

Corporate Governance Report 2010

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, Denmark, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom

AFRICA

Algeria, Angola, Congo, Côte D'Ivoire, Repubblica Democratica del Congo, Egypt, Equatorial Guinea, Gabon, Ghana, Libya, Mali, Morocco, Mozambique, Nigeria, Togo, Tunisia

ASIA AND OCEANIA

Australia, Azerbaijan, China, East Timor, India, Indonesia, Iran, Iraq, Kazakhstan, Kuwait, Malaysia, Oman, Pakistan, Papua-New Guinea, Philippines, Qatar, Russia, Saudi Arabia, Singapore, Taiwan, Thailand, Turkmenistan, Ukraine, the United Arab Emirates, Vietnam, Yemen

AMERICAS

Argentina, Brazil, Canada, Colombia, Dominican Republic, Ecuador, Mexico, Peru, Trinidad & Tobago, the United States, Venezuela



Corporate Governance and Shareholding Structure Report
2010¹

Approved by the Board of Directors on March 10, 2011

(1) The Report is published in the "Corporate Governance" section of the Company's website eni.com. The Italian text prevails over the english version.

Eni: profile, structure and values	4	Remuneration report	22
Profile	4	Board Committees	24
Corporate governance structure	4	Internal Control Committee	25
Code of Ethics	6	Compensation Committee	26
Corporate governance Policy	6	Oil-Gas Energy Committee	26
Sustainability	7	Chief Operating Officers of the Divisions	27
Information on the ownership structures		Board of Statutory Auditors	27
Share capital structure, significant shareholdings and shareholders' agreements	8	Responsibilities	27
Shareholding limits and restrictions on voting rights	9	Composition and appointment	28
Special powers of the State (Golden Share)	9	Independence, integrity and professional requirements, causes for ineligibility, incompatibility and dismissal	29
Shares and participating financial instruments referred to in Italian Law no. 266 of December 23, 2005	10	Meetings and running of meetings	30
Significant agreements that would become effective, be modified or extinguished in the event of a change of control of Eni	10	Internal control system	30
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	10	New Eni Regulatory System	31
Proxies for capital increases, power of Directors to issue participating financial instruments and authorisation to purchase treasury shares	10	Board of Directors	32
Corporate governance information		Board of Statutory Auditors	32
Adoption of the Corporate Governance Code of Borsa Italiana and Eni Code	11	Internal Control Committee	33
Succession plans of the Executive Director	12	Chief Executive Officer	33
Shareholders' Meeting and rights	12	Eni's People - Management	34
Board of Directors	14	Officer in charge of internal control and Internal Audit	34
Composition	14	Officer in charge of preparing financial reports and internal control system applied to financial reporting	35
Appointment	16	Eni Watch Structure and Model 231	37
Independence requirements	17	Anti-Corruption Policy	38
Integrity requirements, reasons for ineligibility and incompatibility	18	Audit firm	39
Guidelines of the Board of Directors on the maximum number of offices held by Directors in other companies	18	Court of Auditors	39
Responsibilities	18	Interests of the Directors and Statutory Auditors and Transactions with Related Parties	40
Meetings and running of meetings	20	Relations with shareholders and the market	40
Board Review	21	Corporate information processing	41
Induction program of the Board of Directors	21	Communication to the market of documents and inside information	41
		Register of persons having access to inside information	42
		Internal Dealing	42
		Tables	43

Corporate Governance and Shareholding Structure Report

This Report aims at providing a broad and comprehensive outline of the Corporate Governance system adopted by Eni SpA (hereinafter referred to as “Eni” or the “Company”). In fulfilling the applicable legal and regulatory requirements², in accordance with the indications and recommendations of Borsa Italiana SpA (hereinafter “Borsa Italiana”, the Italian regulated market management company) and of the most representative sector associations, this Report provides information on the Eni’s ownership structure, on the compliance with the Corporate Governance Code for listed companies promoted by Borsa Italiana (hereinafter “Borsa Italiana Code”), giving reasons for the choices made in implementing the self-regulatory principles, and on the Corporate Governance practices actually implemented. The Borsa Italiana Code is available to the public on the Internet website www.borsaitaliana.it³.

The text of this Report – approved by the Board of Directors on March 10, 2011 – is published in the “Corporate Governance” section of the Company’s website⁴, and is transmitted to Borsa Italiana in the manner and within the terms specified by the current regulations.

In addition, a summary of the main details regarding Eni’s Corporate Governance system is included in the Directors’ Report, which is part of the Annual Report for the 2010 financial year⁵. The information included in this Report refers to the 2010 financial year and has been updated, with regard to specific issues, to the date of the Board of Directors’ meeting that approved it.

Eni: profile, structure and values

Profile

Eni is an issuing company with shares listed on the Electronic Stock Exchange managed by Borsa Italiana SpA and on the New York Stock Exchange (NYSE) of the United States.

Eni is an integrated energy company located in 79 Countries, with a workforce totalling around 80,000 people (34,000 in Italy – 46,000 abroad). The Company operates in the oil, natural gas, energy in general, including the generation and commercialisation of electrical energy, petrochemical, engineering and construction sectors – all activities in which the Company has excellent expertise and established global market positions.

Each action Eni undertakes is characterised by a strong commitment towards sustainable development: valuing people,

contributing to the development and wellness of the communities in which it operates, respecting the environment, investing in technical innovation, pursuing energy efficiency and mitigating the risks of climate change are the targets shared by the Company bodies, the management and employees alike.

All the men and women working at Eni share the same passion for challenges, constant improvement and excellence, and give great importance to people, environment, fairness and values set forth in the Code of Ethics⁶.

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

Corporate Governance structure

Eni’s Corporate Governance structure is based on the Italian traditional model that – respecting the tasks of the Shareholders’ Meeting – assigns the management of the Company to the Board of Directors, the heart of the organisational system, supervisory functions to the Board of Statutory Auditors and auditing to the Audit Firm appointed to this role by the Shareholders’ Meeting. In accordance with the By-laws’ provisions, the Board of Directors appoints a Chief Executive Officer (CEO) for managing the Company, while decisions on certain issues are reserved to its own exclusive competence, and assigns proxies to the Chairman in order to identify and promote integrated projects and strategically relevant international agreements.

The chosen model, therefore, establishes a clear distinction between the functions of the Chairman and those of the CEO; in accordance with Article 25 of the By-laws, both subjects are entitled to represent the Company.

The Board of Directors has created three internal committees having consulting and advisory functions: the Internal Control Committee, the Compensation Committee and the Oil-Gas Energy Committee. Moreover, upon a proposal of the CEO and in agreement with the Chairman, it has appointed three Chief Operating Officers to head Eni’s three operational Divisions⁷. The Board of Directors, upon a proposal of the CEO, in agreement with the Chairman and with the favourable opinion of the Board of Statutory Auditors, has appointed a Chief Financial Officer as the

[2] Article 123-bis of Italian Legislative Decree no. 58/1998 (“Consolidated Law on Finance”) and Article 89-bis of Consob Deliberation no. 11971/99 and subsequent amendments (“Consob Regulation on Issuers”).

[3] At the following address: <http://www.borsaitaliana.it/borsaitaliana/ufficio-stampa/comunicati-stampa/2006/codiceautodisciplina.en.pdf.htm>.

[4] At the following address: <http://www.eni.com/en/IT/governance/report-on-corporate-governance/report-on-corporate-governance.shtml>.

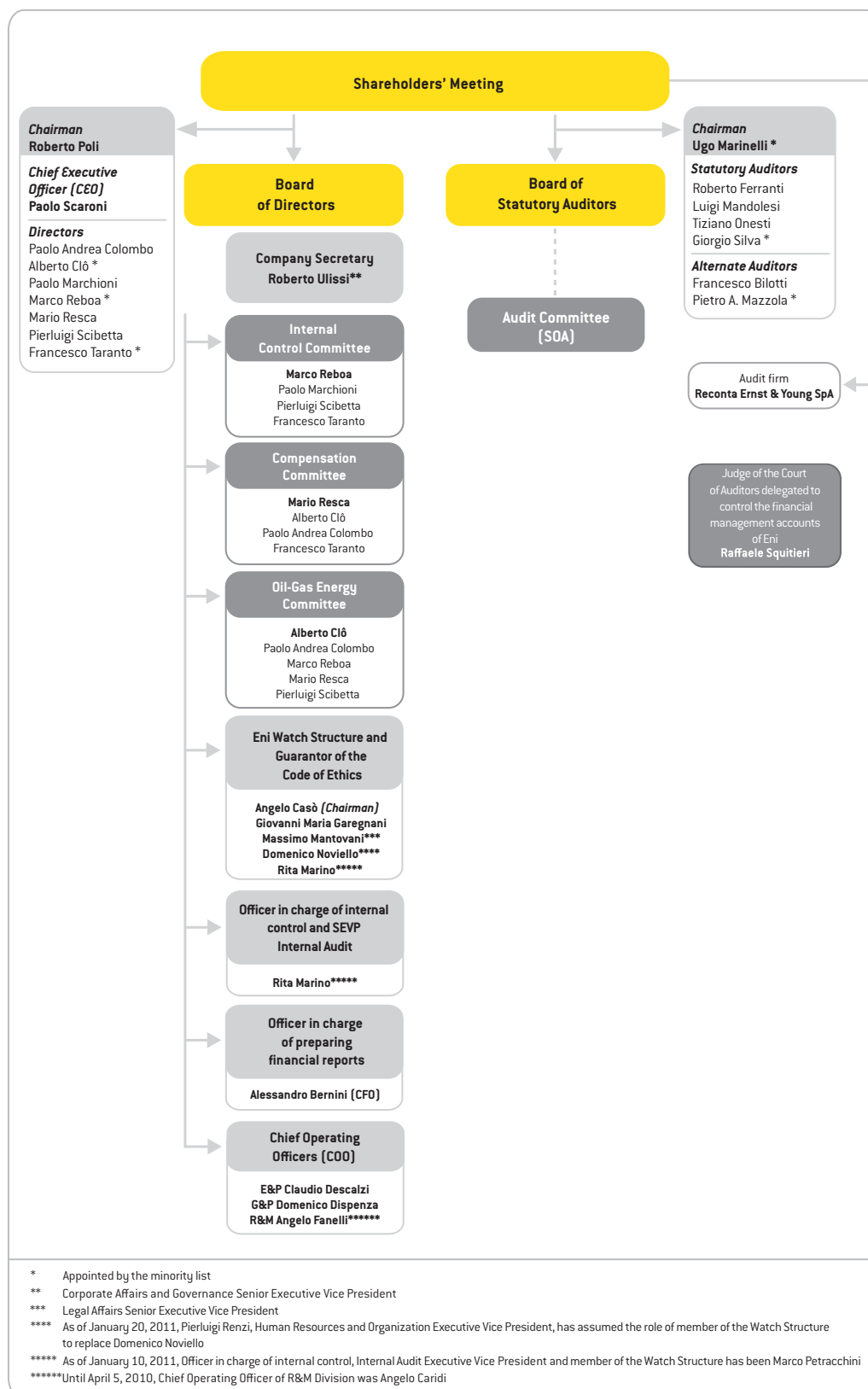
[5] At the following address: <http://www.eni.com/en/IT/documentation/documentation.page?type=bil-rap>. The Directors’ report also indicates the section of the Internet website that includes the full text of this Report.

[6] For further details, please consult the paragraph, “Code of Ethics”.

[7] These Divisions are: Exploration & Production, Gas & Power and Refining & Marketing.

Officer in charge of preparing financial reports. The Chief Operating Officers and the Chief Financial Officer, together with the Chief Corporate Operations Officer, the Executive Assistant to the CEO and the Executives that report directly to the CEO (Senior Executive Vice President of the Company), are permanent members⁸ of the Management Committee, which has

consulting functions and supports the activities of the CEO. Some organisational and managerial decisions, highlighted in the Report, were effected in compliance with US regulations, to which the Company is subject as a NYSE-listed company. Below is a graphic representation of the Company's Governance structure, referred to December 31, 2010:



[8] Internal Audit Executive Vice President does not attend permanently the meetings of the Management Committee.

Code of Ethics

The Board of Directors believes in the importance of clearly defining the values and principles that inspire Eni's activities – both within and outside the Company structure – so as to ensure that all Company activities are carried out in compliance with the applicable regulations, in the context of fair competition, honesty, integrity, fairness and good faith, and in conformity to the legitimate interests of all stakeholders with whom Eni entertains relations on a daily basis: shareholders, employees, suppliers, customers, commercial and financial partners, local communities and institutions of the Countries in which Eni operates.

These values are set forth in the new Eni Code of Ethics, approved by the Board of Directors in the meeting held on March 14, 2008, which replaces the previous Code of Conduct dating back to 1998. The Code of Ethics transposes the evolution in the regulatory framework, includes issues relevant to human rights and sustainability, guarantees compliance with international best practices and updates the references in relation to changes in Eni's organisational structure. Everyone working for Eni – from the Company bodies and management downwards – is called upon to observe these principles, and to ensure that they are observed, in the context of their own functions and responsibilities. In no way whatsoever may the belief in acting to the advantage of Eni justify any behaviour that opposes these principles. The Guarantor of the Code of Ethics safeguards and promotes these principles and, every six months, issues a report on the implementation of the Code to the Internal Control Committee, the Board of Statutory Auditors and to the Chairman and CEO, who then report to the Board of Directors. With specific reference to Corporate Governance issues, the Code of Ethics includes references to the main Corporate Governance rules contained in the Corporate Governance Code of Eni⁹, highlighting relations with shareholders and the market, and defining the main principles to be observed in disclosing Company information and in relations with the media. The Code represents an inalienable general principle of Model 231¹⁰, as well as a key element of the anti-corruption's framework¹¹, of which it is an integral part: the synergies between the Code of Ethics and the Model are underlined by the assignment to the Eni Watch Structure – instituted with Model 231 – of the function of Guarantor of the Code of Ethics, with the task of promoting and verifying its implementation.

The Code of Ethics applies to all direct or indirect subsidiaries, both in Italy and abroad. Listed subsidiaries and subsidiaries operating in the gas sector that are subject to the so-called Unbundling regulation adopt the Code of Ethics and adjust it – where necessary – to their specific characteristics, in accordance with their own managerial independence. Each subsidiary assigns the function of Guarantor of the Code of Ethics to its own Watch Structure.

The representatives indicated by Eni in the company bodies of other affiliates, consortia and joint ventures shall promote the principles and contents of the Code within their respective areas of responsibility.

Eni's commitment to spread the principles of the Code is further underlined by the creation of a relevant "Code of Ethics Promotion Team" that reports to the Guarantor of the Code of Ethics. The Team's task is to promote knowledge of and facilitate implementation of the Code, by providing the necessary means for understanding, interpreting and implementing the Code of Ethics; to this aim, it promotes various initiatives depending on the stakeholders involved: these initiatives aim to stimulate feedback on the Code, so that the latter may be constantly updated to the actual social context in which Eni operates.

In particular, through an appropriate Promotion Plan approved by the Eni Watch Structure in its role of Guarantor of the Code of Ethics, the Code of Ethics Promotion Team undertook various initiatives in 2010 concerning the diffusion and communication, training and involvement of the relevant stakeholders.

The Code of Ethics has been translated into 20 languages to date, including Italian, in order to ensure its maximum diffusion in the international scenario in which Eni operates. The widespread diffusion of the Code of Ethics has been continued from the Board of Directors down to newly-employed personnel, through different initiatives based on interactive tools, dedicated presentations and integration into the Company's institutional training courses. For further details on the diffusion and communication activities relative to the Code, please refer to the "Sustainability" section in the Eni website and to the Annual Report 2010 Section "Commitment to sustainable development"¹².

Corporate Governance Policy

In the context of the Eni's New Regulatory System¹³, on July 28, 2010 the Board of Directors defined the inalienable principles of Eni's Corporate Governance system, which are outlined in the "Corporate Governance" Policy. In the latter, the Board of Directors identified integrity and transparency to be the founding principles of its Corporate Governance system, and stated its commitment to:

- adopt measures to ensure correct handling of any situation that may include a conflicts of interest, also potential, while safeguarding the rights of and relations with its stakeholders and providing complete, timely, clear and correct information;
- pursue the best Corporate Governance practices, also 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 by stimulating observations and introducing new ideas, in particular through participation in institutional and sector work groups and by promoting relevant initiatives;
- promote and maintain an adequate, effective and efficient internal control system.

Moreover, the Board established that the model adopted by Eni in performing its management and coordination activities to its subsidiaries corresponds to that of an integrated company, where the latter denotes the accomplishment of a shared strategic vision and value maximisation for all company components.

[9] For further information, please refer to the paragraph, "Adhesion to the Corporate Governance Code of Borsa Italiana and Eni Code".

[10] For further details, please consult the paragraph, "Eni Watch Structure and Model 231".

[11] For further details, please consult the specific paragraph.

[12] <http://www.eni.com/en/IT/sustainability/sustainability.shtml>.

[13] For further details, please consult the paragraph, "Internal control system".

In pursuing this target, Eni acts in accordance with the managerial independence of the single companies, in particular of listed companies and those subject to special regulations, and respects the interests of other shareholders, the confidentiality obligations that safeguard commercial interests of the companies involved and, regarding foreign companies, the provisions specified in local regulations. Among the other aims pursued, the actions aimed at ensuring an adequate, effective and efficient internal control system of the integrated company are of fundamental importance – both overall and in its main components – besides compliance with the rules the Company is subject to in its role of parent company¹⁴.

Sustainability

Sustainability is an integral part of the Eni Governance model and constitutes the leading force behind an improvement process involving the issues that emerge from the interaction with stakeholders and from the analysis of scenarios, including future, of energy¹⁵.

Every Sustainability objective is pursued through projects and initiatives defined by Eni and its subsidiaries, included in specific short and medium-term action plans. The relating planning, implementation and control process is carried out in conjunction with the business units and areas, and is approved by the Company's highest decision-making bodies. Moreover, the Board of Directors has been acknowledged a key role in defining the Sustainability policies and approving the Sustainability results, which must also be presented to the Shareholders' Meeting. These results are communicated through the Annual Report and the separate document on the performance of Eni, available on

Eni's website. Eni's Audit Firm (Reconta Ernst&Young) verifies the correctness of the planning and management process of the overall activity, as well as the transparency and traceability of the data from the operational sites, which are then consolidated and audited at a Country, Company, Division, Corporate Departments and Sustainability Units level. This certification process complies with the criteria set forth in the ISAE 3000 standard, issued in 2004 by the International Auditing and Assurance Standard Board (IAASB), which is also responsible for issuing auditing principles. The most significant initiatives undertaken in recent years by Eni in terms of governance system sustainability include, in particular, promoting shareholder participation in the Company life, raising awareness among shareholders and the Board on issues relevant to the model and on diversity in particular, diffusing good governance practices – in compliance with the principles outlined in the Code of Ethics – and promoting best practices in terms of Corporate Governance.

Eni's commitment towards sustainable development is also underlined by the main financial Sustainability indexes. In 2010, the Company was reconfirmed in the Dow Jones Sustainability Index and STOXX index, where it has been present since 2007. Moreover, the Company was included in the FTSE4G00D index and in the Carbon Performance Leadership Index. For the second consecutive year, Eni also ranked first in both the Italian and world Csr Online Awards 2010, rankings on web communication of the initiatives on corporate social responsibility, which are drawn up by the financial communication company Lundquist. For further details, please consult the Annual Report 2010 Section "Commitment to sustainable development" and the Sustainability section on Eni's website¹⁶.

[14] All Eni's subsidiaries adopt the Management System Guideline "Eni Control System on Company Reporting"; for further information, please refer to the paragraph, "Main features of the risk management and internal control systems applied to the financial reporting process" included in the Report.

[15] During 2011 it is expected the adoption of the Policy "Sustainability", with the aim of defining the principles and general rules of conduct that should inspire all of Eni's activities in pursuit of a sustainable business model. For further details, please consult the paragraph "New Eni Regulatory System".

[16] http://www.eni.com/en_IT/sustainability/sustainability.shtml.

Information on the ownership structures¹⁷

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 assigned to them by the legislation in force, subject to the limits specified by the latter and by the Company's By-laws. The Company's share capital amounts to €4,005,358,876 (as at December 31, 2010) – fully paid-up – and comprises 4,005,358,876 ordinary shares each having a nominal value of €1.

The Company's shares are listed on the Borsa Italiana Stock Exchange.

In 1995, Eni issued an ADR (American Depositary Receipts) program for the US market. An ADR consists of a share certificate representing a specified number of shares traded on stock exchanges of the United States. Each Eni ADR represents two ordinary shares and is traded on the New York Stock Exchange¹⁸. On the basis of the available information and communications received pursuant to Article 120 of Italian Legislative Decree no. 58/1998 ("Consolidated Law on Finance") and Consob Resolution no. 11971/1999 ("Consob Regulations on Issuers"), the following subjects each held more than 2% of Eni's share capital, as at December 31, 2010:

Main Shareholders

Shareholders	Shares held	% of capital
Ministry of Economy and Finance	157,552,137	3.93
Cassa Depositi e Prestiti SpA ^(*)	1,056,179,478	26.37
Eni SpA (treasury shares)	382,863,733	9.56

(*) As provided in Ministry of Economy and Finance decree of November 30, 2010, published in the Gazzetta Ufficiale no. 239 of December 16, 2010, a stock swap took place, regarding among others, the transfer to Cassa Depositi e Prestiti SpA (CDP SpA) of no. 655.891.140 of Eni ordinary shares, previously owned by the Ministry of Economy and Finance. According to the foresaid decree, the transfer was completed on December 21, 2010. The Ministry of Economy and Finance still controls Eni, because of the share owned by CDP SpA that is under the control of the Ministry, which possesses the 70% of its shares.

The following companies, as asset management companies, notified Consob an availability: (i) Capital Research and Management, of a total number of ordinary shares equal to 2.01% of Eni's ordinary share capital, on July 10, 2009; (ii) Blackrock Investment Inc of a total number of ordinary shares equal to 2.68% of Eni's ordinary share capital, on May 20, 2010. Eni is therefore subject to the control by the Ministry of Economy and Finance, that has enough votes to exercise a dominant influence in the ordinary Shareholders' Meeting of the Company.

But Eni is not subject to any management and coordination activities by the same Ministry of Economy and Finance¹⁹, nor is the Company aware of any agreements stipulated between shareholders, pursuant to article 122 of the Consolidated Law on Finance.

Below there is a graphical representation of the distribution of shares held by geographical area and amount, based on the most recent information available to the Company:

Shareholders by area

Shareholders	Number of shareholders	Number of shares	% of capital ^(a)
Italy	346,664	2,177,979,147	54.38
UK and Ireland	867	216,992,199	5.42
Other UE	4,292	545,070,497	13.61
USA e Canada	1,549	418,321,111	10.44
Rest of world	1,119	242,490,733	6.05
Own shares at the dividend date		382,863,733	9.56
Other		21,641,456	0.54
Total		4,005,358,876	100.00

(a) As of September 23, 2010, payment date of the interim dividend for fiscal year 2010 (ex-dividend date, September 20, 2010).

[17] Information on the shareholding structures is provided in accordance with the provisions of article 123-bis, paragraph 1, of the Consolidated Law on Finance. Regarding information 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 by letter e) of the above-mentioned regulation, please refer to the paragraph, "Shareholders' Meeting and rights";

- 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";

- amendments to the By-laws, as specified in letter l) of the above-mentioned regulation, please refer to the paragraph, "Shareholders' Meeting and rights".

[18] For further information on the ADR program, please consult the relevant section in the Eni website dedicated to "FAQ": http://www.eni.com/en_IT/faq/faq.shtm?header=faq&home_2010_en_tab=header_tools.

[19] Article 19, paragraph 6, of Italian Law Decree no. 78/2009, converted into Law no. 102/2009, specifies that the reference regarding management and coordination contained in article 2497, paragraph 1, of the Italian Civil Code, must be interpreted in the sense that "bodies" 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".

Shareholders by amount of shares held

Shareholders	Number of shareholders	Number of shares	% of capital ^(a)
>10%	1	813,443,277	20.31
3%-10% ^(b)	3	685,989,238	17.13
2%-3%	0	0	
1%-2%	6	308,489,558	7.70
0.5%-1%	7	191,318,426	4.78
0.3%-0.5%	10	155,024,553	3.87
0.1%-0.3%	46	292,050,390	7.29
≤ 0.1%	354,418	1,154,538,245	28.82
Own shares at the dividend date		382,863,733	9.56
Other		21,641,456	0.54
Total	354,491	4,005,358,876	100.00

[a] As of September 23, 2010, payment date of the interim dividend for fiscal year 2010 (ex-dividend date, September 20, 2010).

[b] Afterwards, IMI Bank (Intesa Sanpaolo Group) communicated the shareholding reduction from 4.09% to 1.65%; BNP Paribas SA (BNP Paribas Group) communicated the shareholding reduction from 3.04% to 0.89%.

Shareholding limits and restrictions on voting rights

Pursuant to article 6 of the By-laws, in accordance with the special provisions specified in article 3 of Italian Law Decree no. 332 of 1994, converted into Law no. 474 of 1994 ["Law no. 474/1994"], under no circumstances whatsoever may any party hold shares in the Company that determine a direct or indirect shareholding exceeding 3% of the share capital; exceeding these limits shall determine the prohibition to exercise voting rights or any other rights – except property rights – relative to the portion exceeding the aforementioned limit.

Pursuant to article 32 of the By-laws and the aforementioned regulations, shareholdings in the share capital of companies owned by the Ministry of 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 Directors²⁰.

Special powers of the State (Golden Share)

Pursuant to article 6.2 of the By-laws and in accordance with the special provisions set forth in Italian Law no. 474/1994, the Minister of Economy and Finance, in agreement with the Minister of Economic Development, holds special powers to be exercised in compliance with the criteria outlined in the Italian Prime Ministerial Decree of June 10, 2004²¹. The special powers briefly include the following:

a) opposition with respect to the acquisition by entities affected by the shareholding limit²² of material shareholdings, meaning those representing at least 3 % of share capital with the right to vote at the ordinary Shareholders' Meeting. The opposition is

expressed within ten days of the date of the notice to be filed by the Board of Directors at the time request is made for registration in the Shareholders' Register if the Minister considers that such an acquisition may prejudice the vital interests of the Italian State. Until the ten-day term is not lapsed, the voting rights and the non-asset linked rights connected with the shares representing a material shareholding may not be exercised. If the opposition power is exercised, through a duly motivated act in connection with the prejudice that may be caused by the operation to the vital interests of the Italian State, the transferee may not exercise the voting rights and the other non-asset linked rights connected with the shares representing a material shareholding and must sell said shares within one year. In case of failure to comply, the court, upon request of the Minister of Economy and Finance, will order the sale of the shares representing a material shareholding according to the procedures set forth in article 2359-ter of the Civil Code.

b) opposition to the subscription of shareholders' pacts or agreements as per article 122 of Consolidated Law on Finance, involving at least 3 % of the share capital with the right to vote at ordinary Shareholders' Meetings. In order to allow the exercise of the above mentioned opposition power, Consob notifies the Minister of Economy and Finance of the relevant pacts or agreements notified to it pursuant to the aforementioned article 122 of Legislative Decree no. 58 of February 24, 1998.

The opposition power must be exercised within ten days from the date of the notice by Consob. Until the ten-day term has elapsed, the voting right and the other non-asset linked rights connected with the shares held by the shareholders who have subscribed the above mentioned pacts or agreements may not be exercised.

If the opposition power is exercised through the issue of an act that shall be duly motivated in consideration of the prejudice that may be caused by these pacts or agreements to the vital interests of the Italian State, the shareholders pacts or agreements shall be

[20] Pursuant to Italian Law no. 266 of 2005 (2006 Budget Law), 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.

[21] The special powers are exercised exclusively in the event of significant and binding reasons of general interest, with particular reference to public order, public security, public health and defence, in the appropriate form and measure and proportionally to the safeguarding of these interests, even by means of necessary time constraints, without prejudice to compliance with the national and European principles, first and foremost among these the non-discrimination principle. Article 1, paragraph 2, relative to the specific circumstances in which the special powers may be exercised, was repealed with the Italian Prime Ministerial Decree of May 20, 2010.

[22] These are the parties outlined in article 6.1 of the By-laws, excluding those specified in article 32.2.

null and void. If in the Shareholders' Meetings the shareholders who signed shareholders' pacts or agreements should behave as if those pacts or agreements disciplined by article 122 of Legislative Decree no. 58 of February 24, 1998 were still in effect, the resolutions approved with their vote, if determining for the approval, may be challenged.

c) veto power, duly motivated in relation to the effective prejudice to the interests of the Italian State, with respect to resolutions to dissolve the Company, to transfer the business, to merge, to demerge, to transfer the Company's registered office abroad, to change the corporate purpose or to amend the By-laws cancelling or modifying the powers indicated in letters a), b), c) and the subsequent letter d).

d) appointment of a Director with no voting rights in Board meetings.

Decisions to exercise the powers outlined in letters a), b) and c) can be challenged within sixty days, by the parties entitled to do so, before the Regional Administrative Court of Lazio.

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

Article 1, paragraphs 381 to 384, of Italian Law no. 266 of 2005 (2006 Budget Law), with the aim of "favouring privatisation processes and the diffusion of investment in shares" of companies in which the State detains a significant shareholding, introduced the possibility of inserting provisions in the By-laws of privatised companies primarily controlled by the State, such as Eni, whereby shares or participating financial instruments can be issued that grant the special Meeting of their holders the right to request new shares – even at par value – or new financial instruments to be issued to them with voting rights in the ordinary and extraordinary Shareholders' Meeting. The introduction of this amendment into the By-laws would imply the elimination of the shareholding limit indicated in the aforementioned article 6.1 of the By-laws. At present, however, Eni's By-laws does not include this provision.

Significant agreements that would become effective, be modified or extinguished in the event of a change of control of Eni

Except for that mentioned further on, Eni and its subsidiaries are not parties to any significant 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 currently control Eni change. Significant agreements are considered to be agreements that have been examined and approved by the Board of Directors, as matters

falling within its exclusive responsibility²³, as stated below.

Specifically, the agreements falling within this category concern the following:

(i) the provisions of the Shareholders' Agreement between Eni, Amorim Energia and Caixa Geral de Depósitos for the joint management of Galp Energia SGPS SA, that allow – in the event of a change of control of the companies adhering to the agreement – other partners to purchase shares held by the contractual parties that have been subject to the change of control;

(ii) the possible expiry of the natural gas distribution licence of the subsidiary Distribuidora de Gas Cuyana SA, following the provisions of article 34, Title VIII, of Law 24.076, if the company were to be controlled by a shareholder engaged, either directly or through subsidiaries, in the production, storage or distribution of natural gas in Argentina.

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 this issue is included in the paragraph "Remuneration Report".

Proxies for capital increases, power of Directors to issue participating financial instruments and authorisation to purchase treasury shares

There are no proxies whereby the Board of Directors can increase the share capital pursuant to article 2443 of Italian Civil Code. The Directors have no powers to issue participating financial instruments.

Following the resolution approved on April 29, 2008, the Shareholders' Meeting had authorised the Board of Directors, pursuant to article 2357 of the Italian Civil Code and subject to prior revocation of the non-implemented part of the former authorisation, to purchase treasury shares on the Electronic Stock Exchange, within 18 months from the date of the resolution, up to a maximum of 400 million shares – each with a nominal value of €1 – and up to a total amount of €7.4 billion (including shares held in portfolio at the date of the Shareholders' Meeting), at a price not lower than the nominal value and not higher than the reference price recorded on the market on the day before each individual purchase increased by 5%. The authorisation expired on October 29, 2009, and Shareholders' Meeting hasn't afterward approved a new authorization. At December 31, 2010, the treasury shares in Eni's portfolio amounted to 382,863,733, equivalent to 9.56% of the share capital.

[23] For further details, please consult the paragraph, "Responsibilities".

Corporate governance information²⁴

Adoption of the Corporate Governance Code of Borsa Italiana and Eni Code

Eni adhered to the Borsa Italiana Code, according to the version of March 14, 2006, by a resolution of the Board of Directors on December 13, 2006, which conformed to a similar decision dating back to January 20, 2000.

On the basis of the Borsa italiana Code, Eni adopted its own Corporate Governance Code (hereinafter “the Code” or “Eni Code”), aimed at transposing its provisions, adapting them to Eni’s specific situation and emphasizing certain of its principles. As of December 13, 2006, the Board of Statutory Auditors expressly adheres to the provisions of the Code that refer to it. The provisions of the Borsa Italiana Code that refer to the responsibilities of the Shareholders’ Meeting have been included as mere desire or recommendation, as the Board cannot guarantee their observance.

The Eni Code²⁵, therefore, offers a clear and comprehensive representation of the Company’s Governance system, in accordance with the provisions of the Borsa Italiana Code and with the Company’s main documents.

In particular, the Code takes into account the fact that Eni is a parent company that is not controlled by any other company, nor subject to the management or coordination of any other organisation. Similarly, the Code also considers the current By-laws provisions that establish a traditional administration and control system (thereby eliminating the provisions relative to the single and dual models contained in the Borsa Italiana Code): it separates the positions of Chairman and CEO (which makes the appointment of a lead independent Director unnecessary) and defines specific provisions regarding the appointment and composition of the Board of Directors and the Board of Statutory Auditors.

For greater clarity and transparency, the Eni Code explicitly deals with the various options mentioned in the Borsa Italiana Code, i.e. without referring to subsequent documents (for example, regarding the choice to determine a single Officer in charge of internal control and establishes that this Officer report to the CEO as well, and not to assign Internal Audit functions to external subjects).

Certain general recommendations of the Borsa Italiana Code have been made specific, particularly those regarding the independence of the Directors, as mentioned in greater detail further on.

Certain provisions of the Eni Code are aimed at raising the governance standards proposed by the Borsa Italiana Code.

In particular:

- the interest of all the stakeholders has been established as the benchmark for the Directors, who act and decide autonomously and in an informed manner, in striving to achieve the primary objective of generating value for shareholders, without

- neglecting the interests of the other stakeholders (Article 1.P.2);
- the minimum frequency for reporting to the Board by Directors with proxies has been reduced from three to two months (article 1.C.1. letter c);
- regarding the Board review, a specialised external consultant may be engaged in order to ensure greater objectivity of the implemented activities (article 1.C.1. letter g);
- the commitment of Directors and Statutory Auditors to accept and stay in office until they are able to guarantee sufficient time for carrying out the task has been duly emphasized (articles 1.C.2. and 10.C.3);
- the recommendations outlined in article 3 of the Borsa Italiana Code regarding the independence criteria of the Directors have been specified, by introducing specific definitions for identifying the “significant additional remuneration” that could jeopardise their independence, and for defining the “close relatives” (article 3.C.1. letters g and h);
- the Board’s committees, as specified in the Eni Code (the Internal Control Committee and the Compensation Committee), shall not consist of a number of Directors representing the majority of the Board itself, so as to not alter the Board’s decision-making process (article 5.C.1. letter a);
- the Internal Control Committee expresses its opinion in relation to the rules for guaranteeing transparency other than substantial and procedural fairness of related party transactions, and transactions involving interests of Directors (article 8.C.3. letter f);
- at least two members of the Internal Control Committee possess adequate experience in accounting and financial matters (the Borsa Italiana Code requires one only) (article 8.P.4);
- regarding the appointment of the Officer in charge of internal control, it is established that the proposal to the Board be formulated by the CEO in agreement with the Chairman. To this aim, the Board of Directors, with the resolution approved on October 30, 2008, established that the Internal Control Committee be heard and that the same appointment criteria be also applied to the Internal Audit Executive Vice President: the latter was thus appointed – with the favourable opinion of the Committee – as the Eni Officer in charge of internal control (article 8.C.5. letter c).

The Eni Code does not, however, include the provisions mentioned in article 2.C.3 of the Borsa Italiana Code regarding the Lead Independent Director, as the separation of the positions of Chairman and CEO set forth in the By-laws makes the relevant appointment unnecessary.

Following the adoption of the Eni Code, the Board of Directors also approved several resolutions to implement and specify the provisions contained therein.

In particular:

- the functions of the Board of Directors have been redefined,

[24] Corporate Governance information is provided in accordance with the provisions of article 123-bis, paragraph 1, letters e), i), l), and paragraph 2, of the Consolidated Law on Finance.

[25] The Eni Code is published on the Eni website, under the Governance section, at the following address: <http://www.eni.com/en/IT/governance/governance-model-policies/eni-corporate-governance-code/eni-corporate-governance-code.shtml>. The “Comment” contained in the Borsa Italiana Code has not been included for space-related reasons, but is taken into account by Eni in implementing the Principles and Criteria.

thereby confirming the latter's central role within the Company's Corporate Governance system and its wide-ranging responsibilities, also in terms of Company and Group organisation and internal control system;

- the most significant operations of the Company and its subsidiaries have been defined and submitted to the approval of the Board, while behavioural and procedural controls have been adopted regarding those cases in which the Directors have personal or third party interests;
- in accordance with the provisions of the Consob Regulation regarding transactions with related parties, the responsibility regarding the transactions of greater importance with related parties has been assigned to the Board, while a fundamental role has been reserved to independent Directors; moreover, it has been established that the Board must be informed on a bi monthly basis²⁶ on the execution of any transactions – even of lesser importance – with related parties;
- the Board of Directors has been assigned a central role in defining the Sustainability policies and in approving the Sustainability Report, which must also be presented to the Shareholders' Meeting;
- subsidiaries that are of strategic importance (Snam Rete Gas SpA, Saipem SpA, Polimeri Europa SpA and Eni International BV) have been specified;
- a provision specifying the maximum number of offices that can be held by Directors in other companies has been set forth, so as to ensure that Directors dedicate sufficient time to executing their duties effectively; the relevant provision concerning the Executive Director has been extended to the General Managers as well;
- the principle safeguarding the managerial independence of listed subsidiaries (currently, in Italy, Saipem SpA and Snam Rete Gas SpA) has been expressly acknowledged, with the commitment on the part of Eni to comply with the provisions of the Code that refer to the shareholders of issuers;
- taking into account the evolution of the relevant regulatory framework, the principle safeguarding managerial independence has been extended to companies subject to separate administration and accounting systems (i.e. "unbundling") set forth in the applicable regulations; moreover, on July 2, 2010, appropriate "Guidelines" were issued in order to guarantee compliance with the aims of functional separation within the Group, particularly with regard to activities carried out by companies operating in the gas sector (in Italy, Snam Rete Gas SpA and its subsidiaries²⁷).

Furthermore, Eni – in its role of shareholder – has defined the General Governance principles applied to its Italian and foreign investees for identifying the administration and control systems, and for defining the composition of company bodies and the relevant designation criteria. According to the relevant guidelines, approved by the Board of Directors on April 23, 2009, the chosen governance model for Italian companies is that of a public company based on a traditional administration and control

system, while for foreign companies, the corporate designations to be adopted resemble the public or limited liability company model as defined in the Italian legislation. In any case, the auditing of Italian and foreign investee companies must be entrusted to an Audit Firm.

The Eni Corporate Governance system thus complies with the provisions of the Borsa Italiana Code and even contains provisions that raise the Corporate Governance standards outlined by this Code. Further details on the implementation of the provisions will be provided later on in the Report.

Succession plans of the Executive Director

This information, required under Consob Communication of February, 24, 2011 is provided for in the paragraph "Appointment" of the chapter "Board of Directors".

Shareholders' Meeting and rights²⁸

The Shareholders' Meeting is the organ through which shareholders may actively participate in the Company life by expressing their will, with the means and on the issues specified by the law and company's 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 acknowledged to shareholders by the law and By-laws, have been modified following the introduction of Italian Legislative Decree no. 27 of January 27, 2010 (hereinafter "Decree no. 27/2010") that transposed the so-called Shareholders' Rights Directive²⁹ regarding the rights of shareholders in listed companies. Eni was among the first Italian listed companies to submit to the extraordinary Shareholders' Meeting the By-laws amendments – approved by the latter on April 29, 2010 – whereby the new regulation assigns a right of choice to companies. The outstanding amendments required for fully updating the By-laws to the evolved regulatory framework were introduced by the Board of Directors on June 3, 2010.

The new By-laws provisions, as specified by the aforementioned legislative decree, will apply to Shareholders' Meetings called after October 31, 2010: for Eni, this will occur for the first time during the Annual Shareholders' Meeting that will approve the 2010 Annual Report.

Responsibilities of the Shareholders' Meeting

The ordinary Shareholders' Meeting (i) approves the annual report (which, for Eni, is at December 31); (ii) appoints and dismisses the Directors, 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 according to the law; (vi) deliberates on

[26] The provisions establish more frequent reporting to the Board compared to the provisions of the Consob Regulation, whereby reporting must occur at least on a quarterly basis.

[27] With reference to the following companies: GNL Italia SpA, Italgas SpA and Stogit SpA.

[28] Information provided in accordance with article 123-bis, paragraph 1, letters e) and l) with reference to the By-laws amendments, and paragraph 2, letter c), of the Consolidated Law on Finance.

[29] Directive 2007/36/EC of the European Parliament and Council dated July 11, 2007, relative to the exercise of certain rights of shareholders of listed companies.

the responsibility of the Directors and Statutory Auditors; (vii) deliberates on any other issues ascribed to it by the law, including any authorisations requested by the By-laws for performing actions pertaining to Directors, without prejudice to the latter's responsibility for the implemented actions; (viii) approves the Shareholders' Meeting Regulations.

The extraordinary Shareholders' Meeting deliberates on the By-laws amendments and on extraordinary operations such as, for example, capital increases, mergers and demergers, excluding the matters for which the Board of Directors is responsible in accordance with article 23.2 of the By-laws, pursuant to article 2365, paragraph 2, of the Italian Civil Code: (i) merger through acquisition and proportional demerger of companies in which the Company holds shares or shareholdings equivalent to 90% of their share capital; (ii) institution or suppression of secondary offices and (iii) updating of the By-laws provisions to the regulatory provisions.

With particular regard to the regulations that apply to By-laws amendments, Eni is subject to the ordinary regulatory framework, excluding the cases mentioned in the paragraph relative to the special powers assigned to the State by this Report, to which the reader may refer.

Methods of calling the Shareholders' Meeting

Both the ordinary and extraordinary Shareholders' Meeting are normally held after more than one call, pursuant to article 16.2 of the By-laws. The Board of Directors may decide to hold both Shareholders' Meetings after a single call, if it deems opportune. In any case, the constitutive and deliberative majority specified by the law shall apply.

The Shareholders' Meeting is called by a notice published within the thirtieth day prior to the date of the first or only Shareholders' Meeting calls^[30], on the Company's website and with the other means set forth in the Consob Regulation. The notice calling the meeting, the content of which is defined by the law and By-laws, contains all the necessary indications for participating in the Shareholders' Meeting including, in particular, information on how to obtain – also via the Company's website – proxy forms and Vote by Mail Forms.

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

Moreover, in compliance with the options set forth in Decree no. 27/2010, the By-laws establishes 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 annual report draft approved by the Board of Directors within 120 days from the close of the financial year.

In order to ensure greater clarity for shareholders, article 12.3 of the By-laws determines the new minimum threshold – equivalent

to one twentieth of the share capital – required for calling the Shareholders' Meeting on request of the shareholders, while also outlining the limits and methods specified by the law for exercising said option^[31].

Right and means to attend and vote

Regarding the Shareholders' Meeting attendance, the so-called "record date" mechanism applies: introduced with Decree no. 27/2010, it establishes that right to attend and exercise of voting rights must be certified by a statement submitted to the Company, at the request of the legitimate subject – in accordance with the law – by an authorised intermediary, in conformity to the latter's accounting records. This statement shall be submitted on the basis of the relevant evidence at the end of the accounting day of the seventh trading day prior to the date set for the first or single Shareholders' Meeting call. Asset or liability entries 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 first or single Shareholders' Meeting call, or by the date established by Consob with regulations, in agreement with the Bank of Italy, without prejudice to legitimate attendance and the right to vote in the event that the statements reach the Company after the deadline, provided that the latter falls within the starting date of the Shareholders' Meeting of each single call.

With the By-laws amendments introduced following Decree No. 27/2010, the Company aims to provide shareholders with additional elements 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:

- assignment of Shareholders' Meeting proxies via electronic means, in relation to which the By-laws defines the methods that, pursuant to the law, must be available in accordance with the regulation issued by the Ministry of Justice^[32].
- electronic notification of the proxies, for which it has been established that the shareholder may use the appropriate section of the Company's website, in the manner set forth in the notice calling the meeting.
- attending the Shareholders' Meeting via telecommunications means or vote casting – either by mail or electronically.

The By-laws defers to the notice calling the meeting regarding the indication to use these telecommunications means.

Furthermore, it has been established that the Company may choose to designate a shareholders' representative with a proxy including voting instructions for all or part of the issues in the agenda, until the end of the second trading day prior to the date of the first or single Shareholders' Meeting call.

Lastly, in order to facilitate collection of proxies from employee

[30] Pursuant to the Consolidated Law on Finance, this deadline is predated to the fortieth day for Shareholders' Meetings called to appoint administration and control bodies, and is postponed to the twenty first day for the Shareholders' Meetings specified in articles 2446 (reduction of share capital due to financial losses), 2447 (reduction of share capital to below the legal limit) and 2487 (appointment and dismissal of the liquidators; criteria for the liquidation procedure) of the Italian Civil Code.

[31] Pursuant to article 2367 of the Italian Civil Code, the shareholders may not request a call of the Shareholders' Meeting for issues on which the Shareholders' Meeting deliberates – in conformity with the law – following a proposal by the Directors, or on the basis of a draft or report drafted by the latter; outside of these cases, the shareholders requesting a call of the Shareholders' Meeting must draft a report on the proposals concerning the issues to be discussed and make it available to the public – together with any remarks expressed by the Board of Directors – at the time the notice calling the meeting is published, in accordance with the provisions of article 125-ter, paragraph 3, of the Consolidated Law on Finance.

[32] As of today, said Regulation has not yet been issued.

shareholders' associations complying with the requirements of the current legislation, the By-laws confirms that these associations – according to the terms and methods agreed upon with their legal representatives – shall be provided with appropriate spaces for communication purposes and for collecting proxies.

Shareholders' rights and Shareholders' Meeting rules

Pursuant to the law and the By-laws, any shareholders who – even jointly – detain at least one fortieth of the share capital may submit a request for a list of additional matters to be discussed, within ten days from the publication of the notice calling the meeting³³. The request, which cannot include issues on which the Shareholders' Meeting deliberates upon a proposal of the Directors or on plans or reports drafted by latter, must indicate the proposed issues and must be accompanied by a report on the relevant matters to be submitted to the Board of Directors. This report must be made available to the public at the Company's registered office, on the Company's website or with the other means indicated in the current regulations, together with any assessments expressed by the Board of Directors, at the time of publication of the integration notice and within the fifteen days preceding the start of the Shareholders' Meeting.

The efficient and orderly running of Shareholders' Meetings and the right of each shareholder to intervene on single issues on the agenda are guaranteed by the Shareholders' Meeting Regulations,

which was approved by the ordinary Shareholders' Meeting on December 4, 1998 and is available on the Eni website³⁴.

Pursuant to the Eni Code, the Board of Directors strives to ensure timely and easy access to any company information regarded as important for shareholders, so as to enable the latter to exercise their rights in a informed manner³⁵. Moreover, in accordance with the amendments introduced with Decree no. 27/2010, the shareholders 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. In order to facilitate the reply process, the Company may provide a single answer to questions with similar content, and is not required to reply when the requested information is already available in "question and answer" form in the appropriate section of the Company's website. In any case, the answers are supplied in compliance with the regulations about communication of inside information. Shareholders' Meetings are chaired by the Chairman of the Board of Directors, or in the event of the latter's absence or impediment, by the CEO, or in their absence, by a person named by the Shareholders' Meeting. The Chairman of the Shareholders' Meeting illustrates the issues to be discussed and directs the operations by ensuring a fair discussion and the right to intervene and receive answers on each of the topics mentioned in the agenda. In order to stimulate the interest of shareholders and

Board of Directors³⁶



promote a greater degree of involvement in the Company life, the Company has created an interactive cartoon and a Shareholders' Guide available on its website³⁷, with the aim of providing clear and immediate information on the attendance procedures and on the rights that can be exercised at this event, which is of primary importance for the life of the Company and its shareholders. Indeed, Eni desires that shareholders are enabled to participate in decisions pertaining to their competence and make informed choices.

Composition

In accordance with article 17 of the By-laws, the members of the Board of Directors vary between a minimum of three and a maximum of nine. The Ordinary Shareholders' Meeting determines the number of members within these limits. A Director without voting rights appointed by the State pursuant to Italian Law no. 474/1994, as transposed by article 6.2, letter d) of the Company By-laws, may be added to the above number.

The By-laws state that the minority shareholders may appoint

[33] Italian Decree no. 27/2010 extended the previous deadline by 5 days from the publication of the notice calling the meeting.

[34] At the following address: <http://www.eni.com/en/IT/governance/shareholder-meeting/meeting-regulation/meeting-regulation.shtml>.

[35] For further details, please refer to the chapter, "Relations with shareholders and the market".

[36] Information provided in accordance with article 123-bis, paragraph 2, letter d), of the Consolidated Law on Finance.

[37] At the following address: <http://www.eni.com/en/IT/governance/shareholders/initiatives/initiatives.shtml>.

a number of their own representatives on the Board that corresponds to three tenths of the total³⁸.

The Shareholders' Meeting held on June 10, 2008 set the number of Directors at nine, and appointed the Board of Directors and Chairman of the Board for three financial years and, in any case, until the date of the Shareholders' Meeting called for the approval of the 2010 annual financial statements. On June 11, 2008, the Board appointed Paolo Scaroni Chief Executive Officer of Eni.

The Board is composed of Roberto Poli (Chairman), Paolo Scaroni (Chief Executive Officer), Alberto Clò, Paolo Andrea Colombo, Paolo Marchioni, Marco Reboa, Mario Resca, Pierluigi Scibetta and Francesco Taranto. Roberto Poli, Paolo Scaroni, Paolo Andrea Colombo, Paolo Marchioni, Mario Resca and Pierluigi Scibetta were appointed on the basis of the list submitted by the Ministry of Economy and Finance, which at the time owned 20.30% of the share capital.

Alberto Clò, Marco Reboa and Francesco Taranto were appointed on the basis of a list submitted by institutional investors, which at the time owned a total of 1.10% of the share capital.

Roberto Ulissi, the Corporate Affairs and Governance Senior Executive Vice President of the Company, was confirmed as Company Secretary on the Board of Directors upon a proposal of the Chairman.

Below are some details on the personal and professional profiles of the elected Board members.



Roberto Poli

Born in 1938. He has been Chairman of the Board of Eni SpA since May 2002. He is Chairman of Poli e Associati SpA, a consultancy firm for corporate finance, extraordinary operations, company acquisitions and restructurings. He is currently Director of Mondadori SpA, Fininvest SpA, Coesia SpA, Maire

Tecnimont SpA and Perennius Capital Partners SGR SpA. From 1966 to 1998 he was Professor of Corporate Finance at the Università Cattolica del Sacro Cuore, in Milan. He was an advisor for extraordinary finance transactions for some of Italy's leading industrial groups. He was Chairman of Rizzoli-Corriere della Sera SpA and Publitalia SpA. In June 2008 he was decorated as Cavaliere del Lavoro.



Paolo Scaroni

Born in 1946. He has been Chief Executive Officer of Eni since June 2005. He is currently Director of Assicurazioni Generali, Non-Executive Deputy Chairman of London Stock Exchange Group, Director of Veolia Environnement. Besides, he is in the Board of Overseers of Columbia Business School, in New York, and Director

of Fondazione Teatro alla Scala. After graduating in Economics and Business at the Università Luigi Bocconi, in Milan, in 1969, he worked for three years at Chevron, and obtained an MBA from Columbia University, in New York, and continued his career at McKinsey. In 1973, he joined Saint Gobain, where he held a series of managerial positions in Italy and abroad, until his appointment as Head of the Glass Division in Paris in 1984. From 1985 to 1996, he was Deputy Chairman and

Chief Executive Officer of Techint. In 1996, he moved to the UK and was Chief Executive Officer of Pilkington until May 2002. From May 2002 to May 2005, he was Chief Executive Officer and Chief Operating Officer of Enel. From 2005 to July 2006, he was Chairman of Alliance Unichem. In May 2004, he was decorated as Cavaliere del Lavoro. In November 2007, he was decorated as Officer of the Légion d'honneur.



Alberto Clò

Born in 1947. He has been Director of Eni SpA since June 1999. He is currently Director of Atlantia SpA, Italcementi SpA, De Longhi SpA and IREN SpA. He graduated in Political Sciences at the Università di Bologna, where he is currently Professor of Industrial

Economics and of Public Services Economics.

In 1980, he founded the magazine "Energia" of which he is the Editor. He is the author of many books and more than 100 essays and articles on industrial and energy economics and contributes to a number of newspapers and business magazines. In 1995 and 1996, he was Minister of Industry and ad interim Minister of Foreign Trade. He was also President of the Council of Industry and Energy Ministers of the European Union during the six-month Italian presidency. In 1996, he was decorated as Cavaliere di Gran Croce of the Republic of Italy.



Paolo Andrea Colombo

Born in 1960. He has been Director of Eni SpA since June 2008. After graduating in Business Administration in 1984 at the Università Luigi Bocconi, in Milan, he qualified as a professional accountant and auditor in 1985. He is Lecturer in the Accounting Department

at the Università Luigi Bocconi, in Milan. He is founder partner of Borghesi Colombo & Associati, a consultancy firm specialized in corporate finance – including taxation and business consultancy in the context of extraordinary operations – as well as strategic and Corporate Governance consultancy. He is Director of Mediaset SpA and Ceresio SIM, Chairman of the Statutory Board of Aviva Vita SpA and GE Capital Interbanca SpA, Statutory Auditor of A. Moratti SpA, Humanitas Mirasole SpA and Credit Agricole Assicurazioni Italia Holding SpA. He was effective Statutory Auditor of Eni SpA from May 2002 to May 2005, and Chairman of the Board of Statutory Auditors from May 2005 to May 2008.



Paolo Marchioni

Born in 1969. He has been Director of Eni SpA since June 2008. He is a qualified lawyer specializing in penal and administrative law, counselor in Supreme Court and superior jurisdictions. He acts as a consultant to government agencies and business organizations on business,

corporate, administrative and local government law. He was Mayor of Baveno (Verbania) from April 1995 to June 2004 and Chairman

[38] Article 4, paragraph 1-bis, of Italian Law no. 474/1994 (as amended by Decree no. 27/2010), in stating that privatised listed companies are subject to the general regulations specified in the Consolidated Law on Finance, nonetheless confirmed that at least 1/5 of the Directors must be appointed by the minority shareholders.

of the Assembly of Mayors of Con.Ser.Vco from September 1995 to June 1999. Until June 2004 he was a member of the Assembly of Mayors of the Asl 14 health authority, the steering committee of the Verbania health district, the Assembly of Mayors of the Valle Ossola waste water consortium, the Assembly of Mayors of the Verbania social services consortium. From April 2005 to January 2008, he was a member of Stresa city council. From October 2001 to April 2004, he was Director of C.i.m SpA of Novara (merchandise interport center) and from December 2002 to December 2005 Director and executive committee member of Finpiemonte SpA. From June 2005 to June 2008, he was Director of Consip. He has been Vice-President of Provincia del Verbano-Cusio-Ossola and Provincial Councillor in charge of Bilancio, patrimonio, affari legali e attività produttive since June 2009. He has been Chairman of the Board of Directors of Finpiemonte partecipazioni SpA since August 2010.



Marco Reboa

Born in 1955. He has been Director of Eni SpA since May 2005. He graduated in Business Administration at the Università Luigi Bocconi, in Milan. He is a chartered accountant and auditor. He is Professor at the Faculty of Law at the Università Carlo Cattaneo - LIUC, in Castellanza and author

of many publications on Corporate Governance, economic evaluations and budget. He is the editor of "Rivista dei Dottori Commercialisti" and he is a professional advisor in Milan. He is Director of Luxottica Group SpA and Interpump Group SpA. He is Chairman of the Board of Statutory Auditors of Mediobanca SpA. He is Statutory Auditor of Gruppo Lactalis Italia SpA, Egidio Galbani SpA and Big Srl.



Mario Resca

Born in 1945. He has been Director of Eni SpA since May 2002. In 2008 he was appointed General Director of Italian Heritage and Antiquities in the Ministry of Cultural Heritage and Activities. He is Chairman of

Confimprese. He is Director of Mondadori SpA. He graduated in Economics at the Università Luigi Bocconi, in Milan. After graduating he joined Chase Manhattan Bank. In 1974, he was appointed manager of Saifi Finanziaria (Fiat Group) and from 1976 to 1991, he was a partner of Egon Zehnder. In this period he was Director of Lancôme Italia and of companies belonging to the RCS Corriere della Sera Group and the Versace Group. From 1995 to 2007 he was Chairman and Chief Executive Officer of McDonald's Italia. He was also Chairman of Sambonet SpA and Kenwood Italia SpA, a founding partner of Eric Salmon & Partners and Chairman of the American Chamber of Commerce. He was decorated as Cavaliere del Lavoro in June 2002.



Pierluigi Scibetta

Born in 1959. He has been Director of Eni SpA since May 2005.

He graduated in Economics at the Università La Sapienza, in Rome.

He is a chartered accountant and auditor and he has practiced at his own studio in Rome since 1990.

He was Director of Gestore del Mercato Elettrico (GME) SpA, Istituto Superiore per la Previdenza e Sicurezza del Lavoro (I.S.P.E.S.L.), Nucleco SpA, FN SpA and AGITEC SpA; he was also Deputy Special Commissioner and Director of Ente per le Nuove Tecnologie, l'Energia e l'Ambiente (ENEA) and effective Statutory Auditor of Consorzio smantellamento impianti del ciclo del combustibile nucleare. He is Chairman of the Watch Structure of Gestore dei Mercati Energetici SpA.



Francesco Taranto

Born in 1940. He has been Director of Eni SpA since June 2008. He is currently Director of Cassa di Risparmio di Firenze SpA. He started working in 1959, in a stock brokerage in Milan; from 1965 to 1982, he worked at Banco di Napoli as

deputy manager of the stock market and securities department. He held a series of managerial positions in the asset management field, notably he was manager of securities funds at Eurogest from 1982 to 1984, and General Manager of Interbancaria Gestioni from 1984 to 1987. After moving to the Prime group (1987 to 2000), he was Chief Executive Officer of the parent company for a long period. He was also a member of the steering council of Assogestioni and of the Corporate Governance committee for listed companies formed by Borsa Italiana. He was Director of Enel from October 2000 to June 2008.

Appointment³⁹

In order to ensure that the Board includes representatives of minority shareholders, the Directors are appointed by list voting. This system has been regulated by the Company By-laws since 1994, in compliance with the special rules that apply to the Company itself. In particular, article 4 of Italian Law no. 474/1994 specifies the appointment procedure of members of the administration and control bodies, by list voting procedure, as well as the procedure for calling the Shareholders' Meeting and publishing the lists, the percentage of share capital required for submitting lists and the number of members allotted to the minority shareholders. The rule however, which was amended by Decree no 27/2010 with the introduction of paragraph 1-bis in article 1, 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

[39] Information provided in accordance with article 123-bis, paragraph 1, letter l), of the Consolidated Law on Finance.

members allotted to minority shareholders⁴⁰.

Therefore, pursuant to article 17 of the By-laws, which was appropriately amended to align its provisions with those of the above-mentioned decree⁴¹, lists may be submitted by shareholders who – either individually or jointly – represent at least 1% of the share capital, or the different amount specified by the Consob regulations. With its resolution dated January 26, 2011, Consob established, with regard to Eni, the percentage of 0.5% of the share capital.

Ownership of the minimum share required to submit lists is determined by taking into account the shares that are registered to the shareholder on the day the lists are filed with the Company, without considering any subsequent transferral of the shares.

Every shareholder may vote and submit, or contribute to submitting, a single list only. The subjects that control it, the companies controlled by them and those that are jointly controlled cannot submit, nor contribute to submitting, other lists or vote for them, not even through a third party or trust company.

The lists, which must order the candidates in numerical order and expressly indicate who fulfill the independence requirements specified by the law and By-laws, are deposited at the Company's registered office at least twenty-five days prior to the date of the first or single Shareholders' Meeting call, and are made available to the public on the Company's website, or through the other means specified by the law and Consob regulations, at least twenty-one days before the same date. In addition, the lists are transmitted to Borsa Italiana SpA.

All candidates must possess the integrity requirements set forth in the applicable legislation. At the time of depositing each list, on pain of the latter being considered inadmissible, the professional curriculum of each candidate must be presented together with statements in which they accept their candidacy and certify that there are no reasons for their ineligibility or incompatibility, and that they fulfill the integrity requirements and, eventually, independence requirements set forth in the law and By-laws. Moreover, the lists must specify the identity of the shareholders who submit them, in addition to their overall shareholding percentage.

Following the voting formalities, the appointment procedure is completed by drawing seven-tenths of the Directors (rounded-off to the next lowest whole number in the case of a fraction), in the progressive order in which they were listed, from the list that won the majority of votes; the remaining ones are drawn from other lists that are not directly or indirectly associated with the shareholders who presented or voted for the list that ranked first in terms of number of votes⁴².

The list voting procedure shall only apply when the entire Board of Directors has to be renewed.

Regarding the appointment of Directors who were not elected – for any reason – with the above-mentioned procedure, the Shareholders' Meeting shall pass a resolution with the majority required by the law in order to ensure that the composition of the Board complies with the laws and By-laws.

Pursuant to article 6, paragraph 2, letter d) of the By-laws, in addition to the Directors appointed by the Shareholders' Meeting, the Minister of Economy and Finance is entitled to appoint a Director without voting rights, in agreement with the Minister of Economic Development. This power has not been exercised.

Succession plan for the Executive Director

With reference to the information required by Consob Communication dated February 24, 2011, regarding succession plans for Executive Directors, on account of the nature of the Company's shareholding structure, no plan has been set forth for the succession of the Executive Director of Eni.

Independence requirements

The Consolidated Law on Finance establishes that at least one of the Directors, or two if the Board consists of more than seven members, must fulfill the independence requirements established for the Statutory Auditors of listed companies pursuant to article 148, paragraph 3, of the same act and, if required by the By-laws, any additional requirements set forth in the Code of Ethics.

Article 17.3 of the Eni By-laws improves on these legal requirements by establishing that at least one Director, if the Board consists of no more than five members, or at least three Directors, if the Board consists of more than five members, must fulfill the aforementioned independence requirements. The same By-laws provision establishes an additional mechanism to the ordinary election system that in any case ensures the existence on the Board of the minimum number of independent Directors. In this way, Eni aims to strengthen the presence of independent Directors on the Board.

Alongside the requirements of the Consolidated Law on Finance, article 3 of the Eni Code identifies additional independence requirements, in accordance with that specified in the Borsa Italiana Code.

These criteria correspond to those set forth in the Borsa Italiana Code, specified in three separate points:

- "subsidiaries of strategic importance" in which the Director may have been a leading figure are identified on the basis of an assessment by the Board of Directors⁴³;
- the "additional remuneration" that impairs the independence status is identified as being 30% of the "fixed" remuneration payable to the Company's non-executive Directors⁴⁴;
- the "close relatives" have been defined as family members or in-laws up to the second degree of kinship⁴⁵.

Following their appointment, the non-executive Directors shall make periodic statements regarding fulfilment of the independence requirements, the actual existence of which shall be verified by the Board by taking into account all the above-mentioned criteria and – as specified in the Eni Code – prioritising substance over form. Lastly, in the meeting held on March 10, 2011, the Board of Directors - on the basis of the statements made and the information available to the Company – confirmed that the non-executive Directors Clò, Colombo, Marchioni, Reboa, Resca,

[40] Article 4, paragraph 1-bis, of Italian Law no. 474/1994 confirms that at least one-fifth of the Directors with voting rights must be reserved to the minority lists, rounded-up to the nearest whole number in case of a fraction.

[41] The Shareholders' Meeting of April 29, 2010, and the Board of Directors Meeting of June 3, 2010, updated the By-laws to the new regulation.

[42] The association criteria are defined by article 144-quinquies of the Consob Regulation on Issuers.

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

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

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

Scibetta and Taranto are independent pursuant to the law and By-laws, and in accordance with the Eni Code⁴⁶.

Director Clô was confirmed as independent, also pursuant to the Eni Code, even though he has held the position for more than nine years, in the last twelve⁴⁷, as he was appointed by the minority shareholders (specifically, by institutional investors) and on account of his proven professional qualities and independence of judgement.

The Board of Statutory Auditors has verified the correct application of the criteria and procedures adopted by the Board to assess the independence of its members.

The results of the assessments of the Board are communicated to the market and summarized in the tables enclosed with this Report. As clarified above, no lead independent Director was appointed given the presence of a CEO and Chairman having different roles.

Integrity requirements, reasons for ineligibility and incompatibility

The Consolidated Law on Finance specifies that individuals who perform management and administration functions in listed companies must fulfill the integrity requirements established for members of control bodies by the Regulation of the Minister of Justice issued pursuant to article 148 of the same act⁴⁸.

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

The same provision also requires the Board to periodically assess the fulfilment of both the independence and integrity requirements of Directors, and to verify that no reasons for ineligibility of incompatibility subsist.

Also pursuant to article 17.3 of the By-laws, if a Directors does not fulfill – or no longer fulfills – the declared independence and integrity requirements required by the law, or if there are reasons for ineligibility or incompatibility, the Board shall declare the dismissal of the Director and replace the latter, or invite him/her to remove the cause of ineligibility or incompatibility within a pre-defined deadline, on pain of forfeiture of the post. The appointed Directors shall inform the Company if they no longer fulfill the independence and integrity requirements, or if reasons for their ineligibility or incompatibility should arise.

Following the appointment and on a regular basis, the Directors issue statements regarding fulfilment of the integrity requirements required by the law and applicable to them, and the Board verifies whether these exist, in accordance with the current regulations and the Eni Code.

Lastly, in the meeting held on March 10, 2011, the Board of Directors – on the basis of the statements issued and the information available to the Company – verified that the integrity requirements were fulfilled and that there were no reasons for ineligibility or incompatibility

affecting any of the Directors, also with reference to any Eni shareholdings in financial, banking and/or insurance companies.

Guidelines of the Board of Directors on the maximum number of offices held by Directors in other companies

On June 11, 2008 (confirming the guidelines defined by the previous Board), as required by the Eni Code, the Board of Directors defined the general criteria regarding the maximum number of management and control offices that can be held in other companies in order to ensure the effective performance of the role of Director of Eni, by establishing that:

- an executive Director should not hold: i) the office of executive Director in another Italian or foreign listed company, or in a financial⁴⁹, banking or insurance company or in a company with net equity of over €10 billion; and ii) the office of non-executive Director or Statutory Auditor (or member of other control bodies) in more than three of the above-mentioned companies;
- a non-executive Director, in addition to the office held in the Company, should not hold: i) the office of executive Director in more than one of the above-mentioned companies and the office of non-executive Director or Statutory Auditor (or member of any other control body) in more than three of the above-mentioned companies; or ii) the office of non-executive Director or Statutory Auditor in more than six of the above-mentioned companies. Offices held in Eni Group companies are excluded from these limits.

Should the above-mentioned limits be exceeded, the Directors shall promptly inform the Board, which will then assess the situation in the interest of the Company and will call upon the Director to take the necessary decisions. At all events, prior to taking up the office of Director or Statutory Auditor (or member of any other control body) in a company that is not an investee, or direct or indirect subsidiary of Eni, the executive Director shall inform the Board of Directors so that the latter can assess the compatibility of the office with the functions assigned to the executive Director and with the interest of Eni. The rules applicable to the executive Director also apply to Chief Operating Officers. On the basis of the information supplied, following the appointment and on a regular basis, in the latest meeting held on March 10, 2011, the Board of Directors verified whether the Directors fulfill the above-mentioned limits on multiple offices. Detailed information on the number of offices held by members of the Board with reference to the resolution on the number of offices that may be held is available in the table enclosed with this Report.

Responsibilities

The Board of Directors has the widest powers for the ordinary and extraordinary administration of the Company in relation to its purpose.

In a resolution dated June 11, 2008, the Board appointed Paolo Scaroni as CEO and General Manager⁵⁰, entrusting him with the widest powers for the ordinary and extraordinary administration

[46] Although the Chairman of the Board of Directors is a non-executive Director, he/she cannot be declared independent as he/she constitutes a leading figure of the Company (Application Criterion 3.C.2 of the Code of Borsa Italiana).

[47] Director Clô was appointed for the first time in 1999.

[48] Italian Ministerial Decree no. 162 of March, 30, 2000.

[49] For the purpose of assessing the maximum number of offices, financial companies include the financial intermediaries specified in Article 106 of Italian Legislative Decree no. 385/1993 (Banking Consolidated Act) and companies that perform investment or collective savings activities and services pursuant to the Consolidated Law on Finance.

[50] Paolo Scaroni was appointed CEO of the company for the first time on June 1, 2005.

of the Company, while exclusively reserving the most important strategic, operational and organizational powers in addition to those that cannot be delegated by law. These powers specify the role established for the management body in the Eni Code.

In a more detailed way, the Board:

1. Defines the system and rules of Corporate Governance of the Company and the Group. In particular, and after consulting the Internal Control Committee, it adopts rules which ensure transparency as well as substantive and procedural correctness in transactions with related parties and in transactions in which a Director retains a personal interest or an interest on behalf of third parties; in addition, it adopts a procedure for the handling and disclosure of corporate information, with specific reference to inside information.
2. Establishes the internal committees of the Board with advisory and consulting functions and appoints their members, while establishing their tasks and remuneration and approving their regulations.
3. Assigns and revokes proxies to the CEO and to the Chairman, defining the limits and modalities for exercising these proxies in addition to determining – after examining the proposals of the relative Committee and consulting with the Board of Statutory Auditors – the remuneration associated with these proxies. May impart directives to the delegated bodies and implement itself any operations falling under the proxy.
4. Defines the fundamental guidelines pertaining to the organizational, administrative and accounting structure of the Company, including the internal control system, of the primary subsidiaries and of the Group. Assesses the adequacy of the organizational, administrative and accounting structure formulated by the CEO, particularly in reference to modalities for managing conflicts of interest.
5. Defines, in particular, after having examined the proposals of the Internal Control Committee, the guidelines of the internal control system in order to ensure the identification, measurement, management and monitoring of the primary risks of the Company and its subsidiaries. Assesses, on an annual basis, the adequacy, efficacy and effective functioning of the internal control system that is supervised by the CEO.
6. Defines – on a proposal from the CEO – the strategic guidelines and objectives of the Company and the Group, including sustainability policies. Examines and approves the strategic, industrial and financial plans of the Company and the Group as well as agreements of strategic nature for the Company. Examines and approves the plan for non-profit operations of the company and approves operations not included within the plan whose cost exceeds €500,000.
7. Examines and approves the annual budgets of the divisions as well as of the Company and the consolidated Group budget.
8. Examines and approves the half-year financial report and the interim reports of the Company and the Group, in accordance with currently effective regulations. Examines and approves the Sustainability Report which must be presented to the Shareholders' Meeting.
9. Receives information from Directors with proxies – at the time of Board meetings and in any case at least on a bi-monthly basis – relative to activities implemented during the exercising of proxies as well as on activities of the Group and atypical or unusual operations or with related parties of the Company which have not been presented for examination and approval to the Board. In particular, it periodically receives information on a half-year basis along with justification for any modifications applied to investment operations which were previously approved by the Board, in accordance with point 12, letter b) and c) and on the basis of criteria established by the Board itself.
10. Receives periodical half-year information from the internal committees of the Board.
11. Assesses the general management trends of the Company and of the Group on the basis of information received from Directors with proxies while paying particular attention to conflicts of interest and comparing attained results – as reported in the financial statements and periodical accounting statements – with budget estimates.
12. Examines and approves the operations of the Company and its subsidiaries which are significant from a strategic, economic and financial perspective, particularly with regards to situations in which one or more Directors retain personal or third party interests as well as transactions with related parties⁵¹; in the case of listed companies, as well as companies subject to unbundling regulations, the Board must guarantee the principle of managerial autonomy. These provisions are applicable without prejudice to compliance with confidentiality obligations pertaining to commercial relations between the subsidiary and Eni or third parties, thereby protecting the interests of the subsidiary.

The following operations are considered significant in nature:

- a) acquisitions or sales of shareholdings, companies or Company branches, mineral rights and real estate, Company mergers, spin-offs and liquidations, whose value exceeds €100 million and without prejudice to the provisions of article 23.2 of the By-laws;
- b) investments in fixed asset whose value exceeds €300 million or even of smaller amount if of particular strategic value or in the case of specific risks;
- c) exploration initiatives and portfolio operations in the E&P sector in new Countries;
- d) purchase and sale of goods and services other than those allocated for investments and gas supplies, for an overall price exceeding €1 billion – excluding transactions included in ordinary administration – or whose duration exceeds 20 years; gas supply contracts, or amendments to such contracts, for a minimum of three billion cubic meters per year and a ten-year duration;
- e) financing to parties other than subsidiaries: i) for amounts exceeding €200 million if in proportion to the shareholding quota or ii) in the case of any amount if provided in favour of non-subsidiaries or for amounts that are not proportional to the shareholding quota;

[51] In relation to transactions in which Directors and Statutory Auditors hold interests and transactions with related parties, the responsibilities of the Board of Directors have been defined in the procedures adopted by the Board on 18th November 2010 (please refer to the paragraph of the Report specifically dedicated to this issue). [52] For further details, please refer to the paragraph of the Report specifically dedicated to this issue.

- f) the issue of personal or real securities to parties other than subsidiaries: i) for amounts exceeding €200 million, if in the interest of the company or of subsidiaries, or in the interest of non-subsidiary companies, so long as the security is proportional to the shareholding quota, or ii) in the case of any amount if provided in the interest of non-controlled subsidiaries or if the security is not proportional to the shareholding quota. For the issue of the securities pursuant to point i) whose amount ranges between €100 and 200 million, the Board grants a joint proxy to the CEO and the Chairman;
 - g) Eni SpA intermediary agreements.
13. Appoints and dismisses – upon a CEO's proposal and in agreement with the Chairman – the Chief Operating Officers and grants their powers. If the CEO is appointed as the Chief Executive Officer, the proposal is made by the Chairman.
 14. Appoints and dismisses – upon a CEO's proposal, in agreement with the Chairman and following approval from the Board of Statutory Auditors – the Officer in charge of preparing financial reports and ensures that the Officer is equipped with adequate powers and means in order to exercise his legally ascribed tasks in addition to monitoring the effective compliance with the administrative and accounting procedures formulated by this Officer.
 15. Appoints and dismisses – upon a CEO's proposal, in agreement with the Chairman and following a consultation from the Internal Control Committee – an Officer in charge of internal control and an Executive Vice President of Internal Audit in addition to defining their remuneration in accordance with the compensation policies of the company as well as approving the guidelines for the activities of these two managers.
 16. Ensures that a manager is appointed for the body which manages shareholder relations.
 17. Defines – after having examined the proposals of the relative Committee – the criteria for remunerating the top management of the Company and of the Group in addition to implementing the compensation plans on the basis of stocks or financial instruments deliberated by the Shareholders' Meeting.
 18. Resolves – upon a CEO's proposal – on the exercise of voting rights and on the appointment of members of corporate bodies of the primary subsidiaries. In the case of listed companies, the Board must guarantee compliance with the provisions of the Corporate Governance Code falling under the competence of the Shareholders' Meeting.
 19. Formulates the proposals to present to the Shareholders' Meeting.
 20. Examines and resolves on other issues which Directors with proxies believe it is appropriate to present to the Board due to their particular relevance or sensitivity.

In accordance with article 23.2 of the By-laws, the Board also resolves: on merger by incorporation operations and proportional demergers operations of at least 90% directly owned subsidiaries; on the creation and closing of secondary offices; and on

adjustments of the By-laws to regulatory requirements.

During the financial year, the Board may also resolve on the distribution to shareholders of advance interim dividends, as allowed by article 29.3 of the By-laws. In the meeting held on June 30, 2008 and subsequent amendments, the Board granted proxies to the Chairman, Roberto Poli, to identify and promote integrated projects and international agreements of a strategic nature, in accordance with article 24.1 of the By-laws. Pursuant to article 27 of the By-laws, the Chairman chairs the Shareholders' Meeting, convenes and chairs meetings of the Board of Directors and verifies implementation of the resolutions passed by the Board.

At its meeting held on June 11, 2008, the Board identified Saipem SpA, Snam Rete Gas SpA, Eni International BV and Polimeri Europa SpA as subsidiaries of strategic importance for the purposes of the approval of transactions pursuant to point 12 of the aforementioned powers.

At its meeting held on January 20, 2011, the Board of Directors confirmed the appropriateness of the organizational, administrative and accounting structure of the Company, the main subsidiaries and the Group. At its meeting held on March 10, 2011, the Board of Directors confirmed the appropriateness, effectiveness and efficient operation of Eni's internal control system as a whole. At the same meeting, also pursuant to article 154-bis of the Consolidated Law on Finance, the Board also verified compliance with the administrative and accounting procedures established by the Officer in charge of preparing financial report and also confirmed the appropriateness of the powers and resources assigned to him for the performance of his duties.

In the meeting held on November 18, 2010, the Board – with the favourable and unanimous opinion of the Internal Control Committee – approved the procedure (Management System Guideline) regarding "Transactions involving interests of Directors and Statutory Auditors and transactions with related parties"⁵². In the meeting held on March 10, 2011, the Board performed a self-assessment relative to its composition and operation⁵³.

Meetings and running of meetings

In the meeting held on September 10, 2009, the Board of Directors approved new regulations that define the procedures for calling and running its meetings. In particular, the Board is called by the Chairman who, in agreement with the CEO, defines the agenda and sends it to the Directors, effective Statutory Auditors and Judge of the Court of Auditors delegated with the task of financial auditing of Eni, at least five days prior to the scheduled date of the meeting. By urgent need and whenever necessary, the calls notification is sent at least 12 hours before the scheduled meeting time.

The By-laws allow Board meetings to be held via videoconferencing and teleconferencing, and these methods are specifically provided for by the regulations.

Normally, simultaneously to the meeting calls and, at all events, no less than three days prior to the date of the meeting, the Directors, effective Statutory Auditors and Judge of the Court of Auditors are provided with documentation on the matters included

[52] For further details, please refer to the paragraph of the Report specifically dedicated to this issue.

[53] For further details, please refer to the paragraph of the Report specifically dedicated to this issue.

in the agenda, with the exception of price-sensitive information which is not subject to preventive notification. The Managers of the Company and of its subsidiaries are normally invited to attend Board meetings to provide information on matters pertaining to the agenda. Specific information is also provided on single sectors in which the Company and the Group operate.

In accordance with the provisions of article 2391 of the Italian Civil Code, of Eni Code and of the Management System Guideline regarding "Transactions involving interests of Directors and Statutory Auditors and transactions with related parties"⁵⁴, before each item on the Board meeting's agenda is discussed, every Director is called upon to notify whether he/she holds any personal or third-party interests in relation to the matters or issues to be discussed, by clarifying their nature, terms, origin and extent. During the course of 2010, the Board of Directors met 18 times for an average duration of around 3 hours for each meeting, with an average participation of 95% of the Directors and, in particular, roughly 94% of the independent Directors. In the current financial year, as at March 10, 2011, 5 meetings have been held including the one held on that date. A further 12 meetings are scheduled before the end of the financial year.

Pursuant to the Code of Borsa Italiana, the public is notified in advance – 30 days before the end of the previous financial year – on the date of Board of Directors meetings that examine the pre-final results, financial statements and infra-year accounting reports required as per the regulations in force. These meetings also serve to determine the interim dividend payable for the year and to submit a proposal to the Shareholders' Meeting for the remaining dividend, alongside the relevant dates for dividend payment and detachment of coupon. The financial calendar is available on the Eni website⁵⁵.

The Eni Code allows independent Directors to decide whether to meet in the absence of other Directors for discussing issues deemed relevant to the operation of the Board of Directors.

This express provision allowing such meetings to take place was requested by the independent Directors to ensure greater flexibility in relation to the actual requirements. During 2010, the independent Directors – in consideration of the frequency of the Board meetings – had several occasions to meet, even informally, for exchanging views and holding discussions.

The tables enclosed with this Report include each Director's percentage of attendance at Board of Directors meetings and the relevant committee meetings.

Board Review

According to international best practices and the provision of Eni Code, the Board of Directors has launched, for the fifth consecutive year⁵⁶, a self-assessment program (board review) on the Board of Directors and its Committees, referring to financial year 2010.

The board review was carried out with the support of a specialized and independent external consultant, as recommended by the Eni Code to ensure objectivity, and was based on individual interviews conducted by the consultant with the individual Directors,

involving also the Chairman of Statutory Auditors and the Company Secretary on specific aspects of the functioning of the Board.

Given the expiry of the Board with the approval of the 2010 annual financial statements, the Board considered it appropriate that the board review this year will concentrate primarily on the results of previous self-assessment and in particular on areas that presented opportunities for improvement, in order to verify the progresses over the previous year.

The results of interviews conducted by the consultant were presented at the Board meeting of March 10, 2011, that discussed them. It emerged the confirmation of the strengths highlighted in previous self-assessments and improvements in other areas. In particular, it was revealed the good atmosphere in Board's works, the availability of clear, timely and comprehensive data and information in view of the decisions to be taken, and the widespread availability of time for Board's discussion.

The role and functioning of the committees have met with general appreciation by the Board. In particular, it was confirmed the appreciation for Internal Control Committee's work, performed with competence and commitment, for the purpose of risk management, and the successful coordination with the Board of Statutory Auditors. The Oil&Gas Energy Committee is perceived by Directors as a useful mean to study, in favour of the entire Board, also for the particular experience and expertise of its President. It was finally suggested, in view of the renewal of the Board, the establishment of a Nominations Committee, whose duties may be assigned to the Compensation Committee, in light of the positive feedback on its activities.

In order to further enhance the contribution of non-executive Directors, the Directors currently in office have also recommended to repeat, also for the new Directors, the induction program that took place immediately after the installation of the current Board, and to continue this program during the years of their mission to deepen the knowledge of the operational activities.

Induction program of the Board of Directors

In conformity to the provisions of the Eni Code regarding the effective and conscious implementation of each Director's role, immediately after the appointment of the current Board, Eni drew up a board induction program to enable new Directors to acquire an in-depth knowledge of the Company's activities and organisation, its relevant sector and the role to be performed in relation to Eni's specific characteristics. The program also involved new members of the Board of Statutory Auditors, while other members of the two bodies were also invited to attend.

Moreover, in 2010 a series of meetings dedicated to the in-depth analysis of certain business issues were arranged and are still under way. In this context, for example, it is established that the meetings may be held in venues other than the company offices – or even abroad – so as to enhance knowledge of the Company's operation. In conformity to this provision, the Board of Directors meeting of May 12, 2010 was held in Egypt.

In view of the renewal of the Board of Directors, which is due to take place during the next Shareholders' Meeting that will approve

[54] For further details, please refer to the paragraph of the Report specifically dedicated to this issue.

[55] At the following address: http://www.eni.com/en_IT/investor-relation/financial-calendar/financial-calendar.shtml.

[56] For the third time with reference to the Board in office.

the 2010 financial statements, a new induction program aimed at new Directors and Statutory Auditors of the Company has been scheduled. The program, which will start in May 2011, will consist of a series of meetings in which Eni's top management will illustrate the activities and organization of the single business areas and Eni's main subsidiaries, deepening the topics of most interest to the corporate bodies, in the view of clear communication and understanding of the system.

Remuneration report

Principles

The Eni Remuneration System is defined in accordance with the recommendations formulated in the Corporate Governance Code, as transposed in the Eni Code, and is aimed at strengthening values, skills and conduct in conformity to the Company culture and strategy, by acknowledging the responsibilities assigned, the results achieved, the quality of professional contributions and the potential for development of the resource, in the context of the relevant international remuneration markets.

A particularly important element of Eni's remuneration policy is the variable component linked to the Company's economic results, particularly through the definition and implementation of incentive systems associated with the achievement of economic/financial, business development and operating targets defined to ensure the sustainability of results and the creation of value for shareholders over a medium to long period, in accordance with Eni's Strategic Plan.

The Remuneration System is completed by benefits consisting in the offer of goods and services primarily associated with social security and health care.

Governance rules

The remuneration of the Board Members is determined by the Shareholders' Meeting. The remuneration of Directors invested with particular powers (Chairman and CEO), or for participation in Board committees, is determined by the Board of Directors upon a proposal by the Compensation Committee, after consultation with the Board of Statutory Auditors.

The Board of Directors defines the objectives and approves the Company results, upon proposal by the Compensation Committee, for determining the variable component of the Directors' remuneration.

The general criteria for the remuneration of Managers with strategic responsibilities⁵⁷ are approved by the Board of Directors on the basis of proposals formulated by the Compensation Committee, which examined the indications of the CEO.

Remuneration structure

The Shareholders' Meeting of June 10, 2008 determined the remuneration of the Directors for the entire duration of their mandate, and confirmed the relative structure and amounts defined in 2005. The remuneration is made up of an annual fixed component equivalent to €115,000 and an annual variable

component determined on the basis of Eni's positioning in terms of share performance, taking into account the dividend paid out, compared to that of the seven other largest international oil companies for market capitalisation. This component is paid out in the amount of €20,000 or €10,000 depending on whether Eni's share performance ranks respectively first or second, or third or fourth, in the reference year; in all other cases, this component is not paid out. Furthermore, the Shareholders' Meeting of June 10, 2008 confirmed the insurance policy for covering managerial risks associated with Directors and Statutory Auditors, already authorised by the Shareholders' Meeting of May 25, 2006. On June 11, 2008, the Board of Directors, in confirming the structure and amounts defined in 2006, defined an additional annual remuneration for non-executive Directors and members of Board committees. The remuneration of a Committee Chairman is equivalent to €30,000, while for the other members it is €20,000. These amounts decrease to €27,000 and €18,000 respectively, if the relevant persons are members of more than a committee.

According to the resolutions passed by the Shareholders' Meeting of June 10, 2008, which confirmed the structure and amounts defined in 2005, the remuneration structure of the Chairman – for the entire duration of the mandate – is made up of an annual fixed component equivalent to €265,000 and an annual variable component determined on the basis of Eni's positioning in terms of share performance, taking into account the dividend paid out, compared to that of the seven other largest international oil companies for market capitalisation, likewise for the other Directors. This component is paid out in the amount of €80,000 or €40,000 depending on whether Eni's share performance ranks respectively first or second, or third or fourth, in the reference year; in all other cases, this component is not paid out. On the basis of the resolutions approved by the Board of Directors on July 30, 2008, the remuneration structure of the Chairman, with reference to his delegated powers, also includes an annual fixed component equivalent to €500,000 – defined for the entire duration of the mandate and unchanged compared to the amount defined in 2005 – and an annual variable component calculated, in its maximum value, at 78% of the fixed remuneration, linked to the achievement of specific Company targets defined for the previous financial year. Lastly, insurance-related benefits are also established in favour of the Chairman.

The remuneration structure of the CEO and General Manager, in relation to his delegated powers, was approved by the Board of Directors on July 30, 2008, and incorporates the remuneration for the role of Director determined by the Shareholders' Meeting of June 10, 2008. This remuneration includes the following elements: i) a total annual fixed component equivalent to €1,430,000 (of which €430,000 for the role of CEO and €1,000,000 for that of General Manager), defined for the entire duration of the mandate and unchanged compared to the amount defined in 2005; ii) an annual variable component calculated, in its maximum value, at 155% of the fixed remuneration and linked to the achievement of specific Company objectives defined for the previous financial year; iii) a long-term variable component based on two different plans that

[57] The Managers who, together with the CEO and the Chief Executive Officers of the Divisions, are permanent members of the Eni Management Committee, and the Managers who report directly to the CEO.

cover a three-year period and have different Company performance conditions measured, respectively, in absolute and relative terms in relation to a sector peer group. Moreover, the CEO and General Manager are awarded insurance-related benefits, in addition to the social security and health care benefits that apply to Eni's top management.

The remuneration structure of Managers with strategic responsibilities includes the following elements: i) an annual fixed component, determined according to the role and assigned responsibilities, with reference to the levels applied to equivalent positions in large national and international companies (in the

oil, industry and services sectors) and with annual adjustments according to merit (continuity of the individual performance) or promotion (progression in terms of role/responsibility); ii) an annual variable component, linked to the achievement of specific economic, financial and operating objectives; iii) a long-term variable component based on two incentive plans having similar features to those defined for the CEO.

For 2010, the remuneration structure ("pay-mix") applied to the Chairman, CEO and General Manager, and to the Chief Operating Officers of the Divisions and other Managers with strategic responsibilities, was the following:

	Chairman	CEO	Division COO	Other managers with strategic responsibilities
Fixed remuneration	69%	22%	41%	42%
Annual variable remuneration (linked to performance)	31%	28%	30%	29%
Long-term variable remuneration (linked to performance)*	-	50%	29%	29%
Total	100%	100%	100%	100%

(*) Evaluation of long-term variable remuneration (discounted) for target result.

Implementation of the variable remuneration systems for 2010

On March 11, 2010, the Board of Directors, in relation to Eni's share performance compared to the seven other largest international oil companies for market capitalisation, upon verification by the Compensation Committee, acknowledged the fact that the conditions for paying out the relative incentive to Directors had not been fulfilled.

The annual variable remuneration for 2010 of the Chairman and CEO was determined with reference to Eni's objectives for 2009 as approved by the Board of Directors, upon a proposal by the Compensation Committee, and defined in compliance with the Strategic Plan and the annual budget in terms of financial performance, operational performance of the Divisions, adjusted EBIT and cost reduction. The Company results – assessed according to a constant scenario basis and verified by the Compensation Committee – were approved by the Board of Directors in the meeting held on March 11, 2010 and set out to the determination of a performance score of 112, on a scale ranging from 85 (minimum) to 130 (maximum) used for the purpose of determining the variable remuneration to be paid out.

On March 25, 2009, the Board of Directors approved – upon a proposal by the Compensation Committee – the Deferred Monetary Incentive Plan for 2009-2011 aimed at all managerial resources and comprising the CEO and General Manager. This Plan focuses on business growth and operational efficiency targets, and establishes an annual incentive payable after three years depending on the EBITDA results (actual vs. budget, considering a constant scenario) defined for the relevant three-year period. During 2010, the Board of Directors deliberated the second assignment of the aforementioned Plan.

With the aim of promoting returns that in the long-run exceed those of the main competitors in the sector, on February 11,

2010, the Board of Directors approved – upon a proposal of the Compensation Committee – a Long-Term Monetary Incentive Plan for critical managerial resources (managerial resources holding positions that are more directly responsible for the Company results or, in any case, that are of strategic interest), as an alternative instrument to the Stock Option Plan, which was discontinued in 2009. A similar Plan was approved in 2010, as well as in 2009, in favour of the CEO and General Manager. According to this Plan, the incentive shall be paid out after three years, in an amount linked to the variation of the adjusted net profit + Depletion Depreciation & Amortization (DD&A) measured over the three-year period 2010-2012 in relative terms compared to the other six largest international oil companies for market capitalisation.

Paying out of long-term Incentive Plans assigned in previous financial years

During the course of 2010, the vesting period of the long-term incentive plans assigned in 2007 expired. The plans consisted of a Deferred Monetary Incentive Plan aimed at managerial resources, and a Stock Option Plan aimed at critical managerial resources. On the basis of the results achieved in the 2007-2009 period, as verified by the Compensation Committee, the Board of Directors – in the meeting held on March 11, 2010 – established the following: i) with reference to the Deferred Monetary Incentive Plan, a multiplier of 143% should be applied to the amount assigned in 2007, calculated on the basis of the performance achieved in terms of Eni's EBITDA; ii) with reference to the Stock Option Plan, a percentage of 42% of exercisable options should be applied to the number of options assigned in 2007, calculated on the basis of the Eni share performance in terms of Total Shareholders' Return (TSR) in the relevant three-year period compared to that of the

other largest international oil companies for market capitalisation. The CEO, in his role of General Manager, participated in both Plans.

*Termination indemnity for Directors*⁵⁸

Upon expiry of the contract as employee of Eni, the CEO in his position of General Manager of the Company is entitled to receive an indemnity that is accrued along the service period. The indemnity is determined by taking into account social security contribution rates and post-retirement benefit computations applied to the CEO base salary and 50% of the bonuses earned as a Director. In 2010, a provision of €252,519.90 has been accrued.

In case the employment contract of the CEO and General Manager is terminated at or before the expiry of his office as CEO, he is entitled to receive a payment of €3,200,000 plus an amount corresponding to the average performance bonus earned in the three-year period 2008-2010, in lieu of notice thus waiving both parties from any obligation related to notice. The payment is undue should the termination of office meets the requirement of due cause as per article 2119 of the Italian Civil Code, in case of death and resignation from office other than as the result of a reduction in the powers currently attributed to the CEO.

The effects generated by the termination of the CEO and General Managers employment relationship on the assignment made according to existing schemes based on financial instruments or on cash payments are respectively described: 1. for stock option plans assigned until 2008, in the paragraph "Stock Based Incentive Plans for Eni's managers" of the Supplementary Notes to the Financial Statements, which are part of the Annual Financial Report for the 2010; for the Deferred Monetary Incentive Plan for 2009-2011 and the Long Term Monetary Incentive Plans 2009 and 2010 in the paragraph "Long-Term Incentive for Directors, Chief Operating Officers and Managers with strategic responsibilities" of the above mentioned Supplementary Notes to the Financial Statements.

Upon termination of the employment contract, the CEO may pledge himself to renounce to engage in any activity which may be in competition with Eni, in Italy, Europe and North America.

In respect of that obligation, Eni will pay to him a fee amounting to €2,219,000.

Further details on the overall remuneration paid out in the 2010 financial year to Directors and Managers with strategic responsibilities are included in the Supplementary Notes to the Eni SpA Financial Statements, which are part of the Annual Financial Report for the 2010 financial year, in compliance with the relevant Consob regulations. In particular, the chapter "Remunerations and other information" of the above-mentioned Supplementary Notes includes the following: (i) the amount of the remunerations paid out to members of administration and control bodies, to Chief Operating Officers and Managers with strategic responsibilities; (ii) the long-term incentives assigned to Directors, Chief Operating Officers and Managers with strategic responsibilities; (iii) the termination indemnities of Directors.

The shareholdings in Eni and subsidiaries of members of the administration and control bodies, Chief Operating Officers and Managers with strategic responsibilities are specified in the Management Report, which is part of the Annual Financial Report for the 2010 financial year.

Board Committees⁵⁹

The Board has set up three internal committees (two of which are required by the Corporate Governance Code) having consulting and advisory functions, namely: a) the Internal Control Committee; b) the Compensation Committee; c) the Oil-Gas Energy Committee. The composition, tasks and operation of the committees are governed by the Board through appropriate regulations⁶⁰, in compliance with the criteria set forth in the Eni Code.

The committees required by the Code (Internal Control Committee and Compensation Committee) consist of no fewer than three members and, as recommended by the Eni Code to avoid altering the Board's decision-making process, the number of members must not exceed the majority of members of the Board. All the committees must be composed of non-executive Directors, the majority of whom must be independent.

In carrying out their relative functions, the Committees are entitled to access any information and Company units required for performing their duties. In addition, they are provided with adequate financial resources⁶¹ and may avail themselves of external consultants, in compliance with the terms defined by the Board of Directors.

The Committee meetings may be attended by the Chairman of the Board of Statutory Auditors or any other effective Statutory Auditor designated by the latter and, on invitation and with reference to single issues on the agenda, by any non-members. Committee meetings are minuted by the respective Secretaries.

In the meeting held on June 11, 2008, the following non-executive Directors – all of them independent – were appointed as members of the Committees:

- Internal Control Committee: Marco Reboa (Chairman), Francesco Taranto, Pierluigi Scibetta and Paolo Marchioni.
- Compensation Committee: Mario Resca (Chairman), Francesco Taranto, Alberto Clò and Paolo Andrea Colombo.
- Oil-Gas Energy Committee (OGEC): Alberto Clò (Chairman), Marco Reboa, Mario Resca, Paolo Andrea Colombo and Pierluigi Scibetta. In accordance with the Code of Borsa Italiana, the Eni Code establishes that the Board of Directors may decide whether to set up a Nominations Committee, particularly in cases where the Board finds that it is difficult for shareholders to draw up proposals for appointment, as often occurs in listed companies with a diversified shareholder base. No such Committee has ever been set up owing to the nature of the Company's shareholders, and also due to the fact that – pursuant to the law and By-laws – the Directors are appointed by the Shareholders' Meeting on the basis of lists submitted by the shareholders.

[58] Information provided in accordance with article 123-bis, paragraph 1, letter i), of the Consolidated Act on Finance and of the Consob Communications No.DEM/11012984 of February, 24th, 2011.

[59] Information provided in accordance with article 123-bis, paragraph 2, letter d), of the Consolidated Law on Finance.

[60] The regulations of the three Committees are available on the Eni Internet website, at the following address: http://www.eni.com/en_IT/governance/committees/committees.shtml.

[61] In January 2011, the Board of Directors drafted a budget for all three Committees, upon a proposal of the Committees themselves.

Internal Control Committee

During the course of 2010, the Committee met 20 times with a 97.5% average attendance rate of its members.

The composition, appointment and operating procedures, tasks, powers and resources of the Committee are governed by an appropriate regulation, the current version of which was approved by the Board of Directors at the end of December 2009, in order to update its contents to the provisions of other Company documents published since the previous version dating back to March 2007.

Below is a summary of the main issues tackled during the course of the year:

- (i) the final statement on the activities of Eni's Internal Audit Dept., the Integrated Audit Plan for 2010 and the Budget for 2010 of Eni's Internal Audit Dept., in addition to the periodic states of progress;
- (ii) the final data for operations relating to 2009 and the plan for 2010 of the Internal Audit Departments of the subsidiaries Saipem and Snam Rete Gas;
- (iii) the results of planned and non-planned audits released by Eni's Internal Audit Dept., in addition to the monitoring results regarding the state of execution of the corrective actions planned by the operational divisions for tackling the issues emerging during the course of the audit, including an in-depth analysis of certain specific issues;
- (iv) the results of audits carried out by Eni's Internal Audit Department in relation to specific requests coming from the Control and Supervisory bodies;
- (v) the periodic statistical reports on the reports – even anonymous ones – received by Eni and subsidiaries;
- (vi) the performance objectives and the Internal Audit Review of the Internal Audit Department, including the relative plan for implementing the improvement areas;
- (vii) the independence requirements of the Senior Executive Vice President of the Internal Audit Dept. and of the Officer in charge of internal control; moreover, the Committee expressed its favourable opinion in relation to the proposal by the CEO – in agreement with the Chairman of the Board of Directors – of replacing the Senior Executive Vice President of the Internal Audit Dept., also in his role of Officer in charge of internal control, after positively judging the candidate's profile and the necessary requirements of integrity, professionalism, competence and experience, in addition to the absence of incompatibility – also in terms of conflicts of interest – with previous activities or roles covered in the Company.
- (viii) the Report of the Officer in charge of internal control on the Eni Internal Control System for the financial year ended December 31, 2009, and the Report on the main results achieved by the activities of the Internal Audit Dept. as at June 30, 2010;
- (ix) the updates on the state of progress of the “New Eni Regulatory System” project and the contents of the main regulatory documents issued in relation to the project during the course of 2010. In particular, the Committee expressed its favourable opinion to the Board of Directors – prior to the relative approval – in relation to the “Guidelines of the Eni regulatory

system” and the first 7 policies issued;

- (x) the proposal for the Management System Guideline “Transactions involving interests of Directors and Statutory Auditors and transactions with related parties”: in this regard, the Committee expressed its unanimous favourable opinion also in its role of Committee of independent Directors pursuant to the Consob Regulation;
- (xi) the periodic report on the activities carried out by the Eni Watch Structure, including information on the functions of the Guarantor of the Code of Ethics, after meeting the members of the structure itself, as set forth in Eni Model 231;
- (xii) the results of the “Supervisory Bodies of Eni companies and Model 231” project and the proposal, “Guidelines for the composition of Supervisory Bodies and for the implementation of relevant activities to support the direct and indirect subsidiaries of Eni SpA”;
- (xiii) the statements relative to news/notifications of investigations or, more in general, of pending criminal proceedings on the part of bodies/authorities of the Italian or foreign governments with criminal jurisdiction or, in any case, having powers of judicial investigation with reference to any crimes perpetrated by Eni SpA or its direct or indirect subsidiaries in Italy and abroad, or by its Directors, members of supervisory bodies, employees and/or collaborators; the periodic Report drafted by the Eni Control Team for Judicial Events;
- (xiv) the statements on the development of the main pending legal proceedings, particularly with regard to possible accounting implications affecting compliance with the relevant obligations for the annual and half-yearly financial report drafting process;
- (xv) the Reports of the Officer in charge of preparing financial reports, relating to the administrative and accounting structure of Eni as at December 31, 2009, and as at June 30, 2010, in addition to the verification in this context of the adequacy of the powers and means at the disposal of the Chief Financial Officer in his role of Officer in charge of preparing financial reports;
- (xvi) the Reports of the Officer in charge of preparing financial reports, relating to the internal control system applied to financial reporting as at December 31, 2009, and as at June 30, 2010, updated as at November 30, 2010;
- (xvii) the essential aspects of the financial statements and consolidated financial statements as at December 31, 2009: to this aim, the Committee met with the most senior members of the administrative functions of Eni, of its main subsidiaries and of the companies subject to the so-called “unbundling” discipline, in addition to the Chairmen or other members of the Board of Statutory Auditors of each company and the partners of the Audit Firm responsible for expressing opinions on the single financial statements; the indication in the Annual Report of specific operations and/or shareholdings, the results of impairment tests performed for each business sector and the Report of the Audit Firm on the Annual Report for the 2009 financial year;
- (xviii) the main aspects of the Annual Report on Form 20-F 2009 and the major accounting repercussions deriving from the implementation of the International Financial Reporting Interpretation Committee 12; the statement on the

implementation of audit activities pursuant to SOA 404 and the updating of the 2010 Fraud Prevention Program;

(xix) the chapter on the Internal Control System to be inserted in the Corporate Governance Report of the 2009 financial statements;

(xx) the draft of the Consolidated Half-Yearly Financial Report as at June 30, 2010: to this aim, the Committee met with the Officer in charge of preparing financial documents, the higher managers of the administrative functions and the Audit Firm, while dedicating particular attention to the analysis of profiles related to the application of accounting principles; the report of the Audit Firm on the 2010 Half-Yearly Financial Statements;

(xxi) the draft of the Report of the Directors pursuant to article 2433-bis of the Italian Civil Code, relative to the interim dividends for the 2010 financial year;

(xxii) the main issues relating to the application of the accounting principles for drafting the 2010 Annual Report, in the context of specific meetings held with the relevant administrative structures and the Audit Firm aimed at verifying the adequacy of the implemented processes, with special emphasis on the impairment tests effected.

(xxiii) the report on the Reports of the Audit Firm on the 2009 financial statements, and the statements issued during the meeting with the Audit Firm regarding the exercise of the supervisory functions of the Board of Statutory Auditors pursuant to Legislative Decree no. 39/2010, with special emphasis on the results of the mapping process aimed at identifying the main Company risks relevant to the auditing activity;

(xxiv) the updates on the initiatives undertaken in relation to the “Development of the new integrated model for risk management” project (i.e. the so-called “Risk Management”); the new control model for financial risks pertaining to the G&P sector; the 2009 Report on the results of activities aimed at monitoring and controlling compliance with the defined financial risk levels, in addition to the reviewing proposal of the “Guidelines for the management and control of financial risks”; the main aspects regarding management and control of industrial risks and of the related insurance coverage activities;

(xxv) some of the main aspects of the activities performed in the context of the Company’s organisational model regarding Health, Safety and Environment, including the Company project, “Communicating safety”, and the control activities for managing HSE risks, also with regard to supervisory activities relevant to HS issues;

(xxvi) the new role of the Procurement, with particular reference to the “Continuous Improvement” project that aims to simplify and reduce the management complexity of procurement processes and redefine the related body of Company rules, in compliance with the approach characterising the new regulatory system;

(xxvii) the updates on the state of implementation of the Consumer Prices Control Model and on the developments of the relevant regulatory framework;

(xxviii) the periodic report on the disciplinary actions taken against illegal conduct by employees drawn up by the relevant units of the Human Resources and Organisation Dept., in compliance with the Company regulations;

(xxix) the updates on the initiatives being carried out by the various Company structures, and by the E&P Division and Syndial in particular, aimed at strengthening the relative internal control system.

Compensation Committee

Established by the Board of Directors in 1996, the Committee advises the Board regarding the remuneration of Directors with proxies and members of the Board Committees and, on instructions from the CEO, regarding the following: (i) annual and long-term incentive plans; (ii) general criteria for the remuneration of managers with strategic responsibilities; (iii) objectives and results of the Performance and Incentive Plans. Moreover, the Committee also issues the opinions required by the procedure regarding operations with related parties, in accordance with the terms specified in the procedure itself⁶².

In 2010, the Compensation Committee met 6 times, with a 100% attendance rate by its members and, in particular, it formulated proposals to the Board regarding the following: i) Eni’s results for 2009 and Eni’s objectives for 2010 in relation to the Annual and Long-Term Incentive Plan; ii) the variable remuneration of the Chairman, CEO and Directors on the basis of the results achieved in 2009; iii) the criteria of the remuneration policy of managers with strategic responsibilities; iv) the definition of the 2010 Monetary Long-Term Incentive Plan for the CEO, to replace and compensate for the Eni Stock Option Plan; v) the implementation of the 2010 Long-Term Monetary Incentive Plan, to replace the Stock Option Plan, for critical managerial resources; vi) implementation for 2010 of the Deferred Monetary Incentive Plan and its assignment to the CEO.

The composition, appointment and operating methods, tasks, powers and resources of the Committee are governed by an appropriate regulation approved by the Board of Directors⁶³.

Oil-Gas Energy Committee

The Oil-Gas Energy Committee (OGEC) was established by the Board of Directors of Eni in order to monitor trends and scenarios in the international energy markets and analyse the dynamics of the competitive contest. OGEC has advisory and consulting functions with respect to the Board of Directors, especially in relation to drafting of Eni Strategic Plans and verifying the consistency of the guidelines adopted in the multi-year plans.

In 2010, OGEC met 8 times, with an attendance rate of 80% on the part of its five members. The meetings were often attended by the Chairman and other Directors. Since September, the Chairman of the Board of Statutory Auditors – or another member of the Board of Statutory Auditors – also attends the meetings.

During the course of the year, OGEC examined the Strategic Master Plan, a document that determines the long-term strategic guidelines for Eni’s activities, while identifying the fundamental challenges that may have a significant impact on the evolution of the oil markets, and proposing appropriate management actions. Particularly important issues in this context included international competition, the evolution of the gas market – characterised by great uncertainty about the supply and demand trend, particularly in Europe – and the procedures for accessing reserves, in the fuel refining and distribution sector. OGEC also spent a considerable

[62] For further details, please refer to the paragraph of the Report specifically dedicated to this issue.

[63] http://www.eni.com/it_IT/governance/comitati/comitati.shtml.

amount of time analysing price scenarios, which are essential for corporate strategic planning and assessment of investments. Great emphasis was placed on the analysis of the international political scenario, such as China's energy strategy, the evolution of the political situation in Iran and Iraq – in relation to the development of the offer of oil and natural gas – and Russia's foreign policy, with particular emphasis on energy-related issues. The composition, appointment and operating methods, tasks, powers and resources of the Committee are governed by an appropriate regulation approved by the Board of Directors.⁶⁴

Chief Operating Officers of the Divisions

Pursuant to article 24 of the By-laws, the Board of Directors may appoint one or two Chief Operating Officers⁶⁵ and define their relevant powers, upon a CEO's proposal and in agreement with the Chairman, subject to fulfilment of the integrity requirements specified by the law. The Board periodically assesses the integrity of the Chief Operating Officers on the basis of statements issued by the Directors themselves; failure to fulfill these requirements shall determine their dismissal from the office.

The Chief Operating Officers are also required to comply with the rules defined by the Board of Directors regarding the maximum number of offices they may hold, in accordance with the regulations that apply to the CEO.

The Board of Directors has appointed three Chief Operating Officers responsible for Eni's three operating Divisions, namely:

- **Claudio Descalzi**, Chief Operating Officer of the Exploration & Production Division.
- **Domenico Dispenza**, Chief Operating Officer of the Gas & Power Division.
- **Angelo Fanelli**⁶⁶, Chief Operating Officer of the Refining & Marketing Division.

In the meeting held on March 10, 2011, the Board of Directors – on the basis of statements issued – verified fulfilment of the integrity requirements, and also verified whether the Chief Operating Officers comply with the rules on the maximum number of offices that may be held.

Board of Statutory Auditors⁶⁷

Responsibilities

Pursuant to the Consolidated Law on Finance, the Board of Statutory Auditors supervises the following: (i) the compliance with the law and the By-Laws; (ii) the observance of the principles of correct administration, the adequacy of the Company's organizational structure for matters within the scope of the Board itself, the adequacy of the internal control system and of the administrative-accounting system, as well as the reliability of the latter in correctly representing the Company's transactions; (iii)

the arrangements for implementing the Corporate Governance rules provided for in the Code of Borsa Italiana to which the Company adheres; and (iv) the adequacy of the instructions imparted by the Company to its subsidiaries, in order to guarantee full compliance with legal reporting requirements.

Moreover, pursuant to article 19 of Italian Legislative Decree no. 39/2010 [hereinafter "Decree no. 39/2010"], the Board of Statutory Auditors performs the functions assigned to it in its role of "internal control and financial auditing committee". Relative to this function, the Board of Statutory Auditors supervises the following: (a) the financial reporting process; (b) the efficacy of the internal control, Internal Audit (where applicable) and risk management systems; (c) the auditing of the annual financial statements and consolidated financial statements; (d) the independence of the auditor or Audit Firm, in particular with regard to the provision of non-auditing services to the entity subject to financial auditing.

The functions assigned by the Decree to the "internal control and financial auditing committee" are coherent with and essentially comply with the responsibilities already assigned to the Board of Statutory Auditors of Eni, above all in consideration of its role of Audit Committee pursuant to the US regulation "Sarbanes - Oxley Act" (which shall be outlined in greater detail further on).

As already set forth in the Consolidated Law on Finance and currently regulated by article 13 of Decree no. 39/2010, the Board of Statutory Auditors formulates a justified proposal to the Shareholders' Meeting relative to the assignment of the role of financial auditor and the determination of the remuneration payable to the auditor. Furthermore, pursuant to article 19, paragraph 1, letters c) and d), of the aforementioned Decree no. 39/2010, the Board of Statutory Auditors supervises the auditing activities and – in accordance with the provisions of article 10.C.5 of the Eni Code – the independence of the Audit Firm, by verifying compliance with the applicable regulations as well as the nature and entity of any services other than financial auditing services provided to Eni Group directly or through companies belonging to its network. Results of the supervisory activity are recorded in the Report drawn up in accordance with article 153 of the Consolidated Law on Finance, and enclosed with the financial statements documentation.

On March 22, 2005, the Board of Directors, by virtue of the rights granted by the Stock Exchange Commission (SEC) to foreign issuers listed on regulated US stock markets, has identified the Board of Statutory Auditors as the body that, since June 1, 2005, has been carrying out – within the limits set forth in the Italian regulations – the functions assigned to the Audit Committee of said foreign issuers by the Sarbanes-Oxley Act and by the SEC regulations. On June 15, 2005, the Board of Statutory Auditors approved the regulations concerning the fulfilment of the functions assigned to it pursuant to the above-mentioned US regulation⁶⁸; the text of the regulations is available on the Eni website⁶⁹.

[64] <http://www.eni.com/en/IT/governance/committees/committees.shtml>.

[65] For further details, please refer to the relevant page on the website that contains the Company organisation chart: <http://www.eni.com/en/IT/company/organisation-chart/organisation-chart.shtml>

[66] Appointed to replace Angelo Caridi, with effect from April 6, 2010.

[67] Information provided in accordance with article 123-bis, paragraph 2, letter d), of the Consolidated Law on Finance.

Composition and appointment

In compliance with the provisions of the Consolidated Law on Finance, the Board of Statutory Auditors is composed of a minimum of three effective members and two alternate members. The Company's By-laws establish that the Board of Statutory Auditors must be composed of five effective Statutory Auditors and two alternate Statutory Auditors, appointed by the Shareholders' Meeting for three financial years and re-electable at the end of their office.

Similarly to that specified for the Board of Directors and in compliance with the applicable provisions, the By-laws establish that the Statutory Auditors must be appointed through voting list, where the candidates are listed in numerical order; two effective Statutory Auditors and one alternate Statutory Auditor are selected from among the candidates of minority shareholders.

On the basis of the provisions contained in the By-laws, the submitting, depositing and publishing of the lists are governed by the procedures applicable to the Board of Directors, in addition to the provisions issued by Consob with its own regulations. The candidate lists are divided into two sections: the first section concerns candidates to be appointed as effective Statutory Auditors, while the second concerns the appointment of alternate Statutory Auditors. At least the first candidate in each section must be a chartered accountant and must have exercised the auditing activities for no less than three years.

The lists must be accompanied by the following: (i) information on the shareholder/s submitting the list, including the percentage of the total shareholding held; (ii) the statements of shareholders other than those control or holding relative majority shareholding in the Company, certifying the absence of relations with the latter; (iii) a personal and professional curriculum; (iv) the statements – issued by each candidate – certifying compliance with the requirements specified in the applicable regulations; (v) the declaration of acceptance of the nomination; (vi) the list of offices held in other companies. The appointment procedure shall be based on the same methods already specified with reference to the Board of Directors. The voting list procedure shall only apply in case of renewal of the entire Board of Statutory Auditors. Should an effective Statutory Auditor from the list that received the majority of votes be replaced, the alternate Statutory Auditor selected from the same list shall fill the vacant position; should an effective Statutory Auditor from the other lists be replaced, the alternate Statutory Auditor selected from those same lists shall fill the vacant position.

Pursuant to article 28.2 of the By-laws, in compliance with the provisions of the Consolidated Law on Finance, the Shareholders' Meeting shall appoint as Chairman of the Board of Statutory Auditors one of the elected candidates from the lists that did not receive the majority of votes.

On June 10, 2008, the Shareholders' Meeting appointed the following persons as Statutory Auditors – for three financial years and, in any case, until the date of the Shareholders' Meeting called to approve the 2010 financial statements: Ugo Marinelli, Chairman; Roberto Ferranti, Luigi Mandolesi, Tiziano Onesti and Giorgio Silva, effective Statutory Auditors; Francesco Bilotti and Pietro Alberico Mazzola, alternate Statutory Auditors. Moreover, the Shareholders'

Meeting determined the annual remuneration payable to the Chairman of the Board of Statutory Auditors and to each effective Statutory Auditor, in the amount of 115,000 € and 80,000 € respectively, in addition to the reimbursement of any necessary expenses incurred while performing their office.

Roberto Ferranti, Luigi Mandolesi, Tiziano Onesti and Francesco Bilotti were appointed from the list submitted by the Ministry of Economy and Finance, which then held 20.30% of the share capital. Ugo Marinelli, Giorgio Silva and Pietro Alberico Mazzola were appointed from the list submitted by institutional investors, which then held 1.10% of the share capital.

Below are some details on the personal and professional profiles of the elected effective Statutory Auditors.



Ugo Marinelli

Born in 1941. Degree in Economics at the Università Luiss, in Rome. He teaches Auditing at the Faculty of Economics "Federico Caffè" at the Università Roma Tre. He is also a professional economic advisor, accountant and auditor. He has spent a large part of his professional life (from 1965 to 2000) at Arthur Andersen, where he held positions of increasing responsibilities both nationally and internationally. He is an expert in international accounting principles - IFRS; he has been a member of EFRAG – European Financial Reporting Advisory Group – the technical consultative body of the European Commission for the endorsement of the international accounting principles drawn up by IASB – International Accounting Standards Board. As a professional corporate consultant he is specialised in the fields of risk management and internal control. He has held, and continues to hold, a number of positions in various companies. He is currently Chairman of the Board of Statutory Auditors of Società Energie Rinnovabili SpA and its subsidiary Società Energie Rinnovabili 1 SpA, and is Chairman of the Board of Auditors of Associazione Civita; he is Director of Fingold SpA. Since June 2008 he has been an effective Statutory Auditor of Eni.



Roberto Ferranti

Born in 1947. He holds a degree in Economics & Commerce, at the Università La Sapienza, in Rome. He is a qualified auditor. In 1987, he was appointed Director of Division VI of the General Inspectorate for Budget Policies – State General Accounting Department – and in 1992 was appointed Director of Division II of the General Inspectorate for Budget Policies. In 1994, he took over as interim head of the Public Finance Office of the General Inspectorate for Budget Policies and has been Director of the Public Finance Office since 1997. He is a member of section work groups for the General Report on the Italian Economic Situation and for the audit of the Treasury statement of account. He has also held teaching positions at the State General Accounting Department. He was Chairman of Board of Statutory Auditors of Equitalia Piacenza SpA and Equitalia

[68] These regulations were amended on March 30, 2007 to include the new provisions introduced by Italian Legislative Decree no. 303/2006 to article 159, paragraph 1, of the Consolidated Law on Finance and by the Eni Code, as well as to make the necessary adjustments based on the organisational changes that have occurred since June 15, 2005, when the previous regulations were approved. The regulations were further amended on April 7, 2010 to reduce the terms of calls.

[69] At the following address: <http://www.eni.com/en/IT/governance/board-of-statutory-auditors/board-of-statutory-auditors.shtml>.

Spezia SpA and Statutory Auditor of SIMEST SpA. He is currently Chairman of the audit committee of the Agenzia Nazionale per la Sicurezza del Volo and of Registro Italiano Navale, member of the audit committee of Federazione Italiana Nuoto, and Director of Equitalia Cerit SpA of Firenze. He has been Ispettore Generale Capo dell'Ispettorato Generale per la Contabilità e la Finanza Pubblica since July 2009. He has been Chairman of Comitato per i Principi Contabili as provided by l. 196/2009. He has been an effective Statutory Auditor of Eni since June 2008.



Luigi Mandolesi

Born in 1943. After graduating in Economic and Business at the Università La Sapienza in Rome, he qualified as a professional accountant in 1966 and as an auditor in 1995. Formerly Chairman of the Board of

Accountants of Rome, Rieti and Velletri, he is Deputy Chairman of the Order of Accountants and Auditors of Rome, Rieti, Tivoli and Velletri. He is an associate of the "Studio Commercialisti Associati Luigi e Massimo Mandolesi" accountancy firm. He is Chairman of the Board of Statutory Auditors of Procter & Gamble Holding Srl, Finamca SpA, Impreme SpA, Albergo Centrale Srl, Edev Italia e Edf en Italia SpA; effective Statutory Auditor of Altec, Pietro Mezzaroma e Figli, Larimart SpA and Fondazione Luca Pacioli; Director of Villa Margherita SpA e Finconcordia SpA. He has been an effective Statutory Auditor of Eni since June 2008.



Tiziano Onesti

Born in 1960. He is certified a Certified Public Accountant and Certified Auditor. He lectures on Business Economics at the Università Roma TRE in Rome and on General and Applied Accounting at the Università "Guido Carli" LUISS, in Rome. He is the author of several publications

on various accounting and business economics issues and, on an on-going basis, carries out research and advanced education activities. Currently, he holds the post of scientific coordinator of the Inter-Faculty Master's Degree Program on Public Administration (MIFAP) at the University of Foggia, and is a member of the scientific and editorial committees of several leading national journals. He is a corporate consultant to a number of Italian and multinational companies, specialising in the evaluation of companies and company branches, extraordinary operations, civil balance sheets and IAS/IFRS; he also carries out – within the areas of his competence – technical advisory activities, also upon appointment, in civil and criminal proceedings. He has held, and continues to hold, positions as a member of the Board of Directors, Statutory Auditor, external Auditor and liquidator. He is Chairman of the Board of Statutory Auditors of AGI SpA, Risanamento SpA, PM&Partners S.p.A SGR and Servizi Aerei SpA. Moreover, he is effective Statutory Auditor of Euler Hermes Siac SpA, Ford Italia SpA and liquidator of American Express Company SpA in liquidation. He is independent Director of Gruppo Editoriale L'Espresso SpA and of Fondo Pensione per il Personale della Banca di Roma. He has been an effective Statutory Auditor of Eni since June 2008.



Giorgio Silva

Born in 1945. He holds a degree in Economics and Business, at the Università Cattolica del Sacro Cuore in Milan; he has been registered in the Register of Certified Public Accountants of Busto Arsizio since July 4, 1975, and in the Register of Varese since

May 3, 1989. He has been a Chartered Accountant since 1981 and Certified Auditor since 1995 (Italian Ministerial Decree of 12/04/1995 published on the Official Gazette no. 31-bis of 21/04/1995). He held executive administrative positions in important industrial companies from 1965 to 1973. He took up an executive role in the tax division of the auditing firm Peat Marwick & Mitchell (now KPMG) in Milan, from 1973 to 1976. In 1977, he joined the Studio Legale Tributario L. Biscozzi – A. Fantozzi, currently Studio Legale e Tributario Biscozzi Nobili, of which he is a founding partner. He held the positions of Board Director of Gemina SpA from 1996 to May 3, 1999, Chairman of the Board of Statutory Auditors of Impregilo SpA from 1999 to May 2, 2005, and effective Statutory Auditor of Luxottica SpA from May 2006 to May 2009. He currently holds the following positions: Chairman of the Board of Statutory Auditors of: Kedrios SpA, TSP – Tecnologie e Servizi per il Pubblico Srl; effective Statutory Auditor of RCS Mediagroup SpA, effective Statutory Auditor of: Alitalia Compagnia Aerea Italiana SpA, CAI Second SpA, Air One SpA, Air One Cityliner SpA, Air One Technic SpA, SIA – SSB SpA, Hewlett Packard Italiana Srl, Bolton Alimentari SpA (he also holds the position of alternate Auditor of Luxottica SpA, Autogrill SpA, CAI First SpA and Nuova Sidap Srl, Auditor for Fondazione Corriere della Sera, Fondazione Candido Cannavò per lo sport and Provincia di Varese). He is a speaker at conventions and author of articles and publications relating to taxation issues. He is a member of the Watch Structures – pursuant to Italian Legislative Decree no. 231/01 – of RCS Mediagroup SpA and Luxottica SpA. He has been an effective Statutory Auditor of Eni since May 2005.

The personal and professional curricula of the Statutory Auditors are also available on the Eni website, under the Governance section.

Independence, integrity and professional requirements, causes for ineligibility, incompatibility and dismissal

As stated in the Eni Code, the Statutory Auditors act with autonomy and independence also towards the shareholders who have appointed them. Pursuant to the Consolidated Law on Finance, the Statutory Auditors must meet specific independence requirements, as well as the professional and integrity requirements, as set forth in the regulations issued by the Ministry of Justice and the Ministry of Economy and Finance⁷⁰.

With reference to the professional requirements, article 28 of the By-laws states that – as set forth in the aforementioned ministerial regulatory provisions – the requirements may also be met through professional or teaching experience (lasting at least three years) in the business law, business economics and corporate finance fields, or through the exercise of executive functions (for at least three years) in the engineering and geology fields.

[70] "Regulation including provisions for defining the professional and integrity requirements of members of the Board of Statutory Auditors of listed companies to be issued in accordance with article 148 of Italian Legislative Decree no. 58 of February 24, 1998" contained in Decree no. 162 of March 30, 2000.

The Statutory Auditors currently in office are all registered in the Registry of chartered accountants.

The Statutory Auditors for the first time have declared – upon being appointed – to fulfill the independence, integrity and professionalism requirements set forth in the applicable regulations, and the Board of Directors has completed the verification assignments conferred to it during the meeting held on June 11, 2008. Subsequently and in compliance with the provisions of the Eni Code, aimed at ensuring that the Statutory Auditors satisfy the prerequisites of independence, also in accordance with the criteria set forth in the Eni Code for the Board of Directors, the Board of Statutory Auditors verified, in the meetings held on January 21, 2010, January 18, 2011 and January 19, 2011 – that its members fulfill the aforementioned requirements (independence, integrity and professionalism) and the Board of Directors – in the meetings held on February 26, 2009, February 11, 2010 and March 10, 2011 – completed the verification assignment entrusted to it.

Lastly, pursuant to all applicable laws, the subjects who hold the same office in five other listed companies are not allowed to take up the office of member of the auditing body in any other issuer company. They may however be assigned other administrative and control functions in Italian companies, within the relevant limits defined by Consob and in compliance with internal corporate regulations. The Statutory Auditors are obliged to notify the offices taken up and relinquished, in the manner and terms set forth in the applicable regulations, to Consob, which shall then publish the acquired information and make it available on its website.

Meetings and running of meetings

The Statutory Auditors and Directors are simultaneously provided with documentation of the issues on the agenda to be discussed at the Board of Directors meeting, and the Board of Directors and CEO shall report – at least every quarter or, in any case, during the Board meetings – on the activities performed and on the most significant economic, financial and asset-related transactions effected by the Company and its subsidiaries, in addition to a comprehensive statement on the transactions carried out with related parties, pursuant to article 23.3 of the By-laws.

In compliance with the specifications of the Eni Code and the Management System Guideline, “Transactions involving interests of Directors and Statutory Auditors and transactions with related parties”, 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 operation of the Company. The meetings of the Board of Statutory Auditors may also be held via video or teleconferencing.

The Board of Statutory Auditors met 20 times during the course of 2010. The meetings lasted roughly 4 hours on average. During 2010, an average of 91% of the members attended the meetings of the Board of Statutory Auditors, while 91% on average attended the Board of Directors meetings.

The tables enclosed with this report include the attendance ratings of each Statutory Auditor in the Board of Statutory Auditors meetings and in the Board of Directors meetings.

Internal control system

Eni is committed to promoting and maintaining an adequate internal control system consisting of a set of tools, organisational structures, Company rules and regulations aimed at creating a sound and proper Company management system in line with the pre-defined objectives, through a process of identification, measurement, management and monitoring of the major risks and by organising adequate reporting to ensure the circulation of information^[71]. Eni is aware of the fact that an effective internal control system contributes towards safeguarding the Company's assets, the efficiency and effectiveness of Company operations, the reliability of financial reporting and compliance with the laws and regulations. The structure of Eni's internal control system constitutes an integral part of the Company's organisational and management model; it involves – with different roles – administrative bodies, supervisory bodies, control bodies, the management and all personnel, and complies with the principles contained in the Corporate Governance Code, the applicable regulations, the relevant “CoSO Report”^[72] framework and the national and international best practices. Eni is committed to guaranteeing the integrity, transparency, fairness and efficiency of its processes through the adoption of adequate tools, rules and regulations in performing activities and exercising powers, and promotes rules of conduct inspired by the general principles of traceability and segregation of activities. Indeed, each section of this system is integrated by the provisions of the Company's Code of Ethics that identifies certain essential values, including formal and substantive legitimacy of the conduct of members of Company bodies and all employees, accounting transparency and the promotion of a culture based on internal controls. Eni's managers – also on the basis of the risks managed – establish specific control activities and monitoring processes aimed at ensuring the system's efficacy and efficiency over time. Eni's managers carry out regular assessments on the adequacy of the internal control system of each Company process, also in response to any changes in the legal and regulatory framework, and establish information flows towards the relevant subjects based on the Eni Code and applicable regulations, so that they may regularly assess the adequacy of the internal control system and provide reasonable assurance as to the attainment of the pre-defined objectives. Eni is conscious of the fact that investors rely of the full compliance, on the part of Company bodies, the management and all employees, with the system of rules that make up the Company's internal control system. In this context, Eni – through an appropriate internal regulation and in compliance with the provisions of the Sarbanes-Oxleys

[71] A relevant diagram and further information are available on the Company's website, at the following page: http://www.eni.com/en_IT/governance/internal-control-system/internal-control-system.shtml.

[72] Please refer to CoSO – Committee of Sponsoring Organisations of the Treadway Commission [1992], Internal Control Integrated Framework. The adoption by Eni of the CoSO Report is referred to in several documents, the major ones being: the Eni organisational, management and control model pursuant to Italian Legislative Decree no. 231/01, approved by the Board of Directors in the meetings held on December 15, 2003, January 28, 2004 and March 14, 2008; the Eni company reporting control system – Rules and Procedures – II Release approved by the Board of Directors in the meeting held on June 20, 2007, in addition to the relevant practices set forth by the Internal Audit Dept.

Act – manages the receipt (through easily accessible information channels), analysis and processing of messages it receives from its subsidiaries, even in confidential or anonymous form, relative to internal control issues, financial reporting, the Company's administrative responsibility, fraud or other matters (so-called whistleblowing)^[73]. For Eni, the so-called “culture of risk and related control” contributes to defining and influencing the management's approach and decision-making in pursuing the Company's objectives and in representing the relative results. In line with this approach, Eni has long been committed to favouring the development and diffusion of awareness towards internal control issues amongst all the Company's personnel. In order to ensure sound and proper management of the Company's activities, in conformity to the pre-defined strategies and objectives, Eni promotes a preventive approach to risk management whereby the management's decisions and activities aim to reduce the probability of negative events occurring and their relevant impact. To this aim, Eni adopts risk management strategies according to the nature and type of risk, such as mainly financial and industrial risks, regulatory/compliance risks and certain strategic and operational risks, including Country risks relevant to oil&gas activities and risks associated with hydrocarbon research and production activities. The procedures through which the management identifies, assesses, manages and monitors the specific risks involved in the management of Company processes are disciplined by the various guidelines, procedures and organisational provisions contained in the Company's regulatory system which, being based on a risk-prevention approach, contributes to their containment. With specific reference to industrial^[74] and financial risks, special measures and relevant regulations subject to regular updating have been set forth – within the Chief Financial Officer's area of competence – to ensure coherent and transversal management of the various types of risks. Moreover, the development of risk assessment programs on specific issues contributes to fostering the management's awareness on risk management issues, and helps to improve and enhance the effectiveness of decision-making processes. The internal control system is regularly verified and updated, so as to constantly guarantee its ability to monitor the main risk areas of the Company's activities, in relation to the specific nature of the Company's operational Divisions and organisational structure, and in response to possible changes in the legal and regulatory framework. A major role in verifying and assessing the internal control system is carried out by the Officer in charge of internal control, who at Eni corresponds to the Internal Audit Executive Vice President, as described in detail further on.

The main changes introduced in 2010 can be ascribed to the natural evolution process aimed at the “on-going improvement” of the system's effectiveness and efficiency. In particular, one of the most significant changes in this sense includes a series of

initiatives aimed at rationalising and completing the regulatory system^[75]. Moreover, the Board has approved several of the main policies that guide the Company's activities, in addition to various Management System Guidelines: among the latter, two particularly important guidelines in terms of internal control include that on the composition of Eni Group's Supervisory Bodies^[76] and that regarding Transactions involving interests of Directors and Statutory Auditors and transactions with related parties^[77]. In 2010, Eni also activated a project aimed at developing an integrated risk management model capable of offering an overall picture for more effective reporting and management of Company risks. In particular, the project involves mapping and classifying the major risks, in addition to drawing up an integrated model for the identification, assessment, monitoring and reporting of Company risks. Moreover, since 2009 Eni has been adopting a Control Model for preventing the effect on consumer prices of the income surtax introduced with Italian Law Decree no. 112/2008 (Consumer Price Control Model). Lastly, over the years Eni has been strongly focusing on anti-corruption issues, by expressly forbidding in its Code of Ethics “corruption practices, illegitimate favours, collusive behaviour, requests – either direct and/or via third parties – for personal benefits and career benefits for oneself or others”. In order to ensure full compliance with the Code of Ethics and to provide a systematic framework of the rules and procedures regarding anti-corruption issues, at the end of 2009 Eni issued the Anti-Corruption Guidelines, in addition to several Ancillary Procedures (in 2010) on relevant specific issues^[78].

New Eni Regulatory System

During the course of 2009, in conformity to the evolution in the Company's organisational model and in accordance with the Company mission and values, Eni initiated a rationalisation program of its regulatory system, so as to optimise and simplify the body of regulations. The program's activities culminated on July 28, 2010, following the approval by the Board of Directors of the Fundamental Guidelines of the New Eni Regulatory System^[79]. The New Regulatory System is characterised by four main elements: (i) the shift from a traditional approach based on Company functions to one based on business processes, with the institution of a new role, namely the “Process Owner”^[80], who is responsible for the competence process and for assessing the suitability of the latter's adequacy, by monitoring its actual implementation; (ii) a greater emphasis on the management and coordination role that Eni SpA exerts on its subsidiaries, in compliance with the latter's managerial independence; (iii) the integration of compliance principles within Company processes (“Integrated Compliance”), with the aim of transposing and diffusing the control rules and standards specified by the various compliance models into the operational context of Company processes; (iv) the simplicity of the architecture, achieved by

[73] Eni fully guarantees the protection of persons that report any issues in good faith, and submits the results of the preliminary investigation to the Company's management and to the relevant control and supervisory bodies.

[74] The term “industrial risks” refers to risks related to events that – if they occur – cause damage to the Company's assets (property) and/or injury to third parties during their activities (casualty), including injuries to persons involved in the production process.

[75] For further information, please refer to the paragraph, “New Eni Regulatory System”.

[76] For further information, please refer to the paragraph, “Eni Watch Structure and Model 231”.

[77] For further information, please refer to the paragraph, “Interests of the Directors and Statutory Auditors and Transactions with Related Parties”.

[78] For further information, please refer to the paragraph, “Anti-Corruption Policy”.

[79] The New Regulatory System replaces the current system according to an emission plan of new regulatory documents that should end in 2012.

[80] The role of the Process Owner may be covered by a single person – if the process is centralised – or by a Committee, in the event of processes common to multiple business realities.

reducing the various types of documents and improving their usability, through straightforward terminology and search methods.

To this aim, all Eni's activities have been grouped into a definite map of processes that are transversal with respect to the organisational and Company structure. The business process is the key-area in which the regulatory system is developed: the system is tailored to Company's activities and integrated with the control requirements and principles. Another key element of the process-based approach is the definition of the role of the Process Owner as the person responsible – for the whole of Eni – for the competence process and for guaranteeing the adequacy of the relevant plan.

The entire body of regulations is grounded on a coherent framework, the essential elements of which include the By-laws, Code of Ethics, Eni Code, Model 231 Principles, SOA Principles and the CoSO Report.

Following the simplification process of the architecture, four levels of regulatory documents have been defined: the first two levels dedicated to management and coordination activities ("Policy" and "Management System Guideline"), while the remaining two levels ("Procedures" and "Operating instructions") provide details for managing the operations, in accordance with the principles and rules set forth in the first two levels. In particular, the Policies constitute unwaivable documents that define the general principles and rules of conduct that must inspire all of Eni's activities, while taking into account the relevant risks and opportunities. The Policies are transversal to the processes and each one focuses on a key element of Company management⁸¹. On the other hand, the Management System Guidelines define the rules common to all Eni realities and can be relevant to either processes or compliance/governance issues. The Procedures define operational methods to be implemented in executing the Company's activities, while the Operating instructions constitute a more advanced level for representing the operating procedures referred to a specific function, organisational unit or professional area. In accordance with the provisions of Management System Guideline "Regulatory System", a Compliance Committee – formed by the Legal Affairs Senior Executive Vice President, Corporate Affairs and Governance Senior Executive Vice President, Finance and Accounting Executive Vice President, Internal Audit Executive Vice President, Public Affairs and Communication Senior Executive Vice President, and Human Resources and Organisation Executive Vice President – has been set up to identify any issues that, in relation to evolutions in the legal framework, jurisprudence, the relevant best practices or audit activities, require the adoption or updating of internal procedures.

The New Regulatory System, that identifies specific roles and responsibilities to ensure its functionality and the effective operation, will be further developed during the course of 2011. In particular, Eni will continue the process of issuing the Policy and Management System Guidelines on the main processes (operational and business support) and its subsidiaries shall proceed to the consequent implementation of the Management

System Guidelines issued and adaptation of the set of rules of their relevance.

Board of Directors

The Board of Directors plays a key role with regard to internal control matters, as it defines the guidelines of the organisational, management and accounting structure of the Company, its main subsidiaries and the Group as a whole; in this context, after analysing the proposals of the Internal Control Committee, the Board determines the guidelines for the internal control system, so as to guarantee that the major risks affecting the Company and its subsidiaries are identified, measured, managed and monitored. In defining these guidelines, the Board applies the sector regulations and takes into due consideration the reference models and national/international best practices.

Lastly, the Board assesses – on an annual basis and with the assistance of the Internal Control Committee – the adequacy and actual functioning of the internal control system globally considered, in relation to Eni's characteristics. During the meeting held on March 10, 2011, the Board – after examining the Report of the Officer in charge of preparing financial reports and the Report of the Internal Control Committee – assessed the internal control system as being altogether adequate, effective and positively functional, also in the light of the current initiatives.

Board of Statutory Auditors

Besides exercising the supervisory and control functions specified in Article 149 of the Consolidated Law on Finance, the Board of Statutory Auditors supervises the financial reporting process and the effectiveness of internal control and risk management systems, given its role of "Committee for internal control and auditing" pursuant to Italian Legislative Decree no. 39/2010 and of "Audit Committee" in conformity to US regulations. In particular, in its role of Audit Committee, it: i) assesses the proposals of the Audit Firm for assigning the auditing function and formulates a justified proposal to the Board regarding the appointment or dismissal of the Audit Firm; ii) supervises the activities of the Audit Firm responsible for auditing and for providing consulting services, other auditing functions or certifications; iii) formulates recommendations to the Board of Directors regarding the resolution of disputes between the management and the Audit Firm in relation to financial reporting; iv) approves the procedures concerning: (a) the receipt, filing and processing of reports received by the Company regarding accounting issues, the internal accounting control system or auditing issues; (b) the transmission – in confidential or anonymous form – of reports by employees of the Company regarding disputable accounting or auditing issues; (v) approves the procedures for the preventive authorisation of admissible non-audit services – analytically identified – and examines the statement on the execution of authorised services; vi) assesses requests for using the Company assigned to financial statement auditing functions for admissible non-audit services, and expresses its opinion to the Board of Directors; vii) examines the regular notifications of the Audit Firm relative to: (a) the criteria or critical accounting practices

[81] During 2010, the following Policies have been issued: "Our people", "Our partners of the value chain", "The global compliance", "The corporate governance", "Operational excellence", "Our institutional partners" and "Information management". The remaining Policies, namely, "Sustainability", "Our tangible and intangible assets" and "The integrity of our operations", are expected to be issued in the first quarter of 2011. Moreover, the Management System Guidelines "Administration and financial reporting", "Human Resources", "Procurement", "Sales Process", "Composition of the Watch Structures and execution of the activities of their competence in support of subsidiaries of Eni SpA" and "Transactions involving the interests of the directors and statutory auditors and Transactions with Related Parties" have been approved.

to be implemented; (b) the alternative accounting procedures set forth in generally accepted accounting principles and analysed together with the management, the consequences of the use of these alternative procedures and the relative information, in addition to the procedures regarded as preferable by the auditor; (c) any other relevant written communication exchanged between the auditor and the management; viii) examines the notifications of the CEO and Chief Financial Officer relative to any significant weak point in the planning and execution of internal controls that may reasonably determine a negative impact on the ability to record, process, summarise and diffuse financial information, in addition to the deficiencies evidenced by internal controls; ix) examines the notifications of the CEO and Chief Financial Officer relative to any fraudulent activities involving managerial personnel or top positions within the context of the internal control system.

In carrying out its functions, the Board of Statutory Auditors avails itself of the Company's structures, particularly the Internal Audit Dept. and the Finance and Accounting Dept.

Internal Control Committee

Established at Eni in 1994, the Internal Control Committee provides the Board of Directors with consulting and advice on matters relevant to the internal control system. It is exclusively composed of non-executive and independent Directors who possess the necessary skills for the tasks they are required to perform⁸², and reports to the Board on the activities carried out and on the adequacy of the internal control system at least every six months, during the meeting for the approval of the annual and half-yearly financial report.

The periodic reports for the Board of Directors are drafted by the Committee by taking into account the opinions expressed – in their respective periodic reports – by the Officer in charge of preparing financial reports, by the Officer in charge of internal control and by the Eni Watch Structure and, in general, on the basis of the evidence acquired in carrying out their functions. In particular, the Internal Control Committee performs the following activities:

- examines and assesses – together with the Officer in charge of preparing financial reports and with the Audit Firm – the correct implementation of accounting principles and their uniformity with regard to the drafting of the annual and half-yearly financial report, prior to the approval by the Board of Directors;
assists the Board – through consulting and advisory activities – in defining the guidelines for the internal control system; expresses opinions – on request of the CEO – on specific aspects of the identification process of the major corporate risks, in addition to the planning, development and management of the internal control system;
- supervises the activities of the Internal Audit Dept. and of the Officer in charge of internal control; in this context, the Committee examines, among other: the proposal for the Audit Plan and any variations to the latter during the course of the

financial year; the budget issued by the Board; the periodic reports and the performance indicators of the activities carried out;

- examines and assesses: i) the data emerging from the audit reports and the results of the related monitoring activity of the actions aimed at improving the internal control system, which are planned after the assessments; ii) the data inferable from the periodic reporting of the results of the monitoring activity on the state of the internal control system applied to financial reporting, on its adequacy and actual implementation, and on the adequacy of the powers and means assigned to the Officer in charge of preparing financial reports; iii) the notifications and information received from the Board of Statutory Auditors and its members regarding the internal control system, also with reference to the results of any inquiries carried out by the Internal Audit Dept. in response to reports received – even in anonymous form (so-called whistleblowing); iv) the data inferable from the reports and management letters issued by the Audit Firm⁸³; v) the periodic reports of the Eni Watch Structure, also in its role of Guarantor of the Code of Ethics; vi) the data inferable from the periodic reports of the Officer in charge of preparing financial reports and of the Officer in charge of internal control; vii) the statements on the internal control system relative to the Company's structures, also in relation to periodic meetings with the management, and the statements of the inquiries and assessments carried out by third parties;
- additional specific activities aimed at expressing comments and opinions on matters within its responsibility, on the basis of inquiry requests formulated by the Board, in addition to any tasks assigned to it by the Management System Guideline on “Transactions involving interests of Directors and Statutory Auditors and transactions with related parties”⁸⁴. With regard to this Management System Guideline, the Committee – also in its role of “Committee of Independent Directors” and as set forth in the relevant Consob Regulation – has expressed a unanimous favourable opinion. In particular, the Committee is called upon to express its opinion on the interest of the Company in the completion of transactions with related parties, as well as on the convenience and substantial correctness of the underlying terms. Moreover, for transactions with related parties of greater importance, the Committee is involved in the preparatory stage of these transactions.

For a detailed account of the activities carried out by the Committee in 2010, please refer to the specific paragraph of the Report mentioned previously.

Chief Executive Officer

The Chief Executive Officer (CEO) is the person appointed by the Board of Directors to supervise the operation of the internal control system. To this aim, he/she is responsible for identifying the major company risks and – in providing the guidelines defined by the Board and relevant to the internal control system –

[82] The Eni Code establishes that at least two members of the Committee – and not one as set forth in the Borsa Italiana Code – must possess adequate experience on financial and accounting matters, as assessed by the Board of Directors at the time of their appointment.

[83] Eni has availed itself of the option set forth in the Borsa Italiana Code, whereby it has assigned the Board of Statutory Auditors – in its role of Audit Committee pursuant to the SOA – the task of assessing the proposals formulated by the auditing company for obtaining the assignment of the relative function, and of supervising the efficacy of the auditing process.

[84] For further information, please refer to the paragraph, “Interests of Directors and Auditors and operations with related parties”.

manages the relative planning, implementation and management phases. Moreover, the CEO is responsible for constantly verifying the overall adequacy, efficiency and effectiveness of the internal control system, and adapts the latter to the Company's operational situational and to the regulations in force. With reference to the internal control system for financial reporting, the relevant tasks are carried out in accordance with the role assigned by the law to the Officer in charge of preparing financial reports: for further information, please refer to the relative paragraph.

Eni's People - 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 Eni's people, according to their functions and responsibilities, are called upon to define and actively participate in the correct implementation of the internal control system. The CEO and/or Chief Operating Officer of the Divisions – in exercising the powers entrusted to them by the Board of Directors – assign to the management responsible for the operational areas the necessary tasks, responsibilities and powers for preserving an effective and efficient internal control system in performing their respective activities and achieving the related objectives.

Officer in charge of internal control and Internal Audit

A leading role in verifying and assessing the internal control system is carried out by the Officer in charge of internal control, who at Eni corresponds to the Internal Audit Executive Vice President, given the near equivalence of their respective areas of competence and the strong synergies between the two roles. The Officer in charge of internal control was appointed for the first time at Eni on March 16, 2007.

Officer in charge of internal control

The Officer in charge of internal control is mainly responsible for i) verifying that the internal control system is constantly adequate, fully operational and efficient, in addition to ii) expressing an opinion regarding the suitability of the latter in attaining an acceptable overall risk profile.

The Officer in charge of internal control is appointed by the Board of Directors, upon a proposal by the CEO and in agreement with the Chairman of the Board of Directors, after hearing the opinion of the Internal Control Committee. The Board defines the remuneration of the Officer in charge of internal control, in accordance with the Company's policies and after hearing the opinion of the Internal Control Committee.

The Officer is not responsible for any operational area, has direct access to any information required for carrying out his/her function, has adequate means to perform his/her duties and reports on his/her activity to the Board of Directors, through the Internal Control Committee, to the Board of Statutory Auditors and to the CEO, by submitting periodic reports.

On February 23, 2011, the Officer in charge of internal control issued an annual report on the internal control system (relevant to the period January 1 – December 31, 2010, and updated as at the date of issue), and in this report the Officer expressed its evaluation on its adequacy based on

the results of the monitoring activities carried out in the reference period by the Eni SpA Internal Audit Dept., also on behalf of subsidiaries subject to supervision by the Bank of Italy on the basis of service contracts, in addition to comments issued by the Officers in charge of internal control of the listed subsidiaries.

Internal Audit Dept.

The Internal Audit Dept. is responsible for providing the CEO and – through the Internal Control Committee – the Board of Directors and the Board of Statutory Auditors – also in relation to its role of "Audit Committee" pursuant to US legislation – investigations, analyses, assessments and recommendations regarding the structure, operation and compliance with the internal control system of the Company and Group, with the aim of promoting its efficiency, efficacy and observance. The Internal Audit Dept. carries out its relevant activities with reference to Eni SpA and its subsidiaries in which the Company holds the majority of the voting rights, excluding companies with listed shares or subject to supervision of the Bank of Italy, which have their own independent department responsible for audit activities.

The Internal Audit Executive Vice President reports to the CEO, as he/she is responsible for supervising the operation of the internal control system; the Internal Control Committee supervises the activities of the Internal Audit Dept., which also reports to the Board of Statutory Auditors in relation to its role of "Audit Committee" pursuant to US legislation. The appointment/dismissal procedures regarding the Internal Audit Executive Vice President comply with those outlined in the Eni Code for the Officer in charge of internal control, also due to the equivalence of the two roles. The Internal Control Committee assesses – on an annual basis – whether the Internal Audit Executive Vice President maintains the necessary characteristics of integrity, professionalism, competence and experience, and that no incompatibilities subsist; moreover, it expresses an opinion to the Board of Directors on the remuneration structure of the Internal Audit Executive Vice President, as proposed by the CEO in accordance with the company's policies.

Responsibilities, powers and means of the Internal Audit Dept. and information flows

Aims, areas of intervention and operation methods of the Internal Audit Dept. are defined in the "Internal Audit Charter" approved by the Board of Directors at the end of 2008, in conformity to the national and international best practices.

The Internal Audit Dept. has sufficient powers and means to guarantee the adequate execution of its functions with full operational independence, also in terms of independent budget, availability of quantitatively adequate and professionally competent resources and access to information, data, archives and goods of the Company and its subsidiaries.

According to this organisational model, the Internal Audit Dept. – while guaranteeing the necessary conditions of independence and the due objectivity, professional competence and diligence set forth in the international standards on work ethics and in the Code of Ethics – is responsible for the following main activities:

(i) carrying out audit interventions (operational, financial and

compliance audits focused on the aspects outlined in Italian Legislative Decree no. 231/01) in compliance with the annual activities' Plan: the latter is drawn up with a "top-down risk based" approach and is approved, together with the resources budget, by the Board of Directors and – for aspects pertaining to Legislative Decree no. 231/01 – Eni Watch Structure;

(ii) carrying out "non-programmed" control interventions requested by the main subjects of the internal control system and/or the Company's top management;

(iii) monitoring the state of implementation of the corrective actions defined after the audit activities;

(iv) organising and supervising the setting up and management of channels for receiving reports – even in anonymous form – which it then stores in an updated archive, and managing the relevant inquiry activities in accordance with the Company procedures in force;

(v) carrying out the supervisory activities specified in Model 231 of Eni SpA and, in this context, as from 2009, has gradually begun to perform supervisory activities relative to HS matters, in addition to those undertaken by employer's personnel and the relevant HSE units, providing for independent assessments of the Control and Re-examination phases of the HSE Management System;

(vi) carries out independent monitoring for financial reporting according to the plan transmitted by the CFO, in addition – as from 2009 – to independent monitoring regarding activities pertaining to the "Consumer Price Control Model", on the basis of the Plan defined by the Chief Operating Officer of each Division;

(vii) contributes to the Company's training and information activities regarding internal control issues.

The Internal Audit Dept. guarantees systematic and periodic information flows (quarterly summary reports and half-yearly reports) on the results of implemented activities towards the control and supervisory bodies and the Company's top management, so that they may implement the necessary actions for the control and assessment of the internal control system; moreover, it promptly informs the CEO and the control and supervisory bodies of any serious deficiencies in the internal control system and of any circumstance that may jeopardise its own independent status.

Officer in charge of preparing financial reports and internal control system applied to financial reporting⁸⁵

Officer in charge of preparing financial reports

Pursuant to article 24 of the By-laws, in compliance with the provisions of article 154-bis of the Consolidated Law on Finance, the Officer in charge of preparing financial reports ("AO" - Appointed Officer) is appointed by the Board of Directors, upon a proposal by the CEO, in agreement with the Chairman and subject to the favourable opinion of the Board of Statutory Auditors. In accordance with the provisions of the By-laws, the AO must be chosen amongst candidates who have carried out the following activities for at least three years:

(a) administration, control or senior management activities in companies listed on regulated stock exchanges in Italy or other

European Union Countries or other OECD Countries having a share capital of no less than €2 million; or

(b) auditing activities in the companies indicated in letter a) above; or

(c) professional activities or university lecturing activities in the financial or accounting sectors; or

(d) senior management roles in public or private entities in the financial, accounting, or control sectors.

Tasks, powers and means of the Appointed Officer

In accordance with the provisions of the law, the AO is responsible for the internal control system with regard to financial reporting and, to this aim, establishes the necessary administrative and accounting procedures for drafting the periodic accounting documentation and any other financial notification; moreover, he/she certifies – together with the CEO – their adequacy and actual implementation during the period to which the aforementioned accounting documents refer, by means of an appropriate report on the annual financial statements, on the half-yearly financial statements and on the consolidated annual financial statements. Pursuant to the aforementioned article 154-bis, the Board of Directors supervises whether the AO has appropriate powers and means to perform the assigned duties, in addition to supervising the actual conformity to these procedures. During the meeting held on July 30, 2008, the Board of Directors – with the favourable opinion of the Board of Statutory Auditors – appointed Alessandro Bernini, Eni's Chief Financial Officer (CFO), as AO, and deemed to be adequate for carrying out the relevant duties, the assigned powers – to be exercised independently or jointly with the CEO – as well as the means at his disposal in terms of organisational structures and administrative, accounting and internal control systems. During the meeting held on March 10, 2011, the Board of Directors confirmed the adequacy of the "powers and means" at the disposal of the CFO, in his role of AO, and verified compliance with the procedures established by the AO pursuant to the law.

Main features of the risk management and internal control systems applied to the financial reporting process

The internal control system applied to financial reporting aims to provide reasonable certainty of the reliability⁸⁶ of the financial information itself, and of the capability of the annual report drafting process to yield financial reporting that complies with the generally accepted accounting principles. The Management System Guideline (MSG) "Eni Control System over Company Reporting" approved by the Board of Directors on December 15, 2010, which fully transposes the content of the reference Guideline issued in 2007, defines the rules and procedures for planning, implementing and preserving an internal control system applied to Eni's financial reporting with external relevance, as well as for assessing its efficacy. The contents of the MSG have been defined in accordance with the provisions of the aforementioned article 154-bis of the Consolidated Law on

[85] Information provided in accordance with article 123-bis, paragraph 2, letter b), of the Consolidated Law on Finance.

[86] Reliability [of the statement]: a statement possessing the characteristics of correctness and conformity to generally accepted accounting principles, and satisfying the requirements of the laws and applicable regulations.

Finance and the provisions of US Sarbanes-Oxley Act of 2002 (SOA), to which Eni is subject as an issuer listed on the New York Stock Exchange (NYSE), and are based on the model adopted by the CoSO Report ("Internal Control - Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission). The MSG applies to Eni SpA and its direct or indirect subsidiaries in compliance with the international accounting principles, on account of their relevance with regard to the drafting of financial reporting documents. All subsidiaries, regardless of their significance in terms of the Eni control system applied to financial reporting, adopt the MSG as the reference system for planning and implementing their own internal control system over financial reporting, and tailor it to their dimensions and complexity of the activities carried out. The planning, implementation and preservation of the internal control system over financial reporting are guaranteed through: risk assessment, identification of controls, assessment of controls and information flows (reporting). The risk assessment process conducted using a "top-down" approach is aimed at identifying the organisational entities, processes and specific activities that may generate risk of unintentional errors or fraud that may have a significant impact on the accounts. In particular, the organisational entities that fall within the context of the control system applied to financial reporting are identified both on the basis of the contribution of the various entities to certain items of the consolidated financial statements (total assets, total financial debt, net income, income before tax), and in relation to the existence of processes that present specific risks which – if they materialise – may jeopardise the reliability and accuracy of the financial reporting (such as fraud-related risks)⁸⁷. In relation to the companies affected by the control system applied to financial reporting, the relevant processes are subsequently identified on the basis of an analysis of quantitative factors (processes that contribute to making up the financial statement entries for amounts exceeding a certain percentage of the income before tax) and qualitative factors (for example: complexity of the accounting treatment of transactions; assessment and estimation processes; new issues or significant changes affecting the business conditions). In relation to the relevant processes and activities, any risks which consist in potential events that – if they materialise – may jeopardise the attainment of the control objectives with regard to financial reporting (for example 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 assessment). In particular, with reference to fraud risks⁸⁸ at Eni, a dedicated risk assessment is implemented based on a specific methodology relative to "Anti-fraud programs and controls" referred to in the aforementioned MSG. In consideration of the relevant companies, processes and relative risks, a control system was defined based on two fundamental principles, namely the application of a control system to all levels of the organisational structure – in accordance with the assigned operating responsibilities – and the sustainability

of controls over time, so as to ensure that their implementation is integrated and compatible with the operational requirements. The structure of the control system applied to financial reporting includes controls implemented at entity level that operate in a transversal manner with respect to the reference entity (Group/ Division/single Company), in addition to controls implemented at process level. The controls implemented at entity level are based on a checklist defined according to the model adopted in the CoSO Report and based on five components (control environment, risk assessment, control activity, information systems and reporting, monitoring activities).

Of particular importance are the controls relative to the definition of the deadlines for drafting and diffusing the economic-financial results ("half-yearly and financial statement circular" and relative calendars); the existence of organisational structures and of a regulatory framework adequately designed to ensure the attainment of the financial reporting objectives (these controls include, for example, auditing activities and updating carried out by specialised Company units on the Group's regulations concerning financial statements and the Group's accounting plan); training activities with regard to accounting principles and the internal control system applied to financial reporting; and, lastly, the activities relative to the reporting system for the management of the consolidation process (Mastro). The controls implemented at process level are grouped into the following: specific controls intended as a set of manual or automated activities aimed at preventing, identifying and correcting errors or irregularities that occur during the course of operational activities; 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 the "General Computer Controls" that include any control aimed at guaranteeing 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 determines the risk of errors/fraud that impact the financial statements and that cannot be identified by other controls. Both the controls implemented at entity level and controls implemented at process level are subject to evaluation (monitoring) to verify the effectiveness of the design and actual functioning over time; to this aim the following activities have been defined: ongoing monitoring activities – carried out by the management responsible for relevant processes/activities – and separate evaluations – assigned to the Internal Audit Dept. that operates according to a pre-defined plan, transmitted by the CFO/AO – aimed at defining the scope and objectives of the interventions through agreed audit procedures. The monitoring activities allow for identifying any deficiencies in the control system applied to financial reporting that are subject to evaluation in terms of their probability of occurrence and impact on Eni's financial reporting and, based on their relevance, are qualified as "deficiencies", "significant weak points" and "relevant deficiencies". The results of the monitoring activities are

[87] The organisational entities falling within the internal control system include companies incorporated and regulated in accordance to the laws of Countries outside the European Union, to which the provisions of article 36 of the Consob Market Regulation applies

[88] Fraud: in the context of the control system, any act or intentional omission that generates a deceptive statement in the reporting.

included in a periodic information flow (reporting) on the state of the control system applied to financial reporting: this information flow is guaranteed by the use of computerised instruments that allow for tracking any information on the adequacy of the plan and functioning of the controls. On the basis of this reporting activity, the CFO/AO drafts a report on the adequacy and actual implementation of the control system applied to financial reporting. This report – following the approval by the CEO – is submitted to the Board of Directors, prior review by the Internal Control Committee, during the approval of the draft annual financial statements and half-yearly 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 transmitted to the Board of Statutory Auditors, in its role of Audit Committee pursuant to US legislation. The activity of the CFO/AO 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 CEO. In this organisational context, a particularly important role in terms of the internal control system is carried out by the so-called "Risk owner", who carries out ongoing monitoring evaluating the plan and effectiveness of specific and pervasive controls, in addition to providing information for drafting reports on the monitoring activities and any deficiencies encountered, in order to ensure the timely identification of any necessary corrective actions.

Eni Watch Structure and Model 231

According to the Italian regulations pertaining to the "administrative liability of legal entities deriving from crimes", contained in Italian Legislative Decree no. 231 of June 8, 2001, [hereinafter "Decree no. 231 of 2001"], associations – including companies – may be held liable, and thus charged with payment of a penalty and/or placed under injunction, in relation to certain crimes that are committed or attempted – either in Italy or abroad – in the interest or for the benefit of the company⁸⁹. At all events, the companies may adopt appropriate organisational, management and control models for preventing the relevant crimes.

In relation to the above, in the meetings held on December 15, 2003, and January 28, 2004, the Board of Directors of Eni approved an organisational, management and control model pursuant to Decree no. 231 of 2001 [hereinafter "Model 231"] and established the relative Eni Watch Structure. The composition of the Eni Watch Structure, which initially included three members, was modified in 2007 with the addition of two external members – one of which was appointed Chairman of the Eni Watch Structure – selected among academics and professionals with proven experience and expertise in economic and company organisation

matters. The internal members include the managers responsible for the Legal Affairs, Human Resources and Organisation and Internal Audit of the Company⁹⁰.

The Eni Watch Structure carries out the following main functions: (i) monitoring the efficacy of Eni Model 231, in addition to its relevant implementation and updating; (ii) assessing the adequacy of Model 231 and guarantees its sound and efficient functioning over time by proposing any necessary updates; (iii) monitoring the progress of its implementation in subsidiaries and promotes the diffusion and knowledge amongst the latter of the procedures and instruments for implementing the Model itself; (iv) approving the annual program of supervisory activities for Eni, coordinates its implementation and analyses the relative results; (v) managing the relevant information flows in conjunction with the Company units and subsidiaries' Watch Structures.

The synergies between the Code of Ethics – an integral part and unwaivable general principle of Model 231 – and Model 231 were underlined by the assignment to Eni Watch Structure of the role of Guarantor of the Code of Ethics.

Similarly, each subsidiary assigns the role of Guarantor of the Code of Ethics to its own Watch Structure. Eni Watch Structure periodically reports on its activities to the Chairman, the CEO – who then informs the Board of Directors by means of a report on the execution of his/her delegated powers – the Internal Control Committee and the Board of Statutory Auditors. These periodic reports are drafted on the basis of data acquired while performing its relative functions.

Following the first approval of Model 231 and its subsequent updates in compliance with legislative changes affecting its application, in the meeting held on March 14, 2008, the Board of Directors of Eni – after consulting the Board of Statutory Auditors – approved its overall updating. The latter took into account the Company's organisational changes, the evolution in the regulatory framework, case law and legal doctrines, issues resulting from the model's application (including any knowledge stemming from legal disputes), practices of Italian and foreign companies with regard to the models, the outcomes of supervisory activities and results of the Internal Audit activities.

Model 231 of Eni constitutes a set of principles and a benchmark for subsidiaries, to which it is transmitted so that each company can adopt and/or update its own model.

Any listed subsidiaries and gas and electrical sector subsidiaries subject to the so-called unbundling adopt their own model and adjust it – where necessary – to the characteristics of their company, in accordance with their managerial independence.

The representatives chosen by Eni in the Company bodies of investee companies, consortiums and joint-ventures promote the principles and contents of Model 231 within their own fields of competence.

Appropriate control provisions have been set forth [general transparency standards applied to activities and specific control

[89] The current field of application of Decree no. 231 of 2001 includes the following: (i) crimes against the Public Administration and against public faith, (ii) corporate offences, (iii) offences related to the subversion of the democratic order and financing of terrorism, (iv) crimes against individual personality, (v) market abuse ("Insider trading" and "Market manipulation"), (vi) crimes against the person pursuant to Italian Law no. 7 of 2006, (vii) transnational offences, (viii) culpable homicide and serious or very serious culpable personal injury committed in violation of the injury prevention and workplace health and safety regulations, (ix) conspiracy to receive, laundering and use of money, goods or services of illegal origin, (x) computer crimes and illegal data processing, (xi) organised crime, (xii) crimes against industry and commerce, (xiii) offences regarding copyright violation, (xiv) induction to withhold making statements or induction to make false statements to the judicial authority.

[90] For detailed information on the composition of the Eni Watch Structure, please refer to the Diagram included in the chapter, "Corporate governance structure".

standards) to prevent the crimes outlined in Decree no. 231 of 2001 and are transposed into the relevant Company procedures. The Eni Watch Structure is responsible for identifying these control provisions – approved by the CEO during the updating activities – and transmitting them to the relevant Company units.

In accordance with the provisions of the law, a disciplinary system has been introduced to sanction any violations of Model 231 and failure to comply with the Company procedures that transpose the control provisions.

In order to maximise the application of Model 231 to all subsidiaries, in 2010 Eni devised a project that replicated the adoption process of Model 231 by Eni companies. Reference principles and basic criteria have been defined regarding the composition and operation procedures of subsidiaries' Watch Structures. Consequently, in compliance with Eni's New Regulatory System, the text of the Management System Guideline "Composition of the Watch Structures and execution of the activities of their competence in support of subsidiaries of Eni Spa" has been drafted: it defines the guidelines for carrying out the activities pertaining to each Watch Structure, without prejudice to their relative independent powers of initiative and control. Even listed subsidiaries and gas and electrical sector subsidiaries subject to the so-called unbundling shall adopt the Management System Guideline and adjust it – where necessary – to the characteristics of their company, in accordance with their managerial independence. Lastly, the issue regarding the promotion and monitoring of the adoption of Model 231 by associate companies and companies under common control with Eni has been appropriately defined.

In order to provide technical and procedural support in performing the tasks assigned to subsidiaries' Watch Structures and guarantee an adequate level of knowledge, during 2010 an e-learning training program was implemented with the aid of the relevant Company units, in order to define guidelines for performing the activities pertaining to each Watch Structure and achieve a uniform level of knowledge for personnel involved in supervisory activities. The course placed special emphasis on the following issues: (i) Code of Ethics, Eni Model 231 and Italian legislation on administrative liability of legal persons as a result of crime; (ii) HSE organisation and control model and HSE reporting system, (iii) Corporate Governance, (iv) Internal Control System, external controls and management of information.

The Board of Directors plays a fundamental role with regard to Model 231 issues as, since mentioned previously, it has reserved itself the power to approve Model 231 and institute and appoint 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/her by the Model itself. To this aim, the CEO has set up an appropriate multifunctional Team ("Team 231") responsible for drafting/submitting update proposals.

In 2010, the updating activities of Model 231 were started with reference to the new types of crimes pertaining to the administrative liability of legal entities (organised crime, crimes against industry and commerce, crimes relating to copyright violation, and induction to withhold making statements or induction to make false statements to the judicial authority). Furthermore, the rationale and methods to be applied for planning

and executing supervisory activities were defined relevant to workplace health and safety issues for the prevention of "culpable homicide or serious and very serious personal injury, in violation of the workplace health and safety laws", in accordance with the requirements of Decree no. 231/01, with the principles and content of Model 231 and with the indications of Eni's HSE management system model regarding internal assessments and controls. The activities were carried out by an appropriate multifunctional work team coordinated by the Eni Watch Structure. Consequently, during the course of 2010 the procedure adopted by Eni in performing supervisory activities applied to HS issues was transmitted to the subsidiaries' Watch Structures.

In order to ensure the correct implementation of Model 231, training and/or communication activities that vary according to the recipient (including third parties and the market) have been planned. Training activities on Model 231 continued during 2010 through multimedia web based training courses (WBT 231) aimed at executives, managers and key officers of Eni and subsidiaries in Italy and abroad (excluding listed companies and companies subject to unbundling), with the aim of ensuring in-depth knowledge of both the Code of Ethics and Model 231.

Moreover, appropriate training seminars with Chief Operating Officers of the Refining & Marketing, Gas & Power and Exploration & Production Divisions and the executives that report directly to them, have been organised. The seminars were held in the context of the scheduled activities, in accordance to the indications of the Code of Ethics and Model 231. The occasion allowed for extending the analysis to other compliance issues as well, including Anti-Corruption and Workplace Health and Safety.

Model 231 and the Code of Ethics are published on Eni's website eni.com, and are accessible on the Company intranet.

Anti-Corruption Policy

The fight against corruption is an issue of primary importance following the approval by the Board of Directors of Eni – and the subsequent issue on November 12, 2009, (with effect from January 1, 2010) – of the Anti-Corruption Guidelines and of the first two Anti-Corruption Ancillary Procedures focusing on joint-ventures and intermediation contracts respectively. These regulations were followed, in 2010, by the Ancillary Procedures regarding non-profit initiatives, sponsorship contracts, courtesy expenses towards third parties, the sale of property and the purchase and sale of goods/rentals. Moreover, specific provisions were added to the procedures that discipline personnel recruitment. Other procedures on specific issues are currently being reviewed. The Anti-Corruption Guidelines and the Anti-Corruption Ancillary Procedures aim to provide a systematic framework of anti-corruption regulations and procedures that have already been defined and implemented by Eni over the years, as well as to ensure maximum compliance – by Eni and its personnel – with the Code of Ethics, Model 231 and the national and international anti-corruption laws. To this aim, both the Anti-Corruption Guidelines and the Anti – Corruption Ancillary Procedures are adopted by all Eni subsidiaries - both in Italy and abroad – with a resolution issued by the Board of Directors (or by the corresponding company body/unit if the subsidiary's governance system does not include such a body). Moreover, during the course of the past year, new standards for the so-called

“Administrative Liability” contractual clauses were issued: their latest versions are based on Decree no. 231/2001, as well as on the US Foreign Corrupt Practices Act (FCPA), the OECD Convention regarding the Fight against Corruption of Foreign Public Officers in International Economic Operations and the United Nations Convention against Corruption. The internal regulations adopted by Eni on the issue establish the involvement of the Board of Directors of Eni or of the subsidiary – depending on the cases – during the approval phase of the most significant activities (such as the appointment of intermediaries). Furthermore, in accordance with the international best practices, an anti-corruption unit was set up within the Legal Affairs Dept. of Eni SpA, with the aim of providing specialist legal consulting and support on anti-corruption issues to the business units of Eni and its non-listed subsidiaries. The anti-corruption unit monitors the transposing of the Anti-Corruption Guidelines by Eni subsidiaries in Italy and abroad, examines and periodically updates the anti-corruption regulations to ensure their efficacy, by taking into account any gaps and critical issues reported by the relevant units and the evolution in the best practices, and submits an annual report on its monitoring activity to the Eni Watch Structure (and receives a similar annual report from the Anti-Corruption Legal Support Unit of listed and unbundled subsidiaries of Eni). The Internal Audit Dept. of Eni SpA – on the basis of its annual audit program approved by the Eni Board of Directors – analyses and assesses the internal controls in an independent manner, so as to help verify whether the provisions of the Anti-Corruption Guidelines have been observed. Moreover, in relation to dialogue and the exchange of ideas regarding anti-corruption issues, the anti-corruption unit represents Eni in round-table meetings held by Global Compact, in compliance with the tenth principle against corruption, and promotes specific seminars on the topic in a variety of contexts. At the time of the adoption of this Policy, a presentation event was held to inform personnel of the new initiatives adopted by the Company and those it intends adopting in the near future to combat corruption with increasing effectiveness. A targeted anti-corruption training program for personnel is currently being developed: it will include an “information” course delivered through e-learning modules offering an overview of the anti-corruption issue, in addition to a series of interactive “training” workshops for a more in-depth analysis and discussions on specific topics. During the course of 2010, around one thousand Eni employees were trained with the “training” workshops.

Audit Firm⁹¹

The auditing of Eni’s financial statements is entrusted – pursuant to the law – to an Audit Firm registered in the Consob special registry and appointed by the Shareholders’ Meeting, upon a reasoned proposal by the Board of Statutory Auditors. In addition to the obligations set forth in the national auditing

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. Moreover, the Audit Firm is required to issue an assessment on the efficacy of the internal control system, applied to financial reporting, which oversees the preparation of the consolidated financial statements.

For the most, the subsidiaries’ financial statements are subject to auditing by Eni’s Audit Firm. In addition, Eni’s Audit Firm, for the purpose of issuing an assessment on the consolidated financial statements, assumes the responsibility for the auditing activities performed by other Audit Firms with regard to those subsidiaries’ financial statements that altogether constitute an irrelevant part of the company’s assets and consolidated turnover.

The current Audit Firm is Reconta Ernst & Young SpA, whose mandate was approved by the Shareholders’ Meeting of April 29, 2010, for the financial years 2010-2018, pursuant to Decree no. 39/2010.

In performing its activities, the Audit Firm shall have access to the information, data (both hard copy and in digital form), archives and goods of the Company and of its subsidiaries.

The “Regulations regarding audit of financial statements” (Normativa in materia di revisione dei bilanci) approved by the Board of Statutory Auditors and by the Board of Directors, prior favourable opinion of the Internal Control Committee, contains the general framework of principles applied to the following: conferral and revocation of the mandate; relations between the primary Auditor of the Group and secondary Auditors; independence of the Audit Firm and causes for incompatibility; reporting responsibilities and obligations of the Audit Firm; regulations of information flows to the Company, Consob and SEC. In order to safeguard the independent nature of the Auditors, a monitoring system of “non-audit” tasks has been set up whereby, in general, the entrusted Audit Firm and the companies in its network shall not be assigned tasks other than those pertaining to auditing functions, with few and reasoned exceptions in the case of assignments that are not prohibited by the Italian law or by the Sarbanes-Oxley Act. These assignments are approved by the Board of Directors of the interested company, following consultation with the Board of Statutory Auditors of that same company, and are subsequently authorised by the Board of Statutory Auditors of Eni, if such assignments are not included among those specified in the applicable laws and regulations. The Board of Statutory Auditors of Eni is nonetheless regularly informed on the tasks entrusted to the Audit Firm by the companies of the Group.

Court of Auditors

The financial management of Eni is subject to control by the Court of Auditors (“Corte dei conti”), in order to protect public finances. This activity was carried out by the Judge of the Court of Auditors Raffaele Squitieri⁹², who was appointed by the resolution issued on October 28, 2009, by the Council of the Presidency of the Court of Auditors.

[91] The Audit Firm, after verifying the draft of this Report, expresses its opinion in accordance with article 14, paragraph 2, letter e), of Decree Nn. 39/2010, relative to the information provided in compliance with article 123-bis, paragraph 1, letters c), d), f), l) and m), and paragraph 2, letter b), of the Consolidated Law on Finance. The full audit report is published together with the Annual Financial Report.

[92] Amedeo Federici is Alternate Judge.

The Judge of the Court attends the meetings of the Board of Directors, of the Board of Statutory Auditors and of the Internal Control Committee.

Interests of the Directors and Statutory Auditors and Transactions with Related Parties

Pursuant to article 2391-bis of the Italian Civil Code, on March 12, 2010, Consob approved the Regulations⁹³ that requires listed companies the adoption⁹⁴ of procedures to ensure transparency and substantive and procedural fairness of transactions with related parties.

To this aim, also taking into account the relevant recommendations set forth in the Eni Code, on November 18, 2010, the Board of Directors of Eni approved the procedure (Management System Guideline) "Transactions involving interests of directors and statutory auditors and transactions with related parties"⁹⁵, which takes effect as from January 1, 2011⁹⁶. The Eni Internal Control Committee expressed its preliminary favourable and unanimous opinion on the procedure; the Committee was entirely composed of independent Directors pursuant to the Borsa Italiana Code and the above-mentioned Regulations.

This Management System Guideline, largely reproducing definitions and provisions of the Consob Regulations, in a greater protection and efficiency perspective, extends the procedural system and transparency, set for transactions carried out directly by Eni SpA, to all transactions undertaken by subsidiaries – or similar entity – with related parties of Eni SpA. To this aim, the definition of "related party" has been extended and defined in greater detail.

In accordance with the provisions of the Consob Regulations, transactions with related parties are divided into transactions of lesser importance, greater importance and exempts.

In particular, in the case of operations of lesser importance, it has been established that Directors – pertaining to the Internal Control Committee (or the Compensation Committee, in the event of transactions concerning remunerations) – shall express a reasoned and non-binding opinion on the transaction. In the event of transactions of greater importance, without prejudice to the decisional responsibility of the Board of Directors, the independent Directors – pertaining to the Internal Control Committee (or the Compensation Committee, in the event of transactions concerning remunerations) – must be involved in the preliminary investigation phase of the transaction and express a binding opinion on the transaction. Regarding information to be provided to the public, the procedure refers to the provisions included in the Consob Regulations.

Moreover, the procedure defines the timing, responsibilities and tools for the verifications by the relevant Eni employees, in addition to the information flows that must be guaranteed for the correct implementation of the rules; the authorisation procedures

and obligations associated with the verifications shall be defined in application provisions.

Lastly, implementing the provision specified in Paragraph 9 of the Eni Code and in accordance with the choice made in the previous similar guidelines, specific rules – of a behavioural nature as well – were defined relative to transactions in which a Director or a Statutory Auditor holds an interests, directly or on behalf of third parties.

In particular, MSG specifies commitments of monitoring, evaluation and motivation related to the preliminary phase and completion of a transaction with a subject of interest of Directors or Statutory Auditors. In this regard, both in the preliminary and deliberation phase, is requested a detailed and documented examination of the reason of the transaction, highlighting the interest of Company in its completion and the convenience and fairness of underlying terms. In any case, if the transaction is under the responsibility of the Board of Directors of Eni, it is provided for a non-binding opinion from the Internal Control Committee.

In order to ensure a timely and effective verification activity of the MSG implementation, an appropriate database was created. The database includes the list of related third parties and Eni's subjects of interest. In addition it was created a search intranet program, that can be accessed by signing officer of Eni and its subsidiaries and by subjects delegated to the preliminary investigation of transactions in order to verify the nature of the transaction's counterparty.

The text of the Management System Guideline "Transactions involving interests of directors and statutory auditors and transactions with related parties" is available in the "Governance" section of the Company's website, at the following address: http://www.eni.com/en_IT/governance/guidelines-related-parties/guidelines-on-related-parties-transactions.shtml.

Relations with shareholders and the market

From the start of the privatisation process and in compliance with its Code of Ethics and Corporate Governance Code, Eni maintains open and on-going communication with institutional investors, retail shareholders and the market, so as to ensure the diffusion of complete, correct and timely information on its activity, within the limits of confidentiality of certain information.

Information concerning periodical reports, the four-year strategic plan, events and relevant operations is diffused through press releases, meetings and conference calls with institutional investors, financial analysts and the press, and is promptly diffused to the public also through publication on the Company's website. In particular, presentations by the top management to the financial markets relative to quarterly and annual results and the four-year strategic plan are diffused live on the Company's website: in this way, retail shareholders may be informed on

[93] The Regulations were approved by Resolution no. 17221 of March 12, 2010 and were subsequently amended by Resolution no. 17389 of June 23, 2010.

[94] The deadline for adopting the procedures expired on December 1, 2010.

[95] The procedures take into account the indications and interpretations contained in the Consob Communication of September 24, 2010.

[96] The information obligations set forth in the Consob Regulation took effect as from December 1, 2010.

the most significant market events in real time. The recording of these events, the press releases and the relative presentations and transcriptions are available on the Company's website on a permanent basis. The "Eni on the Stock Markets" ("Eni in Borsa") pages – under the "Investor Relations" section of Eni's website⁹⁷ – are constantly updated with information on dividends, share price, share prices of peer companies and the major stock market indices.

The Eni's website also contains the periodical reports, press releases, the Report, the Corporate Governance Code and Corporate Governance procedures, the Company's By-laws, notifications to shareholders and bondholders, statements and documentation regarding the issues on the agenda of Shareholders' and Bondholders' Meetings, with the relevant minutes. The documentation is sent free of charge to anyone who may request it, also via the Company's website⁹⁸.

Moreover, Eni is fully committed to providing the public with any information required by the law, in addition to information relative to its Corporate Governance system, by dedicating special attention to the maintenance and updating of the institutional website. A section of the website is dedicated to Eni's Corporate Governance, and the governance system is illustrated in a summary interactive diagram⁹⁹ as well as through additional detailed explanations. The website also provides a significant amount of documentation that is easy to consult, including this Report, previous reports and documents referred to in the reports. Furthermore, the effectiveness of Eni's communication through its institutional website has been acknowledged for three consecutive years (2008, 2009 and 2010) by "H&H Webranking", the most influential ranking on the quality of corporate communication via the Web by the 100 largest Italian and the 500 largest European companies, as being the best in Italy and Europe, owing to its ability to guarantee a high level of disclosure through a clear, accessible and transparent presentation style. In particular, relative to 2010, the section dedicated to Corporate Governance achieved the highest ranking among Italian companies and the third-highest among European companies¹⁰⁰. Moreover, the Company has agreed to satisfy the requests emerging from the recent Shareholders' Meetings for a greater involvement of its investors.

To this aim, without prejudice to the regulatory and By-laws provisions, the project dedicated to retail shareholders continues to be implemented, in order to encourage the latter's interest and participation. Indeed, in recent years the need for companies to not only respect the rights of shareholders, but also promote their active participation by assisting them in exercising their rights, through comprehensible and easily accessible information and by encouraging participation in corporate activities, has been strongly stressed.

The commitment to presenting Eni in a straightforward and intuitive way to shareholders has led to the creation of a section on the Company's website¹⁰¹ dedicated to direct communication

that includes a Shareholders' Guide and an overview of dedicated initiatives. One of these initiatives includes a presentation of the Shareholders' Meeting that approved the financial statements, by means of a simple and quick interactive animated video.

Specific Eni's units guarantee effective relations with institutional investors, shareholders and the media.

In particular, as specified in the Eni Code, relations with institutional investors and financial analysts are managed by the Manager of Investor Relations; the relevant information is available on the Eni website and may also be requested via e-mail at investor.relations@eni.com.

Relations with the media are managed by the External Communication Manager; the relevant information is available on the Eni website and may also be requested via e-mail at ufficio.stampa@eni.com.

Relations with other shareholders are managed by the Company Secretary for Eni SpA Manager. The relevant information is available on the Eni website and may also be requested via e-mail at segreteria.societaria.azionisti@eni.com, or by calling toll-free number 800940924 (from abroad: 80011223456).

Relations with shareholders with regard to Corporate Governance issues are managed by the Corporate Governance Rules and System Manager; the relevant information is available on the Eni website and may also be requested via dedicated e-mail from the Eni's website at info.governance@eni.com.

Corporate information processing

In compliance with the provisions set forth in the Consolidated Law on Finance and in the Consob Regulations on Issuers, upon implementation of the European Directive on the so-called Market Abuse, the Board of Directors – on February 28, 2006 – approved the procedures for communicating inside information to the market, for creating a register of persons having access to inside information and for notifying operations effected by "relevant subjects" – pre-emptively identified – involving shares of the Company (so-called internal dealing). The above-mentioned procedures have all been further updated to include the interpretations provided by Consob with its Communication dated March 28, 2006, and are published in the Corporate Governance section of Eni's website¹⁰². Below is a summary of the approved procedures.

Communication to the market of documents and inside information

The "Procedure for advising the market of inside information and documents concerning the Group's issuer companies and their financial instruments", adopted in substitution of the previous policy dating back to 2002, defines the requirements for communicating inside information (materiality, clarity, homogeneity, information symmetry, consistency and

[97] At the following address: http://www.eni.com/en_IT/investor-relation/eni-stock-markets/eni-stock.shtml.

[98] At the following address: http://www.eni.com/en_IT/documentation/documentation.page?type=bil-rap.99 At the following address: http://www.eni.com/en_IT/governance/governance-model-policies/corporate-governance-overview/corporate-governance-overview.shtml.

[99] At the following address: http://www.eni.com/en_IT/governance/governance-model-policies/corporate-governance-overview/corporate-governance-overview.shtml.

[100] At the following address: http://www.eni.com/en_IT/governance/governance-model-policies/eni-governance-awards/eni-governance-awards.shtml.

[101] At the following address: http://www.eni.com/en_IT/governance/shareholders/initiatives/initiatives.shtml.

[102] At the following address: http://www.eni.com/en_IT/governance/market-abuse/market-abuse-procedures/market-abuse-procedures.shtml.

timeliness) to the public and defines the rules of acquiring – from subsidiaries – the data and information that are necessary to provide accurate and prompt reports to the Board and to the market on the events and circumstances that may materialise into inside information.

In addition, the procedure identifies the measures to be adopted in the event of an infringement of the provisions contained therein, also taking into account the new types of offences that are subject to legal and administrative sanctions introduced by the Italian Law no. 262/2005. The Eni Code of Ethics defines the confidentiality obligations of the Group's employees regarding the processing of confidential information.

The Directors and Statutory Auditors ensure the confidentiality of the documents and information acquired during the course of their tasks, and observe the procedure adopted by Eni for the internal management, as well as the communication to external parties, of these information and documents.

Register of persons having access to inside information

The "Procedure for keeping and updating the Register of Persons with access to inside information of Eni SpA", drafted in compliance with the provisions of article 115-bis of the Consolidated Law on Finance and the executive provisions of the Consob Regulations on Issuers, defines the following: (i) the methods and terms for the registration in and 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; (ii) the methods for communicating to the

interested person the registration and/or cancellation from the register, including the relevant reasons.

Internal Dealing

The "Procedure concerning identification of the relevant persons and the transactions carried out directly or through nominees in respect of shares issued by Eni SpA or other related financial instruments" (so-called Internal Dealing Procedure) has replaced the previous policy on the matter dating back to 2002, and was drafted in compliance with the provisions of article 114, paragraph 7, of the Consolidated Law on Finance. In accordance with the indications set forth in the Consob Regulations on Issuers, the procedure: (i) identifies the relevant subjects; (ii) defines the operations on shares issued by Eni or other related financial instruments; (iii) determines the methods and terms for communicating to Eni the operations that are carried out, in addition to the terms for disclosing the information to the public. Moreover, in addition to the regulatory obligations, the procedure also establishes certain periods of the year during which persons identified as "relevant" are prohibited from effecting operations (blocking periods). A similar principle was introduced – in an appropriate internal procedure approved on December 23, 2008 – also in relation to operations conducted by the Company on Eni securities or securities associated with Eni. The Internal Dealing Procedure was further updated on September 1, 2009, to include several organisational amendments.

Below are the tables mentioned in the document "Handbook for the preparation of the Report on corporate governance" issued in March 2004 by Assonime and by Emittenti Titoli SpA.

Structure of the Board of Directors and its Committees

Members	Board of Directors					Internal Control Committee		Compensation Committee		Oil - Gas Energy Committee	
	executive	non-executive	independent	% attendance	other appointments ^(a)	member	% attendance	member	% attendance	member	% attendance
Chairman											
Roberto Poli		X		100%	3						50%
CEO											
Paolo Scaroni	X			100%	3						
Directors											
Alberto Clò ^(*)		X	X	94.4%	4			X	100%	X	100%
Paolo Andrea Colombo		X	X	100%	5			X	100%	X	100%
Paolo Marchioni		X	X	100%	0	X	95%				38%
Marco Reboa ^(*)		X	X	94.4%	3	X	100%			X	100%
Mario Resca		X	X	77.7%	1			X	100%	X	13%
Pierluigi Scibetta		X	X	94.4%	0	X	100%			X	100%
Francesco Taranto ^(*)		X	X	94.4%	1	X	95%	X	100%		100%
Number of meeting in 2010				18		20		6		8	
Average duration of meetings				3h		4h		1h 12m		2h 30m	
Average attendance of meetings				95%		97.5%		100%		80%	

(a) Appointments as director or statutory auditor in other listed companies, also outside Italy, in financial, banking, insurance or large companies.

(*) Appointed by the minority list.

Board of statutory Auditors

Members	% attendance Meeting of the Board of statutory Auditors	% attendance Meeting of the Board of Directors	Number of other appointments ^(a)	Total number of appointments ^(b)
Chairman				
Ugo Marinelli ^(*)	100	100	1	4
Auditors				
Roberto Ferranti	65	61	1	2
Luigi Mandolesi	100	100	1	12
Tiziano Onesti	100	100	3	16
Giorgio Silva ^(*)	95	94	2	12
Number of meetings in 2010	20	18		
Average duration of meetings	3 h 58 min	3 h 01 min		
Average attendance percentage	91	91		

(*) Appointed by the minority list.

(a) Including Eni SpA.

(b) Including listed companies.

At the time of appointment, the threshold for submission of lists was at least 1% of the shares entitled to vote at the ordinary. Following the entry into force of Legislative Decree 27/2010, to present lists for the appointment of members of the Board of Directors and the Auditors the percentages laid down by Consob's Regulation.

Other information to be disclosed under the Corporate Governance Code

	Yes	No
System of delegated powers and transactions with related parties		
The Board of Directors delegated powers defining:		
a) limitations	X	
b) exercise	X	
c) periodicity of information	X	
The Board of Directors reserved examination and approval of relevant transactions (including transactions with related parties)	X	
The Board of Directors defined guidelines for identifying relevant transactions	X	
Such guidelines are described in the report	X	
The Board of Directors defined procedures for examination and approval of transactions with related parties	X	
Such procedures are described in the annual report	X	
Procedures for the latest appointment of Directors and Statutory Auditors		
Lists of candidate directors were deposited at least 10 days before the date set for appointment	X	
Lists were accompanied by sufficient information on candidates	X	
Candidates to the role of director disclosed information that qualified them as independent	X	
Lists of candidate auditors were deposited at least 10 days before the date set for appointment	X	
Lists were accompanied by sufficient information on candidates	X	
Meetings		
The Company approved regulations of meetings	X	
The regulations are attached to the report (indication of where to find it online is provided)	X	
Internal Control		
The Company appointed persons responsible for internal control	X	
Such persons do not report to managers of operating divisions	X	
Internal office responsible of internal control (art. 9.3 of the code)	Internal Audit	
Investor relations		
The Company appointed an investor relations manager	X	
Information on investor relations manager (telephone, address, e-mail) and unit:		

(a) Eni SpA - Piazza Vanoni, 1 - San Donato Milanese (Milano) 20097 Italia - Tel. +39 02 52051651 - Fax +39 02 52031929 - investor.relations@eni.com

Corporate Governance

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Publications

Financial Statement pursuant to rule 154-ter paragraph 1
of Legislative Decree No. 58/1998
Annual Report
Annual Report on Form 20-F
for the Securities and Exchange Commission
Fact Book (in Italian and English)
Eni in 2010 (in English)
Interim Consolidated Report as of June 30 pursuant
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