>

Number of positions held in other companies for the purposes of the Corporate Governance Code: 2  
Director appointed by the Board of Directors on July 29, 2015

He has been Director of Eni since July 2015. Born in Genoa in 1957. He graduated in Business Administration at the Università Luigi Bocconi of Milan. He is currently Chairman of Equita SIM, of Appeal Strategy & Finance Srl and member of the Supervisory Board of Sberbank. He is also member of the Board of Directors of TOG "Together To Go". Since February 2012 he has been nominated member of the International Advisory Board of Itau-UniBanco. He began his career in 1977 at the Banco Lariano, becoming Branch Manager in Milan. In 1987 he joined McKinsey where he was Project Manager in the strategy area for the finance sector. In 1989 he was appointed Head of relations with financial institutions and integrated development and organization projects at Bain, Cuneo e Associati firm (now Bain & Company). In 1991 he left the field of company consultancy to join RAS, Riunione Adriatica di Sicurtà, where he was given responsibility, as General Manager, for the banking and parabanking sectors. He was also in charge of the yield increase of that company's bank and of the other group companies operating in the field of asset management. In 1994 he joined Credito Italiano as Joint Central Manager, with responsibility for Programming and Control, becoming General Manager in 1995. In 1997 he was appointed Chief Executive Officer of Credito Italiano and subsequently of Unicredit, a position he held until September 2010. On an international level he was Chairman of the European Banking Federation and Chairman of the IMC Washington. In May 2004 he was decorated as Cavaliere del Merito del Lavoro. From 2006 to 2014 he was Director of Bocconi University in Milan, from 2011 to 2014 he was Director of Eni and from 2012 to 2015 he was Chairman of Banca Monte dei Paschi di Siena. From 2014 to 2015 he was Chairman of CASL (Comitato per gli Affari Sindacali e del Lavoro dell'ABI). In February 2012 he was nominated member of the "High-level Expert Group" on reforming the structure of the EU banking sector; he left the Group when he was appointed Chairman of Banca Monte dei Paschi di Siena.

Until July 2, 2015, the date of his resignation, Luigi Zingales was a member of the Board of Directors, the Control and Risk Committee and the Nomination Committee of Eni. The following information on his personal and professional background is that available to the Company up to the date of his resignation.

(76) Mr Profumo was appointed for the first time to the Eni Board by the Shareholders' Meeting of May 5, 2011 and served until the end of the term, on the date of the Shareholders' Meeting of May 8, 2014.



Luigi Zingales

Date of birth: 1963

Position: Director from May 2014 until July 2, 2015

Participation on committees: Control and Risk Committee (member); Nomination Committee (member)

Number of positions held in other companies for the purposes of the Corporate Governance Code: -

Slate elected on: majority (Ministry of the Economy and Finance)

He was Director of Eni SpA from May 2014 until July 2, 2015. He was born in Padua in 1963. He graduated in Economics at the Università Luigi Bocconi of Milan and earned a doctorate in Economics at the Massachusetts Institutes of Technology of Cambridge. “Robert C. McCormack Professor of Entrepreneurship and Finance” at the University of Chicago Booth School of Business. Research Associate at the National Bureau of Economic Research; Research Fellow at the Center for Economic Policy Research, Fellow at the European Corporate Governance Institute, Member of the Committee on Capital Market Regulation, Member of the American Academy of Arts and Sciences and outgoing President of the American Finance Association. He was Taussig Research Professor at the Harvard University of Cambridge from 2005 to 2006 and from 2014 to 2015; Assistant, Associate and Full Professor of Finance “Robert C. McCormack Professor of Entrepreneurship and Finance” at the University of Chicago Booth School of Business from 1992 to 2005; Director of the American Finance Association from 2005 to 2008; Member of the United Nation Commission on Microfinance from 2006 to 2007; Director of Telecom Italia SpA from 2007 to 2014 and Lead Independent Director of Telecom Italia SpA from 2011 to 2014. He is also author of many publications in economic and financial matter.

## Appointment<sup>77</sup>

### *Voting slates*

To ensure that non-controlling shareholders are represented on the Board, Directors are elected on the basis of slates.

> Directors are elected on the basis of slates

This system has been set out in the Company By-laws since 1994, in compliance with the special rules that apply to the Company itself. In particular, art. 4 of Law no. 474/1994 specifies that members of management and control bodies are appointed using a slate system and governs the procedure for calling the Shareholders' Meeting and publishing the slates, the percentage of share capital required for submitting slates and the number of positions allotted to the non-controlling shareholders.

The rule, however, which was amended by Legislative Decree no. 27/2010, with the introduction of paragraph 1-bis of art. 4, states that during Shareholders' Meetings called after October 31, 2010, the procedure for appointing members of the Company bodies must comply with the provisions established for all listed companies, with the exception of the number of Board members allotted to non-controlling shareholders<sup>78</sup>.

### *Right to submit slates*

Pursuant to art. 17 of the By-laws, which was appropriately amended to align its provisions with those of the above-mentioned decree slates of candidates may be submitted by shareholders<sup>79</sup> when – either alone or together with others – they represent at least 1% of Eni's share capital or any other threshold established by Consob regulations. Since 2011, and recently with its resolution dated January 28, 2016, Consob set the threshold for Eni at **0.5% of share capital**.

[77] Information also provided pursuant to art. 123-bis, first paragraph, letter l) of Consolidated Law on Financial Intermediation.

[78] Art. 4, paragraph 1-bis, of Law no. 474/1994 confirms that at least one-fifth of the voting directorships (rounded up) must be allocated to slates submitted by non-controlling shareholders.

[79] Pursuant to art. 17.3 of the By-laws, the Board of Directors may submit a slate of candidates.

Ownership of the minimum holding needed to submit slates shall be determined with regard to shares registered in the name of the shareholder on the date on which the slates are filed with the Company, without considering any subsequent transfer of the shares.

Each shareholder may only submit (or contribute towards submitting) and vote for a single slate. Controlling persons, subsidiaries and companies under common control may not submit or participate in the submission of other slates, nor can they vote on them, either directly or through nominees or trustees.

### *Composition, submission and publication of slates*

Slates must list candidates in numerical order and expressly indicate those who fulfil the independence requirements specified by the law and By-laws. They are **filed with the Company's registered office at least twenty-five days prior to the date of the Shareholders' Meeting** convened to appoint the members of the Board of Directors, and are made available to the public at the Company's registered office, on its website and in any other manner established by law<sup>80</sup> and by Consob regulations at least twenty-one days prior to the meeting date. Slates of candidates are also communicated to Borsa Italiana SpA.

All candidates must satisfy the **integrity requirements** established by applicable law. Together with the filing of each slate, on penalty of inadmissibility, the following shall also be filed: the **curriculum vitae** of each candidate, statements of each candidate accepting his nomination and affirming the **absence of any grounds making him ineligible or incompatible for such position** and that he satisfies the requirements of integrity and independence required by the law and the By-laws.

> Eni's By-laws provide rules to ensure gender balance in the composition of the Board

Furthermore, in line with legislative provisions, the By-laws of Eni<sup>81</sup> provide that – for the first three elections of the Board of Directors subsequent to August 12, 2012 – slates that contain three or more candidates must include **candidates of both genders**, as specified in the notice calling the Meeting, in order to achieve gender balance.

If the slate voting mechanism does not yield the minimum gender representation required by law, an impartial mechanism is used based upon the number of votes received by the candidates to identify those of the over-represented gender to be replaced by the members of the less-represented gender who may be listed on the same slate or chosen by the Shareholders' Meeting.

The shareholders who submitted the slates must also be identified, indicating the percentage of the share capital held<sup>82</sup>.

Once the voting formalities are satisfied, **seven-tenths of the Directors** to be elected are drawn from the **slate that receives the most votes** of the shareholders, rounded off in the event of a decimal number to the next lowest whole number, in the order that they appear on the slate. The **remaining Directors are drawn from the other slates**, which shall not be connected in any way, directly or indirectly, to the shareholders who have submitted or voted for the slate that receives the largest number of votes<sup>83</sup>. For this purpose, the votes received by each slate shall be divided by one or two or three depending upon the number of Directors to be elected.

The quotients, or points, thus obtained shall be assigned progressively to candidates of each slate in the order given in the slates themselves. The candidates of all the slates shall be ranked by the points assigned in a single list in descending order. Those who receive the most points shall be elected. In the event that more than one candidate receives the same number of points, the candidate elected shall be the person from the slate that has not hitherto had a director elected or that has elected the least number of Directors.

[80] In accordance with art. 147-ter of the Consolidated Law on Financial Intermediation and adopted in the Eni By-laws, slates may also be filed with the Company via distance communication methods, provided that they comply with any requirements stated by the Company in the notice calling the meeting that are strictly required to confirm the identity of the submitters.

[81] Refer to art. 17 and 34 of the Company's By-laws.

[82] In addition, in the case of slates filed via distance communication methods, the requirements for confirming the identity of the submitters as specified in the notice calling the Meeting must be satisfied.

[83] The criteria for connection are set out in art. 144-quinquies of the Consob Issuers' Regulation.

In the event that none of the slates has yet had a director elected or that all of them have had the same number of Directors elected, the candidate among all such slates who has received the highest number of votes shall be elected. In the event of equal slate votes and equal points, the entire Shareholders' Meeting shall vote again and the candidate elected shall be the person who receives a simple majority of the votes.

If the minimum number of independent Directors required under the By-laws has not been elected following the above procedure, the By-laws provide for **supplemental mechanisms** to be used.

The slate voting procedure shall apply only to the election of the entire Board of Directors. If, for any reason, Directors are not appointed using this procedure, the Shareholders' Meeting shall resolve, with the required legal majorities, so as to ensure that the composition of the Board is compliant with the law and the By-laws.

Pursuant to art. 2386 of the Civil Code, referred to in art. 17.5 of the Eni By-laws, if during the year one or more positions on the Board are vacated, the other members shall replace them with a resolution approved by the Board of Statutory Auditors, as long as the majority of the remaining Directors have been appointed by the Shareholders' Meeting. The Nomination Committee proposes candidates to serve as Directors to the Board, ensuring compliance with the requirements concerning the minimum number of independent directors and the percentage reserved to the less represented gender. The Directors so appointed shall remain in office until the subsequent Shareholders' Meeting, which shall either confirm the appointment or appoint other Directors. If a majority of the Directors should vacate their offices, the entire Board shall be considered to have resigned, and the Board shall promptly call a Shareholders' Meeting to elect a new Board.

### Succession plan for executive Director and key personnel

With reference to plans for the succession of executive directors, the **Nomination Committee** has been entrusted by the Board of Directors to **develop a proposed succession plan** for the CEO, to be submitted to the Board, where possible and appropriate in relation to the Company's shareholding structure.

At its meeting of February 17, 2015, after reviewing the Nomination Committee's evaluation, the Board of Directors decided to not prepare a succession plan for the CEO given the current shareholding structure of the Company. However, it decided upon a **contingency plan**, which sets out the steps to be taken in the event the CEO is unexpectedly unable to perform his duties.

> The Board adopted a contingency plan in the event the CEO is unexpectedly unable to perform his duties

The process and methodology for the **succession plans for those holding key positions**, including the plans for those positions that Eni's Board of Directors is responsible for appointing, have been used at Eni **since 2012**.

The process, which has been presented on a number of occasions to the Nomination Committee since 2012, has been developed by the related Eni Human Resources functions, with the support of an external consultant, specifically with regard to updating the methodology and activities that involve making comparisons with the market.

In 2015, the Nomination Committee addressed the issue of succession plans for key management positions, examining the following aspects:

- confirmation of the process and methodology used;
- analysis of the positions within the scope of the committee's responsibilities;
- effective application of the succession plan methodology for a number of positions (Eni International BV and Saipem SpA).

The application of the succession plan process and methodology was also addressed within a broader presentation to the Committee of the tools for attracting and developing "critical" Eni human resources, during which the results of the application of the succession plan process

to key positions within Eni and its consistency with other development processes were discussed.

## Independence requirements

### *The law and By-laws*

The Consolidated Law on Financial Intermediation establishes that at least one Director, or two if the Board is comprised on more than seven members, must satisfy the **independence requirements for Statutory Auditors of listed companies** as set out in art. 148, third paragraph of that law, as well as any other requirements set out in codes of conduct if the By-laws so provide.

Art. 17.3 of Eni's By-laws improve on the existing law by establishing that at least one Director, if there are no more than five Directors, or at least three Directors, if there are more than five, shall satisfy the independence requirements. The same article also provides for a mechanism beyond the ordinary election system for ensuring that the requirement of a minimum number of independent Directors is satisfied. By doing so, Eni seeks to strengthen the presence of independent Directors on its Board.

### *Corporate Governance Code recommendations*

Art. 3 of the Corporate Governance Code also recommends that an adequate number of non-executive Directors be independent, meaning that they **do not maintain nor have they recently maintained, directly or indirectly, any business relationships with the issuer or persons linked to the issuer of such a significance as to influence their autonomous judgement**. The number and competences of independent Directors must be adequate in relation to the size of the Board and the activity performed by the issuer and they must be such as to enable the formation of committees within the Board, in accordance with the guidelines set out in the Code.

As for issuers belonging to the FTSE-Mib index, such as Eni, the Code recommends that at least one-third of the Board members should be independent Directors, rounded down in the event of a decimal number to the next lowest whole number. In any event, there shall be no fewer than two independent Directors.

### *Eni specifications*

As to these requirements, Eni has further specified three points of the Code:

- **"strategically important subsidiaries"** in which the Director may have been a leading officer are identified<sup>84</sup>;
- the amount of "additional remuneration" that could compromise the independence of a non-executive Director has been established in the amount of **30% of "fixed remuneration"**<sup>85</sup>;
- **"close relative"** was defined to include spouse, relatives and relatives-in-law within the second degree of kinship<sup>86</sup>.

### *Board assessments*

The Board of Directors assesses the independence of Directors, after verification by the Nomination Committee, based on the criteria established by the Consolidated Law on Financial Intermediation and on the requirements set forth in the Corporate Governance Code.

**Following appointment and periodically**, the non-executive Directors must provide statements that they satisfy the independent requirements and the Board assesses the independence of these Directors, taking account of all the above criteria and prioritising substance over form, as required by the Corporate Governance Code. The Board also evaluates the independence of Directors when circumstances arise that could affect their independence. The Nomination Committee is responsible for enquiries connected with the Board's verification that the Directors satisfy the independence requirements.

[84] Criterion 3.C.1.b).

[85] Criterion 3.C.1.d).

[86] Criterion 3.C.1.h).

More specifically:

- on **May 9, 2014**, shortly after its appointment, the Board of Directors, on the basis of statements made by the Directors and other information available to the Company, determined that Chairman Emma Marcegaglia and Directors Andrea Gemma, Pietro A. Guindani, Karina Litvack, Alessandro Lorenzi, Diva Moriani and Luigi Zingales satisfy the independence requirements established by law, as referenced in Eni's By-laws. Furthermore, Directors Gemma, Guindani, Litvack, Lorenzi, Moriani and Zingales were deemed independent by the Board pursuant to the criteria and parameters recommended by the Corporate Governance Code. Chairman Marcegaglia, in compliance with the Corporate Governance Code, could not be deemed independent as she is a significant representative of the Company<sup>87</sup>;
- at its meeting of **February 17, 2015**, based upon the investigation performed by the Nomination Committee on the basis of the statements of the Directors and the information available to the Company, the Board of Directors confirmed the previous conclusion;
- at its meeting of **July 29, 2015** the Board of Directors appointed Alessandro Profumo to replace Luigi Zingales on the Board. On that occasion, the Board, following an investigation by the Nomination Committee on the basis of the statements provided by the new Director and the information available to the Company, determined that Mr Profumo met the independence requirements provided for by law, as referred to in the By-laws of the Company, and recommended by the Corporate Governance Code. With regard to Mr Profumo's marriage to an employee of the Company, the Board, in upholding the assessment made by the Board in the previous term of the Board<sup>88</sup>, determined that this circumstance did not violate the independence requirements provided for by the Corporate Governance Code, bearing in mind the Director's ethical and professional conscientiousness and international reputation and the fact that his spouse works at a foundation independent of Eni SpA<sup>89</sup>.

> 7 of 9 Directors are independent according to law. 6 of 9 Directors are independent according to the Corporate Governance Code

More recently, at its meeting of **February 25, 2016** the Board of Directors, following an investigation by the Nomination Committee on the basis of the statements provided by the Directors and the information available to the Company, determined that the Chairman Marcegaglia and the Directors Gemma, Guindani, Litvack, Lorenzi, Moriani and Profumo met the independence requirements provided for by law and that Directors Gemma, Guindani, Litvack, Lorenzi, Moriani and Profumo met the independence requirements recommended by the Corporate Governance Code, confirming the assessment of the independence of the latter Director on the basis of the reasons provided previously.

On February 25, 2016, the Board of Statutory Auditors verified again the proper application of the criteria and procedures adopted by the Board in assessing the independence of its members.

The assessments of the Board carried out on February 25, 2016 are reported in the tables attached to this Report.

### **Integrity requirements, reasons for ineligibility and incompatibility**

The Consolidated Law on Financial Intermediation specifies that individuals who perform management and administration functions in listed companies must fulfil the **integrity requirements established for members of control bodies** in the guidelines issued by the Minister of Justice<sup>90</sup> pursuant to article 148 of the Consolidated Law on Financial Intermediation.

In particular, art. 17.3 of the By-laws, in transposing this provision, establishes that all candidates for the position of Director must fulfil the integrity requirements specified in current regulations. In addition, the Directors are required to fulfil additional specific requirements established by the special rules applicable to them.

[87] Although the Chairman of the Board of Directors is a non-executive director, the Code treats her as a significant representative of the Company (Application Criterion 3.C.2 of the Corporate Governance Code).

[88] Mr Profumo was appointed for the first time to the Eni Board by the Shareholders' Meeting of May 5, 2011 and served until the end of the term, on the date of the Shareholders' Meeting of May 8, 2014.

[89] The assessment also considered the position of Chairman then held by Alessandro Profumo with Banca Monte dei Paschi di Siena SpA, which ended on August 6, 2015.

[90] Ministerial Order no. 162 of March 30, 2000.

The same provision also requires **the Board to periodically evaluate** the independence and integrity of Directors and ascertain the absence of circumstances that would render them ineligible or incompatible.

Pursuant to art. 17.3 of the By-laws, if a Director does not or no longer satisfies the independence and integrity requirements declared and established by law or if circumstances arise that render him ineligible or incompatible, the Board shall declare that the Director has forfeit the position and replace him, or shall invite him to rectify the circumstances rendering him incompatible by a deadline set by the Board itself, on penalty of forfeiture.

The appointed Directors must notify the Company if they should no longer satisfy the independence and integrity requirements or if cause for ineligibility or incompatibility should arise.

**Following appointment and on a regular basis**, the Directors are required to issue **statements** that they continue to satisfy the integrity requirements under applicable law and the Board verifies that the integrity requirements have been satisfied, in accordance with current regulations.

The **Nomination Committee is responsible for enquiries** connected with the periodic verification that the Directors satisfy the integrity requirements and the absence of circumstances that would render them ineligible or incompatible.

At its meetings of May 9, 2014 and, after investigation by the Nomination Committee of February 17, 2015, July 29, 2015 (concerning Mr Profumo, who was appointed Director by the Board at that meeting) and February 25, 2016, the Board of Directors – on the basis of the statements made and the information available to the Company – verified that the integrity requirements have been satisfied by all the Directors and that there are no circumstances rendering any of the Directors ineligible or incompatible, including with regard to any Eni holdings in financial, banking and/or insurance companies

### **Policy of the Board of Directors on the maximum number of offices held by its members in other companies**

With its resolution of May 9, 2014 (confirming the guidelines established by the previous Board), the Board of Directors specified the general criteria for determining the maximum number of management and control offices that can be held by its members in other companies that are compatible with effective performance of their role as Director of Eni. Subsequently, with a resolution of **September 17, 2015**, the Board, modifying the previous policy, acting on a proposal of the Nomination Committee, **reduced the maximum number of additional non-executive positions** Eni Directors may hold in other relevant companies (i) **for the CEO from three to one**; and (ii) **for non-executive Directors, from six to five**.

> On September 17, 2015, the Board reduced the maximum number of additional non-executive positions in other relevant companies

That decision was made following an analysis conducted by the Secretary of the Board of Directors with the support of Company units at the request of the Nomination Committee, which provided guidance and oversight of the activities.

Following the changes, the Eni policy is more closely aligned with international best practices and, in particular, the recommendations of proxy advisors in this field.

The Board resolved that:

- an **executive Director** should not hold: (i) the office of executive director in any other listed company, whether Italian or foreign, or in any financial<sup>91</sup>, banking or insurance company or in a company with shareholders' equity exceeding €10 billion; and (ii) the office of non-executive Director or Statutory Auditor (or member of another controlling body) in more than one of the aforesaid companies; and (iii) the office of non-executive director in another issuer of which a Director of Eni is an executive Director<sup>92</sup>;

[91] For the purposes of assessing the number of offices held, financial companies are those companies defined under art. 106 of Legislative Decree no. 385/1993 (Consolidated Law on Banking) and companies that provide investment or collective portfolio management activities or services pursuant to the Consolidated Law on Financial Intermediation.

[92] Criterion 2.C.5 of the Corporate Governance Code.

- a **non-executive Director**, in addition to the office held in Eni, should not hold the office of: (i) executive Director in more than one of the aforesaid companies and non-executive Director or Statutory Auditor (or member of another controlling body) in more than three of the such companies; or as (ii) non-executive Director or Statutory Auditor (or member of another control body) in more than five of such companies; or as (iii) executive Director of another issuer of which an executive Director of Eni is a non-executive Director.

The limit on multiple offices excludes offices held in Eni Group companies.

If these **limits are exceeded**, the **Director will promptly inform the Board**, which will assess the situation in light of the interests of the Company and will call upon the Director to take action in accordance with its decision.

In any case, before taking up the office of director or statutory auditor (or member of another control body) in another company that is not a direct or indirect subsidiary or associated company of Eni, the executive Director shall inform the Board of Directors, which will prohibit him from taking up the office where it believes such to be compatible with the functions attributed to the executive Director and with the interests of Eni. The rules applicable to executive Director also apply to Chief Operating Officers, if any, with the exception of the prohibitions on cross-directorships.

On the basis of information provided, the Board of Directors after its appointment and periodically, after investigation by the Nomination Committee – lastly at its meeting of **February 25, 2016** – verifies that the Directors have complied with the aforementioned limits on multiple offices.

Detailed information on the number of offices held by Board members with reference to the resolution of February 25, 2016 is available in the chart attached with this Report.

## Powers and responsibilities

The Board of Directors has been granted the broadest powers for the ordinary and extraordinary administration of the Company to pursue its purpose.

On May 9, 2014, the Board of Directors appointed Claudio Descalzi<sup>93</sup> as Chief Executive Officer and General Manager, granting him the broadest powers for the ordinary and extraordinary administration of the Company, excluding those the Board reserved solely to itself and those that cannot be delegated by law.

At that same meeting, the Board also decided, in accordance with the Corporate Governance Code for listed companies, that the Head of Internal Audit will report to the Board, and on its behalf, to Chairman Emma Marcegaglia, without prejudice to his being functionally subject to the authority of the Control and Risk Committee and the CEO, as director in charge of the internal control and risk management system. In addition, the Board also decided that the Chairman shall perform her duties under the By-laws as legal representative managing institutional relationships in Italy, together with the CEO.

In accordance with the resolution on reserved power, the Board:

- 1) defines the **system and rules of corporate governance** for the Company and the Group and approves the Corporate Governance and Shareholding Structure Report, after consulting with the Control and Risk Committee with regard to the internal control and risk management system. It approves the guidelines for the internal **regulatory system**, the policies and, usually, the compliance and governance Management System Guideline. After consulting with the Control and Risk Committee, it adopts rules on the transparency and the substantive and procedural fairness of transactions with **related parties** and those in which a Director or a Statutory Auditor holds a personal **interest** or an interest on behalf of third parties,

[93] Claudio Descalzi was appointed Chief Executive Officer of the Company for the first time on May 9, 2014. From 2008 to May 2014 he was the Chief Operating Officer of the Exploration & Production Division of Eni SpA.

assessing on an annual basis whether any revision is needed. At the proposal of the CEO, it also adopts a procedure for the internal handling and the disclosure of Company documents and information, particularly **inside information**;

- 2) establishes the Board's internal **committees**, which provide recommendations and advice, and appoints their members and chairmen, determines their duties and compensation and approves their rules of procedure and annual budgets;
- 3) acting on the proposal of the Nomination Committee, it expresses its policy on the **maximum number of director or statutory auditor positions** that can be held by its members in any other listed company, whether Italian or foreign, or in any financial, banking or insurance company or in a company of significant size that are compatible with the effective performance of their role as director, taking into account the positions held on the Board's internal committees as well;
- 4) **delegates** and revokes powers to/from the Chief Executive Officer and the Chairman, establishing the limits and methods for exercising these powers and determining, after examining the proposals of the Compensation Committee, and consulting with the Board of Statutory Auditors, the **compensation** connected with these duties. The Board may impart directives to the delegated bodies and itself undertake any operations falling within the delegated powers;
- 5) establishes the basic guidelines for the **organisational, administrative and accounting structure of the Company (including the internal control and risk management system)**, its strategically important subsidiaries and the Group as a whole. It evaluates the adequacy of the organisational, administrative and accounting structure, of the Company, its strategically important subsidiaries and the Group as a whole, put in place by the Chief Executive Officer;
- 6) after examining the proposals of the Control and Risk Committee, it establishes the guidelines for the **internal control and risk management system**<sup>94</sup> to ensure that the main risks to the Company and its subsidiaries are correctly identified, measured, managed and monitored, furthermore determining the degree of compatibility of such risks with a management consistent with identified corporate objectives. It establishes the financial risk limits for the Company. Having first received the opinion of the Control and Risk Committee it (i) examines the **main risks facing the Company**, identified by taking into account the nature of the business of the Company and its subsidiaries, as reported by the Chief Executive Officer at least once every three months and (ii) **every six months evaluates the adequacy of the internal control and risk management system** with regard to the nature of the business and its risk profile, as well as its effectiveness;
- 7) at least annually, it approves the **Audit Plan** prepared by the Head of the Internal Audit Department, having first received the opinion of the Control and Risk Committee and in consultation with the Board of Statutory Auditors and the Chief Executive Officer<sup>95</sup>. Having first received the opinion of the Control and Risk Committee and in consultation with the Board of Statutory Auditors, it evaluates the **findings** contained in the suggestion letter, if any, **of the audit firm** and in its report on the fundamental issues that arose during the statutory audit;
- 8) defines, based upon a proposal of the Chief Executive Officer, the **strategic guidelines and objectives** of the Company and the Group, including sustainability policies. It examines and approves the **budgets**, the strategic, industrial and financial **plans** of the Group, periodically monitoring their implementation, as well as agreements of a strategic nature for the Company. It examines and approves the plan for the Company's **non-profit activities** and approves operations not included in the plan whose cost exceeds €500,000, provided that reports on operations not included in the plan and not subject to Board approval are periodically submitted to the Board, in accordance with paragraph 10 below;

[94] The Board established that the Chairman of the Board of Directors must be consulted during the process of the approval by the Board of Directors of the guidelines for the internal control and risk management system, with regard to the part on internal audit activities.

[95] The Board also established that the Chairman of the Board must be consulted in approving the Audit Plan.

- 9) examines and approves the annual **financial report** (which includes Eni's draft Financial Statements and the Consolidated Financial Statements), and the semi-annual and quarterly financial reports in accordance with applicable regulations. It examines and approves the **Sustainability Report** not already contained within the annual financial report;
- 10) receives **reports** from Directors with delegated powers at Board meetings, on at least a bi-monthly basis, on actions taken in exercising their delegated powers as well as on Group activities and on atypical or unusual transactions that have not been submitted to the Board for examination and approval, as well as on the execution of transactions with related parties and those in which the Directors and Statutory Auditors hold an interest in accordance with the relevant internal procedures. More specifically, it receives a semi-annual report explaining any changes in investment transactions previously approved by the Board, in accordance with points 14.b and 14.c below, on the basis of guidelines established by the Board itself. It also receives periodic reports on the implementation of the business and financial plans;
- 11) receives report from the Board's internal Committees on at least a semi-annual basis<sup>96</sup>;
- 12) assesses **general trends in the operations** of the Company and the Group on the basis of information received from Directors with delegated powers, paying particular attention to conflicts of interest and comparing results – as reported in the annual financial statements and interim financial reports – with budget forecasts;
- 13) examines and approves, having received the opinion of the Control and Risk Committee, **transactions by the Company and its subsidiaries with related parties** as provided for in the relative procedure approved by the Board, as well as transactions in which the Chief Executive Officer holds an interest pursuant to art. 2391, first paragraph, of the Italian Civil Code, that fall under the responsibility of the Chief Executive Officer;
- 14) evaluates and approves any **transaction executed by the Company and its subsidiaries that has a significant impact on the Company's strategy, performance and financial position**. The Board ensures compliance with the principle of operational autonomy with specific regard to the listed companies of Eni Group and companies subject to unbundling regulations. It also ensures the confidentiality of transactions between said subsidiaries and Eni or third parties for the protection of the subsidiaries' interests.

Transactions with a significant impact include the following:

- a) acquisitions and disposals of equity investments, companies or business units, mineral and property rights, transfers of assets, mergers, demergers and liquidations of companies exceeding €100 million, without prejudice to art. 23.2 of the By-laws;
- b) investments in fixed assets exceeding €300 million, or less if of particular strategic importance or if exposed to particular risk;
- c) any exploration initiatives and portfolio operations in the E&P sector in new Countries;
- d) sale and purchase contracts relating to goods and services other than investments and gas supplies with a total price exceeding €1 billion – except for ordinary business operations – or of a duration exceeding twenty years; gas supply contracts, or modifications to such contracts, in the amount of at least 3 billion cubic metres per year and with a ten-year duration;
- e) financing granted to entities other than subsidiaries: (i) for amounts exceeding €200 million, if the amount is proportionate to the interest held or, (ii) in any amount, if to unrelated companies or the amount is not proportionate to the interest held;

[96] Since 2012, at each Board meeting the chairmen of the committees report to the Board on the most important issues addressed by the committees in their most recent meetings.

- f) issuing by the Company of unsecured and secured guarantees to entities other than subsidiaries: (i) for amounts exceeding €200 million, if in the interest of the Company or of Eni subsidiaries or associated companies, as long as the guarantee is proportionate to the interest held, or (ii) in any case, if the guarantees are issued in the interest of associated companies and the amount is not proportionate to the interest held. The Board delegates joint power to the Chief Executive Officer and to the Chairman to issue guarantees referred to in point (i) if the amount is between €100 million and €200 million;
- g) Eni SpA intermediation agreements;
- 15) appoints and removes – acting upon a proposal of the Chief Executive Officer and in agreement with the Chairman and in consultation with the Nomination Committee – the **Chief Operating Officers** and grants their associated powers. In the case of appointment of the Chief Executive Officer as General Manager, the proposal is made by the Chairman;
- 16) appoints and removes – acting upon a proposal of the Chief Executive Officer and in agreement with the Chairman, in consultation with the Nomination Committee, and subject to the approval of the Board of Statutory Auditors – **the officer in charge of preparing financial reports**, and ensures that he has adequate powers and means to carry out his statutory duties and monitors compliance with the administrative and accounting procedures established by the abovementioned office;
- 17) appoints and removes, acting upon a proposal of the Chairman, in agreement with the Chief Executive Officer and having received the favourable opinion of the Control and Risk Committee, and in consultation with the Board of Statutory Auditors and the Nomination Committee, the **Head of Internal Audit Department**, ensuring that he has adequate resources to carry out his duties and establishing his remuneration structure in accordance with the Company's compensation policies, as well as approving the internal audit guidelines<sup>97</sup>. The Head of Internal Audit Department reports hierarchically to the Board and, on its behalf, to the Chairman, without prejudice to its functional dependence on the Control and Risk Committee and on the Chief Executive Officer, in his capacity as the director in charge of the internal control and risk management system;
- 18) appoints, acting upon a proposal of the Chief Executive Officer, in agreement with the Chairman and following consultation with the Nomination Committee, and having received the opinion of the Board of Statutory Auditors, the members of **Eni Watch Structure** (pursuant to Legislative Decree no. 231/2001) determining its composition;
- 19) ensures the designation of a manager responsible for **shareholder relations**;
- 20) examines and approves, acting upon the proposal of the Compensation Committee, the **Remuneration Report** and, in particular, the compensation policy for Directors and Managers with strategic responsibilities to be presented to the Shareholders' Meeting called to approve the financial statements. After examining the proposals of the Compensation Committee, it also establishes the criteria for the **compensation for the senior executives** of the Company and of the Group and implements the share-based or financial instrument-based **compensation plans** approved by the Shareholders' Meeting;
- 21) decides – acting upon a proposal of the Chief Executive Officer – on the exercise of **voting rights** and, in consultation with the Nomination Committee, on the **appointment** of members of corporate bodies of the **strategically important subsidiaries**. In the case of listed companies, the Board must guarantee compliance with the provisions of the Corporate Governance Code that fall under the competence of the Shareholders' Meeting;
- 22) formulates proposals to present to the **Shareholders' Meeting**;

[97] The guidelines for Internal Audit activities (the Internal Audit Charter) are approved by the Board of Directors, on a proposal of the Chairman of the Board of Directors, in agreement with the Director in charge of the internal control and risk management system (the Chief Executive Officer) and having consulted the Control and Risk Committee.

23] examines and decides on other issues that Directors with delegated powers believe should be presented to the Board due to their particular importance or sensitivity.

In accordance with art. 23.2 of the By-laws, the Board also decides upon: mergers and proportional spin-offs of companies in which the Company's shareholding is at least 90%; the establishment and closing of secondary offices; and the amendment of the By-laws to comply with regulatory provisions.

For the purpose of the resolution referred to above and the application of the recommendations of the Corporate Governance Code that Eni has adopted, the term "strategically important subsidiaries" at the date of the resolution refers to Saipem SpA<sup>98</sup>, Eni International BV and Versalis SpA<sup>99</sup>.

Pursuant to art. 27 of the By-laws, the Chairman of the Board presides over the Shareholders' Meeting, convenes and chairs meetings of the Board of Directors and verifies that resolutions passed by the Board are implemented.

Also with regard to the recommendations in Article 1 of the Corporate Governance Code, in addition to the general provisions referred to in the resolution on reserved powers, the Board:

- on March 17, 2016, approved the 2016-2019 Strategic Plan<sup>100</sup>;
- on January 19, 2016, evaluated the organisational, administrative and accounting structure of the Company, its strategically important subsidiaries and the Group as prepared by the Chief Executive Officer, finding it adequate;
- for the purpose of assessing general performance of the Company, on the occasion of its examination of the financial reports and, most recently, on February 25, 2016, on the occasion of the approval of the 2015 preliminary results, compared the results achieved with the budget (first year of the 2015-2018 Strategic Plan);
- on March 17, 2016, having considered the Report of the Officer in charge of preparing financial reports, the Reports of the Control and Risk Committee, the Report on administrative and accounting structure, the Report on the organizational structure as regards the part on the Internal Control Risk Management System organizational structure, the Report on risks and the Report on the respect of the financial risk limits, and having consulted with the Committee, evaluated as positive: (i) the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the nature of the Company and its risk profile; and (ii) the adequacy of the powers and resources available to the Officer in charge of preparing financial reports as well as compliance with the administrative and accounting procedures prepared by the same<sup>101</sup>;
- on September 17, 2015, approved a change to a previous Board policy on the maximum number of management and control positions can be held in other companies<sup>102</sup>;
- on February 25, 2016, discussed the results of the Board Review for 2015 of the operation, size and composition of the Board and its committees<sup>103</sup>, basing the examination on the results of the previous Board Review and the findings of the Peer Review carried out in 2015.

During the year the Board also decided on transactions of significant strategic or financial importance for the Company, as identified in the resolution on reserved powers.

The primary internal regulations approved by the Board of Directors, particularly those on compliance and governance, are described in the "Internal Control and Risk Management System" section of this Report.

[98] Since January 22, 2016, Eni no longer exercises sole control over Saipem.

[99] As of the date of approval of this Report, the company is in the process of being sold.

[100] For more information, please refer to the section "Internal control and risk management system" of this Report.

[101] For more information, also with reference to the evaluation of July 29, 2015, please refer to the section "Internal control and risk management system" of this Report.

[102] For more information, please refer to the section "Policy of the Board of Directors on the maximum number of offices held by its members in other companies" of this Report.

[103] For more information, please refer to the section "Board Review and Peer Review" of this Report.

## Meetings and running of meetings

At the meeting held on **May 9, 2014**, the Board of Directors approved the **rules on its operation and organisation**, including the procedures for calling and running its meetings<sup>104</sup>.

In particular, Board meetings are called by the Chairman who, having examined the proposal of the CEO, determines the **agenda** and usually sends it **five days prior** to the scheduled date of the meeting to the Directors, standing Statutory Auditors and the magistrate of the Court of Auditors appointed to monitor the financial management of Eni and his replacement.

Normally, **at the same time the notice calling the meeting** is sent and, in any case, **no more than three days prior** to the date of the meeting, any **documentation** relating to the items on the agenda is made available, with the assistance of the Board Secretary, to the Directors, standing Statutory Auditors and the magistrate of the Court of Auditors, with the exception of price-sensitive information which is not subject to prior notification, provided that the Board must receive adequate information on the items on the agenda on the day of the meeting.

When **necessary and urgent**, the notice calling the meeting may be sent **at least 12 hours in advance** of the scheduled meeting time.

During the year, the time requirements in the Rules for the notice calling the meeting and the documentation relating to items on the agenda, have been respected apart from rare exceptions.

The Chairman, with the assistance of the Secretary, ensures the **adequacy, completeness and clarity of the information**, including those not in connection with a Board meeting, submitted or forwarded to the Board and may request to this end, from the Chief Executive Officer, the appropriate changes or additions.

Special attention is devoted to ensuring the **confidentiality of the information**, with the creation of a section of the Eni website with access reserved to the Directors and the Statutory Auditors where they can review the documentation concerning Board and committee activities. The By-laws allow Board meetings to be held via **videoconferencing and teleconferencing**, and these procedures are specifically governed in the rules.

Managers of the Company and of its subsidiaries normally attended Board meetings to provide information on matters on the agenda<sup>105</sup>. Specific information is also provided on individual sectors in which the Company and the Group operate.

In accordance with the provisions of art. 2391 of the Italian Civil Code and the internal regulations governing "Transactions involving interests of Directors and Statutory Auditors and transactions with related parties"<sup>106</sup>, before each item on the Board meeting's agenda is discussed, each Director is required to disclose whether he holds any personal interest or interest on behalf of third-parties in relation to the matters or issues to be discussed, clarifying their nature, terms, origin and extent.

During 2015, the Board of Directors met **13 times**, each meeting lasting an average of **3 hours and 48 minutes**, and with a participation **rate of 100% of the Directors** and 100% of the independent Directors.

The tables accompanying this Report show the participation rate for each Director at Board meetings and at the meetings of those committees of which he is a member.

In 2016, there have been three meetings held as of March 17, 2016, including one on that date. A further nine meetings are scheduled to be held before the end of the year.

[104] The rules were amended most recently at the meeting of April 2, 2015.

[105] In accordance with the recommendations of Criterion 1.C.6 of the Corporate Governance Code.

[106] For more information, please refer to the relevant section of this Report.

Pursuant to the Stock Exchange Rules, a public announcement is made within 30 days of the close of the previous financial year of the dates of the Board of Directors meetings called to examine the preliminary results, the annual financial statements and the interim financial reports required by applicable regulations as well as to determine the interim dividend payable for the year and to submit a proposal to the Shareholders' Meeting for the balance of the dividend, accompanied by the associated distribution and ex-dividend dates. The **financial calendar** is available on Eni's website<sup>107</sup>.

In 2015, in view of the frequency of Board meetings, the **independent Directors had numerous occasions to meet**, formally and informally, to exchange views and hold discussions. The issues dealt with in this section were examined very closely during the annual Board Review and the Peer Review, which are addressed in a specific section of this Report.

### Board Secretary and Corporate Governance Counsel

With the approval of the Rules for Board operations referred to in the previous section and in line with the recommendations of the Corporate Governance Code, the Board specified the requirements for and duties of the Secretary, who also serves as Corporate Governance Counsel, providing advice to the Board and the Directors.

> Since May 2014, the Board Secretary has also served as Corporate Governance Counsel

Specifically, under the rules governing the Board's operation, the Secretary must meet the necessary **requirements of professionalism, experience, independence of judgment**, and must not have any conflict of interests.

The Secretary reports directly and functionally to the Board and, on its behalf, to the Chairman. The duties of the Secretary are set out in the relevant **Charter** annexed to the Rules.

More specifically, he **assists the Chairman** in the preparation for Board meetings and Shareholders' Meetings, in the drafting of their resolutions, in ensuring the adequacy, completeness and clarity of the information flows directed to the Board, in communication with the Directors, in the organisation of the Board Induction and Board Review, coordinates the secretaries of the Board Committees and handles the minutes of the Board meetings. He also assists the Chief Executive Officer in his dealings with the Board.

He also lends **assistance and independent legal advice** [regarding management] to the Board and the Directors in matters of corporate governance and on their powers, rights, duties and obligations, to ensure the proper exercise of their powers, protect them from any liability and ensure that the interests of all shareholders and other stakeholders considered by the system of corporate governance of the Company are taken into account.

The Secretary may carry out other functions within the Company provided they do not impair his independence of judgment towards the Board or the regular performance of his duties. In particular, on behalf of the CEO, he may carry out or supervise the functions of the Corporate Affairs and Governance Department and assume its helm.

The Chairman ensures that the Secretary has the **authority, tools, organisational structure and personnel appropriate** for the exercise of his functions, monitors the independence of the Secretary and determines his salary, in line with the Company's policies for senior management.

The Board, following the proposal of the Chairman, establishes the **annual budget allocated to the Secretary**, separate from that relating to any other duties, over which the Secretary has autonomous spending power.

The Secretary **reports annually** to the Board on the use of the budget and the **functioning of the corporate governance system**.

[107] Available at: [http://www.eni.com/en\\_IT/investor-relation/financial-calendar/financial\\_calendar.shtml](http://www.eni.com/en_IT/investor-relation/financial-calendar/financial_calendar.shtml).

> In 2015 the Board conducted the tenth Board Review and the third Peer Review

## Board Review and Peer Review

Following the Board Review for 2014, the Eni Board decided to organise a meeting for Directors (held on March 12, 2015) to examine the outcomes of the review more closely and to assess an action plan to improve the Board's working practices even further.

On that occasion, the Board decided to conduct a **Peer Review**, with the support of the same external consultant used for the Board Review. Following the Peer Review, at a meeting held on May 28, 2015, the Directors made a number of collective and individual commitments.

With regard to 2015, in accordance with international best practices and the provisions of the Corporate Governance Code, the Board of Directors launched, **for the tenth straight year**, a programme of "**Board Review**" for the Board of Directors and its Committees.

As usual, and in line with the governance solutions adopted by Eni, the Board Review was conducted with the support of an **external advisor** to ensure objectivity in the process.

In line with the duties assigned to it by the Board and with the Corporate Governance Code recommendations, the **Nomination Committee played a supervisory role** over the Board Review process. More specifically, the Committee proposed the advisor to be engaged to the Board, taking account of additional services the advisor provides to Eni or companies having a control relationship with Eni.

Acting upon the proposal of the Nomination Committee, the Board decided to engage Egon Zehnder to help conduct the Board Review. Egon Zehnder also provides Eni and its subsidiaries with executive search and staff management appraisal, but, based on its high professional standing, the Nomination Committee and the Board decided this did not compromise the independence and objectivity required of an advisor. The work of the advisor was also conducted with the support of the general "board consulting" experience of Egon Zehnder.

The Board Review was begun in the autumn of 2015 and completed in February 2016. As established in the Corporate Governance Code, the Board Review examined the size, level of operation and composition of the Board and the Committees, taking into account the professional skills, experience, particularly management experience, the gender of the Directors and their seniority.

The **self-assessment process** is carried out in the following phases:

- individual interviews conducted by the advisor with each Director, on the basis of an interview guide prepared beforehand by the advisor<sup>[108]</sup>. The Directors were also asked to give their judgement of the compliance of each Director with the individual commitments made following the Peer Review;
- analysis by the advisory of the information that came out of and results of the interviews conducted following the previous Board Review;
- preparation of a final report on the results that had emerged, including in the light of international best practices, and presentation of the report to the Board;
- discussing within the Board and verification of compliance with the commitments made by the Directors during the Peer Review.

The results of the interviews conducted by the advisor and their **comparison with international best practices** were presented and discussed at the Board's meeting of February 25, 2016.

Based upon the comments received and the comparative analysis performed, the advisor expressed a favourable opinion on the Eni's adherence to the Corporate Governance Code, noting in particular:

- the Board's **strong commitment** to addressing the issues that emerged in the previous self-assessment exercise, consolidating the strengths already found and respecting the undertakings they made during the Peer Review;

[108] The chairman of the Board of Statutory Auditors and the Board Secretary were also involved in the process.

- the clear evidence of a positive trend and **excellence in governance**, including by comparison with international best practices, confirming the signs that had emerged during the previous Board Review.

The results of the Board Review showed that there is an **excellent balance of independent and non-independent Directors**, both in relation to the size of the Board and the operation of the committees, ensuring proper handling of any conflicts of interest. The **size of the Board is also considered appropriate** (nine Directors).

The following strengths were also mentioned:

- (i) the satisfying qualitative profile of the Board and the **appropriate mix** of profiles, skills and expertise of the Directors;
- (ii) the **considerable efficiency of the meetings** thanks to an improved level of reciprocal understanding, a well-oiled process of internal dialogue and careful planning of the meetings themselves;
- (iii) the **strong commitment**, the motivation, the high degree of participation of all the Directors at Board and Committees meetings;
- (iv) an appropriate **depth of analysis of strategies and risk assessment**;
- (v) **effective leadership** on the part of the Chairman of the Board and the chairmen of the committees, as well as a well-balanced and constructive relationship between the Chairman of the Board and the Chief Executive Officer;
- (vi) **effective, clear and timely Board documentation**;
- (vii) an optimal **qualitative and quantitative profile for the committees**, strong commitment on their part and **effective contribution** to the work of the Board;
- (viii) **excellent Board dynamics**, including after the Peer Review.

Finally, according to the advisor, the challenging activities performed in the Board Review and the Peer Review place the Eni Board at the level of international best practices.

The Board is committed to continuing the process to achieve excellence by comparison with international best practices.

## Board Induction

In accordance with the provisions of the Corporate Governance Code regarding the effective and informed performance of each Director, the Chairman of the Board of Eni, together with the CEO, prepared a training programme (the **"Board Induction"**) for the members of the Board as well as the Board of Statutory Auditors, immediately after their appointment on May 8, 2014<sup>109</sup>.

This programme, which entered its **third edition** in 2014, was intended to provide new Directors with in-depth knowledge of the Company's activities and organisation, the industry and legislative and self-regulatory framework in which it operates, corporate dynamics and their development and the role to be performed in relation to Eni's specific characteristics.

The programme was held immediately after the new Board took office (on **June 28 and 29, 2014**) and consisted of presentations by Eni's top management explaining the activities and organisation of each business area, with more thorough coverage of those issues of greatest interest to the boards.

The Board also took part in the pilot phase of the **UN Global Compact LEAD Board Programme**<sup>110</sup>, focusing on educating Directors about sustainability issues, having actively contributed to the

> The Board contributed and took part in the pilot phase of the UN Global Compact LEAD Board Programme, focusing on sustainability issues

[109] The Board calendar also provides for the Board to meet once a year at an operating facility, also abroad.

[110] Eni is a member of the UN Global Compact LEAD Group.

programme since the early stages at the ONU. With the support of an international expert in sustainability, integrated reporting and management issues, the Board held: (i) a first session (“**The materiality of Sustainability**”), on October 29, 2014, in order to improve its understanding of the importance of sustainability for corporate strategy and the business; (ii) a second session (“**The role of the Board**”), on September 17, 2015, during which the participants examined issues concerning the integration of sustainability into the strategy and management of the Company, with a focus on climate change. The programme was conducted with the supervision of the Sustainability and Scenarios Committee.

In addition, in 2014 and 2015, the Board held additional “**ongoing training**” sessions dedicated to a deeper analysis of:

- specific **risk and crisis management** issues, taking into consideration the international environment in which the company operates, on November 19, 2014;
- **compliance, corporate governance and internal control and risk management** topics on April 29, 2015 and November 18, 2015.

In 2015, the Board of Directors visited **two operational facilities**: i) on June 25, 2015, on the occasion of the Board meeting held in Congo, during which the Board visited the Company’s facilities and the works created through the many sustainable development projects undertaken in the area; and ii) on July 28, 2015 at the Oil & Gas research centre of Bolgiano in order to examine technical and operational issues associated with the upstream business (exploration and drilling).

The **Company’s Statutory Auditors were invited to participate** in all of these meetings.

A new series of **on-going induction meetings** dedicated to a deeper analysis of certain business issues, as well as compliance, is planned **for 2016**.

The Company has also provided each Director and Statutory Auditor with a **guide** to the primary applicable regulations and to Company documents that are useful in performing their work.

## Remuneration Report

For information on the 2016 Remuneration Policy and the compensation paid in 2015 to the Directors, the Statutory Auditors, the Chief Operating Officers and other Managers with strategic responsibilities, please refer to the Remuneration Report.

## Board Committees<sup>111</sup>

> The Board formed four internal committees to provide advice and offer proposals



At its meeting of May 9, 2014, the Board formed **four internal committees** (three of which are envisaged under the Corporate Governance Code) to provide advice and offer proposals: a) the Control and Risk Committee; b) the Compensation Committee; c) the Nomination Committee and d) the Sustainability and Scenarios Committee. In doing so, the Board confirmed the institution of all the committees recommended by the Corporate Governance Code, as well as the Sustainability and Scenarios Committee.

(111) Information provided pursuant to art. 123-bis, second paragraph, letter d) of the Consolidated Law on Financial Intermediation.

The composition, duties and operational procedures of these Committees are governed by their own rules, which are approved by the Board, in compliance with the criteria outlined in the Corporate Governance Code. The Committees' rules are available on Eni's website in the "Governance" section. The Committees required by the Code (Control and Risk Committee, Compensation Committee and Nomination Committee) are composed of no fewer than three members and, in any case, fewer than the number representing a majority of the Board, as indicated by the Board upon adopting the Corporate Governance Code, so as to avoid altering the Board's decision-making process.

More specifically, **the rules of:**

- the **Control and Risk Committee** indicate that it is made up of three to four non-executive Directors, all independent. The Committee may be made up of non-executive Directors, a majority of whom are independent. In the latter case, the Chairman of the Committee shall be chosen from among the independent Directors;
- the **Compensation Committee** indicate that it is made up of four non-executive Directors, all independent. The Committee may be made up of non-executive Directors of whom a majority shall be independent and, in this case, the Chairman of the Committee shall be chosen from among the independent Directors;
- the **Nomination Committee** indicate that it is made up of three to four Directors, a majority of whom are independent;
- the **Sustainability and Scenarios Committee** indicate that it is made up of four or five non-executive Directors, the majority of whom independent.

The Committees are composed of non-executive Directors, a majority of whom are independent, and in the case of the Control and Risk Committee and the Compensation Committee, all members are independent Directors<sup>112</sup>:

- the Control and Risk Committee: Alessandro Lorenzi (Chairman), Andrea Gemma, Karina Litvack<sup>113</sup>;
- the Compensation Committee: Pietro A. Guindani (Chairman), Karina Litvack, Alessandro Lorenzi, Diva Moriani;
- the Nomination Committee: Andrea Gemma (Chairman), Diva Moriani, Fabrizio Pagani, Alessandro Profumo<sup>114</sup>;
- the Sustainability and Scenarios Committee: Fabrizio Pagani (Chairman), Andrea Gemma, Pietro A. Guindani, Karina Litvack, Alessandro Profumo<sup>115</sup>.

With regard to participation in Committee meetings:

- the Chairman of the Board of Statutory Auditors, or a Statutory Auditor designated by him, participates in **Control and Risk Committee** meetings. The Chairman of the Board of Directors and the CEO (except when it is addressing matters regarding them), the other standing Statutory Auditors and the magistrate of the Court of Auditors may also attend the meetings. Furthermore, the Committee may, through its Chairman, invite other persons, including other members of the Board of Directors or the Company structure, to attend the meetings in relation to individual items on the agenda;
- the Chairman of the Board of Statutory Auditors, or a standing Statutory Auditor designated by him, is invited to participate in **Compensation Committee** meetings. Other Statutory Auditors may also attend meetings in which the Committee is addressing issues about which the Board of Directors is required to obtain an opinion from the Board of Statutory Auditors. The Chairman of the Board of Directors and the CEO<sup>116</sup> may attend at the invitation of the Chairman of the Committee. The Chairman of the Committee may also invite Company managers or other persons, including other members of the Board of Directors, to attend the meeting to provide information and opinions based on their expertise on specific items on the agenda. No Director may take part in meetings of the Committee during which Board proposals regarding his compensation are being discussed. They also remain subject to the rules on transactions with related parties;

[112] The Control and Risk Committee and the Compensation Committee are chaired by Directors drawn from the minority lists.

[113] Luigi Zingales, appointed member of the Committee on May 9, 2014 resigned as a Director on July 2, 2015.

[114] The membership of the Committee was restored by the Board on September 17, 2015 with the appointment of Alessandro Profumo in replacement of Luigi Zingales, who resigned from the Board on July 2, 2015.

[115] The membership of the Committee was restored by the Board on September 17, 2015 with the appointment of Alessandro Profumo.

[116] Directors with delegated powers may not take part in meetings of the Committee during which Board proposals regarding their compensation are being discussed. They also remain subject to the rules on transactions with related parties.

- the Chairman of the Board of Directors and the CEO, the Chairman of the Board of Statutory Auditors, or a Statutory Auditor designated by the former, for matters within the competence of the Board of Statutory Auditors, are invited to participate in **Nomination Committee** meetings as are other persons, including other Directors, who, at the invitation of the Committee itself, are called to provide information and opinions based on their expertise on specific items in the agenda;
- the Chairman of the Board of Directors, the CEO and the Chairman of Eni's Board of Statutory Auditors – or another standing Statutory Auditor designated by the former – as well as other persons, including other Directors, are invited to attend **Sustainability and Scenarios Committee** meetings with regard to the specific items in the agenda.

The minutes of the meetings are usually kept by the Committee Secretaries. For specific and justified reasons, the chairman of a Committee may ask that the minutes be kept by a member of the Committee, the Board Secretary or one of their subordinates.

In the exercise of their functions, the Committees have the **right to access any information and Company functions** necessary to perform their duties, are provided with **adequate financial resources** in accordance with the terms established by the Board of Directors, and can avail themselves of **external advisers**. With regard to this, at the start of the year the Board allocates to the Committees the resources they request, apart from changes that may be required during the year.

The **Board Secretary** coordinates the meetings of the Committees and, in order to do this, is notified in advance of the agendas for their meetings, and receives the notice calling the meetings and the signed minutes.

In addition, even before the recent recommendation of the Corporate Governance Code (Criterion 4.C.1 letter d), amended in July 2015), at each Board meeting the chairmen of the Eni Committees **report to the Board** on the most important issues examined by the Committees in their most recent meetings. On at least a semi-annual basis, the Eni Board of Directors receives a report from the Committees on the activities they have performed.

A detailed description of each Committee and its activities in 2015 is provided below. More information can be found in the table attached to this Report.

### Control and Risk Committee

The composition, appointment and operational procedures, duties, powers, and resources of the Committee are governed by its Rules, the current version of which was approved by the Board of Directors on July 30, 2014.

For more detailed information on the Committee's duties, please refer to the section "Internal Control and Risk Management System" of this Report.

In 2015, the Committee met 21 times, with 100%<sup>117</sup> members attending. The average duration of the meetings was 3 hours and 46 minutes. So far in 2016, the Committee has met 4 times (as of March 17, 2016), and is scheduled to meet another 10 times before the end of the year.

The following provides a summary of the main issues tackled during the year, with the Board of Statutory Auditors in attendance:

- 1) in assisting the Board of Directors, the Committee oversees the activities of the Internal Audit Unit, monitoring its work for independence and ensuring that it is performed with the required level of objectivity, competence and professional diligence, in accordance with the Eni Code of Ethics and international standards for the professional practice of internal auditing. In particular, among other things, the Committee reviewed:

> The Board raised to two the number of members of the Control and Risk Committee who possess adequate experience in accounting and financial or risk management matters

[117] The percentage refers to the participation in the meetings of the four members of the Control and Risk Committee in office until the meeting of June 23, 2015; for meetings following that date, the percentage refers to the three members still in office.

- the Integrated Audit Plan and the Budget for Eni's Internal Audit Unit for 2016, expressing its favourable opinion thereon to the Board of Directors;
  - the results of scheduled and non-scheduled internal audits, the results of monitoring the status of corrective actions planned by the operational units to tackle issues that emerged during the audits, the results of audits carried out by Eni's Internal Audit Unit in response to specific requests from the Control and Supervisory bodies, as well as the status of other activities conducted by the Internal Audit Unit (such as reports of problems, risk assessment, independent monitoring);
  - the Internal Audit Reports of December 31, 2014 and June 30, 2015 on the primary results of internal audits performed and on the assessment of the suitability of the internal control system for achieving an acceptable overall risk profile, as well as the continued compliance with independence requirements for the head of the Internal Audit Unit;
- 2) in performing its duties with respect to the internal control system as applied to the financial reporting model, during periodic meetings with the Chief Financial and Risk Management Officer ("CFRO"), also in his capacity as the Officer in charge of preparing financial reports (the "financial reporting officer" or "FRO") and the Company's administrative structures, and the audit firm in attendance, the committee reviewed:
- the reports of the CFRO/FRO on Eni's administrative and accounting structure at December 31, 2014 and at June 30, 2015, verifying the appropriateness of the powers and resources assigned to the FRO;
  - the reports of the CFRO/FRO on the internal control system as applied to financial reporting at December 31, 2014 and at June 30, 2015;
  - the key aspects of the individual and consolidated financial statements at December 31, 2014 of Eni and its subsidiaries Saipem, Eni Trading & Shipping, Versalis and Syndial and Eni's half-year consolidated financial report at June 30, 2015. Before the topic was submitted to the Board of Directors, it examined impairment test methodology and findings as well as the major issues related to the application of the accounting principles in preparation for the drafting of the 2015 Annual Report;
  - the main aspects of the Annual Report on Form 20-F 2014 and the draft of the Directors' report with regard to the interim dividend for the 2015 financial year;
  - the reports of the audit firms on the 2014 financial statements, the content of the management letter and the statement of the audit firm on the status of the audit pursuant to SOA 404; the planning of the 2015 auditing activities and the report on key issues that arose during the statutory auditor;
- 3) in supporting the Board of Directors in conducting the assessments and making decisions concerning risk management, including with regard to potentially prejudicial situations, it conducted an in-depth analysis of specific situations at the request of the Board. Among other things, in the context of its periodic meetings with the Chief Legal & Regulatory Affairs ("CLRA"), the committee closely examined the main legal issues and received updates on developments in the major pending legal proceedings, particularly as concerns the possible accounting repercussions, for the purpose of performing their duties as they pertain to the process of preparing the annual and half-year financial reports. It also examined the periodic reports prepared by the Anti-Corruption Legal Support Unit regarding the various support activities provided to Eni and subsidiary company structures regarding anti-corruption issues, particularly as regards training programmes. It was also notified of the issuance/updating of anti-corruption regulatory instruments;
- 4) it received periodic reports of the status of the updates to the New Regulatory System and examined the regulatory instruments submitted for approval to the Board;
- 5) with regard to "Transactions involving the interests of Directors and Statutory Auditors and transactions with related parties" the Committee:

- issued a favourable opinion on the proposal to not make changes to the relevant corporate regulations as no modifications were deemed necessary;
  - issued a favourable opinion, having examined the fairness opinion issued by an independent expert, on the disposal of 12.503% of Saipem SpA by Eni to Fondo Strategico Italiano SpA (FSI SpA), a related part of Eni SpA, in accordance with the internal rules governing the matter and with the procedures and time limits announced to the market in the information document prepared in compliance with applicable law; it also examined a number of minor transactions on which it expressed a favourable opinion;
- 6) it thoroughly examined specific internal control and risk management issues, including during special meetings with certain members of Eni's top management. Specifically, the Committee:
- met on several occasions with the Integrated Risk Management unit, focusing in particular on the evolution of Eni's main risks and on the progress made in the related treatment actions;
  - met with the Finance Department to examine the periodic reports on the management and control of financial risks;
  - met with "midstream" units to examine trading activities;
  - met with Chief Retail Market G&P Officer to examine the characteristics and main aspects of Eni's retail gas and power business;
  - met with the Health, Safety, Environment & Quality Department for explanation of the system for managing and controlling HSE risks, particularly as they relate to the results of the Eni HSE Review 2014;
  - met with the Eni Information & Communication Technology Department for an overview of the ICT process and for updates on ICT initiatives undertaken to strengthen the internal control and risk management system;
  - met with the Security Department for a report on its structure and operations;
  - held an additional meeting with the ICT units and the Security Department at the Green Data Center, which was developed to host Eni's central data processing systems, partly with a view to acquiring direct experience of the scale of the technology infrastructure and its operation;
  - visited the East Refinery of Sannazzaro (PV) as part of the programme of meetings to examine the operations of a number of operational sites;
  - reviewed the periodic reports on disciplinary action taken against employees for illegal conduct;
- 7) as envisaged in Eni's Model 231, it met – together with the Board of Statutory Auditors – with the members of Eni SpA Watch Structure to review the Watch Structure's semi-annual report on its activities, including in its role as Guarantor of the Code of Ethics, and to take a closer look at certain issues of common interest with regard to the activities performed.

### Compensation Committee

Established by the Board of Directors for the first time in 1996, the Committee provides recommendations and advice to the Board on compensation issues and specifically it:

- submits to the Board of Directors for its approval the Remuneration Report and, in particular, the compensation policy for Directors and Managers with strategic responsibilities to be presented to the Shareholders' Meeting called to approve the financial statements, as provided for by applicable law;
- periodically evaluates the adequacy, overall consistency and actual implementation of the adopted policy, formulating proposals on the topic for the Board of Directors;
- presents proposals for the compensation of the Chairman of the Board and the Chief Executive Officer, covering the various forms of compensation and benefits awarded;
- presents proposals for the compensation of members of the Board's internal committees;
- examines the CEO's recommendations and presents proposals for the general criteria for the compensation for Managers with strategic responsibilities; for annual and long-term incentive plans, including equity-based plans; for establishing performance targets and assessing results for performance plans in connection with the determination of the variable portion of the compensation for Directors with delegated powers and with the implementation of incentive plans;

- monitors the execution of Board resolutions;
- reports on its activities to the Board at least once every six months.

In the course of performing its duties, the Committee also issues the opinions required under the procedure for related party transactions in the manner specified therein<sup>118</sup>.

The Committee performs its duties pursuant to an annual plan. In carrying out its duties, the Committee may access the information and Company functions necessary to perform its duties and can avail itself of external consultants who are not in positions that might compromise their independence of judgement, within the terms and budget limits established by the Board of Directors.

The Committee reports to the Board of Directors on the outcomes of its meetings and, on a semi-annual basis, reports to the Board on the manner in which it conducts its functions, as well as to the Shareholders' Meeting called to approve the financial statements through its Chairman or another Committee member designated by the Chairman, in accordance with the recommendations in the Corporate Governance Code.

In 2015, the Compensation Committee met 10 times, with an average participation rate of 95% and an average duration of 2 hours and 58 minutes. At least one member of the Board of Statutory Auditors participated in each meeting. The following were among the most important issues addressed in the first half of the year:

- the periodic review of the compensation policy introduced in 2014 in order to prepare the proposed policy guidelines for 2015;
- the verification, with the support of leading legal firms, of the conditions for the application of the existing clawback clause in order to ensure consistency with the recommendations introduced in July 2014 in the Corporate Governance Code (Criterion 6.C.1, letter f), with specification of the associated implementation criteria, for the purpose of approving implementing rules designed to make operational procedures more effective;
- the review of Eni's results for 2014 and the establishment of Eni's performance targets for 2015 as they relate to existing variable incentive plans;
- the formulation of proposals for implementing the Deferred Monetary Incentive Plan for the CEO and General Manager and other management personnel;
- the examination of the 2015 Eni Remuneration Report;
- the examination and approval of the adjustment methodology used to monitor corporate performance in order to ensure, by eliminating exogenous effects, the comparability of results and the assessment of the targets assigned to management;
- the verification of the conditions of the non-competition agreement with the outgoing CEO;
- the examination of the engagement process conducted to maximise Shareholders' meeting consensus on the 2015 Remuneration Policy.

During the second part of the year, the Committee first examined the results of the 2015 shareholders' meetings, with regard to the Eni Remuneration Report, of the major Italian and European listed companies as well as of Eni's peer group. The Committee's other main activities included:

- analysed regulatory developments with regard to executive compensation, with particular attention being paid to the recent proposals of the US Securities and Exchange Commission on clawbacks;
- finalised the proposal concerning the fulfilment ("2015 attribution") of the Long-Term Monetary Incentive Plan for the CEO and General Manager and Managers with strategic responsibilities;
- conducted a preliminary examination of the remuneration benchmarks, updated to 2015, for top management;
- was informed of the findings of the periodic monitoring of developments in the regulatory framework;
- was informed of the voting policies of the leading proxy advisors and the results of studies of benchmarks concerning remuneration reports published in 2015 at the national and international levels;

[118] For more information, please refer to the relevant section of this Report.

- was updated on the outcome of the first cycle of engagement conducted prior to the 2016 Shareholders' Meetings.

The Committee has scheduled eight meetings for 2016. As of the date of approval of this Report, four meetings have already been held, focusing on: (i) the periodic evaluation of the compensation policy followed in 2015, in accordance with the provisions of the Corporate Governance Code (Criterion 6.C.5), also for the purposes of formulating proposed policies for 2016; (ii) the financial results and the determination of performance targets linked to the implementation of the short and long-term variable compensation plans; (iii) the finalisation of proposals on implementing the variable annual Incentive Plan and the Deferred Monetary Incentive Plan ("2016 attribution") for the CEO and General Manager and for other critical management personnel; (iv) review of the Remuneration Report in preparation for submission to the Board of Directors for approval. In the second half of the year, the Committee will examine, as required in the annual schedule of activities, the results of the 2016 Shareholders' Meetings and will launch the Long-Term Monetary Incentive Plan for the CEO and General Manager and for critical management personnel. During 2016, analytical work will begin on preparing policy proposals for the new Board and the possible introduction of a new equity-based long-term incentive plan.

More information on the role and activities of the Compensation Committee is provided in the Remuneration Report, prepared pursuant to art. 123-ter of the Consolidated Law on Financial Intermediation.

### **Nomination Committee**

The Nomination Committee was first formed on July 28, 2011. The current members of the Committee were appointed by the Board of Directors on May 9, 2014. The membership of the Committee was supplemented by the Board on September 17, 2015 with the appointment of Alessandro Profumo in replacement of Luigi Zingales, who resigned from the Board of Directors on July 2, 2015.

The Committee Rules provide for that the Committee Secretary is appointed by the Committee, upon the Committee Chairman's proposal, from among a Human Resources Department Manager shortlist proposed by the Chief Executive Officer.

In accordance with the recommendations of the Corporate Governance Code, the Rules provide that the Nomination Committee:

- assists the Board of Directors in formulating any criteria for the appointment of executives and members of the boards and bodies of the Company and of its subsidiaries, proposed by the Chief Executive Officer and/or the Chairman of the Board of Directors, whose appointment fall under the Board's responsibilities, and of the members of the other boards and bodies of Eni associated companies;
- provides evaluations to the Board of Directors on the appointment of executives and members of the boards and bodies of the Company and of its subsidiaries, proposed by the Chief Executive Officer and/or the Chairman of the Board of Directors, whose appointments fall under the Board's responsibilities and oversees the associated succession plans. Where possible and appropriate, the Committee proposes, with due regard to the shareholding structure, the succession plan for the Chief Executive Officer to the Board of Directors;
- acting upon a proposal of the Chief Executive Officer, examines and evaluates criteria governing the succession plan for the Company's key management personnel;
- proposes candidates to serve as Directors in the event one or more positions need to be filled during the course of the year (art. 2386, first paragraph, of the Italian Civil Code), as recommended by the Corporate Governance Code in the case of the replacement of independent Directors, ensuring compliance with the requirements on the minimum number of independent Directors and the percentage reserved for the less-represented gender;
- proposes to the Board candidates for the position of Director to be submitted to the Shareholders' Meeting of the Company, taking account of any recommendations received from shareholders, in the event it is not possible to draw the required number of Directors from the slates presented by shareholders;

- oversees the annual self-assessment programme on the performance of the Board of Directors and its Committees, pursuant to the Corporate Governance Code, doing the necessary preparations for engaging an external advisor for such self-assessment; and, on the basis of the results of the self-assessment, provides its opinions to the Board of Directors regarding the size and composition of the Board or its Committees as well as the professional qualifications it feels should be represented on the same, so that the Board is able to explain its position to the shareholders prior to the appointment of the new Board;
- proposes to the Board of Directors the slate of candidates for the position of Director to be submitted to the Shareholders' Meeting if the Board decides to opt for the process envisaged in art. 17.3 of the By-laws;
- proposes to the Board of Directors guidelines regarding the maximum number of positions as director or statutory auditor that a Company Director may hold according to the Corporate Governance Code and performs the preliminary activity for the associated periodic checks and evaluations for submission to the Board;
- periodically verifies that the Directors satisfy the independence and integrity requirements, and ascertains the absence of circumstances that would render them incompatible or ineligible;
- provides its opinion to the Board of Directors on any activities carried out by the Directors in competition with the Company;
- reports to the Board of Directors, at least once every six months and no later than the deadline for the approval of the annual and semi-annual financial report, on the activity carried out, as well as on the adequacy of the appointment system, at the Board meeting indicated by the Chairman of the Board of Directors.

In 2015, the Nomination Committee met twelve times, with an average participation rate of 98%<sup>119</sup>; the average duration of the meetings was 1 hour and 22 minutes.

More specifically, in 2015, the Committee:

- conducted the enquiry into whether Directors satisfy the integrity requirements and the absence of circumstances that would render them ineligible or incompatible, in accordance with the Board's policy on the maximum number of positions that can be held by Directors and as to whether the Directors satisfy the independence requirements;
- assessed and proposed to the Board a revision of the policy on the maximum number of positions as director or statutory auditor a Director may hold in companies other than Eni;
- expressed its assessment of the manner in which the Board Review was conducted for 2015 and conducted preparatory work for the selection of the external advisor, formulating a proposal for the engagement for the Board;
- extended the examination of the succession planning process and the positions that fall within the purview of the Committee (positions appointed by the Eni Board of Directors);
- examined the issue of the appointment of members of the boards of strategically important subsidiaries, providing the Board with its assessment with regard to the exercise of the Company's rights as shareholder in those companies; more specifically, it examined the issue of the appointment of members of the board of directors and board of statutory auditors of Saipem SpA<sup>120</sup>, the board of statutory auditors of Versalis<sup>121</sup> and the members of the board of directors of Eni International BV;
- examined and proposed to the Board a candidate for the replacement, pursuant to article 2386, first paragraph, of the Civil Code, of a Director who resigned during the year. The candidate was selected following an analysis of the qualifications of the candidate and those required for the position;
- began an examination of the instruments created to attract Eni's "critical" human resources, with a view to increasing understanding of the entire process and the tools that contribute to the structured management of Eni resources, in particular those supporting succession processes.

Three meetings have been held so far this year as of March 17, 2016. Six more meetings are expected before the end of the year.

[119] In view of the change in the membership of the Committee during 2015, for more details on member participation please refer to the final table in this Report.

[120] Since January 22, 2016 Eni no longer exercises sole control over Saipem.

[121] As of the date of approval of this Report, the company is in the process of being sold.

## Sustainability and Scenarios Committee

The Board of Directors of Eni formed the Sustainability and Scenarios Committee on May 9, 2014.

The Rules of the Committee were approved by the Board of Directors on July 30, 2014 and subsequently amended by the Board of Directors on September 17, 2015, which filled the membership of the Committee with the appointment of Director Profumo.

The Committee provides recommendations and advice to the Board of Directors on scenarios and sustainability issues, specifically it:

- examines scenarios for the preparation of the Strategic Plan, giving its opinion to the Board of Directors;
- examines and evaluates the sustainability policy aimed at ensuring the creation of value over time for shareholders and all the other stakeholders in accordance with the principles of sustainable development, as well as sustainability strategies and objectives and the sustainability report submitted annually to the Board of Directors;
- examines how the sustainability policy is implemented in business initiatives on the basis of indications provided by the Board of Directors;
- monitors the Company's position in terms of sustainability with regard to financial markets, particularly with regard to the Company's inclusion in the leading sustainability indexes;
- monitors international sustainability projects as part of global governance processes and the Company's participation in such projects, designed to strengthen the Company's international reputation;
- examines and assesses sustainability initiatives, including in relation to individual projects, provided for in agreements with producer countries, submitted by the CEO for presentation to the Board;
- examines the Company's non-profit strategy and its implementation, including in relation to individual projects, through the non-profit plan submitted each year to the Board, as well as non-profit initiatives submitted to the Board;
- at the request of the Board, gives its opinion on other sustainability issues.

The Committee reports to the Board of Directors on its activities at least once every six months. In 2015, the Committee met 13 times: seven in the first half of 2015 and six in the second half. The meetings lasted an average of more than two hours, with an average participation rate of 98%<sup>122</sup>.

During these meetings, the Committee discussed the following issues: the medium and long-term price scenario, analysis of the competition and the performance of competitors, transparency, the debate over climate change and the carbon bubble, sustainability reporting, reclamation activities, local content, HSE performance, renewable resources, COP 21, the second session of the Lead Board Programme initiative and Eni's Arctic policy. Two meetings have been held so far this year as of March 17, 2016. Four more meetings are expected within July 2016 and other meetings are expected before the end of the year.

## Chief Operating Officers

Pursuant to art. 24.1 of the By-laws, the Board of Directors may appoint one or more Chief Operating Officers, defining their powers, upon the proposal of the CEO, in agreement with the Chairman, subject to fulfilment of the integrity requirements specified by law. The Board periodically assesses the integrity of the Chief Operating Officers. Failure to satisfy these requirements will result in dismissal. The Chief Operating Officers are also required to comply with the rules established by the Board of Directors regarding the maximum number of offices they may hold, in accordance with the rules that apply to the CEO<sup>123</sup>.

Prior to the Board of Directors resolution of May 28, 2014 (with effect from July 1, 2014),

[122] In view of the change in the membership of the Committee during 2015, for more details on average member participation please refer to the final table in this Report.

[123] With the exception of the prohibition on cross-directorships.

whereby the Board of Eni SpA established the new organisational model for Eni SpA to replace the division-based model, Claudio Descalzi (Chief Operating Officer of the Exploration & Production Division, appointed on July 30, 2008) and Angelo Fanelli (Chief Operating Officer of the Refining & Marketing Division, appointed on April 6, 2010) served as the Chief Operating Officers of Eni's Divisions. The Board did not subsequently appoint additional Chief Operating Officers.

## Board of Statutory Auditors<sup>124</sup>

### Duties

The Board of Statutory Auditors, pursuant to the **Consolidated Law on Financial Intermediation**, monitors:

- compliance with the law and the Company's By-laws;
- observance of the principles of sound administration;
- the appropriateness of the Company's organisational structure for matters within the scope of the Board's authority, the adequacy of the internal control system and the administrative and accounting system and the reliability of the latter in accurately representing operations;
- the procedures for implementing the corporate governance rules provided for in the Corporate Governance Code, with which the Company complies;
- the adequacy of the instructions imparted by the Company to its subsidiaries in order to guarantee full compliance with legal reporting requirements.

In addition, pursuant to art. 19 of Legislative Decree no. 39/2010, in its role as the **"Internal Control and financial auditing committee"**, the Board of Statutory Auditors oversees the following:

- the financial reporting process;
- the effectiveness of the internal control, Internal Audit (where applicable) and Risk Management Systems;
- the statutory auditing of the annual financial statements and consolidated financial statements;
- the independence of the external auditor or the audit firm, in particular with regard to the provision of non-audit services to the entity subject to statutory audit.

The responsibilities assigned under the decree to the "Internal Control and financial auditing committee" are consistent and substantively in line with the duties already assigned to the Board of Statutory Auditors of Eni, with specific consideration of its role as the **"Audit Committee"** under the US Sarbanes - Oxley Act (discussed in further detail below).

As already set forth in the Consolidated Law on Financial Intermediation and currently regulated by art. 13 of Legislative Decree no. 39/2010, the Board of Statutory Auditors submits a reasoned proposal to the Shareholders' Meeting on the selection of the external auditors and the determination of the associated fees.

In accordance with art. 153 of the Consolidated Law on Financial Intermediation, the Board of Statutory Auditors presents the results of its supervisory activity to the Shareholders' Meeting in a report that accompanies the financial statements.

In the report, the Board of Statutory also discusses its monitoring of Eni's procedures for compliance with the principles set out by Consob concerning related parties<sup>125</sup>, as well as whether their conformity based upon information received.

On March 22, 2005, the Board of Directors, electing the exemption granted by the Securities and Exchange Commission ("SEC") to foreign issuers of securities listed on regulated US markets, designated the Board of Statutory Auditors as the body that, as from June 1, 2005, performs, to

<sup>(124)</sup> Disclosures provided pursuant to art. 123-bis, second paragraph, letter d) of the Consolidated Law on Financial Intermediation.

<sup>(125)</sup> The oversight function of the Board of Statutory Auditors is governed by art. 2391-bis of the Italian Civil Code, art. 4, paragraph 6 of the Consob regulation on related-party transactions, as well as the relevant internal regulations, to which a section of the "Internal Control and Risk Management System" is dedicated.

the extent permitted under Italian regulations, the functions attributed to the “Audit Committee” of foreign issuers by the Sarbanes-Oxley Act and SEC rules.

In accordance with these rules, the Board of Statutory Auditors of Eni SpA, in its capacity as the “Audit Committee”, approved, most recently on November 19, 2014, the “Procedure for whistleblowing reports (including anonymous complaints) received by Eni SpA and subsidiaries in Italy and abroad”<sup>126</sup>, which envisages the creation of information channels that are able to ensure the receipt, analysis and handling of whistleblowing reports on problems relating to internal control, financial reporting, administrative liability of companies, fraud or other issues reported by employees, members of the company bodies or third parties, including those reported confidentially or anonymously. This procedure, the conformity of which to best practices was checked by independent external advisors, is one of the Eni anti-corruption regulations referred to in the Anti-Corruption Management System Guidelines, to which it is annexed, and meets the requirements of the Sarbanes-Oxley Act of 2002, the Model 231 and the Anti-Corruption MGS itself.

Finally, the Board of Statutory Auditors is also assigned **specific duties relating to nominations and compensation**, among other things. These duties are described in the specific sections on those topics in this Report or in the Remuneration Report.

For more information on the role of the Board of Statutory Auditors and the coordination with the other bodies and functions, please refer to the section “Internal Control and Risk Management System” of this Report.

On June 15, 2005, the Board of Statutory Auditors approved **internal rules governing its performance of the duties** assigned to it under that US legislation<sup>127</sup>. The text of the rules is available on Eni’s website<sup>128</sup>.

### Composition and appointment

Under the provisions of the Consolidated Law on Financial Intermediation, the Board of Statutory Auditors shall consist of at least three standing Statutory Auditors and at least two alternate Statutory Auditors. The Company’s By-laws establish that the Board of Statutory Auditors shall consist of **five standing members and two alternate members**, appointed by the Shareholders’ Meeting for a term of three years. They may be reappointed at the end of their term.

> The Board of Statutory Auditors consist of five standing members and two alternate members. Two standing Statutory Auditors, including the Chairman, are designated by minority shareholders

As with the Board of Directors and in accordance with applicable regulations, the By-laws establish that the Statutory Auditors shall be elected on the basis of **slates** in which the candidates are listed in numerical order. **Two standing Statutory Auditors and one alternate Statutory Auditor are appointed from among the candidates of the slates submitted by non-controlling shareholders**. Pursuant to art. 28.2 of the By-laws, in accordance with the provisions of the Consolidated Law on Financial Intermediation, the Shareholders’ Meeting appoints the **Chairman of the Board of Statutory Auditors from among the candidates elected from the slates other than that which received a majority of votes**.

Under the provisions of the By-laws, the submission, filing and publication of slates are governed by the procedures established for the Board of Directors<sup>129</sup> and the provisions of Consob regulations.

**Slates shall be divided into two sections:** the first containing candidates for appointment as **standing Statutory Auditors** and the second containing candidates for appointment as **alternate**

[126] For more information, please see the section of this Report that specifically addresses this topic.

[127] The Rules were amended on March 30, 2007 to take account of the amendments introduced by Legislative Decree no. 303/2006 to art. 159, paragraph 1, of the Consolidated Law on Financial Intermediation and by the Eni Corporate Governance Code, as well as to update references in response to the organisational changes introduced since June 15, 2005, when the previous Rules were approved. The Rules were amended further on April 7, 2010 to reduce the time limits for calling meetings and on May 28, 2014 to introduce the position of replacement Secretary.

[128] At the address: [http://www.eni.com/en\\_IT/governance/board-of-statutory-auditors/board-of-statutory-auditors.shtml](http://www.eni.com/en_IT/governance/board-of-statutory-auditors/board-of-statutory-auditors.shtml).

[129] See the section “Appointment” in the chapter on the “Board of Directors” in this Report.

**Statutory Auditors.** At least the first candidate in each section must be entered in the register of auditors and have carried out statutory audit activities for no less than three years.

The slates are accompanied by: (i) information identifying the shareholder or shareholders who have submitted the slate, indicating the overall percentage shareholding; (ii) statements from shareholders other than those who hold a controlling or plurality equity interest certifying that they are not related to the latter; (iii) a personal and professional curriculum vitae; (iv) statements from each candidate certifying that they meet the requirements established under applicable regulations; (v) statements from each candidate accepting the candidacy; (vi) a list of positions held in other companies.

**The election** is carried out in accordance with the procedures already described for the Board of Directors, including with regard to the criteria for selecting the candidate chosen in the event of a tie vote between the slates and the proportional allocation of seats (respectively, art. 144-sexies, paragraphs 9 and 10 of the Consob Issuers' Regulation).

> The Statutory Auditors are elected on the basis of slates

The slate voting procedure only applies for the election of the entire Board of Statutory Auditors. In the event of the replacement of a Statutory Auditor elected from the slate that received a majority of votes, the alternate Statutory Auditor from the same slate shall be appointed. In the event of the replacement of a Statutory Auditor elected from another slate, the alternate Statutory Auditor from that slate shall be appointed.

As regards the composition and appointment of the Board of Statutory Auditors, as in the case of the Board of Directors, the Extraordinary Shareholders' Meeting of May 8, 2012 amended the By-laws of the Company so as to ensure **gender balance** in the management and control bodies of listed companies upon their initial appointment and in the case of replacement of members during the term. These provisions are applicable to the first three appointments of these bodies subsequent to August 12, 2012. With specific reference to the Board of Auditors, the By-laws establish that if replacement results in non-compliance with gender-balance rules, the Shareholders' Meeting must be called as soon as possible to approve the necessary resolutions to ensure compliance<sup>130</sup>.

**On May 8, 2014** the Shareholders' Meeting, drawing from the two slates submitted as of that date, appointed the Board of Auditors for a term of three years until the date of the Shareholders' Meeting called to approve the financial statements for 2016: Matteo Caratozzolo (Chairman), Paola Camagni, Alberto Falini, Marco Lacchini and Marco Seracini, standing Statutory Auditors; Stefania Bettoni and Mauro Lonardo, alternate Statutory Auditors.

Paola Camagni, Alberto Falini, Marco Seracini and Stefania Bettoni were appointed on the basis of the slate submitted by the Ministry of the Economy and Finance<sup>131</sup>, which at the time held 4.335% of the share capital and voted by the majority of the shareholders participating in the Shareholders' Meeting (about 53.06% of voting capital), equal to 31.94% of share capital (around 59.8% of the share capital was present at the vote).

Matteo Caratozzolo, Marco Lacchini and Mauro Lonardo were elected on the basis of the slate submitted by a group of Italian and foreign institutional investors<sup>132</sup>, which at the time held about 0.703% of the share capital and voted by the minority of the shareholders participating in the Shareholders' Meeting (about 42.4%), equal to 25.52% of share capital (around 59.8% of the share capital was present at the vote).

Matteo Caratozzolo, the first candidate for Standing Auditor listed on the slate submitted by minority shareholders receiving the most votes, was appointed as Chairman of the Board of

[130] For more information, please see the "Gender balance in corporate board composition and initiatives to ensure diversity" section of this Report.

[131] The slate submitted by the Ministry of the Economy and Finance was as follows: Marco Seracini, Alberto Falini and Paola Camagni, nominated as standing Statutory Auditors; Stefania Bettoni and Massimiliano Galli, nominated as alternate Statutory Auditors.

[132] The slate submitted by the institutional investors was as follows: Matteo Caratozzolo and Marco Lacchini, nominated as standing Statutory Auditors; Mauro Lonardo and Piera Vitali, nominated as alternate Statutory Auditors.

Statutory Auditors voted by 29.8% of the entire share capital of the Company, equal to about 99.05% of the voting capital. Around 29.96% of the share capital took part in the vote (composed of shareholders other than the Ministry of the Economy and Finance and Cassa Depositi e Prestiti SpA).

The Shareholders' Meeting also established the annual **remuneration** payable to the Chairman of the Board of Statutory Auditors and to each standing Statutory Auditor, in the amount of €80,000 and €70,000, respectively, in addition to reimbursement of any necessary expenses incurred while performing their duties.

The following provides some details on the **personal and professional profiles** of the elected standing Statutory Auditors.



Matteo Caratozzolo

Date of birth: 1939

Position: Chairman

In office since: May 2014

Slate elected on: minority (Italian and foreign institutional investors)

He has been Chairman of the Board of Statutory Auditors of Eni SpA since May 2014. Born in Gioia Tauro (Reggio Calabria) in 1939. He graduated in Economics at the University of Messina and in Law at the University La Sapienza of Rome. He is a Chartered Certified Accountant and Certified Public Auditor. He was a Professor of Accountancy Analysis and Financial Statements at Scuola Centrale di Polizia Tributaria della Guardia di Finanza (the Finance Guard Tax Police School). He is currently a Correspondent Academician of the Italian Academia of Economics and member of the Italian Association of Internal Auditors and of the Banking Ombudsman-Giurì Board. He is Chairman of the Board of Statutory Auditors of the following companies: Trans Tunisian Pipeline Company SpA – Eni group, Eni Adfin SpA – Eni group, Finanziaria Fontanella Borghese Srl, Europrogetti & Finanza SpA in Liq. and Acqua Santa di Roma Srl. Previously, he was Chairman of the Institute of Chartered Certified Accountants of Rome and member of the National Board of Chartered Certified Accountants; from September 2012 to March 2013, he was a IVASS Inspector in Fondiaria SAI SpA, and Assessor of financial, industrial and services companies, among which RAI (the State TV Channel). He was effective Statutory Auditor of Buffetti Group SpA and Airport of Florence SpA and Chairman of the Board of Statutory Auditors of CREDIOP and Meridiana SpA. From 1994 to 2001, he was Chairman of the National Commission for the drawing up of the accounting standards, of the National Boards of Chartered Certified Accountants. From 2002 to 2004, he was Chairman of the OIC (Italian accounting body) Technical-Scientific Committee becoming Advisor of the OIC for the drawing up of the national accounting standards n. 4 and 5. He is currently member of the Management Board of OIC. He was, also, Chairman of the Commission of the National Boards of Chartered Certified Accountants which draw up the Standards of Conduct of the listed companies board of statutory auditors, Chairman of the Commission appointed by the Treasury Department of the Italian Ministry of Economy and Finance, for the drawing up of the standards on accounting and auditing of non-profit public corporations, as provided by Decree of the President of the Republic n. 97/2003; from 1983 to 1992, he was member of the Technical Committee for the supervision of political parties financial statements at the Chamber of Deputies. From 1998 to 2001, he was an adjunct Professor of Economics at the Third University of Rome. Author of three monografias on companies' financial statements and various articles on legal and economic issues. He is also author of commentary on the legal regulation of financial statements (artt. 2423-2433 bis of Italian Civil Code) inside the Roman Commentary to the New Corporate Law.



Paola Camagni

Date of birth: 1970  
 Position: Standing Auditor  
 In office since: May 2014  
 Slate elected on: majority (Ministry of the Economy and Finance)

She has been effective Statutory Auditor of Eni since May 2014. She was born in Milan in 1970. She graduated in Economics at the Luigi Bocconi University in Milan and took a Master in International Tax Law at the same University. She is a Chartered Accountant registered in Milan and Certified Public Auditor. She is Founder and Managing Partner of “Camagni e Associati” Tax Advisors in Milan, Chairman of the Board of Statutory Auditors of Eni East Africa SpA – Eni joint operation, effective Auditor of Syndial SpA – Eni group, CNP Unicredit Vita SpA and Oracle Italia Srl. She was partner of the Tax Firm joined with the Deloitte network where she worked from 2000 to 2013; fiscal advisor at the Tax Firm Deiore in Milan from 1996 to 2000 and fiscal advisor at the Tax and Law Firm Ernst & Young from 1994 to 1996. She is Adjunct Professor at the Luigi Bocconi University in Milan for “Tax law - corporate taxation”; member of the “Committee for the corporate governance of listed companies” at the Milan Chartered Accountant association.



Alberto Falini

Date of birth: 1964  
 Position: Standing Auditor  
 In office since: May 2014  
 Slate elected on: majority (Ministry of the Economy and Finance)

He has been effective Statutory Auditor of Eni since May 2014. He was born in Teramo in 1964. He graduated in Business Economics at the Luigi Bocconi University in Milan and took a doctorate in Business Economics at the same University. He is a Professional Accountant and Certified Public Auditor. He is currently Associate Professor of Economic and Management of Enterprises at the University of Brescia, owner of the Economic and Management of Enterprises and Financial Management courses. Among the main offices held, he is Chairman of the Board of Statutory Auditors of Eni Timor Leste SpA – Eni group, effective Auditor of Trans Tunisian Pipeline Company SpA – Eni group, Sole Auditor of Primetals Technologies Italy Srl; Chairman of the Board of Statutory Auditors of Immobiliare Nuova SpA; Special Commissioner in some extraordinary administration procedures (Gruppo Coopcostruttori Scarl, Gruppo Milanostampa SpA e Liri Industriale SpA in Liq.); Chairman of the Monitoring Committee of the Congregazione Ancelle della Divina Provvidenza in AS and Member of the Monitoring Committee of Iar Siltal SpA in AS and Silia SpA in AS; Member of the Board of Director of Canossiana Foundation; member of the Statutory auditors of the Società Italiana per Azioni per il Traforo del Monte Bianco. He was Adjunct Professor of Business Economics at the Cattaneo University of Castellanza from 1994 to 2002. He was also Special Commissioner of extraordinary administration procedures of Calzificio Carabelli SpA, Enterprise Società Generale di Costruzione SpA and Gruppo Arquati; Liquidator of some banking companies; Chairman of the Board of the Statutory Auditors of Siemens Hearing Instruments Srl from 2009 to 2012; Member of the Board of Directors of the Università degli Studi in Brescia from 2010 to 2012 and Paolo Corazzi Fibre Srl from 2012 to 2013.



**Marco Lacchini**

Date of birth: 1965

Position: Standing Auditor

In office since: May 2014

Slate elected on: minority (Italian and foreign institutional investors)

He has been effective Statutory Auditor of Eni since May 2014. He was born in Lecce in 1965. He is Full Professor of Accounting in the University of Cassino. He is Pro-Rector delegate at the same University. He teach and taught at the University of Rome “La Sapienza”, University “Roma Tre” and European University of Rome. He is member of the Board of Directors of Doctoral School “Tullio Ascarelli” with head office at the University of “Roma Tre”; he is full member of the Italian Academy of Corporate Business and Ordinary Member of the Italian Society for the History of Accountancy. He is Business Consultant Doctor and Internal Auditor wrote in the low Registry. He specializes in the field of the extraordinary financial transactions and correlative assessments of companies and business. He has gained experience in the liquidation procedures. He was adviser to the Bank of Italy, as a member of committees of Surveillance of compulsory administrative liquidations and extraordinary administrations Business Credit in crisis; he was advisor to the Ministry of Budget and Economic Planning – Service for the Programmed Negotiation. He is and was Chairman of the Statutory Auditors or effective Auditors of many primary companies, including listed companies also operating in the banking financial sector. Some of his most important positions held include: Chairman of the Board of Statutory Auditors of Società Oleodotti Meridionali SpA – Eni joint operation, effective Auditor of Eni East Africa SpA – Eni joint operation, Chairman of the Board of Statutory Auditors of Astrim SpA and official receiver of Biemme Adhesive srl, Archivi and Soluzioni Srl in Liq., Ferroedile e Fratelli Bertani Srl in Liq., Impresa Costruzioni Srl, and liquidator of S. Benedetto Scarl. He is author of many publications in economic and financial matter.



**Marco Seracini**

Date of birth: 1957

Position: Standing Auditor

In office since: May 2014

Slate elected on: majority (Ministry of the Economy and Finance)

He has been effective Statutory Auditor of Eni since May 2014. He was born in Firenze in 1957. He graduated summa cum laude in Economics at the University of Florence. He is a Professional Accountant and Certified Public Auditor. He was Expert of the matter in the Department of Business Sciences, University of Florence, Faculty of Business and Economics. He is a member of the Research Group – Corporate Law Area – of the National Board of Certified Accountants. He is and was Chairman of the Board of Statutory Auditors or Standing Auditor of many leading companies, including listed companies, as well as director and auditor of Public Entities and Foundations. He is currently Chairman of the Società Consortile a r.l. CO.FI.DI. Firenze, Chairman of the Board of the statutory auditors of Ing. Luigi Conti Vecchi SpA – Eni group, effective Auditor of Eni adfin SpA – Eni group, Immobiliare Novoli SpA, Sandonato Srl; Chairman of the Board of the statutory auditors of Polimoda Association, Scuola Superiore di Tecnologie Industriali Association, Giovanni Paolo II Foundation and Progetto Agata Smeralda; sole auditor of Stensen Foundation. He carries out and carried out professional activities, publications and conferences mainly about regulated markets, company, corporate governance, tax law, contract, public companies, no-profit and volunteering.

### Professional, integrity and independence requirements: causes for ineligibility, incompatibility and dismissal

As stated in the Corporate Governance Code, the Statutory Auditors shall also act independently of the shareholders who have appointed them. Pursuant to the Consolidated Law on Financial Intermediation, the Statutory Auditors must meet specific **independence requirements, as well as professional and integrity requirements**, as established in the regulations issued by the Minister of Justice in agreement with the Minister of the Economy and Finance<sup>133</sup>. In addition, the Corporate Governance Code recommends that the Statutory Auditors should be selected from among persons who would also qualify as independent under the criteria established by the Code<sup>134</sup>. Compliance with those criteria is verified by the Board of Statutory Auditors.

With reference to professional requirements, art. 28 of the By-laws states that – as established in the above ministerial regulations – the requirements may also be met through professional or teaching experience (of at least three years) in the commercial law, business economics and corporate finance fields, or through the exercise of management functions (for at least three years) in the engineering and geology fields.

In addition, all of the Statutory Auditors currently in office are entered in the register of certified auditors.

Upon their appointment, the Statutory Auditors declared for the first time that they fulfilled the independence, integrity and professional requirements set forth in the applicable regulations. After its appointment, the **Board of Statutory Auditors verified that the above requirements have been satisfied**, including those regarding independence as indicated in the Corporate Governance Code with reference to Directors. **The Board of Directors made its own verifications** at the meeting held on May 9, 2014.

Subsequently, on January 19, 2016, the Board of Statutory Auditors verified that the independence requirements above continued to be satisfied based upon the criteria set out in the Corporate Governance Code with reference to Directors, as well as the integrity requirements and professional qualifications demanded of all its members. At its meeting of February 25, 2016, the Board of Directors made its own verification.

Finally, pursuant to applicable regulations, persons may not hold office in a control body of an issuer if they hold the same office in five other listed companies. As long as they hold office in the control body of just one issuer, persons may hold other management and control positions in Italian companies, within the limits specified in the Consob regulations<sup>135</sup>.

The Statutory Auditors are required to report the offices they hold or have relinquished, in the manner and within the time limits established in the applicable regulations, to Consob, which shall then publish the information, making it available on its website.

### Meetings and running of meetings

The Statutory Auditors, simultaneously with the Directors, are provided with **documentation** of the issues on the agenda to be discussed at the Board of Directors meetings, and according to the By-laws the Board of Directors and CEO shall **report**, on at least a quarterly basis or, in any case, during the Board of Directors meetings on the activities performed and on transactions with the greatest impact on the performance and financial position carried out by the

[133] "Regulation containing the guidelines for establishing the professional and integrity requirements for members of the Board of Statutory Auditors of listed companies, issued in accordance with art. 148 of Legislative Decree no. 58 of February 24, 1998" set forth in Decree no. 162 of March 30, 2000.

[134] The independence requirements for Directors contained in the Corporate Governance Code are described in detail in the sections of the Report specifically on the Code recommendations, the governance choices made by the Board of Eni and the requirements for Directors. As regards Eni's governance decisions in this area, in January 2016 the Board of Statutory Auditors feels that the limit of 30% established by the Board for additional remuneration that could compromise independence (see Criterion 3.C.1, letter d) of the Corporate Governance Code) does not include any remuneration received by the Statutory Auditors for positions held on the control bodies of subsidiaries of Eni, taking due account of the 1997 Consob recommendation on the "group statutory auditor". That choice is highlighted in the text of the Corporate Governance Code published on the Company's website.

[135] Most recently, see the Consob resolution of January 20, 2012.

Company and its subsidiaries, in addition to providing a comprehensive bimonthly statement on transactions carried out with related parties and in particular on transactions in which Directors or Statutory Auditors have an interest, in compliance with the corporate procedure governing transactions with related parties<sup>136</sup>. Under that procedure, the Statutory Auditors must inform the Board of Directors and the other Statutory Auditors of any personal or third-party interests they hold in relation to any given transaction of the Company.

Most recently, the Board of Auditors, at its meeting of May 28, 2014, approved its Rules in its capacity as the Audit Committee for the purposes of the Sarbanes-Oxley Act, which are published on the website of the Company.

The Board of Statutory Auditors may also meet via videoconferencing or teleconferencing systems.

**In 2015 the Board of Statutory Auditors met 23 times.** The average duration of the meetings was 4 hours and 4 minutes. In 2015, the participation rate was 100% at all meetings of the Board of Statutory Auditors and at the 13 meetings of the Board of Directors.

In addition, in 2015 the Chairman of the Board of Auditors or an Auditor designated by him, or with regard to certain issues, the entire Board of Statutory Auditors attended all 21 of the Control and Risk Committee meetings. The Statutory Auditors also individually took part in most of the meetings of the other Committees of the Board of Directors.

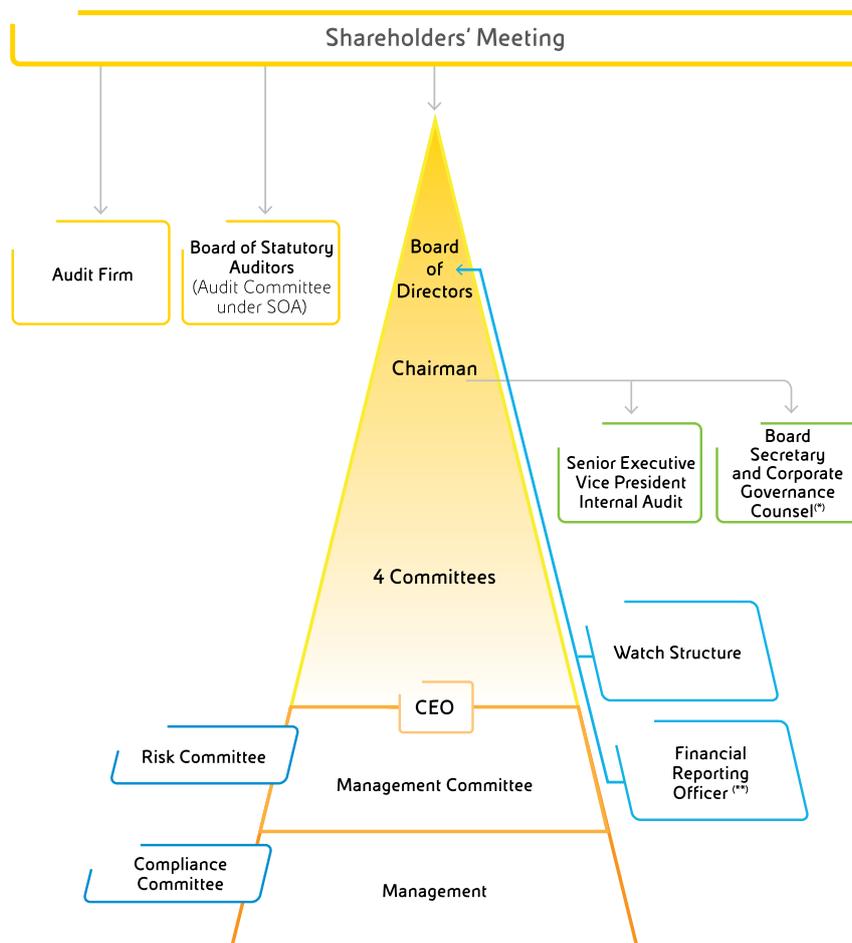
During the current year, the Board of Statutory Auditors has met six times as of March 17, 2016. Another 11 meetings are scheduled before the end of the year.

As to the **Board Induction**, the Chairman of the Board of Directors extended an invitation to the Statutory Auditors to attend the training sessions for the Board, which the Board of Statutory Auditors accepted. For more information on the Board Induction, please refer to the section "Board Induction".

The tables attached to this Report demonstrate the participation of each Statutory Auditor for the meetings of the Board of Statutory Auditors and the Board of Directors.

[136] For more details, please see the relevant section of this Report.

## Internal Control and Risk Management System<sup>137</sup>



[\*] Also Senior Executive Vice President Corporate Affairs and Governance.

[\*\*] Also Chief Financial and Risk Management Officer.

In order to promote and maintain an adequate ICRMS, Eni utilises organisational, informational and regulatory tools, aimed at making it possible to identify, measure, manage and monitor the main risks that Eni faces.

This system is integrated into the organisational, administrative and accounting structure, and more generally into Eni's Corporate Governance framework, and is based upon the recommendations of the Corporate Governance Code, taking into consideration national and international reference models and best practices, aimed at strengthening their overall effectiveness and efficiency, taking account of the international nature of the Company.

The "Internal Control and Risk Management System Guidelines"<sup>138</sup>, approved by the Board of Directors, acting on a proposal from the Control and Risk Committee, implement the Corporate Governance Code and define the architecture of the ICRMS, including with respect to information flows and procedures for implementation, which are mandatory for Eni SpA and all of its subsidiaries.

> On March 14, 2013, the Board approved the Internal Control and Risk Management System Guidelines

[137] This chapter was approved by the Board of Directors, having received the opinion of the Control and Risk Committee; the section "Main features of the Risk Management and Internal Control Systems applied to the financial reporting process (MSG for "Eni Internal Control System for financial Reporting")", and the section "Officer in charge of preparing financial reports (Financial Reporting Officer)", were also reviewed by the audit firm pursuant to art. 123-bis, fourth paragraph, of the Consolidated Law on Financial Intermediation.

[138] The ICRMS guidelines, approved on March 14, 2013, incorporate the previous risk guidelines that the Board approved on December 13, 2012 after having received the opinion of the Control and Risk Committee.

The Guidelines set forth the primary corporate roles and responsibilities relating to the ICRMS, setting out the modes of interaction between the various actors involved, in order to maximise effectiveness and efficiency and reduce any duplication<sup>139</sup>.

The implementing regulations, issued by the Chief Executive Officer on April 11, 2013, along with those on Integrated Risk Management<sup>140</sup> of 2012:

- made it possible to represent, develop and launch a model integrating the various existing elements of Eni's ICRMS;
- provided all Eni management with a suitable framework for implementing this system;
- ensured that the Board receives every three months<sup>141</sup> a comprehensive organic representation of the various elements of the system on which to base its decisions.

> The Board increased the frequency of reports on risks by requiring quarterly reports, including reputational risks. Specific analysis of risk factors are provided in the development of the Strategic Plan

In 2015, the quarterly Integrated Risk Management reporting (IRM) by the CEO to the Board of Directors, subject to prior examination by the Risk Committee and the Control and Risk Committee, was structured in the following phases:

- **monitoring of primary corporate risks** – presented on April 2, 2015, together with a report on IRM activities for 2015 and the associated instruments, which had already been reviewed (e.g. financial metrics to assess risk impacts);
- findings of **the Annual Risk Assessment**<sup>142</sup> – presented on July 29, 2015 with a summary of the monitoring indicators for Eni's top risks on the basis of a process that also involved 60 subsidiaries;
- **monitoring of top risks** – presented on October 28, 2015;
- **Interim Top Risk Assessment** – presented on December 17, 2015, with a specific focus on the following aspects:
  - updating and examination of the assessment and handling of the top risks that emerged in the 2015 Annual Risk Assessment,
  - identification of new top risks,
  - reassessment of a number of top business risks associated with the de-risking objectives in the 2016-2019 Strategic Plan. In the development of the 2016-2019 Strategic Plan, specific de-risking objectives were identified within the guidelines issued by the Eni CEO to be achieved over the period covered by the Plan through appropriate treatment actions integrated within the Strategic Plan. The goal is to mitigate/reduce the future risk exposures of the Company.

In addition, in 2015, the development of a framework for examining the reputational impact of the risk portfolio was begun, in line with the principle of continuous improvement of the IRM process.

For more information, please see the section "Management System Guideline for Integrated Risk Management".

[139] Criterion 7.P.3 of the Corporate Governance Code.

[140] In order to support the decision-making process, the results of the periodic risk assessment and monitoring activities are presented by the Integrated Risk Management Department to the Risk Committee, a committee composed of Eni's top management and chaired by the CEO. Every three months the latter submits the findings to the Board of Directors for examination to assist it in evaluating, every six months, the adequacy and effectiveness of the ICRMS, with regard to the characteristics of Eni and its risk profile compatible with the business objectives. For more information, please see the "Management System Guidelines for Integrated Risk Management" section of this Report.

[141] With its resolution of May 9, 2014, the Board of Directors increased the frequency of reports to it on risks from every six months to every three months.

[142] The fourth edition of Eni's Annual Risk Assessment.

At its meeting of March 12, 2015, the Board of Directors, having received the Report of the Officer in charge of preparing financial reports, the reports of the Control and Risk Committee, as well as the Report on the administrative and accounting structure, and having consulted with the Committee, evaluated as positive: (i) the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the nature of the Company and its risk profile; and (ii) the adequacy of the powers and resources available to the Officer in charge of preparing financial reports as well as compliance with the administrative and accounting procedures prepared by the same.

On July 29, 2015, the Board of Directors, having considered the Reports of the Officer in charge of preparing financial reports and of the Control and Risk Committee and having considered the Report on risks and having received the opinion of the Control and Risk Committee, formed a favourable opinion of: (i) the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the nature of the Company and its risk profile; and (ii) the adequacy of the powers and resources available to the Officer in charge of preparing financial reports as well as compliance with the administrative and accounting procedures prepared by the same.

At the meeting of March 17, 2016, the Board of Directors, having considered the Report of the Officer in charge of preparing financial reports, the Reports of the Control and Risk Committee, the Report on administrative and accounting structure, the Report on the organizational structure as regards the part on the of ICRMS organizational structure, the Report on risks and the Report on the respect of the financial risk limits, and having consulted with the Committee, evaluated as positive: (i) the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the nature of the Company and its risk profile; and (ii) the adequacy of the powers and resources available to the Officer in charge of preparing financial reports as well as compliance with the administrative and accounting procedures prepared by the same.

The following is a detailed description of the roles and duties of the actors in Eni's Internal Control and Risk Management System.

## Actors and duties

### Board of Directors

The Eni SpA Board of Directors, having examined the proposals and having received the opinion of the Control and Risk Committee, sets the guidelines for the ICRMS so as to ensure that the main risks to the Company and its subsidiaries are properly identified, measured, managed and monitored, as well as to determine the degree of compatibility of such risks with managing the business consistent with its strategic objectives. More specifically, the Board sets restrictions of the Company's financial risk.

For that purpose, the Board:

- has established a **Control and Risk Committee** to provide it with support in making evaluations and decisions pertaining to the system, as well as in relation to approving periodic financial reports;
- has charged the **CEO**, who is the Director responsible for the Internal Control and Risk Management System, with the duty of implementing the guidelines and overseeing the system;
- on the proposal of the Chairman in agreement with the CEO, having first received the favourable opinion of the Control and Risk Committee and in consultation with the Board of Statutory Auditors: (i) appoints the **Head of the Internal Audit**, also received the opinion of the Nomination Committee; (ii) ensures that he has the necessary resources to perform his duties; and (iii) establishes the remuneration framework in line with corporate policies.

Subject to the other powers granted by the law, the By-laws and the corporate governance system, within the context of the Board, the **Chairman** plays an important role with regard to:

> The Chairman is independent according to law and the Board attributed to her a major role in internal controls

- the proposals for appointing and removing the main officers and bodies of the Company, in particular those involved in control activities (Chief Operating Officers, Watch Structure, Officer in charge of preparing financial reports, the Head of Integrated Risk Management and the Head of Internal Audit). More specifically, she manages the reporting between the Board of Directors and the Head of the Internal Audit<sup>143</sup>, submits to the Board<sup>144</sup>, in agreement with the CEO, the proposals on the appointment, removal and compensation structure for the Head of Internal Audit and ensures that he has adequate resources allocated for to perform his duties;
- the main rules governing the activities of the Internal Audit (i) proposing the guidelines to the Board of Directors, in agreement with the CEO and in consultation with the Control and Risk Committee and (ii) approving the Management System Guidelines for Internal Audit activities, in consultation with the CEO and the Control and Risk Committee;
- flows of information on the activities of the Internal Audit Unit, receiving along with the CEO, the Control and Risk Committee and the Board of Statutory Auditors, the results of the audits performed, as well as the periodic reports on the activities of Eni's Internal Audit Unit, on the procedure it follows in managing risks and on how well it is following the plan for their containment, in addition to specific reports prepared with regard to significant events. The Chairman is also informed, along with the Chairman of the Control and Risk Committee of Eni SpA and the Chairman of the Board of Statutory Auditors of Eni SpA, whenever the CEO of Eni SpA asks the Eni's Internal Audit Unit to audit specific areas of operations and to verify compliance with internal rules and procedures in operations;
- requesting audits on specific areas of operations and to verify compliance with internal rules and procedures in operations, having the option of asking the Head of the Internal Audit Unit, while simultaneously notifying the CEO, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- the activities of the Eni Watch Structure<sup>145</sup>: Model 231 requires the Watch Structure to submit a report every six months to the Chairman, the CEO, the Control and Risk Committee and the Board of Statutory Auditors. Eni's Model 231 also requires the Watch Structure to report on the implementation of the Model and the results of the actions undertaken to the CEO, who will notify the Board. The Chairman also receives from the Watch Structure, along with the CEO, the Control and Risk Committee and the Board of Statutory Auditors, immediate notice if the particularly material or significant facts are uncovered;
- the activities of the Guarantor of the Code of Ethics of Eni SpA: the Code of Ethics provides that the Guarantor, the functions of which have been assigned to the Watch Structure, submit a report every six months on the implementation and possible need for updates to the Code to the Chairman, the CEO (who report to the Board), to the Control and Risk Committee and to the Board of Statutory Auditors;
- attendance of executives and heads of departments at Board meetings: the Chairman may ask the CEO of Eni SpA, also at the request of one or more Directors, that the executives of Eni SpA and of the Group companies, the heads of the relevant departments (based upon the issues being addressed), attend Board meetings to provide information on items on the agenda.

In order to perform its management and strategic oversight duties, the Board, having received the prior opinion of the Control and Risk Committee:

- examines the **main business risks**, identified by taking into account the nature of the activities of the Company and its subsidiaries, submitted by the CEO at least once every three months;

[143] Without prejudice to the Head being functionally subject to the authority of the Control and Risk Committee and the CEO, as Director in charge of the Internal Control and Risk Management System.

[144] The Control and Risk Committee issues its (favourable) opinion on proposals submitted to the Board. The Board makes a decision in consultation with the Board of Statutory Auditors. The Nomination Committee's opinion is also sought on the proposals concerning appointments and removals.

[145] Also in the capacity of Guarantor of the Code of Ethics.

- **evaluates** at least once every six months the **adequacy and effectiveness of the Internal Control and Risk Management System**, with regard to the characteristics of the business and its risk profile compatible with the business objectives, unless unforeseen events occur requiring special in-depth attention;
- **monitors whether the Officer in charge of preparing financial reports has adequate powers and means** to carry out his duties and monitors compliance with the administrative and accounting procedures;
- approves, at least once a year (and most recently on January 19, 2016), the **Audit Plan** prepared by the Head of the Internal Audit, in consultation with the Chairman of the Board of Directors, the CEO and the Board of Statutory, including in its capacity as the "Audit Committee" under US law. It also approves, most recently on January 19, 2016, the Internal Audit budget, acting on a proposal of the Chairman of the Board of Directors, in agreement with the CEO and in consultation with the Board of Statutory Auditors<sup>146</sup>;
- evaluates, in consultation with the Board of Statutory Auditors, **the findings contained in the suggestion letter, if any, of the audit firm that performed the statutory audit and in its report on the fundamental issues that arose during the statutory audit**. At its meeting of October 28, 2015, the Board shared the findings contained in the suggestion letter of the audit firm that performed the statutory audit and in its report on the fundamental issues that arose during the statutory audit, having received the opinions of the Control and Risk Committee and of the Board of Statutory Auditors.

### Board of Statutory Auditors

In addition to the supervisory and control functions provided for under art. 149 of the Consolidated Law on Financial Intermediation<sup>147</sup>, the Board of Statutory Auditors monitors the financial reporting process and the effectiveness of the Internal Control and Risk Management System, in accordance with the Corporate Governance Code, acting also as "Internal control and financial auditing committee", pursuant to Legislative Decree no. 39/2010 and "Audit Committee" under US law.

More specifically, the Board:

- evaluates the offers submitted by external auditors for their engagement to perform the **Statutory Audit of the accounts** and provides a reasoned proposal to the Shareholders' Meeting concerning the engagement or termination of the external auditor;
- **oversees the work of the audit firm** engaged to perform the Statutory Audit of the accounts or perform other consulting, review or certification services;
- makes recommendations to the Board of Directors on the resolution of **disagreements between management and the audit firm regarding financial reporting**;
- approves the procedures for the pre-approval of specifically identified **admissible non-audit services** and examines the disclosures on the execution of the authorised services;

[146] In exceptional and urgent circumstances that require resources in excess of those provided for in the budget, the Head of the Internal Audit notifies the Chairman of the Board of Directors who proposes to the Board that it approves the extra budget, in agreement with the CEO, having received the favourable opinion of the Control and Risk Committee and in consultation with the Board of Statutory Auditors.

[147] Art. 149 of the Consolidated Law on Financial Intermediation provides that "The Board of Statutory Auditors shall monitor: a) compliance with the law and the articles of association; b) observance of the principles of sound administration; c) the adequacy of the company's organisational structure for matters within the scope of the Board's authority, the adequacy of the internal control system and the administrative and accounting system and the reliability of the latter in correctly representing the company's transactions; c-bis) the arrangements for implementing the Corporate Governance rules provided for in codes of conduct drawn up by companies listed on regulated stock exchanges or by trade associations that the company, by means of public disclosures, declares it complies with; d) the adequacy of the instructions imparted by the company to its subsidiaries pursuant to art. 114, paragraph 2.2. The members of the Board of Statutory Auditors shall attend the Shareholders' Meetings and the meetings of the Board of Directors and the executive committee. Members of the Board of Statutory Auditors who fail to attend Shareholders' Meetings without good cause or, in any one financial year, fail to attend two meetings of the board of directors or the executive committee shall be disqualified from office. 3. The Board of Statutory Auditors shall notify Consob without delay of irregularities found in the performance of its oversight activity and shall transmit the related minutes of the meetings and investigations conducted with all other relevant documentation".

- evaluates requests to use the external audit firm engaged to perform Statutory Audit services for admissible non-audit services and provides its opinion to the Board of Directors;
- examines the **periodic reports from the audit firm** relating to: (a) all critical accounting policies and practices to be used; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management officials of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatments preferred by the audit firm; (c) other material written communication between the audit firm and management;
- examines **reports from the Chief Executive Officer and the Chief Financial and Risk Management Officer** (CFRO) concerning (i) any significant deficiency in the design or operation of internal controls which are reasonably likely to adversely affect the Company's ability to record, process, summarise and report financial information and any material weakness in internal controls, and (ii) any fraud that involves management or other employees who have a significant role in the issuer's internal controls;
- approves the procedures<sup>148</sup> concerning: (a) the receipt, archiving and handling of whistleblowing reports received by the Company concerning accounting issues, the accounting Internal Control System and Statutory Audits; (b) the confidential or anonymous sending, by anyone, including Company employees, of **whistleblowing** reports on questionable accounting or auditing matters.

In the performance of its functions the Board of Statutory Auditors may avail itself of **Company units**, in particular the Internal Audit and the Administration and Financial Reporting.

The Board of Statutory Auditors receives the information required to perform its duties. The procedures for coordinating the functions of the Board of Statutory Auditors with those of the Internal Audit Unit and the Control and Risk Committee are described in the sections on these latter.

### Control and Risk Committee

The Control and Risk Committee, formed in Eni in 1994<sup>149</sup>, supports, on the basis of an adequate control process, the Board in evaluating and making decisions concerning the ICRMS and in approving the periodic financial reports.

The Committee is composed **solely of independent Directors**, with **expertise**<sup>150</sup> consistent with their duties and reports to the Board at least once every six months, on the occasion of the approval of the annual and semi-annual financial reports, on its activities and on the adequacy of the ICRMS.

The Committee prepares its periodic reports to the Board of Directors taking account of information provided by the Officer in charge of preparing financial reports, the Head of the Internal Audit and Eni's Watch Structure in their respective reports, and, more generally, on information obtained in performing its duties.

The Committee advises the Board of Directors. Specifically it:

- issues a prior opinion: (a) and drafts recommendations and updates concerning the **guidelines for the ICRMS** to be approved by the Board of Directors; (b) on the **half-yearly evaluation of the overall adequacy and effectiveness of the ICRMS**, with regard to the characteristics of the business and its risk profile compatible with its business objectives; to this end, at least once every six months the Committee reports to the Board of Directors, on the occasion of the

[148] For more information see the section on "Procedure for whistleblowing reports (including anonymous complaints) received by Eni SpA and subsidiaries in Italy and abroad" in this chapter.

[149] The Internal Control Committee, first established within the Board of Directors on February 9, 1994, changed its name to "Control and Risk Committee" by resolution of the Board of Directors on July 31, 2012, in accordance with the recommendations of the 2011 Corporate Governance Code.

[150] The Rules of the Control and Risk Committee of Eni require that at least two – not just one as under the Corporate Governance Code – of the members of the Committee have adequate experience in accounting and financial matters or risk management.

approval of the annual and semi-annual financial reports, on its activities and on the adequacy of the ICRMS; (c) on the approval, at least once a year, of the **Audit Plan**; (d) and on the evaluation of the findings reported in the suggestion letter, if any, of the **audit firm**<sup>151</sup> and in its report on the fundamental issues that arose during the Statutory Audit;

- issues its favourable opinion on the proposals formulated by the Chairman of the Board of Directors, in agreement with the CEO, concerning the appointment, the removal and the definition of the structure of the remuneration of the Head of the Internal Audit, as well as the adequacy of the resources provided to the latter to perform his duties;
- examines the main risks presented to the Board of Directors of Eni SpA and issues opinions on specific aspects concerning the identification of the main risks;
- examines and issues an opinion on the adoption and amendment of the rules on the transparency and the substantive and procedural fairness of **transactions with related parties and those in which a Director or Statutory Auditor holds a personal interest or an interest on behalf of a third party**, while performing the additional duties assigned it by the Board of Directors, including examining and issuing an evaluation on specific types of transactions, except for those relating to compensation<sup>152</sup>;
- issues an opinion on the **key guidelines of the Regulatory System and regulations to be approved by the Board of Directors**, on their amendment or updating and, at the request of the CEO, on specific aspects concerning the instruments implementing the fundamental guidelines.

In addition, the Committee, in assisting the Board of Directors:

- monitors the independence, adequacy, efficiency and effectiveness of the **Internal Audit Unit** and oversees its activities, with respect to the duties in this area of the Board of Directors, and the Chairman of the Board on its behalf, ensuring that they are performed with the necessary independence and required level of objectivity, competence and professional diligence, in accordance with the Code of Ethics of Eni SpA and the international standards of the internal auditing profession.  
In particular, the Committee, at the time of appointment, assesses whether the Head of Internal Audit satisfies the integrity, professionalism, expertise and experience requirements required to perform his duties and determines whether he continues to do so on an annual basis. It also: (a) examines **the results of the audit activities** performed by the Internal Audit Unit; (b) examines the **periodic reports** prepared by the Internal Audit Unit containing adequate information on the activities carried out, on the manner in which risk management activities are conducted and on compliance with risk containment plans, as well as reports on significant events, and the assessment of the appropriateness of the ICRMS. The Committee may ask the Internal Audit Unit to audit specific areas of operations, simultaneously notifying the Chairman of the Board of Statutory Auditors of the assignment;
- examines, together with the Officer in charge of preparing financial reports, and having consulted the audit firm that conducts the Statutory Audit and the Board of Statutory Auditors, **the proper application of the accounting standards (IFRS) and their consistent use in preparing the consolidated financial statements**, prior to being approved by the Board;
- examines and assesses: (i) **the adequacy of the powers and resources assigned to the FRO and compliance with administrative and accounting procedures**, performing the duties assigned it under the “Eni Internal Control System for Financial Reporting” rules, including the examination of the report on the control system for financial reporting prepared by the Officer in charge of preparing financial reports, on the occasion of the approval of the annual and semi-annual financial reports; (ii) **communications and information received from the Board**

[151] Eni has designated the Board of Statutory Auditors as the Audit Committee under US law (the Sarbanes-Oxley Act) with the duty to evaluate the proposals presented by the audit firm for its appointment and to oversee the effectiveness of the auditing process.

[152] For further information, please see the section “Management System Guidelines for Transactions involving the interests of Directors and Statutory Auditors and transactions with related parties”.

**of Statutory Auditors and its members** regarding the ICRMS; (iii) **the periodic reports issued by Eni's Watch Structure**, including in its capacity as Guarantor of the Code of Ethics; (iv) information on the ICRMS, including that provided in the course of periodic meetings with the competent Company structures, enquiries and reviews carried out by non-Eni Group parties.

In addition, the Committee **oversees the activities of the Legal Affairs Department in case of judicial inquiries, carried out in Italy and/or abroad, in relation to which the CEO and/or the Chairman** of Eni SpA and/or a **member of the Board of Directors** and/or an Executive reporting directly to the CEO, even if no longer in office, have received a notice of investigation for crimes against the Public Administration and/or corporate crimes and/or environmental crimes, related to their mandate and their scope of responsibility.

In any event, the Committee shall establish an **information exchange procedure with the Board of Statutory Auditors** for the purposes of promptly sharing information necessary for them to complete their respective tasks and to coordinate their respective activities in areas for which they are jointly competent so as to ensure the orderly performance of company business.

Please refer to the relevant section on this Report for more detailed information on the Committee's activities in 2015.

### **The Chief Executive Officer, also acting as the Director in charge of the Internal Control and Risk Management System**

> The Chief Executive Officer of Eni SpA is the Director charged by the Board with establishing and maintaining an effective Internal Control and Risk Management System

The Chief Executive Officer of Eni SpA is charged by the Board of Directors with establishing and maintaining an effective ICRMS. For this purpose, the CEO:

- **identifies the main risks faced by the Company**, taking account of the characteristics of the activities of Eni SpA and its subsidiaries, and reports on them to the Board of Directors at least once every three months;
- **implements**, as stated above, **the policy guidelines for the ICRMS defined by the Board** and is responsible for their planning, execution and management;
- **constantly monitors the overall adequacy and effectiveness of the ICRMS**, ensuring that it is updated in response to changes in the operational and regulatory framework.

As regards the internal control system for financial reporting, these duties are performed without prejudice to the role assigned by law to the Officer in charge of preparing financial reports<sup>153</sup>.

The CEO **may ask the Internal Audit Unit to perform an audit** on specific areas of operations and on compliance with internal rules and procedures in executing business transactions. In this case, the CEO provides simultaneous notice to the Chairmen of the Board of Directors, of the Control and Risk Committee and of the Board of Statutory Auditors.

The CEO shall **promptly notify** the Control and Risk Committee (or the Board of Directors) of problems or critical issues that arise in performing his duties or that he has discovered so that the Committee (or the Board) can take appropriate action.

### **Internal Audit**

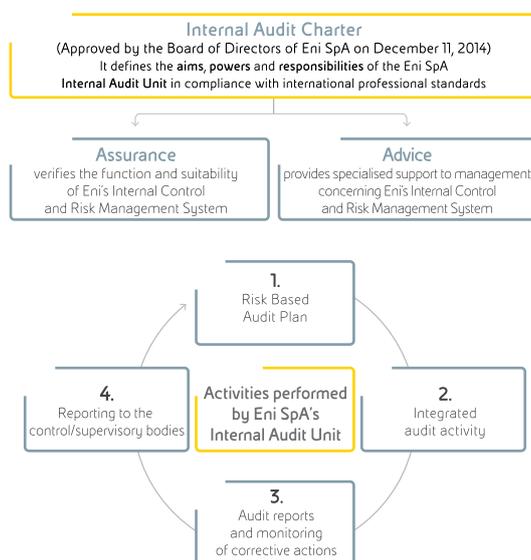
The Internal Audit Unit plays a leading role in verifying and assessing the ICRMS. It is primarily responsible for:

- **verifying the overall operation and suitability of Eni's ICRMS**, both on-going and in relation to special needs, providing its assessments and recommendations;
- providing **specialised support** to Company executives and management concerning the ICRMS;

[153] For more information, please see the section "Officer in charge of preparing financial reports [Financial Reporting Officer]".

to improve its effectiveness, efficiency and integration within corporate processes.

In keeping with best international internal auditing practices, in accordance with the guidelines for the Internal Control and Risk Management System approved by the Board, on December 11, 2014, the Board approved the Internal Audit Charter<sup>154</sup>, which sets out the objectives, power and duties of the Internal Audit Unit.



#### Highlights (2015 data)

- 125 resources, 68% certified (CIA, CISA, CCSA, CFE, CRMA)
- 71 Audit Reports issued
- around 750 corrective actions monitored
- Sarbanes-Oxley Act independent monitoring activity executed on about 500 process controls
- 64 Whistleblowing reports concerning the ICRMS closed

Following the appointment of the current Board of Directors and Board of Statutory Auditors, as from May 9, 2014 the Board of Directors, in accordance with the most recent relevant best practices, decided that the **Head of the Internal Audit Unit would report directly to the Board, and to the Chairman on its behalf, without prejudice to his functional reporting to the Control and Risk Committee and the CEO**<sup>155</sup>.

The governance rules pertaining to the appointment and removal of the Head of the Internal Audit Unit are designed to ensure his maximum independence.

In fact, in going beyond what the Code recommendation requires, the Head of the Internal Audit Unit is **appointed** by the Board of Directors upon proposal of the Chairman of the Board, in agreement with the Chief Executive Officer, subject to the favourable opinion of the Control and Risk Committee, as well as after hearing the Board of Statutory Auditors. The proposal is also subject to the favourable opinion of the Nomination Committee. The Head of the Internal Audit is removed in the same way he is appointed.

The Head of the Internal Audit also reports to the Board of Statutory Auditors of Eni in its capacity as the "Audit Committee" under US laws.

[154] The Internal Audit Charter contains the internal audit guidelines approved by the Board of Directors (for the first time in 2008), the contents of which have been integrated into the Internal Audit Management System Guideline. For more information, please refer to the section on Eni's Regulatory System.

[155] The CEO takes part in the appointment of the Head of the Internal Audit Unit and in the other activities described in this section, in his capacity as director in charge of establishing and maintaining the Internal Control and Risk Management System.

In preparation for the appointment, the Control and Risk Committee evaluates the **candidate** to determine whether he satisfies the integrity, professionalism, expertise and experience requirements required to perform his duties, as well as determination of the absence of any circumstances rendering him incompatible for the position, including conflicts of interest, as with respect to previous business or positions held with the Company and/or its subsidiaries. The Control and Risk Committee is tasked with annually evaluating whether these requirements are met.

The **Control and Risk Committee** oversees the activities of the Internal Audit Unit, **monitoring its autonomy, adequacy, effectiveness and efficiency**, with respect to the related duties of the Board of Directors, and on its behalf the Chairman of the Board.

The Head of the Internal Audit, as well as all the other members of the Unit, **are not responsible for any operational area and have direct access to any information** which may be pertinent to the performance of his duties.

The Board of Directors, having received the prior favourable opinion of the Control and Risk Committee and in consultation with the Board of Statutory Auditors of Eni SpA, acting upon the proposal of the Chairman of the Board of Directors in agreement with the CEO, also approves **the fixed and variable remuneration** for the Head of the Internal Audit, in keeping with Company remuneration policies, and ensures that he has adequate resources to perform his duties.

The Board of Directors of Eni SpA, having received the prior favourable opinion of the Control and Risk Committee and in consultation with the Statutory Auditors, acting upon the proposal of the Chairman of the Board of Directors in agreement with the CEO, approves the **budget** of the Internal Audit Unit, ensuring that its Head has adequate **resources** to perform his duties.

Following the election of the Board of Directors, on May 28, 2014, the Board of Directors confirmed Marco Petracchini as the Head of the Internal Audit Unit, upon a proposal of the Chairman of the Board of Directors, in agreement with the CEO, having first received the favourable opinion of the Control and Risk Committee, and in consultation with the Board of Statutory Auditors and the Nomination Committee.

The scope, activities and duties of the Internal Audit Unit, as governed by the Internal Audit Charter, are described below.

### *Scope and activity*

The Internal Audit Unit of Eni SpA performs its assigned duties:

- for **Eni SpA and its non-listed subsidiaries** ("covered companies");
- for associated companies, joint ventures or joint operations, including jointly with the other partners, on the basis of **specific agreements**;
- for non-Group companies considered to be high risk, pursuant to the relevant **agreements**.

Covered companies that, under applicable law, are required to have their own Internal Audit Units, will, when possible and to exploit any operating synergies, entrust such internal audit activity to the Eni SpA Internal Audit Unit, under specific agreements.

With regard to the covered companies, all their departments, units, processes and/or sub-processes, IT systems (including accounting systems) are subject to Internal Audit, without exception, with regard to the risks and resulting objectives of:

- efficient and effective processes;
- reliable financial reporting;

- compliance with the law, regulations, the By-laws and applicable rules, particularly with regard to Model 231 and anti-corruption regulatory instruments;
- protection of capital (as a combined effect of the preceding types of internal audit activities).

The Internal Audit Unit provides **listed subsidiaries**<sup>156</sup> (“non-covered companies”) that have their own Internal Audit Units with **tools and methodologies** to be used by their Internal Audit Units (adapted as appropriate, where agreed).

Furthermore, the Internal Audit Unit:

- performs **supervisory activities on behalf of the Eni Watch Structure**;
- conducts **independent monitoring as provided for by the Internal Control System for financial reporting** and/or similar duties based upon the internal control models applicable and that are approved by the Board of Directors;
- on the basis of the principles and criteria established, organises and monitors the **systematic gathering of the data, information and evaluations** need to formulate and update the Audit Plan proposal;
- ensures the necessary **flows of information on audits performed** and the related periodic reporting to the Chairman of the Board, the CEO, the supervisory and control bodies of Eni and, where applicable, of the subsidiaries;
- oversees the **investigation of concerns reported received by Eni** under the relevant internal regulation in support of evaluations by the competent control bodies, including the Board of Statutory Auditors of Eni SpA also in its capacity as the “Audit Committee” under US law and ensures the **transmission of whistleblowing reports** on violations of the Code of Ethics to the competent Watch Structures (of Eni and the subsidiaries, including in their capacity as Guarantors of the Code of Ethics) for their knowledge and handling, as provided for by the applicable internal regulations<sup>157</sup>;
- handles the necessary **flows of information on the investigations on whistleblowing reports performed and the related periodic reporting** to the Chairman of the Board of Directors, the CEO, the Board of Statutory Auditors, the Watch Structure of Eni and of the subsidiaries (excluding listed companies that perform their own investigations), as well as the other persons indicated in the regulations on whistleblowing reports, in line with the relevant internal regulations;
- carries out the **preparations required for the engagement of the audit firm that performs the statutory audit** pursuant to applicable law, as well as verifies that the firm continues to satisfy the independence requirements throughout its appointment, reporting on such to the Board of Statutory Auditors of Eni SpA.

### Duties

**Internal Audit activities** are scheduled for Eni SpA and the covered subsidiaries based on an annual Audit Plan prepared by the Head of the Internal Audit Unit following a structured process, taking a “top-down” and “risk-based” approach to assessing the main risks faced by the covered companies.

The **Audit Plan** is approved at least annually<sup>158</sup> by the Board of Directors, subject to the prior opinion of the Control and Risk Committee, in consultation with the Chairman of the Board of Directors, the CEO and the Board of Statutory Auditors of Eni SpA (including in its capacity as the “Audit Committee” under US law).

[156] Since January 22, 2016, Saipem SpA is no longer controlled solely by Eni.

[157] For more information, please refer to the section “Procedure for whistleblowing reports (including anonymous complaints) received by Eni SpA and subsidiaries in Italy and abroad”.

[158] The Board of Directors most recently approved the Audit Plan on January 19, 2016.

The **Eni SpA supervisory plan, approved by Eni's Watch Structure**, pursuant to Eni's Model 231, forms an integral part of the Audit Plan.

The Head of the Internal Audit may also order **spot audits** not provided for under the Plan based on:

a) **requests** submitted by:

- the Board of Directors;
- the Control and Risk Committee, which simultaneously notifies the Chairman of the Board of Statutory Auditors;
- the Chairman of the Board of Directors, who simultaneously notifies the CEO, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- the CEO, who simultaneously notifies the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- executives reporting directly to the CEO, with respect to their areas of responsibility, who also evaluate any requests from their respective structures;
- the CEOs of the strategically important subsidiaries, as identified by the Board of Directors;
- the Board of Statutory Auditors of Eni SpA;
- the Eni Watch Structure;

b) **his own assessment**.

The **findings** of each internal audit performed, whether scheduled or spot audits, are reported in **Internal Audit Reports**, which are sent simultaneously to the Chairman of the Board of Directors, to the CEO (also for subsequent transmission to the structures audited), to the Control and Risk Committee and to the Board of Statutory Auditors of Eni SpA.

The Internal Audit Reports are also sent to the Eni Watch Structure, to the extent such falls within the scope of its duties, and to the control and supervisory bodies of the subsidiaries, with regard to internal audits involving them.

The Internal Audit Reports contain brief **evaluations of the ICRMS for the areas and processes audited**, the description of the **findings made and the limitations encountered**, as well as recommendations. In response to the recommendations, the heads of the activities and areas audited are required to draw up **corrective action plans, the implementation of which is monitored by the Internal Audit Unit**.

The Head of the Internal Audit Unit reports (i) **every six months** providing adequate information on his activities, on the risk management process and on compliance with the plans developed to mitigate risk, as well as on the suitability of the ICRMS and (ii) **as needed on significant events**.

The reports are submitted simultaneously by the Head of the Internal Audit to the Chairman of the Board of Directors, to the CEO, to the Control and Risk Committee and to the Board of Statutory Auditors of Eni SpA and, for those issues handled by Eni SpA, to its Watch Structure.

On July 22, 2015, the Head of the Internal Audit issued his Half-Year Report (covering the period from January 1 to June 30, 2015, updated as of the date the report was issued), in which he reported that no situations or significant problems were found that called into question the adequacy of the Eni Internal Control and Risk Management System as a whole.

On March 17, 2016, the Head of the Internal Audit issued his Annual Report (covering the period from January 1 to December 31, 2015, updated as of the date the report was issued) in which he reported that, as required by the "Internal Control and Risk Management System" MSG and on the basis of the findings with regard to each component of Eni's ICRMS, no situations or significant problems were found that called into question the adequacy of the Eni Internal Control and Risk Management System as a whole.

In accordance with the **quality assurance and continuous improvement programme** developed and launched within the unit, the Head of the Internal Audit Unit also reports to the Chairman of the Board of Directors, the CEO, the Control and Risk Committee and the Board of Statutory Auditors on the final results, any plan for corrective actions and the periodic updates on their implementation status relating to internal and external assessments performed. The Head of the Internal Audit also communicates the results of such assessments to the Watch Structure of Eni SpA.

### **Officer in charge of preparing financial reports (Financial Reporting Officer)**

Pursuant to art. 24 of the By-laws, in compliance with the provisions of art. 154-bis of the Consolidated Law on Financial Intermediation, the officer in charge of preparing financial reports ("Financial Reporting Officer" or "FRO") is **appointed by the Board of Directors, acting upon a proposal by the Chief Executive Officer, in agreement with the Chairman and subject to a favourable opinion of the Board of Statutory Auditors. The proposal is also examined by the Nomination Committee.**

**In accordance with the By-laws**, the FRO must be selected from among candidates who have performed the following activities for at least three years:

- administration, control or senior management activities in companies listed on regulated stock exchanges in Italy or other European Union countries or other OECD countries with a share capital of no less than €2 million or;
- statutory audit activities in companies indicated in the preceding point or;
- professional activities or university lecturing activities in the financial or accounting sectors or;
- senior management positions in public or private entities with financial, accounting or control expertise.

### *Duties, powers and resources of the Financial Reporting Officer*

In accordance with the law, the FRO is **responsible for the internal control system as in relates to financial reporting.**

For this purpose, he establishes the necessary administrative and accounting **procedures** for drafting the periodic accounting documentation and any other financial notification; moreover he **certifies – together with the CEO –** their adequacy and actual implementation during the period to which the aforementioned accounting documents refer through an appropriate report on the annual, semi-annual and consolidated financial statements.

**Pursuant to the aforementioned art. 154-bis of the Consolidated Law on Financial Intermediation, the Board of Directors monitors the adequacy of the powers and resources available to the FRO, as well as the observance of these procedures.**

On May 28, 2014, the Board of Directors, upon the proposal of the CEO, in agreement with the Chairman, having received the favourable opinion of the Board of Statutory Auditors and in consultation with the Nomination Committee, confirmed the appointment of the Chief Financial and Risk Management Officer (CFRO) of Eni SpA, Massimo Mondazzi<sup>159</sup>, as the FRO.

At the meeting of March 17, 2016, the Board of Directors, having considered the Report of the Officer in charge of preparing financial reports, the Reports of the Control and Risk Committee, the Report on administrative and accounting structure, the Report on the organizational structure as regards the part on the ICRMS organizational structure, the Report on risks and the Report on the respect of the financial risk limits, and having consulted with the Committee, evaluated as positive: (i) the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the nature of the Company and its risk profile; and (ii) the

[159] Massimo Mondazzi was appointed CFRO and FRO for the first time on December 5, 2012.

> 3 of 6 members of Eni Watch Structure, including the Chairman, are external to Eni

adequacy of the powers and resources available to the Officer in charge of preparing financial reports as well as compliance with the administrative and accounting procedures prepared by the same.

### Watch Structure

Consistent with the provision of Model 231, on May 28, 2014, the Board, having received the favourable opinion of the Board of Statutory Auditors and in consultation with the Nomination Committee, appointed as **members of the Eni SpA Watch Structure: the Chief Legal & Regulatory Affairs, the Head of Labour Law and Disputes, the Head of the Internal Audit Unit and three external members, one of whom serves as Chairman.**

The external members are selected from among academics and professionals with proven skill and experience in economic and company organisation matters and in the administrative liability of corporations.

Model 231, updated in May 2014, also sets out **new conditions for eligibility/integrity and forfeiture**, which include, inter alia, the issue of a judgement of conviction, even if not final, against the person, and being subject to bankruptcy proceedings.

More specifically, the following persons are prohibited from becoming external members of the Watch Structure and, if appointed, forfeit the position: those with ties to Eni SpA or a subsidiary, or with Directors of Eni SpA or a subsidiary (such as spouses, relatives or in-laws within the fourth degree of kinship of Directors of Eni SpA or a subsidiary) being employees or independent contractors or parties to any other financial or professional relationship that would compromise their independence, without prejudice to holding any position on a control body of a Group company.

At present, the Company has not elected to attribute the Watch Structure functions to its Board of Statutory Auditors, pursuant to art. 6, paragraph 4-bis, of Legislative Decree no. 231 of June 8, 2001 (hereinafter "Legislative Decree no. 231/2001")<sup>160</sup>.

The synergies between Model 231 and the Code of Ethics (an integral part and essential general principle of Model 231) are highlighted by the assignment of the functions of **Guarantor of the Code of Ethics** to the Eni Watch Structure. Similarly, each subsidiary assigns Guarantor functions with respect to the Code of Ethics to its own Watch Structure.

The Eni Watch Structure performs the following main **functions**:

- monitoring the effectiveness of Eni's Model 231, as well as its implementation and updating;
- assessing the adequacy of Model 231 and guaranteeing its sound and efficient functioning over time by proposing any necessary updates;
- monitoring the progress of its implementation by the subsidiaries and promoting the circulation and understanding of the procedures and tools for implementing the Model within such subsidiaries;
- approving the annual programme of supervisory activities for Eni, coordinating its implementation and analysing the results;
- managing the flows of relevant information with the Company units and with the Watch Structures of the subsidiaries.

The budget of the Eni Watch Structure is approved by the Board of Directors on the basis of the requests of the Watch Structure itself.

[160] As amended by art. 14, paragraph 12, of Law no. 183 of November 12, 2011.

The Eni Watch Structure **periodically reports** on its activities to the Control and Risk Committee and the Board of Statutory Auditors, as well as to the Chairman and the CEO, who then informs the Board of Directors when reporting on the exercise of his delegated powers.

The **Internal Audit Unit** is also responsible for conducting audits on behalf of the Eni Watch Structure, following a schedule set annually by the Watch Structure, which is an integral part of the Audit Plan. With regard to the audits performed on subsidiaries' processes and/or sub-processes, these supplement, but do not replace, the supervisory activities that the subsidiaries' Watch Structures are required to perform under their respective 231 Models.

In 2010, the Board of Directors of Eni SpA approved, for the first time<sup>161</sup>, the **MSG on the "Composition of the Watch Structures and performance of their duties, in support of Eni's subsidiaries"**, which defined, without prejudice to the subsidiaries' autonomous powers of initiative and control: (i) the criteria for determining the composition of the Watch Structures of the subsidiaries and for selecting their members; (ii) the guidelines to be followed by each Watch Structure in performing its duties.

### Risk Committee

The Risk Committee of Eni SpA, presided over by the CEO of Eni SpA and comprised of Eni's **top management** and the Head of the Internal Audit Unit, provides **advice to the CEO on the major risks facing the Company** and, specifically, reviews and offers its opinion, at the CEO's request, on the main results of the integrated risk management process. The Chairman of the Board of Directors is invited to attend the Committee's meetings.

### Compliance Committee

The Compliance Committee of Eni SpA, comprised of the Chief Legal & Regulatory Affairs, the Heads of Corporate Affairs and Governance, Internal Audit, Accounting and Financial Statements, and Human Resources and Organisation Departments, has been assigned a variety of duties, including reporting to the CEO of Eni SpA on the need to develop a new approach to compliance and/or governance matters, recommending the person, or if necessary, the workgroup, to oversee it.

### Head of Integrated Risk Management

The Head of Integrated Risk Management ("IRM") of Eni SpA, who reports directly to the Chief Financial and Risk Management Officer of Eni SpA and is appointed by the CEO in consultation with the Chairman of the Board, ensures the conduct of IRM processes and the presentation of the findings on the main risks and the associated risk treatment plans to the Risk Committee and, once every three months, to the Control and Risk Committee of Eni SpA, as well as, where requested, to other control and supervisory bodies. On at least a quarterly basis, the CEO submits the report on the risks to which Eni is exposed for examination by the Board of Directors. The Head of IRM promotes the dissemination of a risk management culture within Eni, which also involves identifying initiatives for updating the current system for managing major risks. He reports directly to the CEO on the results of the IRM process with regard to those activities overseen by the CFRO.

### Eni's Personnel and Management

As set forth in the Code of Ethics, the responsibility for implementing an effective internal control system is shared by all levels of Eni's organisational structure; consequently, all of Eni's personnel, consistent with their positions and duties, are called upon to define and actively participate in the proper implementation of the internal control system.

More specifically:

- the CEO and/or Chief Operating Officers, if any, are responsible for ensuring the development, implementation and maintenance of an effective and efficient internal control system and assign to the management for the operational areas the duties, responsibilities and powers for pursuing this aim in the performance of their respective activities and in achieving the related objectives;

[161] The rules were updated most recently with a resolution of the Board of Directors on December 10, 2014.

- in addition to the management committees described above and the Head of Integrated Risk Management<sup>162</sup>, other units actively contribute to the ICRMS within the scope of their responsibilities. These include, for example, the Risk Owners who identify, assess, manage and monitor risks under their sphere of competence, as well as the adequacy and function of the controls put in place to oversee them.

Many training programmes and in-depth information sessions for Eni personnel and its boards focus on ICRMS and, especially, on compliance. A special section of this Report describes the programmes for the Board of Directors and the Board of Statutory Auditors of Eni SpA.

## Eni Regulatory System

To ensure the integrity, transparency, propriety and effectiveness of its processes, Eni adopts rules for the performance of business activities and the exercise of powers, guaranteeing observance of the general principles of traceability and segregation.

Each component of that system is supplemented by the Company's Code of Ethics, which identifies the fundamental values, among others, of the formal and substantive legitimacy of the conduct of the members of corporate bodies and all employees, and transparency, also in term of accounting, and the dissemination of a mentality directed at the exercise of control.

Eni is fully aware that investors rely on the full compliance of the corporate bodies, management and employees with the set of rules making up the corporate internal control system.

### The key features of the Eni Regulatory System

On July 28, 2010, Eni's Board of Directors approved **the basic guidelines for the New Eni Regulatory System**, with the goal of rationalising, supplementing and simplifying Eni's regulatory system.

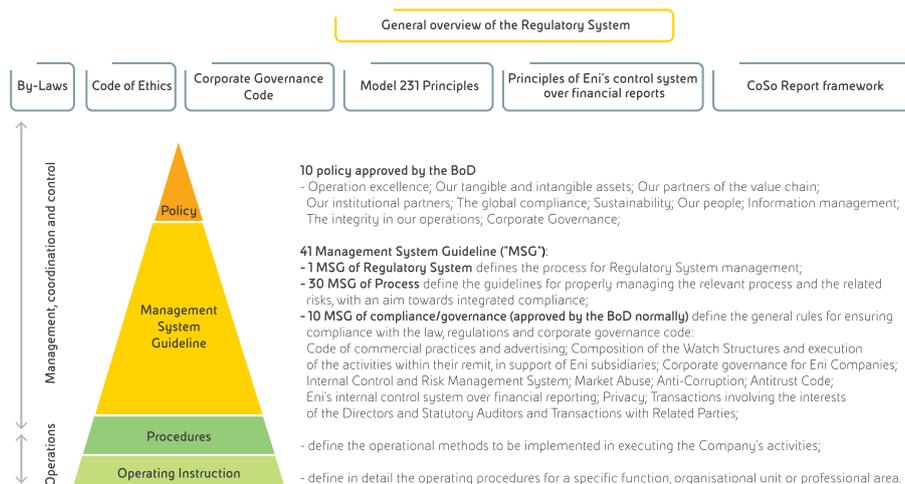
The New Regulatory System is characterised by four main elements:

- the shift from a traditional approach organised by corporate function to one based on business processes, with the establishment of a new role, the "**process owner**"<sup>163</sup>, who is responsible for the process under their responsibility and for assessing the adequacy of the latter's design, monitoring its effective implementation;
- the placement of a greater emphasis on **the management and coordination role** that Eni SpA plays for its subsidiaries, while ensuring the latter's operational independence, the rights of any non-controlling shareholders and the confidentiality of sensitive commercial information;
- the integration of compliance principles with Company processes (**Integrated Compliance**), with the aim of transposing and disseminating control rules and standards specified under the various compliance models within the operational context of corporate processes;
- **the simplicity of the system architecture**, reducing the various types of documents and improving their usability, with simplified terminology and search methods.

To this end, all of Eni's activities have been grouped into a map of processes cutting across the organisational and corporate structure, instrumental to Company activities and integrated with control requirements and principles, based upon the By-laws, the Code of Ethics, the Corporate Governance Code, Model 231 Principles, SOA Principles and the CoSO Report.

[162] For more information, please refer to the "Management System Guidelines for Integrated Risk Management" section.

[163] The role of process owner may be held by a single person, if the process is centralised, or by a committee, in the case of processes shared among several business areas.



More specifically:

- **Policies**, approved by the Board of Directors, are mandatory documents that define the general principles and rules of conduct that must inspire all of Eni's activities, taking due account of risks and opportunities. Policies cut across processes and each focuses on a key element of Company management. Eni Policies apply to Eni SpA and, subject to transposition, all Eni subsidiaries;
- **Management System Guidelines (MSG)** define the rules common to all Eni units and may regard either processes or compliance/governance (the latter usually approved by the Board of Directors). The individual MSGs issued by Eni SpA apply to subsidiaries, which take steps to ensure their transposition to their organisation, except in cases where there is a need for an exemption<sup>164</sup>. Subsidiaries listed on regulated markets are guaranteed operational independence, which has already been granted by the Board of Directors: where necessary, they adjust the MSG to the specific characteristics of their business, in line with their management independence and taking due account of the interests of non-controlling shareholders;
- **Procedures** define the operational methods to be implemented in executing the Company's activities;
- **Operating Instructions** are an additional level of detail for representing the operating procedures for a specific function, organisational unit or professional area.

Starting in October 2010, Eni undertook the **implementation** of the New Regulatory System, a process completed with the replacement of the previous regulatory system with 10 policies, 29 process MSGs and 10 compliance and governance MSGs.

All of the regulatory instruments are **published** on the corporate intranet and, in some cases, on the Company's website. The Policies and MSGs have been disseminated to the subsidiaries, including listed subsidiaries, for the subsequent phases for which they are responsible, such as formal transposition and amendment of their existing regulatory systems.

As a result to the **reorganisation** of Eni approved by the Board, the project to bring the entire Regulatory System into alignment was begun on May 28, 2014.

The transposition of the regulatory instruments issued during the period by the subsidiaries and the certification of the appropriateness of the design of the MSGs by the associated Process Owners were monitored at the end of the year.

<sup>(164)</sup> Exemptions are allowed only in exceptional circumstances. MSGs in compliance and governance areas govern the scope of application and the scope for exemptions.

> The Board established the corporate governance system and rules of the Eni companies

### Management System Guidelines for the “Corporate Governance of the Eni companies”

On May 30, 2013, the Board of Directors of Eni SpA, acting upon the proposal of the CEO, having first been examined by the Nomination Committee with regard to those matters in which it has expertise, and having received the opinion of the Control and Risk Committee, updated the guidelines on the corporate governance of the Eni companies previously issued by the Board on April 24, 2009, approving the Management System Guidelines (“MSG”) for the “Corporate Governance of the Eni companies”.

Using this regulatory instrument, the Board of Directors of Eni, consistent with its duties, established the corporate governance system and rules for Eni’s subsidiaries and investees, adapting it to incorporate the best practices in the field and to corporate and legislative changes that had occurred.

More specifically, the MSG for the “Corporate Governance of the Eni”:

- governs the **legal form and management and control system of Eni subsidiaries**, indicating the size, composition and operating principles for the relative bodies. Specific assessments relating to the risk profile of the Company are used in identifying and composing the control body;
- defines the **requirements that the members of the management and control bodies** of Eni investees that Eni appoints must meet;
- defines the **roles and responsibilities involved in the process of designating** members of the management and control bodies;
- makes any **exceptions** to application of the MSG subject to the authorisation of the CEO of Eni SpA, who relies on the opinion of the units involved, or, in specific cases, subject to the authorization of executives responsible for the matter who report directly to the CEO, and in any case ensures a flow of information with regard to the general reasons for exemption from the application of the principles of the MSG should any impediments arise due to the presence of third-party shareholders, local regulations and operational reasons related to the system of delegated powers.

The MSG places special emphasis on the **requirements** that all the members of the management and control bodies of investee companies and consortia that Eni appoints must meet in order to be given and retain such position. All the members of the bodies must be qualified and must meet specific requirements that will be verified or evaluated and monitored, including through the submission of statements by the candidates, in order to ensure that the choices made are traceable and transparent.

With regard to the members of the **control bodies**, in addition to the requirements provided for by the law and the By-laws, the MSG also introduces new requirements concerning integrity and independence or the absence of any conflict of interest, thereby confirming and expanding the provisions and recommendations of the Corporate Governance Code applicable to the statutory auditors of listed companies.

With regard to the candidature and appointment of members of the control bodies, the MSG calls for the creation of a **database** containing the names of potential candidates who meet the requirements, which are verified by the competent units.

### Management System Guidelines for the “Internal Control and Risk Management System”

As noted, with a resolution of March 14, 2013, the Board of Directors of Eni SpA, at the proposal and subject to the prior opinion of the Control and Risk Committee, approved the **“Guidelines for the Internal Control and Risk Management System”** (ICRMS), entrusting the CEO with their implementation.

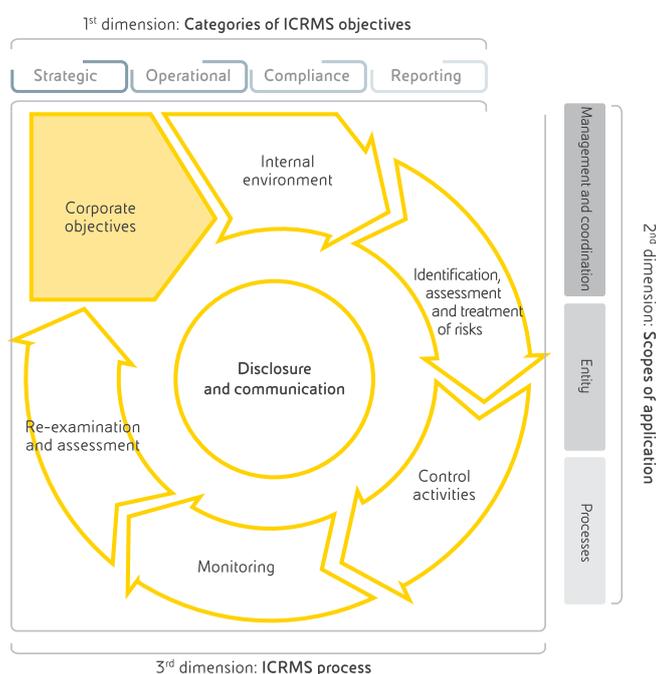
These guidelines, which are **mandatory for the subsidiaries**, are designed to ensure that the main risks to which Eni is exposed are correctly identified, measured, managed and monitored and set

out reference principles, roles and responsibilities for the key players in the system, as well as the criteria that the CEO must follow in implementing those guidelines.

The Management System Guidelines for the Internal Control and Risk Management System (ICRMS MSG) represent the regulatory instrument with which the CEO, on April 11, 2013, implemented the guidelines. These rules, in incorporating the principles delineated by the Board (i) consolidate and structure within a single document the various elements of the Eni ICRMS, (ii) define the model of relations between Eni SpA and the subsidiaries in this area, and (iii) exploit the opportunities for the rationalisation of reporting flows and the integration of controls and monitoring activities.

The ICRMS MSG is used alongside the instrument issued on December 18, 2012, with which Eni developed and implemented a model for the integrated management of corporate risks.

Eni's **reference framework** for implementation and maintenance of an adequate and working ICRMS provides for a structure of **three dimensions**, as shown in the following diagrams:



1. **Objectives** - The first dimension represents the view of the ICRMS in relation to the objectives and associated risks that the ICRMS is intended to pursue and manage: Strategic, Operational, Compliance and Reporting.

2. **Scopes of application** - The second dimension regards the scope of application on the basis of which the ICRMS is structured:

- the **management and coordination** exercised by Eni SpA over the subsidiaries;
- **entity**: Eni SpA and the individual subsidiaries, on the basis of their legal and operational independence, establish an appropriate, functional ICRMS under their own responsibility;
- **processes** adopted by **Eni**, on the basis of which the ICRMS is structured;

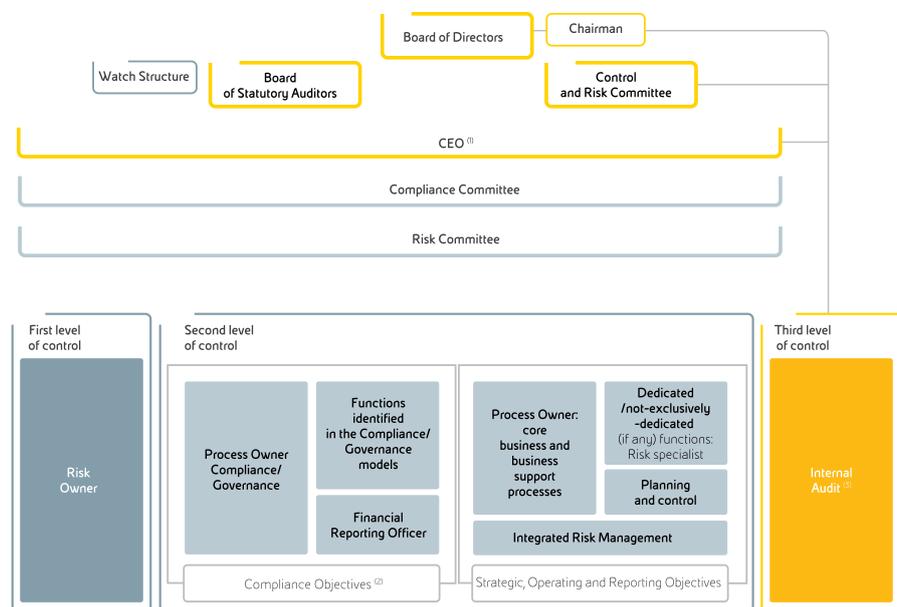
3. **ICRMS Process** - The third dimension represents the ICRMS process and its individual phases:

- definition and implementation of the "internal environment";
- identification, assessment and treatment of risks;
- definition and implementation of control activities;
- monitoring;
- re-examination and assessment of the entire system;
- disclosure and communication.

This ICRMS process is:

- **continuous**, focusing on improving the overall ICRMS, influencing the definition and achievement of corporate objectives;
- **integrated** into corporate operations, as well as organisational and governance arrangements;
- **interactive**, as the individual phases, while organised into a logical sequence, can receive feedback from the development of each of the other phases so that the value generated by the process is not merely the sum of the value generated by the individual phases;
- **performed by people**, through the activities (and the associated reporting) carried out in pursuing corporate objectives;
- **evaluated** every six months, unless unforeseen events occur that may require that a special investigation be performed, to ensure that it is adequate and functions overall.

The Eni ICRMS is structured along the following three levels of internal control:



[1] Director in charge of the internal control and risk management system.

[2] Including objectives on the reliability of financial reporting.

[3] The Senior Executive Vice President Internal Audit reports to the Board, and on its behalf, to the Chairman, without prejudice to his functional reporting to the Control and Risk Committee and the CEO, as Director in charge of the internal control and risk management system.

- 1. First level of control:** identifies, assesses, manages and monitors the risks for which it is responsible, for which it identifies and implements specific management actions.
- 2. Second level of control:** monitors the main risks in order to ensure the effectiveness and efficiency of their management; also responsible for monitoring the appropriateness and operation of controls implemented for the main risks. It also provides support to the first level in defining and implementing adequate systems for managing the main risks and the associated controls.
- 3. Third level of control:** provides independent, objective assurance on the appropriateness and effective operation of the first and second control levels and, more generally, on the Eni ICRMS as a whole.

The structure of the first and second control levels is consistent with the size, complexity, specific risk profile and with the regulatory environment in which each company operates.

The third level of control is exercised by the **Internal Audit Unit** of Eni SpA, which, on the basis of a centralised model (described in the "Internal Audit" section), performs its controls using a risk-based approach to the overall Eni ICRMS, monitoring Eni SpA and the subsidiaries.

To enable management and the management and control bodies to perform their roles within the ICRMS, specific **reporting flows** have been established between the control levels and the management and control bodies. The flows are coordinated and appropriate in terms of content and timing.

All flows supporting the assessment of the ICRMS by the **Board of Directors** are channelled through the **Control and Risk Committee** of Eni SpA, whose analysis is reported directly to the Board in its periodic reports or through the release of specific opinions. These flows are also transmitted to the Board of Statutory Auditors of Eni SpA to enable it to perform its statutory duties in the field of ICRMS.

### *Implementation at subsidiaries*

It is the responsibility of the board of directors or equivalent body of each Eni subsidiary to establish, manage and maintain its own ICRMS.

Eni SpA, as part of its management and coordination of the subsidiaries, issues and disseminates the guidelines (which are mandatory) and associated implementation model, contained in the ICRMS MSG, with which the subsidiaries must comply, establishing an adequate process for monitoring the implementation in the manner envisaged in the Eni Regulatory System.

Without prejudice to the principles regarding the Eni ICRMS, the subsidiaries may adopt the most appropriate procedures for implementing the ICRMS in a manner consistent with their size, complexity, specific risk profile and the regulatory environment in which they operate, with the independence that characterises the operation of the subsidiaries themselves and their bodies and functions, including with regard to statutory requirements.

### *The role of the Board of Directors of Eni SpA in the subsidiaries*

As envisaged in the ICRMS MSG and consistent with the recommendations of the Corporate Governance Code and in accordance with the powers reserved to itself, the Board of Directors of Eni SpA, having first received the opinion and the proposal of the Control and Risk Committee, establishes the ICRMS guidelines for Eni SpA, its major subsidiaries and the Eni Group.

The Board, having first received the opinion of the Control and Risk Committee, also examines the main risks facing the Company, identified by taking into account the nature of the business of the Company and its subsidiaries, as reported by the CEO on at least a quarterly basis. Having first received the opinion of the Control and Risk Committee, it also evaluates every six months (except in extraordinary circumstances) the adequacy of the Internal Control and Risk Management System of Eni SpA, its major subsidiaries and the Eni Group with regard to the nature of the business, its risk profile and its degree of compatibility with corporate objectives, as well as its effectiveness.

At its meeting of July 29, 2015, the Board of Directors, having received the reports of the FRO and of the Control and Risk Committee, considering the Report on risks, and having consulted with the Control and Risk Committee, evaluated as positive: (i) the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the nature of the Company and its risk profile; and (ii) the adequacy of the powers and resources available to the FRO, as well as the latter's compliance with administrative and accounting procedures he has established.

At its meeting of March 17, 2016, the Board of Directors, having considered the Report of the Officer in charge of preparing financial reports, the Reports of the Control and Risk Committee, the Report on administrative and accounting structure, the Report on the organizational structure as regards the part on the ICRMS organizational structure, the Report on risks and the Report on the respect of the financial risk limits, and having consulted with the Committee, evaluated as positive: (i) the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the nature of the Company and its risk profile; and (ii) the adequacy of the powers and resources available to the Officer in charge of preparing financial reports as well as compliance with the administrative and accounting procedures prepared by the same.

### Management System Guidelines for “Internal Audit”

The Management System Guidelines for “Internal Audit” (“Internal Audit MSG”), prepared by the Head of the Internal Audit Unit and approved by the Chairman of the Board of Directors, in consultation with the CEO and the Control and Risk Committee, was issued on January 21, 2015.

The Internal Audit MSG set out the **guidelines for audit activity (“Internal Audit Charter”)** approved by the Board on December 11, 2014, consistent with the contents of the ICRMS MSG.

The Internal Audit MSG, which is based upon the Internal Audit Charter, seeks to **identify and govern the sub-processes, phases and activities of the Internal Audit process, to indicate the roles and duties of the major participants and to establish the rules of behaviour and principles to be observed in performing such activity**. More specifically, the MSG regulates:

1. the definition of the **Audit Plan**, prepared by the Head of the Internal Audit and approved by the Board<sup>165</sup>, using a “top-down, risk-based” approach which makes it possible to identify audits to which priority should be given based upon, among other things, the size and coverage of the major business risks connected with them and based upon the results of the integrated risk management process;
2. the **performance of audits**, both scheduled and non-scheduled (i.e. spot audits), by carrying out:
  - **preliminary activities** to define the objectives and the scope of the audit over the areas potentially at highest risk (“risk-based” approach) and the resources deemed necessary and sufficient to achieve the objectives;
  - **verification**, for the purpose of assessing the adequacy and effectiveness of controls on the risks relating to processes audited, to identify any issues and to formulate recommendations for improving the effectiveness and efficiency of the processes audited;
  - **formalisation and communication of the results** in order to confirm, with the structures involved in the audits, any issues that emerged, the recommendations proposed for their elimination, and the timing and content of corrective actions to be taken by the structure that was audited. For each audit a summary assessment is made of the actual design and operation of the ICRMS for the structure being audited (the so-called **audit rating**), based upon the knowledge gained and evidence acquired during the conduct of the audit and in the professional opinion of the Internal Audit Unit. In the event of a spot audit, the rating is assigned based upon the finding of enough factors to support the opinion of the ICRMS;
3. the **monitoring of corrective actions** crafted based upon the audits, which is carried out in different ways based upon the problems encompassed in the rating of the ICRMS audited, such as:
  - monitoring of all actions through a periodic statement by the structure that was audited [so-called **“follow-up by documentation”**];
  - operational check of the effective implementation of the corrective action through a dedicated follow-up (i.e. **“on-site follow-up”**);
4. **flows of information on the ICRMS**, consisting of the periodic reports prepared by the Internal Audit Unit in order to provide information on its activities, the results and correlated suggestions, the procedures for managing risks and the relative containment plans. These reports can be classified into three categories based upon their purpose, frequency of preparation and recipient:

[165] For more information, please see the section “Internal Audit”.

- **semi-annual reports on the main results of the activities carried out by the Internal Audit Unit**, submitted simultaneously by the Head of the Internal Audit to the Chairman of the Board of Directors, the CEO, the Control and Risk Committee and the Board of Statutory Auditors of Eni SpA;
- **specific semi-annual reports for the areas most heavily subject to auditing during the reporting period**, prepared, with the goal of explaining the primary recurring internal control issues that cut across several areas and/or are of the greatest importance for the specific area, and the recommendations of common, coordinated actions to be taken. These reports are sent, to the extent the audit involves the area for which each is responsible, to the executives that report directly to the CEO of Eni SpA;
- **annual reports for the process owners of the Management System Guidelines** containing a summary of the findings of the audit reports and the correlated suggestions, so that the process owners can evaluate the need to make any adjustments to the outline of the MSGs for which they are responsible.

The Internal Audit MSG also governs other **activities for which the Internal Audit Unit is responsible**, such as the handling of whistleblowing reports (including anonymous ones) received by Eni, pursuant to the relative regulations<sup>166</sup>, specialised support activities, relations with the control and oversight bodies and with the audit firm, as well as the “quality assurance and continuous improvement” programme for activities performed by the Internal Audit Unit.

### **Management System Guidelines for “Integrated Risk Management”**

On December 13, 2012, the Board of Directors, after obtaining the opinion of the Control and Risk Committee, approved the “**Integrated Risk Management Principles**”, in implementation of which on December 18, 2012, the CEO issued the “Management System Guidelines for Integrated Risk Management” [hereinafter, also “IRM MSG”].

The latter governs the **various phases and activities of the Integrated Risk Management (IRM) process**, identifying the **roles and responsibilities** of the main actors involved.

The IRM process, which is based on a **structured, systematic approach**, is designed to ensure that the main risks can be effectively identified, measured, managed, monitored, represented and, where possible, translated into opportunities and competitive advantage.

With this MSG, Eni has developed and implemented a **model for the integrated management of corporate risks, forming an integral part of the Internal Control and Risk Management System (ICRMS)**.

The model, which was developed in accordance with international principles and best practices<sup>167</sup>, is intended to provide both a comprehensive and summary vision of company risks, ensure greater consistency in the methods and instruments supporting risk management and strengthen awareness at all levels of the fact that adequate measurements and management of risks can influence the achievement of Company objectives and affects its value.

To this end, the model is composed of the following elements:

1. **Risk Governance**: this represents the basic system from the point of view of the roles, responsibilities, and reporting flows for the management of the Company's main risks; the model establishes roles and responsibilities for three distinct levels of control of these risks, consistent with the provisions of the ICRMS;

[166] For more information, please see the section “Procedure for whistleblowing reports (including anonymous complaints) received by Eni SpA and subsidiaries in Italy and abroad”.

[167] CoSO - Committee of Sponsoring Organisations of the Treadway Commission (2013), Internal Control, Integrated Framework. ISO 31000:2009 - Principles and Guidelines on Implementation.

- 2. **Process:** this represents all the activities by which the various actors identify, measure, manage and monitor the main risks that could influence whether Eni achieves its objectives;
- 3. **Reporting:** this identifies and represents the results of risk assessment and monitoring, highlighting the most important risks, evaluating them in terms of probability and potential impact and identifying the associated risk treatment plans and analysing trends during the year.

More specifically:

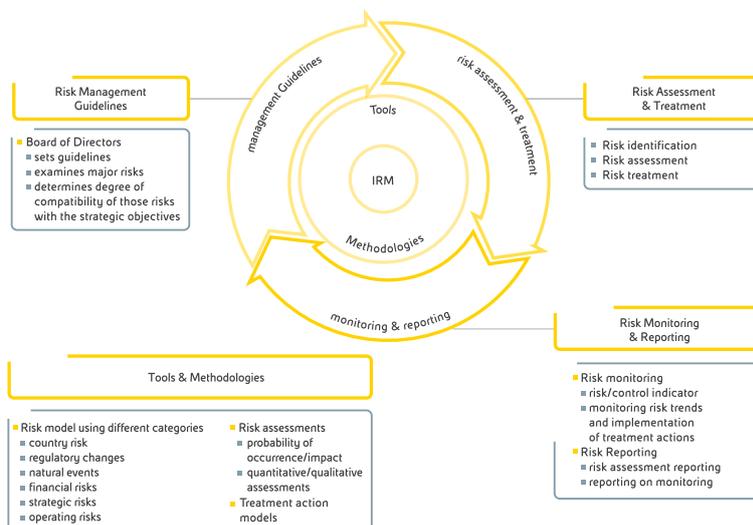
1. With regard to Risk Governance, the following have been established:

- a) the **Risk Committee**, chaired by the CEO and composed of the top management of Eni SpA. It provides advice to the CEO on the main risks to which Eni is exposed. The Risk Committee invites the Chairman of the Board of Directors to attend its meetings;
- b) the **Integrated Risk Management unit**, which reports directly to the Chief Financial and Risk Management Officer (“CFRO”), the head of which is appointed by the CEO in consultation with the Chairman of the Board. Among other duties, it:
  - identifies tools/methods for the **Integrated Risk Management process** to identify, measure, represent and monitor the main risks and the associated plans for managing them;
  - performs **Integrated Risk Management processes** (assessment, treatment, monitoring and reporting);
  - presents findings on the main risks and the associated risk treatment plans to the Risk Committee and, every three months, to the Control and Risk Committee as well as to other control and surveillance bodies where requested;
  - identifies, in cooperation with the business areas and functions of Eni, **proposals for updating** the risk management systems;
  - promotes the dissemination of a **risk management culture** within Eni.

The Head of IRM reports the results of the IRM process with regard to those activities overseen by the CFRO directly to the CEO.

The Board of Directors examines the major risks, identified by taking account of the characteristics of the activities conducted by the Company and its subsidiaries, reported on by the CEO at least once every three months.

2. The **IRM process** is composed of three sub-processes: (i) **Risk Management Policy setting**; (ii) **risk assessment & treatment**; (iii) **monitoring & reporting**.



Specifically, as regards:

- a) the “**Risk Management Policy setting**” sub-process, as noted, the Board of Directors, subject to obtaining an opinion from the Control and Risk Committee, establishes the guidelines for the Internal Control and Risk Management System (ICRMS) so that the main risks to which Eni is exposed are correctly identified and appropriately measured, managed and monitored. In addition, the Board of Directors determines, subject to obtaining an opinion of the Control and Risk Committee, the compatibility of those risks with operating the Company in a manner consistent with strategic objectives. To that end, the CEO reports at least once every three months to the Board of Directors on the main risks to Eni, taking due consideration of the operations and specific risk profiles of each business area and the individual processes, so as to develop an integrated Risk Management Policy;
- b) the “**risk assessment & treatment**” sub-process, which is governed by a special regulation annexed to the IRM MSG, involves identifying and assessing the main risks and defining the associated treatment actions. Depending on the strategic objectives and sub-objectives of each business area, the functions, the units, and where necessary, the processes of Eni SpA and its subsidiaries that are expected to make a significant contribution to their achievement are identified. Then, using a top-down approach, the “Risk Owners”, i.e. the actors responsible at the various organisational levels for identifying, assessing, managing and monitoring the main risks under their sphere of competence, and the associated treatment actions, are identified. More specifically, the identification of risks is intended to identify and describe major events that could impact the achievement of corporate objectives. The assessment of risks is intended to measure the probability and the scale of the identified risks and generate information that can be used to establish whether, and with which strategies and approaches, it is necessary to initiate treatment actions;
- c) the “**monitoring & reporting**” sub-process, which is governed by a special regulation annexed to the IRM MSG, involves monitoring risks and the associated treatment plans and ensuring, at the various organisational levels, the availability and representation of information on the management and monitoring of the main risks.

Risk monitoring enables:

- the analysis of developments in risks and the identification of possible additional treatment measures, including with regard to the updating and development of risk management models;
- the identification and prompt reporting of the emergence of new risks. Risk monitoring activities are documented in order to ensure traceability and verification, as well as the reliability of risk identification and the accessibility of the information acquired.

In order to support corporate decision-making, the findings of the periodic risk assessment and monitoring activities are presented on a quarterly basis to the Risk Committee, chaired by the CEO, who in turn reports on them to the Board of Directors.

The Board, on at least a semi-annual basis, assesses the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the characteristics of Eni and the risk profile assumed, which must be compatible with corporate objectives.

### **Main features of the Risk Management and Internal Control Systems applied to the financial reporting process (MSG for “Eni Internal Control System for Financial Reporting”)<sup>168</sup>.**

The internal control system applied to financial reporting aims to provide **reasonable certainty about the reliability<sup>169</sup> of financial reporting and of the capability of the financial report drafting process to yield financial reporting that complies with the generally accepted international accounting principles.**

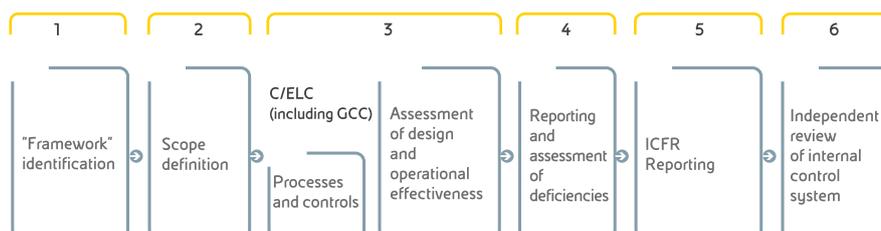
[168] This section is also provided in accordance with art. 123-bis, paragraph 2, letter b), of the Consolidated Law on Financial Intermediation.

[169] Reliability (of reporting): reporting that is accurate and complies with generally accepted accounting principles and meets the requirements of applicable law and regulations.

> The Board established Eni Internal Control System for Financial Reporting

On December 11, 2014, the Board of Directors of Eni approved the updated version of the Management System Guidelines for the “Eni Internal Control System for Financial Reporting”<sup>170</sup> (hereinafter in this section also “ICSFR MSG”), which sets out the rules and methods for the design, implementation and maintenance of Eni’s internal control system applied to financial reporting for external purposes and the assessment of its effectiveness.

As presented below, the design, implementation and maintenance of the control system for financial reporting are conducted through a structured process that provides for a risk assessment phase, the development of controls for those risk, the assessment of the controls and the reporting process:



The contents of the ICSFR MSG were defined in accordance with the provisions of art. 154-bis of the Consolidated Law on Financial Intermediation and with the US Sarbanes-Oxley Act of 2002 (SOA), to which Eni is subject as an issuer listed on the New York Stock Exchange (NYSE). The contents were analysed in the light of the new framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (CoSO) in May 2013, which, while 5 components of the internal control system remained unchanged<sup>171</sup>, developed 17 principles whose correct implementation is essential to ensure its effectiveness.

The 17 principles of the CoSO Report regard: (i) structural elements of the internal control system established with the ICSFR MSG; (ii) control activities contained in other Eni regulatory instruments (such as for example, Policies, the Compliance and Process MSG, and Procedures).

The analysis, performed in conjunction with Eni’s statutory audit firm, Reconta Ernst & Young, did not reveal any need to update Eni’s methods or allocation of duties for defining, implementing and assessing the internal control system set out in the MSG, considering the 5 components of the CoSO Report have not been modified and that the 17 principles refer to best practices that Eni has already adopted.

Accordingly, only a number of changes have been made in the new MSG SCIF to align it with the new organisational arrangements and ensure the consistency of reporting, explicating the role of the Control and Risk Committee in examining the report of the Chief Financial Risk Officer/Financial Reporting Officer to the Board of Directors on the status of the internal control system for financial reporting.

The MSG applies to **Eni SpA and its direct or indirect subsidiaries, including listed companies**, in compliance with international accounting standards, consistent with their materiality to Eni’s financial reporting.

All subsidiaries, regardless of their materiality for the purposes of the Eni Internal Control System for Financial Reporting, adopt the MSG as a reference framework for planning and implementing their own Internal Control System for Financial Reporting, tailoring it to their size and the complexity of the activities carried out.

[170] This regulatory instrument updates and replaces the previous Company rules (Management System Guidelines) in this field adopted by the Board of Directors on May 30, 2012.

[171] Represented by the control environment, risk assessment, control activities, information and communication and monitoring.

The **risk assessment process, which is conducted using a “top-down” approach**, seeks to identify the companies, processes and specific activities that may generate risk of unintentional errors or fraud that may have a significant impact on the financial statements. In particular:

- the **companies that fall within the scope of the control system applied to the financial reporting process are identified** both on the basis of the contribution of the various entities to certain aggregates of the consolidated financial statements (total assets, total financial debt, net revenues, income before tax), and considering the existence of processes that contain specific risks that – if they were to materialise – could jeopardise the reliability and accuracy of financial reporting (such as fraud-related risks)<sup>172</sup>;
- for companies falling within the scope of the control system applied to the financial reporting process, **material processes** are subsequently identified, analysing the quantitative factors (processes that contribute to items of the financial statements in amounts exceeding a given percentage of income before tax) and qualitative factors (e.g., the complexity of the accounting treatment of the account; measurement and estimation processes; new or significant changes in business conditions);
- the **risks** associated with material processes and activities, i.e. potential events that – if they were to materialise – could jeopardise attainment of the control objectives with regard to financial reporting (e.g., financial statement assertions) are identified;
- the identified risks are assessed in terms of their **potential impact and probability of occurrence**, on the basis of quantitative and qualitative parameters and assuming the absence of a control system (inherent risk). In particular, with reference to fraud risks<sup>173</sup> at Eni, a dedicated risk assessment is conducted using a specific methodology for “anti-fraud programmes and controls” referred to in the MSG.

A control system has been defined for material companies, processes and the associated risks that is based on two fundamental principles, namely: (i) **the application of controls at all levels of the organisational structure, in accordance with their operating responsibilities** and (ii) **the sustainability of controls over time, so as to ensure that their implementation is integrated and compatible with operational requirements**.

The **structure of the control system applied to the financial reporting process** includes controls implemented at the entity level and at the process level:

- the **controls implemented at the entity level are organised into a checklist** developed in accordance with the model adopted in the CoSO Report, which is based on **five components** (the control environment, risk assessment, control activities, information and communication, monitoring). Of particular importance are the controls relating to the specification of the timetable for preparing and disseminating financial results (“semi-annual and annual financial statements circular” and the associated calendars); the existence of appropriate organisational structures and a regulatory framework adequately designed to ensure the achievement of financial reporting objectives (these controls include, for example, the review and updating by specialised Company units of the Group’s regulations concerning financial reporting and the Group’s chart of accounts); training in accounting standards and the internal control system applied to financial reporting; and, finally, activities concerning the information system for managing the consolidation process (General ledger);
- the **controls implemented at the process level** are grouped as follows: (i) specific controls intended as a set of manual or automated activities aimed at preventing, identifying or

[172] The companies considered within the scope of the internal control system include companies formed and governed by the laws of countries that do not belong to the European Union, to which the regulatory provisions of art. 36 of the Consob Market Regulations apply.

[173] Fraud: in the context of the control system, any act or intentional omission that gives rise to a deceptive statement in the reporting.

correcting errors or irregularities that occur during the course of operational activities; (ii) and pervasive controls intended as structural elements of the control system applied to financial reporting and aimed at defining a general context that promotes the correct execution and control of operational activities (such as, for example, the segregation of incompatible tasks and general computer controls, which include all controls designed to ensure the correct operation of IT systems). In particular, among the specific controls, the Company procedures identify the so-called “key controls”, the absence or non-functioning of which can give rise to the risk of errors/fraud that impact the financial statements and that cannot be identified by other controls.

Both the controls implemented at the entity level and the controls implemented at the process level are subject to evaluation (monitoring) to verify the effectiveness of their design and actual functioning over time.

For this purpose, the following activities have been defined: **on-going monitoring activities** – carried out by the management responsible for the relevant processes/activities – and **separate evaluations** – performed by the **Internal Audit** Unit, which uses agreed audit procedures on the basis of a plan transmitted by the Chief Financial and Risk Management Officer/Financial Reporting Officer (CFRO/FRO) – aimed at defining the scope and objectives of the interventions through agreed audit procedures. In addition to its independent monitoring activities, the Internal Audit Unit, on the basis of the annual Audit Plan approved by the Board of Directors and prepared using a “top-down, risk-based” approach, carries out compliance, financial and operational audits.

The findings of the independent monitoring conducted by Internal Audit and the periodic reports containing an assessment of the appropriateness of the ICRMS emerging from the audit activities performed are **transmitted to the CFRO/FRO, as well as top management and the control and supervisory bodies for the purpose of conducting the evaluations for which they are responsible.**

The monitoring activities allow identification of any **deficiencies** in the control system applied to financial reporting that are subject to evaluation in terms of probability and impact on Eni's financial reporting. On the basis of their importance, they are classified as “deficiencies”, “significant weaknesses”, or “serious deficiencies”.

The results of the monitoring activities are included in a **periodic report** on the state of the control system applied to financial reporting. This reporting is conducted using computerised tools that enable the traceability of information on the adequacy of the design and functioning of the controls.

**On the basis of this reporting activity, the CFRO/FRO drafts a report on the adequacy and actual implementation of the control system applied to financial reporting.**

This report – following approval by the CEO – is submitted to the Board of Directors, after review by the Control and Risk Committee, during the approval of the draft annual and semi-annual financial statements, in order to ensure the execution of the aforementioned supervisory activities and evaluations regarding the internal control system applied to financial reporting. Furthermore, the above-mentioned report is also transmitted to the Board of Statutory Auditors, in its role as the “Audit Committee” pursuant to US law.

At its meeting of July 29, 2015, the Board of Directors, having received the reports of the Financial Reporting Officer and of the Control and Risk Committee, considering the Report on risks, and having consulted with the Control and Risk Committee, evaluated as positive: (i) the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the nature of the Company and its risk profile; and (ii) the adequacy of the powers and resources available to the FRO, as well as the latter's compliance with administrative and accounting procedures he has established.

At its meeting of March 17, 2016, the Board of Directors, having considered the Report of the Officer in charge of preparing financial reports, the Reports of the Control and Risk Committee, the Report on administrative and accounting structure, the Report on the organizational structure as regards the part on the ICRMS organizational structure, the Report on risks and the Report on the respect of the financial risk limits, and having consulted with the Committee, evaluated as positive: (i) the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the nature of the Company and its risk profile; and (ii) the adequacy of the powers and resources available to the Officer in charge of preparing financial reports as well as compliance with the administrative and accounting procedures prepared by the same.

Finally, The activity of the CFRO/FRO is supported within **Eni** by various people whose roles and responsibilities are defined in the aforementioned MSG.

In particular, the control activities involve all levels of **Eni's organisational structure**, from the operational business managers and unit managers to the executives and the CEO. In this organisational context, a particularly important role in the internal control system is carried out by the person who performs **line monitoring** (the so-called "tester"), who assesses the design and operation of the specific and pervasive controls, providing information for reports on monitoring activities and any deficiencies encountered, in order to ensure the timely identification of any necessary corrective actions.

### Model 231

In accordance with the Italian regulations concerning the "administrative liability of legal entities deriving from criminal offences" contained in Legislative Decree no. 231 of June 8, 2001 (henceforth, "Legislative Decree no. 231/2001")<sup>174</sup>, legal entities, including corporations, may be held liable – and consequently fined or subject to prohibitions – in relation to certain crimes committed or attempted in Italy or abroad in the interest or for the benefit of the Company. Companies may nonetheless adopt an appropriate organisational, management and control model (the compliance model or, hereinafter, Model 231) to prevent such offences.

**Eni SpA's Model 231 establishes the control arrangements (general transparency standards for activities and specific control standards) for the purpose of preventing the offenses envisaged under Legislative Decree no. 231/2001 that have been incorporated into the relevant Company procedures.**

The CEO, who is already in charge of implementing Model 231, is also responsible for updating it. The CEO is supported in performing this duty by the Technical Committee 231<sup>175</sup>.

Following approval by the CEO:

- any amendments and/or additions that do not regard the "General Principles" of Model 231 or that regard solely the document "Sensitive Activities and Specific Control Standards of Model 231" take effect immediately and are submitted to the Board of Directors for ratification at the first subsequent meeting, subject to notification of the Board of Statutory Auditors. In any event, the Board of Directors retains the power to propose additional amendments or additions;
- updates of Model 231 that regard the "General Principles" are approved with a resolution of the Board of Directors, subject to notification of the Board of Statutory Auditors.

> Eni's Model 231 establishes the control arrangements for the purpose of preventing the offenses envisaged under Legislative Decree no. 231/2001

[174] The current scope of application of Legislative Decree no. 231/2001 comprises: (i) offenses against the public administration and the public faith; (ii) corporate offences; (iii) crimes associated with the subversion of the democratic order and terrorist financing; (iv) offenses against individual personhood; (v) market abuse ("abuse of inside information" and "market manipulation"); (vi) crimes against the person; (vii) transnational crimes; (viii) manslaughter and serious negligent personal injury in violation of workplace health and safety regulations; (ix) the handling of stolen goods, money laundering or the use of money, goods or benefits of illegal origin as well as self laundering; (x) computer crimes and the illegal processing of data; (xi) organised crime; (xii) crimes against industry and commerce; (xiii) copyright violation; (xiv) inducement to withhold statements or to make false statements to judicial authorities; (xv) environmental crimes; (xvi) bribery between private parties; and (xvii) undeclared labour.

[175] The Technical Committee 231 is composed of units from the Chief of Legal & Regulatory Affairs unit and the Human Resources and Organisation and Internal Audit Units.

The Technical Committee 231, subject to notification of the Watch Structure, may make merely formal amendments of Model 231 and the document “Sensitive Activities and Specific Control Standards of Model 231” independently.

The so-called **“general part” of Model 231** (i.e. the section setting out the architecture and governance principles of the compliance model)<sup>176</sup> was updated with a resolution of the Board of Directors at its meetings of April 10 and May 28, 2014, taking account of the experience acquired, developments in case law and legal interpretation as well as the evolution of Legislative Decree no. 231/2001 and organisational changes at Eni.

With regard to the so-called **“special part”**, the new version of the document **“Sensitive Activities and Specific Control Standards of Model 231”**, which specifies sensitive activities for the purposes of Legislative Decree no. 231/2001 and sets out the associated control measures, was approved on December 10, 2015 by the CEO of Eni SpA. The new version reflects, among other things: (i) **the changes in corporate organisation that occurred during 2014**; (ii) a number of **legislative changes concerning self-laundering and corporate offenses**. In addition, the new document rationalises and harmonises the various components of Model 231, eliminating redundancies and enhancing its coherence and consistency among the various sensitive activities and the associated controls<sup>177</sup>.

Eni’s Code of Ethics, which is covered in a specific section of this Report, is an integral part and essential general principle of Model 231.

The Model 231 of Eni SpA also serves as a reference framework for determining the compliance model of direct and indirect subsidiaries.

**Listed subsidiaries** are sent Model 231 as a basis for them to adopt their own models, adjusting them as necessary, in accordance with the specific features of their own company and the principle of management independence.

In addition, the **MSG on the “Composition of the Watch Structures and performance of their duties, in support of Eni’s subsidiaries”**, adopted by the Board of Directors di Eni, defines, without prejudice to the subsidiaries’ autonomous powers of initiative and control: (i) the criteria for determining the composition of the Watch Structures of the subsidiaries and for selecting their members; (ii) the guidelines to be followed by each Watch Structure in performing its duties.

**The representatives designated by Eni on the corporate bodies of subsidiaries and associated, consortia and joint ventures promote the principles and contents of Model 231 within their respective spheres of responsibility.** The **Board of Directors** plays a fundamental role with regard to Model 231 issues since it has reserved to itself the power to approve Model 231 and the MSG regarding the Watch Structures of the subsidiaries, and to establish and appoint the members of the Watch Structure, on whose activities it receives periodic reporting through the CEO. The CEO is responsible for implementing and updating Model 231, in compliance with the powers conferred to him by the Model itself.

The Eni Watch Structure is responsible for identifying these controls – which are approved by the CEO during the updating activities – and transmitting them to the relevant Company units, which may be done using internal regulatory instruments.

Furthermore, in accordance with provisions of the law, a disciplinary system for punishing any violations of Model 231 and failure to comply with corporate procedures for implementing control system were incorporated into the Model. In 2015, Eni continued to provide training on aspects of the Code of Ethics and on Model 231 issues, through the Eni Chief Legal & Regulatory Affairs unit,

[176] At its meetings of December 15, 2003, and January 28, 2004, the Board of Directors of Eni approved an organisational, management and control model pursuant to Italian Legislative Decree no. 231/2001 (hereinafter “Model 231”) and established the associated Eni Watch Structure.

[177] Most recently, the Technical Committee 231, after notifying and explaining the changes to the Eni SpA Watch Structure at its meetings of December 16, 2014 and April 24, 2015, made merely formal changes to Model 231 in accordance with the provisions of section 7.3 of the Eni SpA Model 231.

for young graduates, managers and top managers, with the degree of further training diversified by roles and positions.

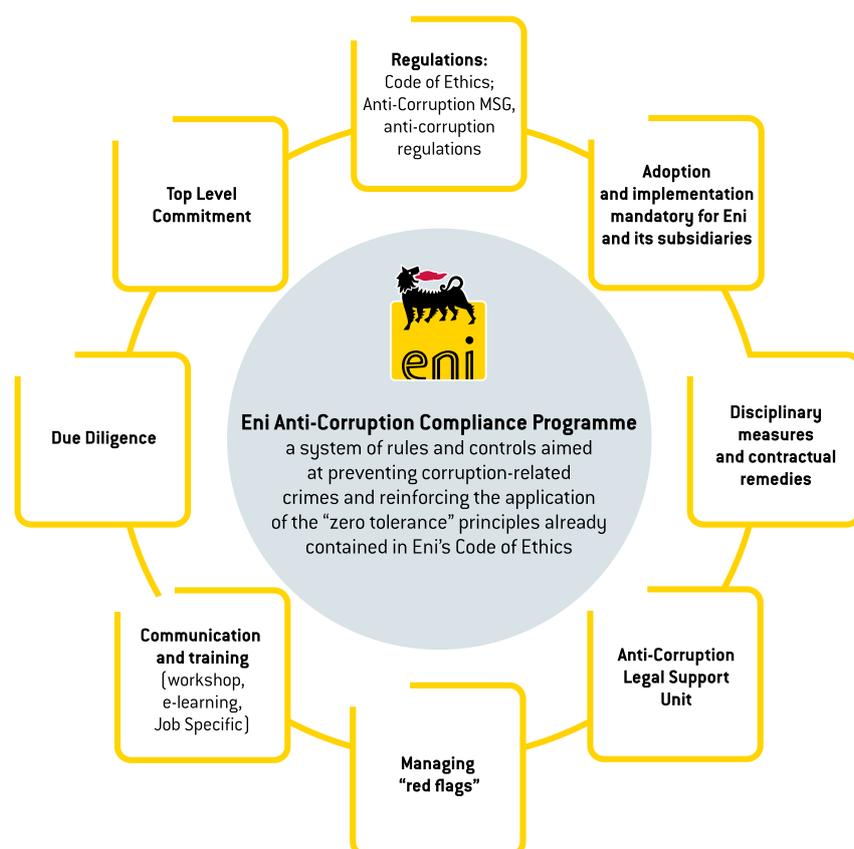
In 2015, the Chief Legal & Regulatory Affairs unit delivered a web seminar on Model 231 and the Code of Ethics to compliance managers, focal point 231s and all personnel staffing Watch Structures at Eni's Italian and foreign subsidiaries.

### Anti-corruption compliance programme

In accordance with the principle of **"zero tolerance" towards corruption expressed in the Code of Ethics**, Eni has sought to manage other risks which may be encountered by the Company in its business activities by implementing a comprehensive system of rules and controls to prevent corruption-related crimes (known as the **anti-corruption compliance programme**), which is characterised by its dynamism and constant attention to evolving national and international legislation and best practices.

> Eni adopted an Anti-corruption compliance programme

The anti-corruption compliance programme was first introduced in 2009 in accordance with applicable national and international anti-corruption provisions and following the approval by the Board of Directors of the Eni of the Anti-Corruption Guidelines and issue of the relative subsidiary procedures (subsequently renamed the "Anti-Corruption Regulations"). The Anti-Corruption Guidelines provided for the establishment of a **structure denominated the Anti-Corruption Legal Support Unit ("ACLSU"), which was charged with providing specialist anti-corruption legal assistance to Eni and its unlisted subsidiaries in Italy and abroad**. The unit was established within the unit of the Chief of Legal and Regulatory Affairs.



On December 15, 2011, in light of the issue of the **UK Bribery Act**, which, among other things, introduced the crime of private sector bribery, Eni updated its compliance programme (already **"US Foreign Corrupt Practices Act compliant"**), approving, by resolution of the Board of Directors, the first version of the **Anti-Corruption MSG**, with the objective of prohibiting any form of active or passive bribery, not only involving public officials, but also private parties.

In 2013, a **global assessment was performed by an independent external expert** to assess the effectiveness of Eni's anti-corruption compliance programme, both in terms of the adequacy of its procedural design and the effective application of such a design.

**The assessment found that both the design and application of the compliance programme were sound overall, in line with the appropriate benchmarks and international best practices.**

In order to “**continuously improve**” the compliance programme, in part by following several of the suggestions put forth by the independent legal expert, Eni further strengthened the programme when the Board of Directors of Eni SpA approved a number of changes to the Anti-Corruption MSG on October 29, 2014.

The Anti-Corruption MSG is inspired by the principles described in Eni's Code of Ethics, is binding on **Eni SpA and all its unlisted subsidiaries and provides a systematic framework for additional related Anti-Corruption Regulations** adopted by Eni<sup>178</sup>.

**Eni also does all it can to ensure that the company and the entities in which Eni has a non-controlling interest comply with the standards set out in its internal anti-corruption rules, adopting and maintaining an adequate internal control system that complies with the requirements of anti-corruption legislation.**

The representatives designated by Eni in such companies and entities are required by Eni to do everything in their power to ensure the adoption of the standards specified in Eni's anti-corruption compliance programme. In this context, the activity of Eni's representatives in joint ventures (contractual and corporate) that are not subsidiaries and are not operated by Eni deserves special attention.

In fact, Eni requires these representatives to carry out a series of activities whose primary purpose is to propose to the joint venture the adoption and implementation of an anti-corruption programme in line with Eni's own programme and to document any refusal by the joint venture to comply with the control standards contained in Eni's anti-corruption compliance programme.

In 2015, the ACLSU continued to provide **specialist anti-corruption legal assistance in relation to the activities of Eni SpA and its unlisted subsidiaries**<sup>179</sup>, including, among other things: (i) constant monitoring of regulations and case law; (ii) implementation of guidelines and guidance on the matter, also by supporting competent functions in the update of the internal regulations; (iii) legal activities within its sphere of competence in relation to the relevant to anti-corruption training programmes for Eni personnel; (iv) specialist support in the management and investigating of **red flags**; (v) support during reliability checks on partners and contractual counterparties and the processing of the relevant contractual requirements in areas at risk of corruption; (vi) monitoring the adoption of the Anti-Corruption MSG and the associated Anti-Corruption Regulations by the subsidiaries; (vii) maintaining an adequate flow of information to the Eni control bodies by drafting a semi-annual report on activities that is submitted to the Watch Structure, the Board of Statutory Auditors, the Control and Risk Committee and the Chief Financial and Risk Management Officer of Eni SpA.

Moreover, the **Anti-Corruption MSG provides that the manager responsible for performing due diligence must report the results of the reliability checks on partners and contractual counterparties (anti-corruption due diligence), including reasoned decisions to not conduct the due diligence and any comments by the ACLSU, to the person or body that authorises the associated transaction.**

The **anti-corruption training programme for Eni staff** also continued in 2015. This training was provided through both e-learning tools and classroom training events (workshops) for

[178] In 2015, work continued on revising and updating existing internal regulations, leading to the issuance, inter alia, of new anti-corruption regulations governing areas at risk of corruption.

[179] Listed subsidiaries have their own Anti-Corruption Legal Support Units.

“employees at risk” as identified by the Human Resources department of each individual company based on the type of duties performed.

Around 3,670 employees received e-training during the first session (2010-2012) and some 12,477 in the second session (2013-2015).

In the second half of 2015, the basic module of the anti-corruption e-learning programme was launched for all low-level employees. Between July and December 2015, about 7,016 Eni personnel received training through the programme.

From the start of anti-corruption workshops until December 31, 2015, some 5,709 employees in Italy and abroad received training. In addition, in 2014, the ACLSU had begun to hold job-specific training sessions providing training on specific corruption risks for targeted professional areas. Around 1,506 Eni employees received such job-specific training between 2014 and 2015.

Eni continues to gain experience in the area of anti-corruption through its on-going participation in international conferences and working groups that represent, for Eni, an instrument for growth and for promoting and disseminating its values.

These include the following:

- Eni, through the Chief of Legal & Regulatory Affairs, actively contributed to the work of the B20 on the fight against corruption. In 2015, during the B20 held in Turkey, Eni played an active role in the Anti-Corruption Task Force. Eni's commitment to the B20 will continue in 2016 at the meeting in China;
- during 2015 Eni participated in the Working Group on Voluntary Self-Disclosure established within the World Economic Forum's Global Agenda Council, which prepared an analysis on the main issues regarding voluntary disclosure, which was agreed with the B20;
- the year also saw Eni participate in the meetings of the Fighting Corruption Working Group, established under the aegis of the Global Compact Network Italia Foundation, held to agree the policies and initiatives adopted by the participating companies with regard to the main areas of corruption risk;
- Eni has been an active participant in the Partnering Against Corruption Initiatives (“PACI”) since 2012. In 2015, Eni participated in PACI Vanguard Delegates Meetings on January 8, April 24, June 25, July 24, September 10 and December 9;
- under the aegis of the OECD:
  - in 2015 Eni participated in the multistakeholder “Work Stream 4 on Detecting Corruption Risks in Extractives” established as part of the “Policy Dialogue on Natural Resource Based Development” held in Paris at the OECD Conference Centre in December 2014. The group is tasked with conducting a study to identify the main scenarios and risk factors for corruption in the extractive industries. As part of its work in 2015, the group drafted a document that was presented at the “Fifth plenary meeting of the policy dialogue on natural resource-based development” held in Paris in December 2015;
  - in February 2015, Eni was invited to participate in the “Trust and Business Project” focusing on analysing whether strengthening corporate governance can help enterprises mitigate their exposure to improper conduct. Eni collaborated on the drafting of “Corporate Governance and Business Integrity – A Stocktaking of Corporate Practices” published on the OECD website on November 25, 2015;
  - Since 2013 the ACLSU, acting through the subsidiary Eni UK, has joined the Energy Extractive Working Group in the United Kingdom. It continued its participation in 2015, examining a range of issues of common concern.

> Eni adopted internal rules on whistleblowing reports

### Procedure for whistleblowing reports (including anonymous complaints) received by Eni SpA and subsidiaries in Italy and abroad

The Board of Statutory Auditors of Eni SpA, in its capacity as the “Audit Committee” provided for under US legislation in application of the Sarbanes-Oxley Act of 2002 approved, most recently on November 19, 2014, internal rules governing the receipt (with the creation of easily accessible information channels and published on the Company’s website), analysis and processing of reports, including those transmitted in confidential or anonymous form to Eni, concerning internal control issues, financial reporting, the Company’s administrative liability, fraud or other matters (so-called **whistleblowing reports**).

**The reports governed by the rules may be submitted by anyone, including Eni employees and third parties (i.e. external persons with some relationship with Eni such as business partners, customers, suppliers, the Eni audit firm, consultants, associates and, in general, all other stakeholders).**

The complaints may regard: (i) **non-compliance with external laws and regulations or internal Eni regulations**, as well as Eni’s regulatory system, including allegations of fraud involving corporate assets or financial reporting, as well as events that could, in theory, give rise to administrative liability for the Company pursuant to Legislative Decree no. 231/2001; (ii) **the violation of rules and principles set out in the Code of Ethics**.

Eni carries out all **appropriate checks** of the facts reported, investigating the reports as **quickly as possible** while **ensuring completeness and accuracy of the checks** performed.

The **Internal Audit Unit** manages the process for the Eni Group, along with the competent **Watch Structures**, while reports involving listed subsidiaries are managed independently by the **Internal Audit Unit and control and supervisory bodies** of the subsidiary involved.

Specifically, the investigative process requires that all whistleblowing reports be brought to the attention of the “Whistleblowing Team”<sup>180</sup>, which **divides them into two categories on the basis of their content**<sup>181</sup> (**reporting pertaining to the “Internal Control and Risk Management System” and “Other Issues”**) and checks the facts alleged and whether they can be verified. If verified, the Team asks (i) the Internal Audit Unit to conduct an assessment of reports pertaining to the “Internal Control and Risk Management System” and (ii) the competent Watch Structures, as guarantors of the Code of Ethics, to assess reports pertaining to “Other Issues”.

Once the assessment is completed, the proposal (**wherein the report is identified as “founded”, “unfounded” or “unfounded with action”**) is submitted to the Whistleblowing Team and the Whistleblowing Committee<sup>182</sup> for review. They may require further investigation or may approve the inclusion of the proposals in the periodic report submitted to the Board of Statutory Auditors, in its capacity as the “Audit Committee” under US law. The latter may either approve the proposals or, if it deems it necessary, ask the Internal Audit Unit to conduct further investigation.

The **Internal Audit Unit also reports on its investigations** and provides periodic reporting to the Chairman of the Board of Directors, the CEO, the Board of Statutory Auditors, the audit firm, the members of the Whistleblowing Committee and Team and the internal control system legal unit, as well as to the Eni SpA Watch Structure and the heads of competent units, the top management and control bodies of the Eni subsidiaries for reports involving them, with the exception of listed subsidiaries, in line with the Eni regulations governing this area.

While examining the periodic reports received, the **Eni Board of Statutory Auditors** also assesses, including **in its capacity as the “Audit Committee”** under US law, whether to forward reported

[180] The Team is composed of Eni managers who report directly to the Chief Legal & Regulatory Affairs, the Head of the Internal Audit Unit, the Head of Human Resources and Organisation and the Head of Accounting and Financial Statements Department.

[181] The Internal Audit Unit forwards notices received that are not identified as “whistleblowing reports” of relevance to the whistleblowing procedure to the relevant company units for processing under the provisions of applicable regulations.

[182] The Committee is composed of the Chief of Legal & Regulatory Affairs, the Head of the Internal Audit Unit, the Head of Human Resources and Organisation and, for reports concerning relevant circumstances, the Head of Accounting and Financial Statements Department.

incidents that could have a more significant impact on the internal control and risk management system to the Control and Risk Committee.

For **listed subsidiaries**, information flows and reporting to their top management and control bodies are handled by their own Internal Audit Units, which also oversee the prompt forwarding of reports on significant incidents to Eni's Internal Audit Unit. Moreover, listed subsidiaries are required to promptly notify Eni SpA's Litigation Management Team<sup>183</sup> of any whistleblowing reports, including anonymous reports, received that meet the specific requirements set out in the relevant internal regulations.

### Litigation Management Regulations

The "Litigation Management" regulations were last updated on November 18, 2013. **They govern the process of the communication and internal dissemination of news concerning developments in significant litigation or administrative proceedings involving Eni SpA<sup>184</sup> and/or its subsidiaries and requires that a team of top Eni managers ("TeamPEG"<sup>185</sup>), each in his area of expertise, oversee the coordination of the necessary actions – while observing the legal and operational autonomy of the subsidiaries and their control and supervisory bodies – including for the purposes of a proper exercise of management and coordination functions by Eni SpA, where applicable.**

**Listed subsidiaries** also promptly notify the team of significant legal events and any whistleblowing reports, including anonymous reports, which, regardless of whether or not action has been brought by law enforcement authorities, relate to certain legal circumstances indicated in the procedure.

The measures governed by the regulation contribute to the effectiveness of the internal control and risk management system, in part to ensure consistency in the action of Eni SpA and its subsidiaries in response to significant legal events.

### Management System Guidelines for "Transactions involving the interests of Directors and Statutory Auditors and transactions with related parties"<sup>186</sup>

In compliance with the Consob Regulation on related-party transactions, on November 18, 2010<sup>187</sup>, the Board of Directors unanimously approved the Management System Guidelines (MSG) for "Transactions involving the interests of Directors and Statutory Auditors and transactions with related parties"<sup>188</sup>, which has been applied **since January 1, 2011**<sup>189</sup>, to ensure transparency and substantive and procedural fairness in transactions with related parties.

At its meeting of January 19, 2012, the Board of Directors conducted the first annual review of the MSG, as required by the document itself, **rather than the three-year frequency required by Consob**. The Board consequently modified the procedure, taking account of the operational issues that had arisen during the first year of application.

The MSG and the subsequent amendments received the unanimous, favourable opinion of the former Internal Control Committee of Eni<sup>190</sup>, composed entirely of independent directors under the provisions of the Corporate Governance Code and in accordance with the Consob Regulation.

[183] See the next section.

[184] Specifically, notices, news and requests received by Eni SpA and/or its subsidiaries or that, in any case, it is made aware of concerning judicial or administrative proceedings, of particular significance to Eni, during the preliminary or trial stage or in the course of investigation or expressly indicated as possible by the authority that has the power to initiate it once the investigations in course have been completed.

[185] The Team is composed of the Chief Legal & Regulatory Affairs, the Chief Services & Stakeholder Relations Officer, the Executive Vice President External Communications, the Senior Executive Vice President Corporate Affairs and Governance and the Senior Executive Vice President Internal Audit.

[186] The MSG for "Transactions involving the interests of Directors and Statutory Auditors and transactions with related parties" is available in the Corporate Governance section of the Company's website at: [http://www.eni.com/en\\_IT/attachments/governance/guidelines-related-parties/MSG\\_Part%20Correlate\\_ENG.pdf](http://www.eni.com/en_IT/attachments/governance/guidelines-related-parties/MSG_Part%20Correlate_ENG.pdf).

[187] The MSG updates and replaces the previous Company regulations in this area, which had been adopted by the Board of Directors on February 12, 2009.

[188] The procedures take account of the instructions and interpretive guidance set out in the Consob Communication of September 24, 2010.

[189] The disclosure requirements set out in the Consob Regulation entered force as from December 1, 2010.

[190] Currently the Control and Risk Committee.

At its meetings of January 17, 2013, January 16, 2014, January 20, 2015 and most recently January 19, 2016, the Board of Directors, subject to obtaining a favourable opinion from the Control and Risk Committee, conducted the annual reviews of the MSG and, taking account of the information received, felt it was not necessary to amend the MSG further.

**The MSG, while largely being based on the definitions and provisions of the Consob Regulation, extends the rules for transactions carried out directly by Eni to all transactions undertaken by subsidiaries with related parties of Eni SpA, with a view to enhancing safeguards and improving functionality.**

In addition, the **definition of "related party" has been extended and defined in greater detail.**

Transactions with related parties are divided into transactions of **lesser importance, of greater importance and exempt transactions**, with procedural arrangements and transparency requirements that vary based on the type and importance of the transaction.

In general, the independent Directors on the **Control and Risk Committee** or the **Compensation Committee** (in the case of certain remuneration issues) play a central role in all significant transactions with related parties. Specifically, for transactions of lesser importance, the procedures require that the relevant committee express a reasoned, non-binding opinion on the Company's interest in completing the transaction and the economic benefits and substantive fairness of the underlying terms.

**Exempt transactions comprise low-value transactions as well as ordinary transactions carried out under standard conditions, intercompany transactions and those regarding remuneration as specified in the MSG.**

For transactions of **greater importance**, without prejudice to the decision-making powers reserved to the **Board of Directors**, the relevant committee is involved starting from the preparatory phase of the transaction and expresses a binding opinion on the Company's interest in the completion of the transaction and the economic benefits and substantive fairness of the underlying terms.

With regard to the **disclosures to be provided to the public**, the relevant provisions of the Consob Regulation have been fully incorporated in the MSG.

The MSG also sets out the **timing, responsibilities and verification tools to be used by Eni employees involved and the reporting requirements** that must be complied with for the correct application of the rules.

Finally, consistent with the choice made with the previous system, **specific rules have been adopted for transactions in which a Director or a Statutory Auditor holds an interest, whether directly or on behalf of third parties.** More specifically, the MSG contains specific monitoring, evaluation and motivation requirements related to the preliminary phase and to the completion of a transaction with a party of interest to a Director or a Statutory Auditor.

In this regard, **both in the preliminary and approval phase, a detailed and documented examination of the reason for the transaction is required, showing the interest of the Company in its completion and the economic benefits and fairness of the underlying terms.** In any case, if the transaction is under the responsibility of the Eni Board of Directors, a non-binding opinion from the **Control and Risk Committee** is required.

In order to ensure prompt and effective verification of the implementation of the MSG, a **database** had been created listing related parties and Eni persons of interest, together with a **search application** that the agents of Eni and the subsidiaries responsible for preparing transactions can use to access the database in order to determine the nature of the transaction counterparty.

To ensure an effective system of control over transactions, **every two months** the CEO must report to the Board of Directors and to the Board of Statutory Auditors on the execution of individual transactions with related parties and parties of interest to Directors and Statutory Auditors, and prepare a **semi-annual aggregate report on all transactions with such parties of interest performed during the reporting period**.

The **Board of Statutory Auditors** monitors the compliance of Eni's procedures with the principles set out by Consob concerning related parties<sup>191</sup>, as well as whether their conformity based upon information received and reports to the Shareholders' Meetings on its activities.

A number of **training and information meetings** were held in 2015, coordinated by Corporate Affairs and Governance, involving all the departments of Eni and its unlisted subsidiaries most affected by the relevant legislation. These activities were accompanied by a session of **ongoing training** for the Board of Directors and the Board of Statutory Auditors, which reviewed the main aspects of the applicable regulations and the associated responsibilities of the corporate bodies and their members.

## Management System Guidelines for "Market Abuse"

### *Handling of corporate information*

In compliance with the requirements contained in the Consolidated Law on Financial Intermediation and the Consob Issuers Regulation, on October 29, 2012, the Board of Directors, acting on a proposal from the CEO and after consultation with the Control and Risk Committee, approved the new Management System Guidelines for Market Abuse (hereinafter also "Market Abuse MSG"), which consolidates the three previous sets of rules in this field (approved by the Board in 2006) into a single instrument with the aim of rationalising and improving the effectiveness of the Company's arrangements to prevent market abuse.

> The Board adopted internal procedures for the internal handling and disclosure to third parties of information concerning the issuer, having special regard to price sensitive information

**The Market Abuse MSG seeks to raise the awareness in all of Eni's employees of the value of information as a strategic business asset for the protection of the interests of the Company, its shareholders and the market, and the consequences that may result from mismanaging such information**, including by highlighting the penalties associated with violation of the regulations, without prejudice to any other disciplinary measure envisaged by those regulations.

Since 2013, **training on market abuse issues** has involved around 2,500 Eni employees, using a variety of methods, including e-learning. The topic was also addressed in other training programmes undertaken for the boards of directors of Eni subsidiaries and investees (the so-called "Welcome Board").

In 2015, a session of **ongoing training** was organised for the Board of Directors and the Board of Statutory Auditors that addressed the main aspect of the applicable legislation and the responsibilities incumbent upon the corporate bodies and their members.

In particular, the MSG, in tracing the evolution that information may undergo within Eni, introduces principles of conduct for preserving the confidentiality of corporate information in general, as required by Criterion 1.C.1 letter j) of the **Corporate Governance Code**, ensuring that information is used by employees and members of the corporate bodies in accordance with the principles of sound management of information within the context of the duties assigned to them in the pursuit of the company business and in compliance with the principles set out in **Eni's Code of Ethics and with corporate security measures**. Directors and Statutory Auditors shall ensure the confidentiality of documents and information acquired in the performance of their duties and shall ensure compliance with the Market Abuse MSG.

[191] The oversight function of the Board of Statutory Auditors is governed by art. 2391-bis of the Italian Civil Code, art. 4, paragraph 6 of the Consob regulation on related-party transactions, as well as the relevant internal regulations, to which a section of the "Internal Control and Risk Management System" is dedicated.

### *Internal management of inside information and the register of persons with access to inside information*

The MSG establishes the procedures to be adopted in determining whether information should be classified as inside information. Drafted in compliance with the provisions of Article 115-bis of the Consolidated Law on Financial Intermediation and the implementing provisions of the Consob Issuers' Regulation, it defines: (i) the procedures for creating, maintaining and updating the **register of persons with access to Eni inside information, including for Eni's subsidiaries**; (ii) the methods and deadlines for the entry in and any subsequent cancellation from the register of persons who, due to their work or professional activity or as a result of the functions carried out on behalf of Eni, have access on a regular or occasional basis to inside information; (iii) the procedures for **notifying the person involved** of their entry in and cancellation from the register, including the associated reasons for the action; and (iv) specific **rules of conduct** for persons entered in the register.

The MSG also specifies the **procedures to be used by the subsidiaries in delegating to Eni**, pursuant to art. 152-bis, paragraph 4, of the Consob Issuers' Regulation, the establishment and updating of their registers, governing the associated communications for the full performance of the associated obligations.

In any case, the MSG provides for **special confidentiality rules for inside information for which there are no public disclosure requirements, so that until it is made public** (i) persons other than those who need the information for the performance of their duties within Eni do not have access to the information and (ii) that persons with access to such information understand their legal and regulatory duties with respect to such information and the possible penalties to which they could be subject in the event of the abuse or unauthorised dissemination of the inside information.

### *Market disclosure of documents and inside information*

The Market Abuse MSG governs the public disclosure of inside information, specifying: (i) the **evaluation criteria** for determining which information is subject to disclosure; (ii) the process for issuing **press releases with price sensitive information**; and (iii) the **publication** of press releases with price sensitive information required by the regulations and, upon publication, their concomitant publication on the Eni website.

In compliance with art. 114 of the Consolidated Law on Financial Intermediation and the implementing provisions of the Issuers' Regulation, the procedure establishes the **requirements for public disclosure of inside information** (transparency, fairness and non-manipulative intent, materiality, clarity, completeness, traceability, consistency, equal access to information and informational symmetry and timeliness) and the rules for acquiring data and information from subsidiaries that is necessary to provide accurate and timely information to the Board of Directors and to the market on events and circumstances that may give rise to inside information.

In particular, the Market Abuse MSG establishes rules so that, in accordance with applicable regulations: (i) **press releases with price sensitive information** contain all the information necessary to enable a complete and accurate assessment of the events and circumstances represented, as well as references to and comparisons with the content of previous press releases; (ii) any significant change in inside information subject to disclosure that has already been made public is disseminated without delay in the manner specified by applicable regulations; (iii) the disclosure of inside information subject to disclosure and the marketing of the Company's activities are not combined in a way that could be misleading; and (iv) the disclosure is made in a manner that ensures the greatest possible synchronization of disclosure to all categories of investors in all countries in which the admission of its financial instruments to trading on a regulated market has been requested or approved.

### *Internal Dealing*

The Market Abuse MSG streamlines and clarifies the provisions already contained in the previous procedure adopted by Eni governing internal dealing. The procedure, in incorporating

the instructions contained in Article 152-sexies of the Consob Issuers' Regulation: (i) identifies relevant persons and persons closely associated with them; (ii) defines transactions involving shares issued by Eni SpA, shares of companies with listed shares and other financial instruments linked to those shares; (iii) describes the obligations for disclosure to Consob and the public of transactions, carried out directly or through nominees, by relevant persons and persons closely associated with them; (iv) establishes rules of conduct for relevant persons (other than the shareholders of Eni) and persons closely associated with them, governing the procedures and deadlines for notifying Eni of transactions, as well as the deadlines for disclosure to the public of such filings, which are to be made directly or through the Corporate Secretariat of Eni SpA, which also provides for publication of the filing on the Internal Dealing section of the website<sup>192</sup>.

As already provided for under the previous internal dealing procedure, the Market Abuse MSG institutes **blocking periods** for transactions carried out by relevant persons.

The procedure is published in the "Governance" section of the Eni website<sup>193</sup>.

## Audit firm<sup>194</sup>

The statutory auditing of Eni's financial statements is entrusted, pursuant to law, to an audit firm entered in the Consob special register and **appointed by the Shareholders' Meeting, acting on a reasoned proposal of the Board of Statutory Auditors**.

In addition to the obligations set forth in national audit regulations, Eni's listing on the New York Stock Exchange requires that the audit firm issues a report on the Annual Report on Form 20-F, in compliance with the auditing principles generally accepted in the United States, as well as an assessment of the effectiveness of the internal control system applied to financial reporting, which governs the preparation of the consolidated financial statements.

For the most part, the financial statements of the subsidiaries are audited by Eni's audit firm. In addition, for the purpose of issuing an assessment on the consolidated financial statements, Eni's audit firm assumes responsibility for the auditing activities performed by other audit firms regarding the financial statements of subsidiaries that, taken together, account for an immaterial share of consolidated assets and revenues.

The current audit firm is **Reconta Ernst & Young SpA**, whose engagement was approved by the Shareholders' Meeting of April 29, 2010, **for the financial years 2010-2018**, pursuant to Legislative Decree no. 39/2010.

In carrying out its work, the audit firm shall have access to the information, data (both documentation and digital information), archives and property of the Company and its subsidiaries.

The "Rules on the auditing of financial statements" set out the general principles pertaining to: the granting and revocation of the engagement; relations between the primary auditor of the Group and secondary auditors; the independence of the audit firm and causes for incompatibility; reporting responsibilities and obligations of the audit firm; and the regulation of the flow of information addressed to the Company, Consob and the SEC.

In order to preserve the independence of the audit firms, a monitoring system for "non-audit" work has been created where, in general, the audit firm and its network are not awarded engagements

> The Shareholders' Meeting engaged Reconta Ernst & Young SpA to audit Eni's financial statements for the financial years 2010-2018

[192] At the address: [http://www.eni.com/en\\_IT/governance/internal-dealing-and-shareholdings/relevant-persons-transactions.shtml](http://www.eni.com/en_IT/governance/internal-dealing-and-shareholdings/relevant-persons-transactions.shtml).

[193] At the address: [http://www.eni.com/en\\_IT/governance/governance-controls/market-abuse-procedures/market-abuse-procedures.shtml](http://www.eni.com/en_IT/governance/governance-controls/market-abuse-procedures/market-abuse-procedures.shtml).

[194] The audit firm, having verified the preparation of this Report, has determined that it is consistent, as required by art. 14, paragraph 2, letter e), of Legislative Decree no. 39/2010 with the information provided pursuant to art. 123-bis, paragraph 1, letters c), d), f), l) and m), and paragraph 2, letter b) of the del Consolidated Law on Financial Intermediation. The Audit Report is published in full along with the Annual Financial Report.

unrelated to the performance of statutory audit activities, except in rare circumstances pertaining to activities that are not prohibited by Italian legislation or the Sarbanes-Oxley Act.

The additional engagements (i) if requested by Eni SpA, are subject to the prior opinion of the Board of Statutory Auditors of Eni SpA; (ii) if requested by the subsidiaries, are subject to the prior opinion of the board of statutory auditors of the subsidiary, as well as of the Board of Statutory Auditors of Eni SpA in cases where such engagements do not fall under those provided for by specific laws or regulations. All engagements are approved by the Board of Directors of the relevant company. The Board of Statutory Auditors of Eni is periodically informed of the engagements that are awarded to the audit firm by the Group companies.

## Control of the Court of Auditors

The financial management of Eni is subject to the control of the Court of Auditors ("Corte dei Conti"<sup>195</sup>) in order to preserve the integrity of the public finances. This work was performed by the magistrate of the Court of Auditors Adolfo Teobaldo De Girolamo, on the basis of the resolution approved on December 22, 2014 by the President's Council of the Court of Auditors. The magistrate of the Court of Auditors attends the meetings of the Board of Directors, the Board of Statutory Auditors and the Control and Risk Committee.

## Relations with shareholders and the market

In compliance with its Code of Ethics and the adopted Corporate Governance Code, Eni has maintained an open and on-going dialogue with institutional investors, retail shareholders and the market, so as to ensure the dissemination of complete, accurate and timely information on its activities, without prejudice to the need to preserve the confidentiality that certain information may require.

Disclosures concerning periodic reports, the four-year strategic plan, major events and transactions are disseminated through press releases, meetings and conference calls with institutional investors, financial analysts and the press, and are promptly made available to the general public, including by way of publication on the Company's website.

> Eni's website contains relevant information for the market, including information on Eni's corporate governance system

In particular, presentations by top management to the financial markets concerning the quarterly and annual results and the four-year strategic plan are transmitted live on the **Company's website**, informing retail shareholders, enabling them to participate in the most significant market events in real time.

Recordings of these events, press releases and the associated presentations and transcripts are permanently available on the Company's website.

The "Eni in the Stock Markets" pages in the Investor Relations section of Eni's website<sup>196</sup> are constantly updated with information on dividends, share price, share prices of peer companies and the major stock market indices.

The website also contains periodic reports, press releases, this Report, the Corporate Governance Code with the corporate governance solutions adopted by Eni and Corporate Governance rules, the Company's By-laws, announcements to shareholders and bondholders, disclosures and documentation regarding the issues on the agenda of Shareholders' and Bondholders' Meetings, with the associated minutes. The documentation is provided free of charge to anyone who may request it, including through the Company's website<sup>197</sup>.

[195] Pursuant to art. 12 of Law no. 259 of March 21, 1958.

[196] At the address: [http://www.eni.com/en\\_IT/investor-relation/eni-stock-markets/eni-stock.shtml](http://www.eni.com/en_IT/investor-relation/eni-stock-markets/eni-stock.shtml).

[197] At the address: [http://www.eni.com/en\\_IT/documentation/documentation.page?type=bil-rap&home\\_2010\\_en\\_tab=altri\\_documentazione](http://www.eni.com/en_IT/documentation/documentation.page?type=bil-rap&home_2010_en_tab=altri_documentazione).

A section of the website is dedicated to Eni's Corporate Governance arrangements, and the governance system is illustrated with a summary interactive graphic<sup>198</sup> as well as with additional detailed pages. The website also provides easy access to a considerable amount of other documentation, including this Report, previous reports and the documents referred to in the reports.

Once again in 2015, Eni was named the **best listed company in the area of global digital corporate communications in the Webranking classification prepared by Comprend 2015 Italia**, with a score of 89.1 out of 100.

Eni was also confirmed, thanks in part to its Corporate Governance area, as a component of the FTSE4Good, Dow Jones Sustainability World and Dow Jones Sustainability Europe indices in the Oil & Gas segment.

Moreover, the Company has agreed to respond to the desire – expressed in recent Shareholders' Meetings for greater involvement of our investors, including retail investors.

The commitment to presenting Eni in a straightforward and intuitive way to shareholders prompted the creation of a section on the Company's website<sup>199</sup> dedicated to direct communication that includes a **Shareholders' Guide** and an overview of dedicated initiatives. One of these initiatives is a presentation of the Shareholders' Meeting approving the financial statements with a short and simple interactive **video**.

Responding to the need to enhance its dialogue with the market, in January 2016, Eni organised, with the participation of the Chairman, a new series of **meeting with the leading institutional investors** to present the changes that have further improved the Company's governance system and the main ESG initiatives. The initiative provided Eni with external feedback on the Company's governance. The participants appreciated the initiative and noted that the Company's corporate governance is well-structured and sound, in particular underscoring the role of the Chairman in the control process and the risk governance arrangements adopted.

For more information on relations with Shareholders and investors with regard to corporate governance issues, please refer to the section on governance initiatives of this Report.

Specific Eni units handle relations with institutional investors, shareholders and the media.

As provided for in the Corporate Governance Code, relations with institutional investors and financial analysts are managed by the **head of the Investor Relations function**; the relevant information is available on the Eni website and may also be requested by e-mail at investor.relations@eni.com.

Relations with other shareholders are managed by the **Corporate Secretariat**. The relevant information is available on the Eni website and may also be requested by e-mail at segreteriasocietaria.azionisti@eni.com, or by calling the toll-free number 800940924 [from abroad: 80011223456].

Relations with the media are managed by the **head of External Communication**; the relevant information is available on the Eni website and may also be requested by e-mail at ufficio.stampa@eni.com.

Information about our Corporate Governance is available on the Eni website and may also be requested by dedicated e-mail from Eni's website at info.governance@eni.com

The following tables show the structure of the Board of Directors, the committees and the Board of Statutory Auditors.

> Eni was confirmed the best listed company in the area of global digital corporate communications in the 2015 Italy Webranking prepared by Comprend

[198] At the address: [http://www.eni.com/en\\_IT/governance/governance-model-policies/governance-model-policies.shtml](http://www.eni.com/en_IT/governance/governance-model-policies/governance-model-policies.shtml).

[199] At the address: [http://www.eni.com/en\\_IT/governance/shareholders/initiatives/initiatives.shtml](http://www.eni.com/en_IT/governance/shareholders/initiatives/initiatives.shtml).

## Corporate Governance Information

## Board of Directors and Board Committees

Members	Board of Directors						Control and Risk Committee		Compensation Committee		Nomination Committee		Sustainability and Scenarios Committee	
	Year of first appointment	Slate from which drawn <sup>1</sup>	Executive/Non Executive	Independent <sup>2</sup>	No. of other positions held <sup>3</sup>	Meetings attendance	Position <sup>4</sup>	Meetings attendance	Position <sup>4</sup>	Meetings attendance	Position <sup>4</sup>	Meetings attendance	Position <sup>4</sup>	Meetings attendance
<b>Chairman</b>														
Emma Marcegaglia <sup>5</sup>	2014	M	Non Executive	CLFI	2	13/13	-	-	-	-	-	-	-	-
<b>Chief Executive Officer</b>														
Claudio Descalzi <sup>5</sup>	2014	M	Executive	-	-	13/13	-	-	-	-	-	-	-	-
<b>Directors</b>														
Andrea Gemma <sup>5</sup>	2014	M	Non Executive	CLFI – CGC	3	13/13	M	21/21	-	C	12/12	M	12/13	
Pietro Guindani <sup>5</sup>	2014	m	Non Executive	CLFI – CGC	2	13/13	-	-	C	10/10	-	M	13/13	
Karina Litvack <sup>5</sup>	2014	m	Non Executive	CLFI – CGC	-	13/13	M	21/21	M	10/10	-	M	13/13	
Alessandro Lorenzi <sup>5</sup>	2011	m	Non Executive	CLFI – CGC	1	13/13	C	21/21	M	8/10	-	-	-	
Diva Mariani <sup>5</sup>	2014	M	Non Executive	CLFI – CGC	3	13/13	-	-	M	10/10	M	12/12	-	-
Fabrizio Pagani <sup>5</sup>	2014	M	Non Executive	-	-	13/13	-	-	-	-	M	11/12	C	13/13
Alessandro Profumo <sup>6</sup>			Non Executive	CLFI – CGC	2	5/5	-	-	-	-	M	3/3	M	3/3
Luigi Zingales <sup>7</sup>	2014	M	Non Executive	CLFI – CGC		7/7	M	11/11	-	-	M	7/7	-	
<b>Number of meetings in 2015</b>						<b>13</b>	<b>21</b>		<b>10</b>		<b>12</b>		<b>13</b>	
<b>Average length of meetings</b>						<b>3 h 48 m</b>	<b>3 h 46 m</b>		<b>2h 58 m</b>		<b>1 h 22 m</b>		<b>2h 08m</b>	
<b>Average attendance rate</b>						<b>100%</b>	<b>100%</b>		<b>95%</b>		<b>98%</b>		<b>98%</b>	

(1) For definitions of "majority" (M) and "minority" (m) slates, please refer to the sections "Composition" and "Appointment" in the chapter "Board of Directors" of this Report. The minimum holding required to submit a slate for the election of the Board of Directors was equal (in 2014) to 0.5% of the share capital.

(2) Satisfying the independence requirements under the Consolidated Law on Financial Intermediation (CLFI) and/or the Corporate Governance Code (CGC).

(3) Positions as director or statutory auditor held in other listed companies, including companies listed on regulated foreign markets, as well as financial, banking and insurance firms and large companies for the purposes of the Board policy on the maximum number of positions that may be held in other companies of September 17, 2015. The main positions held by the Directors are reported in the section "Composition" of the chapter "Board of Directors" of this Report, in the context of the information on the personal and professional qualifications of the Directors, as well as in the "Governance-Board of Directors" section of the Eni website ([www.eni.com](http://www.eni.com)).

(4) "C": committee chairman; "M": committee member.

(5) Appointed by the Shareholders' Meeting of May 8, 2014 for a three year term ending on the date of the Shareholders' Meeting called to approve the 2016 financial statements.

(6) Alessandro Profumo was appointed by the Eni Board of Directors on July 29, 2015, in replacement of Luigi Zingales, who submitted his resignation from the Board on July 2, 2015. Mr Profumo was appointed for the first time to the Eni Board by the Shareholders' Meeting of May 5, 2011 and served until the end of the term, on the date of the Shareholders' Meeting of May 8, 2014. The figure for attendance at meetings of the Board of Directors and the Committees regards meetings held, respectively: (i) by the Board, subsequent to his appointment as a Director; (ii) by the Committees, subsequent to his appointment to the Committees.

(7) On July 2, 2015, Luigi Zingales resigned from the Board of Directors. The figure for attendance at meetings of the Board of Directors and the Committees regards meetings held by those bodies up to the date he ceased to be a Director.

## Board of Statutory Auditors

(term of office beginning May 8, 2014)

Members <sup>(1)</sup>	Year of first appointment	Independent pursuant to Corporate Governance Code	Slate from which drawn <sup>(2)</sup>	Attendance at BoSA Meetings	Attendance at BoD Meetings	No. of positions held in listed companies <sup>(3)</sup>
<b>Chairman</b>						
Matteo Caratozzolo	2014	x	Minority	23/23	13/13	1
<b>Standing Statutory Auditors</b>						
Paola Camagni	2014	x	Majority	23/23	13/13	1
Alberto Falini	2014	x	Majority	23/23	13/13	1
Marco Lacchini	2014	x	Minority	23/23	13/13	1
Marco Seracini	2014	x	Majority	23/23	13/13	1
<b>Number of meetings in 2015</b>				<b>23</b>	<b>13</b>	
<b>Average length of meetings</b>				<b>4 h 04 m</b>	<b>3 h 48 m</b>	
<b>Average attendance rate</b>				<b>100%</b>	<b>100%</b>	

(1) On May 8, 2014 the Shareholders' Meeting appointed the alternate Statutory Auditors Stefania Bettoni and Mauro Lonardo.

(2) For definitions of "Minority" and "Majority" slates, please refer to the section on the "Composition and appointment" of the Board of Statutory Auditors in this Report. The minimum holding required to submit a slate for the election of the Statutory Auditors was equal (in 2014) to 0.5% of the share capital.

(3) Refers to the position with Eni SpA. The list is current as of the date of approval of this Report. The main positions held by the Statutory Auditors are reported in the section "Composition and appointment" of the chapter "Board of Statutory Auditors" of this Report, in the context of the information on the personal and professional qualifications of the Statutory Auditors, as well as in the "Governance-Board of Statutory Auditors" section of the Eni website ([www.eni.com](http://www.eni.com)). The complete list of significant management and control positions held pursuant to art. 148-bis of the Consolidated Law on Financial Intermediation and the related implementing provisions set out in the Consob Issuers' Regulation is published on Consob's website, pursuant to Article 144-quinquiesdecies of the Issuers' Regulation, where applicable.

## **Investor Relations**

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## **Eni SpA**

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Capital Stock as of December 31, 2015:

€4,005,358,876 fully paid

Tax identification number: 00484960588

Branches:

San Donato Milanese (Milan) - Via Emilia, 1

San Donato Milanese (Milan) - Piazza Ezio Vanoni, 1

## **Publications**

Financial Statement pursuant to rule 154-ter paragraph 1  
of Legislative Decree No. 58/1998

Integrated Annual Report

Annual Report on Form 20-F

for the Securities and Exchange Commission

Fact Book (in Italian and English)

Eni in 2015 (in English)

Interim Consolidated Report as of June 30 pursuant

to rule 154-ter paragraph 2 of Legislative Decree No. 58/1998

Corporate Governance Report pursuant to rule 123-bis

of Legislative Decree No. 58/1998

(in Italian and English)

Remuneration Report pursuant to rule 123-ter

of Legislative Decree No. 58/1998 (in Italian and English)

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