



Corporate Governance Report 2014

## 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, Bulgaria, Cyprus, Croatia, Czech Republic, Denmark, France, Germany, Greece, Greenland, Hungary, Ireland, Italy, Luxembourg, Malta, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, the Netherlands, the United Kingdom, Turkey, Ukraine

#### AFRICA

Algeria, Angola, Congo, Egypt, Gabon, Ghana, Kenya, Liberia, Libya, Mauritania, Morocco, Mozambique, Nigeria, South Africa, Tunisia, Uganda

#### ASIA AND OCEANIA

Australia, Azerbaijan, China, India, Indonesia, Iran, Iraq, Japan, Kazakhstan, Kuwait, Malaysia, Myanmar, Oman, Pakistan, Papua-New Guinea, Philippines, Qatar, Russia, Saudi Arabia, Singapore, South Korea, Thailand, Timor Leste, Turkmenistan, the United Arab Emirates, Vietnam,

#### AMERICA

Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Ecuador, Mexico, Peru, Suriname, Trinidad & Tobago, the United States, Venezuela



## Corporate Governance and Shareholding Structure Report

**2014<sup>1</sup>**

Approved by the Board of Directors on March 12, 2015

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



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## Corporate Governance and Shareholding Structure Report

This Report, approved by the Board of Directors of Eni SpA on March 12, 2015, provides a broad and comprehensive overview of the Corporate Governance system adopted by Eni SpA (hereinafter referred to as “Eni” or the “Company”).

In compliance with the applicable legal<sup>1</sup> and regulatory requirements, and taking account of the guidelines and recommendations of Borsa Italiana SpA (hereinafter “Borsa Italiana”) and of the most representative business associations, this Report provides information on Eni’s ownership structure and on its compliance with the Corporate Governance Code for listed companies<sup>2</sup> of December 5, 2011, most recently updated on July 14, 2014 (“Corporate Governance Code”), explaining the choices made in implementing the corporate governance principles and on the corporate governance practices actually instituted.

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

Furthermore, the Report on Operations, which is a part of the 2014 Annual Report<sup>5</sup>, contains a section entitled “Governance”, which describes Eni’s Corporate Governance system with an integrated view of the creation of sustainable value through business support.

Finally, for a more detailed treatment of compensation matters, please refer to the Remuneration Report<sup>6</sup>, approved by the Board on March 12, 2015 and published simultaneously with Report.

The information contained in this Report refers to 2014 and, with respect to certain issues, is up-to-date as of the date of the meeting of the Board of Directors called to approve it.

This Report, which is published in the “Governance” section of the Company’s website<sup>7</sup>, consists of three sections: the first describes Eni’s profile, structure and values; the second focuses on information on the ownership structure; and the third analyses and provides information on corporate governance, specifically compliance with the Corporate Governance Code, on the main features of the Internal Control and Risk Management System, including with regard to the financial reporting process and, more generally, the primary governance practices followed.

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

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

[3] Available at: <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean.pdf>.

[4] Available at: [http://www.eni.com/en\\_IT/governance/governance-model-policies/eni-corporate-governance-code/eni-corporate-governance-code.shtml](http://www.eni.com/en_IT/governance/governance-model-policies/eni-corporate-governance-code/eni-corporate-governance-code.shtml).

[5] Available at: [http://www.eni.com/en\\_IT/investor-relation/investor\\_relations.shtml?home\\_2010\\_it\\_tab=navigation\\_menu](http://www.eni.com/en_IT/investor-relation/investor_relations.shtml?home_2010_it_tab=navigation_menu).

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

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

## Eni: profile, structure and values

### Profile and structure

Eni is a company that issues shares listed on the electronic stock exchange (Mercato Telematico Azionario) managed by Borsa Italiana SpA and on the New York Stock Exchange (NYSE) of the United States.

Eni is an integrated company that operates along the entire energy chain with operations in **83 countries** and a workforce of **84,405** (26,223 in Italy - 58,182 abroad). The Company operates in oil, natural gas, and energy in general, including the generation and sale of electricity and in the petrochemicals, engineering and construction sectors.

> Countries and workforce

On May 28, 2014, the Board introduced a new organisational structure, in effect as from July 1, 2014, in order to maximise the delivery of its strategy based on selective growth in the upstream sector and a turnaround in the mid-downstream segments<sup>8</sup>.

> The new organisational model

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

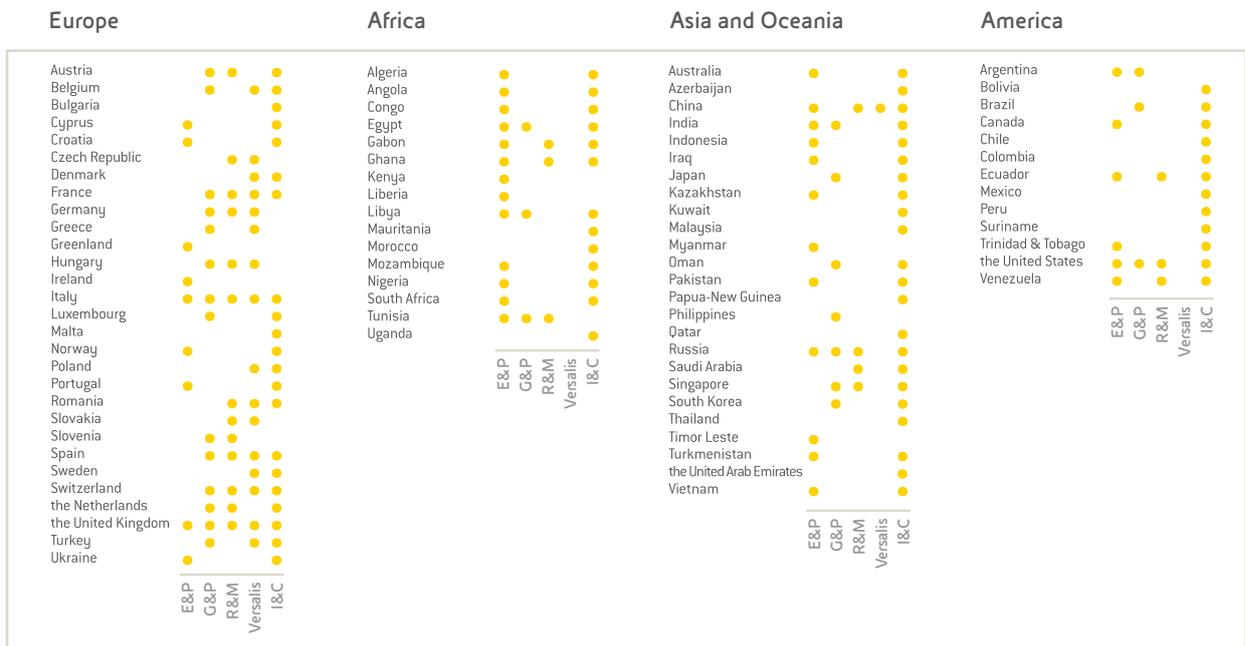
The business lines will be assisted by business support functions, whose services are centralised to ensure quality and efficiency.

More specifically, Eni operates the following business lines:

- (i) **exploration**: responsible for hydrocarbon discovery and exploration;
- (ii) **development, operations & technology**: responsible for carrying out development projects, providing technical support to industrial assets and managing research activities;
- (iii) **upstream**: responsible for guiding, controlling and coordinating the geographical units and districts in Italy, as well as for negotiating upstream contracts;
- (iv) **midstream Gas & Power**: responsible for procurement and optimization of the Gas & Power portfolio, for the sale of LNG and Gas & Power to large customers, for the production of electricity, and for the management of commodity price risk, trading and oil and gas transport;
- (v) **Refining & Marketing and chemicals**: responsible for the supply, refining, production, distribution and sale of petroleum products, lubricants and petrochemicals, as well as for environmental reclamation;
- (vi) **retail market g&p**: responsible for sales of gas and electricity to retail and mid customers.

<sup>(8)</sup> For more information on Eni's new organisational structure, please consult the "Company" section of the Company's website and the Annual Report.

Eni also has a presence in the engineering and construction sector. The chart below shows Eni's activities<sup>9</sup>:

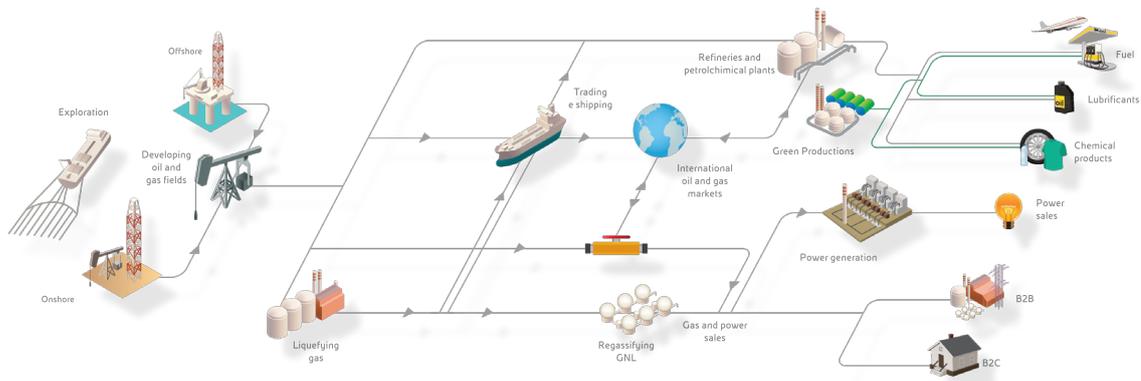


upstream

Eni engages in oil and natural gas exploration, field development and production, mainly in Italy, Algeria, Angola, Congo, Egypt, Ghana, Libya, Mozambique, Nigeria, Norway, Kazakhstan, UK, The United States and Venezuela, overall in 40 countries.

mid - downstream

Eni sells in the European market basing on the portfolio availability of equity oil and long-term contracts; sells LNG on a global scale. Produces and sells electricity through gas plant. Through refineries and chemical plants, Eni processes crude oil and other oil-based feedstock to produce fuels, lubricants and chemical products that are supplied to wholesalers or through retail networks or distributors. Eni engages in the trading of oil, natural gas, LNG and electricity.



Share capital	Securities	Organisational Structure	Workforce	Subsidiaries
<p>€4,005,358,876</p> <p>Ordinary shares n. 3,634,185,330 without par value</p>	<p>Italy <b>Borsa Italiana</b></p> <p>USA <b>NYSE</b></p>	<p>Business unit:</p> <p><b>Exploration</b></p> <p><b>Development, Operations &amp; Technology</b></p> <p><b>Upstream</b></p> <p><b>Midstream Gas &amp; Power</b></p> <p><b>Refining &amp; Marketing and Chemicals</b></p> <p><b>Retail market g&amp;p</b></p>	<p>Total employees <b>84,405</b></p> <p>Employees in Italy <b>26,223</b></p> <p>Employees abroad <b>58,182</b></p>	<p>No. of subsidiaries <b>304</b></p>

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

At December 31, 2014 Eni also controls **304 companies** in Italy and abroad, including Saipem SpA, Eni International BV and Versalis SpA. The Board of Directors has designated these companies “strategically important subsidiaries” or “major subsidiaries”. The organisational structure is up-to-date as of March 2015.

> The Eni companies

Snam SpA (“Snam”) is no longer a subsidiary of Eni SpA as from October 15, 2012. The Eni Board of Directors, pursuant to the Prime Minister’s Order of May 25, 2012, approved the sale of 30% less one share of the voting capital of Snam to Cassa Depositi e Prestiti SpA (“CDP”) at its meeting of May 30, 2012. The closing occurred on October 15, 2012<sup>10</sup>. As to its remaining stake in Snam, Eni, through an accelerated book building targeted at Italian and foreign institutional investors completed the sale of 5% of the share capital of the company (corresponding to 5.28% of the voting capital) on July 18, 2012. Eni continued to divest itself of its stake in Snam through the placement of €1,250 million worth of 3-year bonds convertible into Snam shares (maturing on January 18, 2016) in January 2013.

> Sale of Snam

Subsequently, on May 9, 2013, Eni completed the placement of 395,253,345 ordinary shares, equal to 11.69% of the share capital of Snam. Eni holds 8.54%<sup>11</sup> of Snam to service the convertible bond, which matures in 2016.

### Principles and values. The Code of Ethics

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

> Integrity and transparency

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

> The Code of Ethics

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

> Application to Eni people and bodies

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

For that purpose, the Code of Ethics has been translated into **20 languages**. It has been distributed<sup>12</sup> widely and is explained through a range of initiatives, including special training courses. The Code represents an essential general principle of Model 231<sup>13</sup>, as well as a key element of the anti-corruption framework<sup>14</sup> of which it is an integral part: the synergies between the Code of Ethics and the Model are underlined by the assignment to the Eni Watch Structure – established by Model 231 – of the function of Guarantor of the Code of Ethics, with the duty of promoting and verifying its implementation.

> The Code incorporated in Model 231

> The Guarantor of the Code of Ethics

[10] Pursuant to art. 2, letter c) of the Prime Minister’s Order of May 25, 2012, starting from the closing on October 15, 2012 “the members of the management or control body, as well as those who hold management positions in Eni or its subsidiaries may not hold a seat on the management or control body or management positions in CDP or Snam and their subsidiaries, nor enter into any direct or indirect professional or financial relationship with such companies; similarly, the members of the management or control body, as well as those who hold management positions in CDP, Snam and their subsidiaries are prohibited from holding a seat on the management or control body or management positions in Eni and its subsidiaries, and from entering into any direct or indirect professional or financial relationship with such companies”.

[11] Eni’s stake in Snam at December 31, 2014 came to 8.247%.

[12] For more information on the dissemination and communication of the Code, please refer to the “Sustainability” section of the Eni website: [http://www.eni.com/en\\_IT/sustainability/sustainability.shtml](http://www.eni.com/en_IT/sustainability/sustainability.shtml).

[13] For more information, please refer to the section on “Model 231”.

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

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

> The Code of Ethics applied to the Subsidiaries

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

> Eni’s Corporate Governance principles

### Corporate Governance Policy

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

- > Managing conflicts of interest
- > Quality of information

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

> The best practice

- pursue the best Corporate Governance practices, including through comparison with the best Italian and foreign governance models and, in particular, with the principles issued by the most representative institutions and associations;

> Promoting Eni principles

- promote its Corporate Governance principles by encouraging observations and introducing new ideas, in particular through participation in institutional and sector working groups and by promoting relevant initiatives;

> Internal Control and Risk Management System

- promote and maintain an adequate, effective and efficient Internal Control and Risk Management System.

> Management and coordination

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

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

### Sustainability

Sustainability is an integral part of the Eni governance model and constitutes a driving force behind a process of continual improvement that focuses on issues that arise from continual interaction with stakeholders, from analysis of energy scenarios and from multi-dimensional analysis of the contexts in which Eni operates, with respect to business strategies and integrated risk management.

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

[16] For more information on Eni’s Regulatory System, please refer to the “Internal Control and Risk Management System” section.

[17] All Eni subsidiaries adopt the “Eni Control System on Company Reporting” Management System Guidelines. For further information, please refer to the section “Main features of the Risk Management and Internal Control Systems applied to the financial reporting process” of this Report.

Sustainability represents the Company's methods of operating under a logic of value creation over the medium and long-term and, therefore, is integrated into all company processes: from planning, monitoring and control to risk prevention and management, from implementation of operations to reporting, and in communications with internal and external stakeholders.

> Creation of medium and long-term value

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

The Board of Directors of Eni has always aimed at playing a key role in defining the sustainability policies and strategies and checking the sustainability results, which are also presented to the Shareholders' Meeting. In 2014, the new Board of Directors sought to further bolster its attention to sustainability issues with the formation of the Sustainability and Scenario Committee.

> The role of the Board of Directors

In 2011, the Eni Board of Directors approved the Sustainability Policy, which defines the fundamental principles upon which the Company's sustainable operations are based and which are among the highest objectives of Eni's new internal regulatory system.

> Sustainability Policy

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

> Sustainability planning

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

> Integrated reporting

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

> Verified by Audit Firm

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

The initiatives undertaken by Eni in terms of governance system sustainability in 2014 include, in particular:

> 2014 initiatives

- (i) the formation of the Sustainability and Scenarios Committee;
- (ii) training programmes for the Eni SpA corporate bodies (ie. board induction) and, in keeping with prior initiatives, training programmes for the boards of directors of Eni's subsidiaries in the United Kingdom, France and the Netherlands;
- (iii) organisation of a training session for Directors and Statutory Auditors of Eni on specific strategic risk and crisis management issues, taking into consideration the international environment in which the Company operates;
- (iv) promoting shareholder participation in Company life, through clear and thorough communication of information, so that they may exercise their rights in an informed manner;
- (v) more thorough dialogue with the market, particularly with institutional investors and proxy advisors, on governance issues.

> Sustainability and scenarios committee

> The LEAD Board Programme

The Board also decided to take part in the pilot phase of the UN Global Compact LEAD Board Programme<sup>18</sup>, focusing on educating Directors about sustainability issues, as it has actively contributed to the UN programme since the early stages. With the support of an internationally renowned expert in sustainability, integrated reporting and management issues, on October 29, 2014, the Board held its first session of this programme (on the “The materiality of sustainability”), in order to improve its understanding of the importance of sustainability for corporate strategy and business.

> Sustainability indexes and recognition

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

In 2014, Eni was included for the eighth consecutive year in the Dow Jones Sustainability World Index and for the seventh straight year in the Dow Jones Sustainability Europe Index, in which six out of the 19 eligible oil and gas companies are included.

Eni was also once again included for the eighth straight year in the FTSE4Good Index following the half-yearly review in September 2014.

In addition, in 2014 Eni received one of the top scores (96 B) for its sector from the Carbon Disclosure Project, an international non-profit organisation that represents 722 international institutional investors, in demonstration of its commitment to reducing greenhouse gas emissions and limiting the risks associated with climate change.

For more information, please refer to the “Sustainability” section of Eni’s website<sup>19</sup>.

### Eni’s Corporate Governance initiatives

In line with the principles of its Corporate Governance Policy, Eni is committed to creating a Corporate Governance system that is inspired by excellence, in open dialogue with the market.

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

> Eni’s 35 Corporate Governance proposals

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

> Engagement with investors and shareholders

Between 2013 and 2014 Eni recognised the need for a more thorough dialogue with the market on corporate governance. Therefore, a cycle of meetings was held with institutional investors and the leading proxy advisors in Europe and the United States, during which the Company’s governance system was explained and the most significant issues were comprehensively examined, including in relation to the various applicable regulatory models.

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

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

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

Transparency in terms of the quality and completeness of the information provided<sup>20</sup> was judged to be one of Eni's most important strengths.

> Dialogue with the markets

In addition, its internal control and risk management model is considered to be a fundamental pillar of the Company's governance, further strengthened in 2013 through the establishment of regulations aimed at ensuring the overall effectiveness and efficiency of the system and, in 2014, with the creation of a new organisational model that builds upon the control objectives.

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

> The Secretary and Corporate Governance Counsel

Eni is consistently committed to promoting a greater degree of involvement by its shareholders. The desire to present Eni in a simple and intelligible manner has led to the creation of a special section of the website<sup>21</sup> for directly communicating with shareholders, which contains the Shareholders Guide and announcements of targeted initiatives. One of these initiatives involves presenting information on the Shareholders' Meeting called to approve the financial statements by means of a simple, brief video.

> Shareholder initiatives

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

## Corporate Governance Model

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

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

> Traditional administration and control model

The statutory audit is carried out by an Audit Firm appointed by the Shareholders' Meeting.

In accordance with the By-laws, the Board of Directors appoints a Chief Executive Officer to manage the Company, while reserving decisions on certain issues exclusively to itself.

> The Chief Executive Officer

The Board of Directors appointed by the Shareholders' Meeting of May 8, 2014 chose the Chairman to serve as guarantor, entrusting her to oversee the Internal Audit unit, the head of which reports directly to the Board and, on its behalf, to the Chairman, without prejudice to his being functionally subject to the authority of the Control and Risk Committee and the CEO, as director in charge of the internal control and risk management system.

> The Chairman

The Board also decided that the Chairman will, in accordance with the By-law, be legal representative of the Company, responsible for managing institutional relationships in Italy, together with the CEO. The chosen model therefore makes a clear separation between the functions of the Chairman and those of the CEO, both of whom are empowered to represent the Company, in accordance with art. 25 of the By-laws.

The Board of Directors has created four internal committees having consulting and advisory functions: the Control and Risk Committee, the Compensation Committee, the Nomination

> The Board Committees

[20] In support of this, the "Governance" section of the Eni website placed first in the KWD ranking published in January 2014. In addition, the eni.com site remained among the top websites ranked in the Bowen Craggs Index 2014, which assesses the effectiveness of online communication by the 78 largest companies in the world by capitalisation. More specifically, the "Governance" section of the website was ranked first for the visibility, clarity and ease of use of the information presented. For more information, refer to the "Relations with shareholders and the market" section of this Report.

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

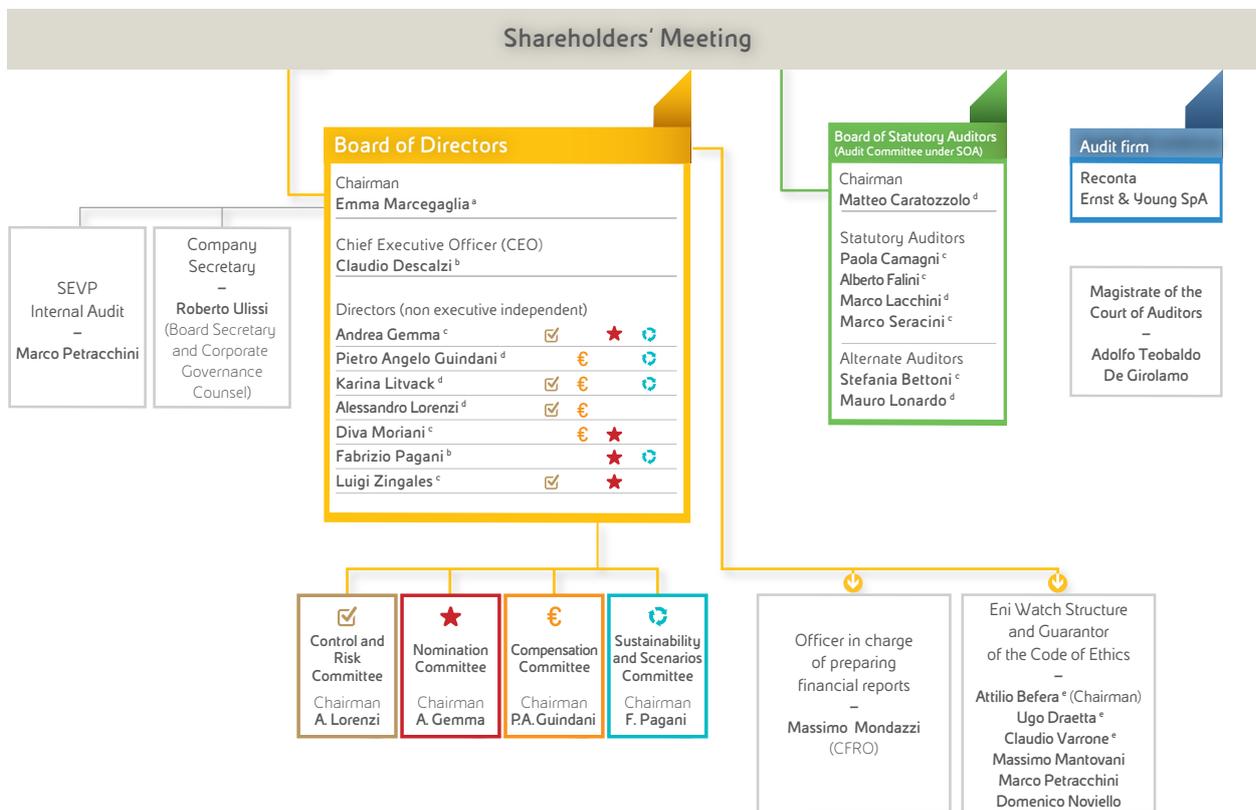
Committee and, since May 9, 2014, the Sustainability and Scenarios Committee, which replaces the Oil-Gas Energy Committee. These Committees report to the Board at every meeting on the most significant matters that they have faced.

> The Financial Reporting Officer

Moreover, on a proposal of the CEO and in agreement with the Chairman, and with the approval of the Board of Statutory Auditors, the Board of Directors has appointed the Chief Financial and Risk Management Officer of the Company as the officer responsible for preparing financial reporting documents (“Financial Reporting Officer”). Certain organisational and managerial decisions, highlighted in this Report, were made to achieve compliance with US regulations, to which the Company is subject as a NYSE-listed company.

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

Below is a chart representing the Company’s governance structure at March 12, 2015:

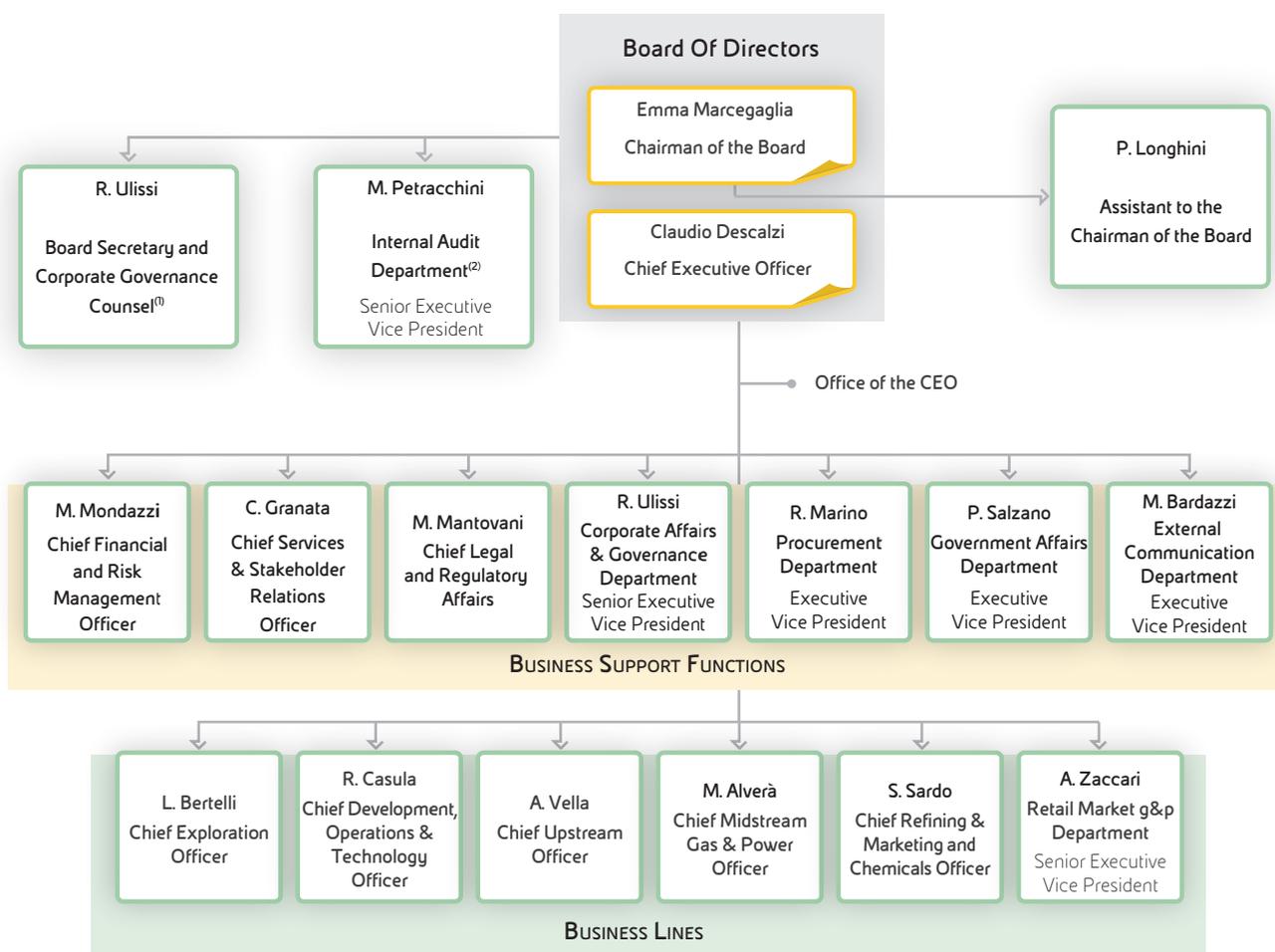


a - Member appointed by the majority list, non executive and independent pursuant to law.  
 b - Member appointed by the majority list.  
 c - Member appointed by the majority list, and independent pursuant to law and Corporate Governance Code.  
 d - Member appointed by the minority list, and independent pursuant to law and Corporate Governance Code.  
 e - External members.

Until May 8, 2014 the members of the (i) Board of Directors were: Giuseppe Recchi (Chairman), Paolo Scaroni (CEO), Carlo Cesare Gatto, Alessandro Lorenzi, Paolo Marchioni, Roberto Petri, Alessandro Profumo, Mario Resca and Francesco Taranto; (ii) Board of Statutory Auditors were: Ugo Marinelli (Chairman), Francesco Bilotti (replacing Roberto Ferranti on September 5, 2013), Paolo Fumagalli, Renato Righetti and Giorgio Silva.

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

Below is a chart setting out the current macro-organisational structure at March 12, 2015:



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

(2) The Head of the Internal Audit Department reports hierarchically and functionally to the Board of Directors and, on its behalf, to the Chair, without prejudice to its functional dependence on the Control and Risk Committee and on the CEO (in his capacity as director in charge of the Internal Control and Risk Management System).

## The main Management Committees

### Management Committee

The Management Committee<sup>22</sup>, presided over by the CEO of Eni, is comprised of the: Chief Exploration Officer, Chief Development, Operations & Technology Officer, Chief Upstream Officer, Chief Midstream Gas & Power Officer, Chief Refining & Marketing and Chemicals Officer, Senior Executive Vice President for Retail Market g&p, Chief Financial and Risk Management Officer, Chief Services & Stakeholder Relations Officer, Chief of Legal & Regulatory Affairs, Senior Executive Vice President for Internal Audit, Senior Executive Vice President for Corporate Affairs and Governance, Executive Vice President for Procurement, Executive Vice President for External Communication, Executive Vice President for Government Affairs and the CEO of Versalis SpA.

> Management Committee

(22) The composition of the Management Committee is current as of February 19, 2015.

The Management Committee, which provides advice and support to the CEO, usually meets prior to the meetings of the Board of Directors, and whenever the CEO of Eni SpA believes it necessary, to consider the issues he indicates, including those that may be proposed by Committee members, other persons reporting to him or by the CEOs of the Group companies.

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

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

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

- > Compliance Committee
  - The **Compliance Committee**<sup>23</sup> is comprised of: the Chief of Legal & Regulatory Affairs, Corporate Affairs and Governance Senior Executive Vice President, Internal Audit Senior Executive Vice President, Accounting and Financial Statement Executive Vice President, Human Resources and Organisation Executive Vice President. The Committee provides advice and support concerning compliance and governance matters and is responsible for, among other things, reporting to the CEO on the need to examine any new compliance and/or government issues, suggesting a person to oversee this work and, if necessary, a working group;
- > Risk Committee
  - The **Risk Committee**<sup>24</sup> has the same composition as the Management Committee and is presided over by the CEO of Eni SpA, to whom it provides advice on the major risks facing the Group and, specifically, reviews and offers its opinion, at the CEO's request, on the main results of the Integrated Risk Management process. The Chairman of the Board of Directors of Eni SpA is also invited to attend the meetings. Other persons may also be invited to attend those meetings where their duties relate to items on the agenda. The Senior Vice President for Integrated Risk Management serves as the Committee's Secretary.

- > Corporate Governance of the Eni Companies MSG

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

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

Using this regulatory instrument, the Board of Directors of Eni, consistent with its duties, established the corporate governance system and rules for Eni's subsidiaries and associated companies adapting them to incorporate legislative developments, changes in internal organisation and rules<sup>25</sup> and to the best practices in the field.

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

[24] The composition of the Risk Committee is current as of February 19, 2015.

[25] For more information, refer to the section "Eni regulatory system".

More specifically, the MSG:

- (i) governs the legal form and management and control system of Eni subsidiaries, indicating the size, composition and operating principles for the relative bodies; > Legal form and governance system
  
- (ii) defines the requirements that the members of the management and control bodies of Eni investees appointed by Eni must meet in order to be given and retain such position, particularly as regards integrity, independence and the absence of any conflict of interest: > Requirements for bodies
  - in addition to requiring Directors (usually Eni employees) to comply with the law and the By-laws, the MSG describes in greater detail the criteria already imposed upon Directors under the prior rules, focusing on issues such as technical and professional skills, managerial experience, opportunities for job rotation and the absence of any conflict of interest;
  - in addition to the requirements provided for by the law and the By-laws, the MSG imposes upon the Statutory Auditors and the members of the control bodies new requirements concerning integrity, independence and the absence of any conflict of interest, based upon the integrity requirements for Statutory Auditors of listed companies (expanded even further) and on the provisions of the Corporate Governance Code;
  
- (iii) provides that, in order to appoint the members of the management and control bodies, the following must be ascertained, including through the submission of declarations:
  - (i) the non existence of privileged relations with (a) important members of local government and (b) suppliers, customers or third-party contractors of the company,
  - (ii) the non existence of other relationships prohibited by the Eni Code of Ethics.
 With regard to the appointment of members of the control bodies, the Guidelines call for the creation of a database containing the names of potential candidates who meet the requirements. Only persons recorded in the database may be nominated;
  
- (iv) focuses special attention on diversity, not limited to gender diversity<sup>26</sup>, in the composition of the bodies. > Diversity

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

## Information on the ownership structure<sup>27</sup>

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

- > Shares
 

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

At December 31, 2014, the Company's share capital amounted to €4,005,358,876 – fully paid-up – and comprises €3,634,185,330 ordinary shares without par value<sup>28</sup>.
- > Listing on Italian stock exchange
- > American Depository Receipts programme and listing on NYSE
 

The Company's shares have been listed on the electronic stock exchange (Mercato Telematico Azionario) managed by Borsa Italiana SpA since November 1995. Also in 1995, Eni issued an American Depository Receipts (ADR) programme for the US market. An ADR consists of a share certificate representing foreign company shares traded on stock exchanges of the United States. Each Eni ADR represents two ordinary shares and is traded on the New York Stock Exchange<sup>29</sup>.
- > Controlling shareholders
 

Eni is therefore subject to the control of the Ministry of the Economy and Finance, which has enough votes to exercise a dominant influence in the ordinary Shareholders' Meeting of the Company, through stakes held directly in the Company (with 4.34%) and indirectly through Cassa Depositi e Prestiti SpA (CDP SpA), a company controlled by the Ministry (with 25.76%).
- > Not subject to management and coordination
 

But Eni is not subject to the management and coordination of the Ministry of the Economy and Finance<sup>30</sup> or of CDP SpA, pursuant to art. 2497 of the Italian Civil Code, nor is the Company aware of any agreements between shareholders, pursuant to art. 122 of the Consolidated Law on Financial Intermediation.

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

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

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

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

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

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

> Shareholders who exceed major holding thresholds under law

#### Controlling shareholders

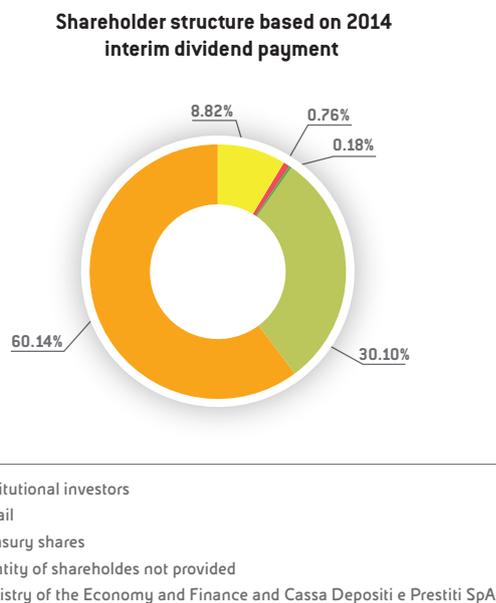
Shareholders	Number of shares	% of total ordinary shares
Ministry for the Economy and Finance	157,552,137	4.34
CDP SpA	936,179,478	25.76
<b>Total</b>	<b>1,093,731,615</b>	<b>30.10</b>

#### Other significant shareholders

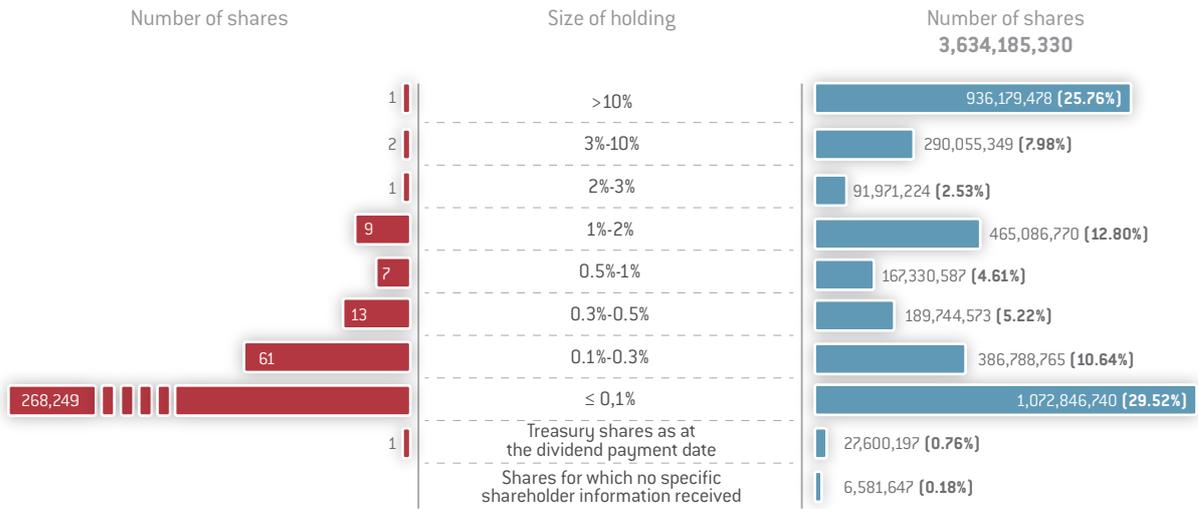
Declarant	% holding declared
People's Bank of China	2.102

No changes had been reported at March 12, 2015.

Below is a graphical representation of the share capital structure and the distribution of shares by amount and geographical area based on the registered share owners who received the interim dividend paid for 2014 made by intermediaries (ex-dividend date of September 22, 2014 – record date of September 24, 2014 – payment date of September 25, 2014).



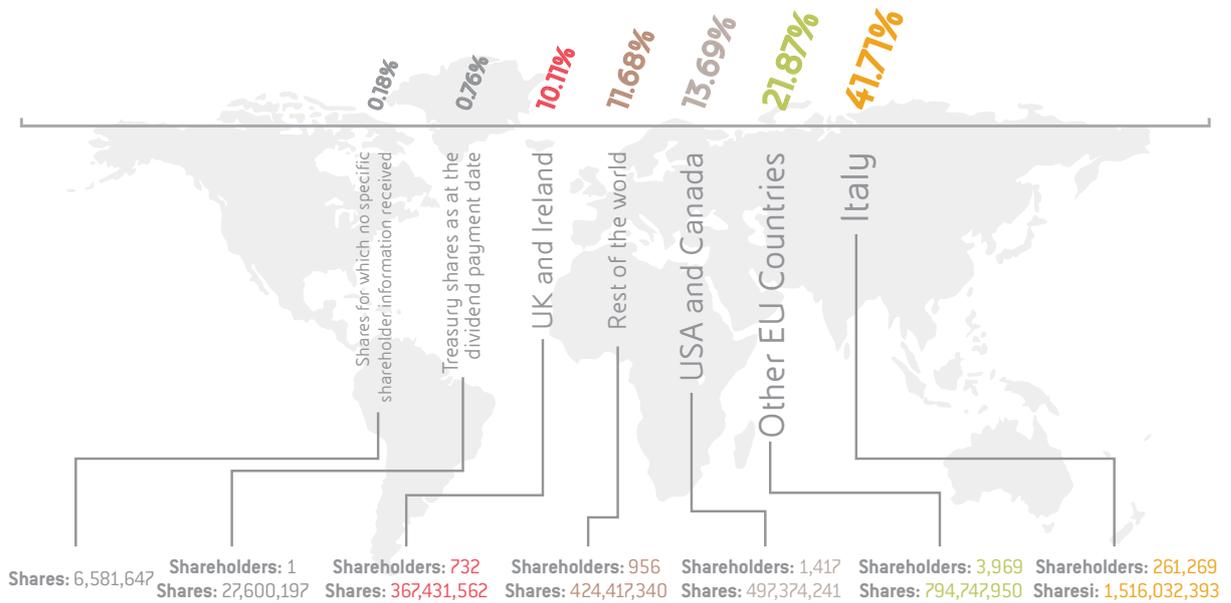
**Distribution of shareholder by size of holding<sup>a</sup>**



(a) Based on reports of persons receiving the interim dividend for 2014 (ex dividend date September 22, 2014 – record date September 24, 2014 - payment date September 25, 2014).

**Distribution of shareholders by geographical area<sup>a</sup>**

Number of shares: 3,634,185,330



(a) Based on reports of persons receiving the interim dividend for 2014 (ex dividend date September 22, 2014 – record date September 24, 2014 - payment date September 25, 2014).

## Shareholding limits and restrictions on voting rights

Pursuant to art. 6.1 of the By-laws, in accordance with the special provisions specified in art. 3 of Decree-law no. 332 of 1994, ratified by Law no. 474 of 1994<sup>31</sup> [Law no. 474/1994], under no circumstances whatsoever may any party directly or indirectly hold more than 3% of the share capital. Exceeding these limits shall lead to a suspension of the exercise of voting rights or any other rights (except property rights) related to the shares exceeding the aforementioned limit, but leaving the property rights for such shares unchanged.

> Shareholding limit of 3%

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

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

> Includes shares held indirectly

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

> Exceptions

Lastly, the special provision states that the clause regarding shareholding limits shall not apply if the above limit is exceeded following a takeover bid, provided that the bidder – as a result of the takeover – will own a shareholding of at least 75% of the capital with voting rights in deliberations regarding the appointment or dismissal of Directors<sup>32</sup>.

> Lapsing of clause

## Securities that confer special rights

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

## Special powers of the State

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

> New rules

The previous provisions (art. 2 of Decree Law no. 332/1994, ratified by Law no. 474/1994 and the relative enabling decrees), as well as the clauses in the By-laws (such as art. 6.2 of the Eni By-laws) deemed incompatible with the new rules, were repealed with the entrance into force of the ministerial regulations implementing the rules affecting the energy, transportation and communications industries. However, those provisions regarding limits on shareholdings and restrictions on voting rights pursuant to art. 3 of Law no. 474/1994 remain in effect, with certain formal modifications.

These implementing regulations were approved on March 14, 2014 by the Council of Ministers, were published in the Gazzetta Ufficiale on June 6, 2014 and came into force on June 7, 2014.

> Entry into force and amendments to By-laws

The Board of Directors of Eni, at its meeting on November 20, 2014, amended the By-laws of Eni SpA to bring them into line with the regulatory provisions that came into force in June 2014, removing clauses that are incompatible with the new legislation on special powers.

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

> Content of new rules

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

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

The new special powers briefly include: a) veto power (or the power of imposing conditions or requirements) over transactions involving strategic assets that could result in a situation, not regulated by Italian or EU laws, that threatens serious injury to interests regarding networks and systems security, as well as continuity of supply; b) power of attaching conditions or opposing the acquisition of control of a company that holds strategic assets by an entity outside of the EU, when such an acquisition may result in a threat of serious injury to the abovementioned essential interests of the Italian State.

The legislation governing the new special powers of the Italian State provides for a general rule that the acquisition, for any reason, by an entity outside of the EU of the stock of a company that holds strategic assets be allowed on condition of reciprocity, in compliance with international agreements signed by Italy or the EU.

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

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

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

### **Material agreements that would become effective, be modified or extinguished in the event of a change of control of Eni<sup>33</sup>**

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

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

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

Information on any agreements between the Company and Directors concerning indemnities in the event of resignation or dismissal without just cause or termination of employment as the result of a takeover bid are provided – in accordance with the recommendations of Borsa Italiana for the preparation of this Report – in the Remuneration Report pursuant to art. 123-ter of the Consolidated Law on Financial Intermediation, to which the reader should refer for more information<sup>34</sup>.

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

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

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

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

The ordinary Shareholders' Meeting held on May 8, 2014 cancelled, for the portion not yet implemented at the date of the Shareholders' Meeting, the authorisation to acquire treasury shares as resolved by the Shareholders' Meeting of May 10, 2013 and authorised the Board of Directors to purchase on the Mercato Telematico Azionario – in one or more transactions and in any case within 18 months from the date of the resolution – up to a maximum number of 363 million ordinary Eni shares, for an amount of up to €6 billion, including, respectively, the number and the value of treasury shares purchased subsequent to the Shareholders Meeting of July 16, 2012 authorising the share buy-back, for a unit price of no less than €1.102 and no more than the official price registered on Borsa Italiana in the trading day prior to each individual transaction, plus 5% in accordance with the operating methods established in the organisation and management regulations of Borsa Italiana. In order to respect the limit set forth in the third paragraph of art. 2357 of the Italian Civil Code, the number of shares to be acquired and the relative amount shall take into account the number and amount of Eni shares already held in the portfolio.

> Authorisation to buy back shares

> Shareholders' resolutions

On May 28, 2014, the Board of Directors approved the procedures for carrying out the purchases by authorising an intermediary to begin purchasing shares in accordance with the resolution of the ordinary Shareholders' Meeting of May 8, 2014. The new programme was initiated on June 23, 2014.

> Board resolution on implementation procedures

As of December 31, 2014, Eni held a total of 33,045,197 treasury shares, equal to 0.909% of the share capital.

In addition to making the disclosure via press releases to the market on purchases made, as required by law, the Company has set up a web page on the treasury share purchases under the "Governance" section of its website, where up-to-date information on the programme is available<sup>35</sup>.

> Press releases

[35] Available at <http://www.eni.com/en/IT/governance/shareholders/treasury-shares/treasury-shares.shtml>.

## Corporate Governance Information<sup>36</sup>

### Compliance with the Corporate Governance Code for Listed Companies

- > Compliance with 2011 Code and with 2014 amendments

Eni has adopted the Corporate Governance Code for listed companies<sup>37</sup>, the latest version of which was prepared by the Corporate Governance Committee and published in December 2011 and later amended in July 2014.
- > 2012 Board resolution

Specifically, on April 26, 2012, the Board of Directors completed the process of complying with the new Corporate Governance Code for Listed Companies of December 2011<sup>38</sup>.
- > Eni guidance solutions

At that same meeting, the Board of Directors noted that Eni's corporate governance system is consistent with most of the new Code recommendations. This assessment also confirmed the governance choices<sup>39</sup> made in complying with the previous versions of the Code, done with the goal of implementing its provisions, adjusting them to fit Eni's situation, and enhancing certain principles<sup>40</sup>.
- > Transparency of Eni's decisions

In order to provide the market with a simple, transparent and comparable assessment of the choices made by the Company, the text of the Corporate Governance Code was published on Eni's website, with an indication of the solutions and improvements adopted by Eni with respect to individual Code recommendations, along with explanations of these choices<sup>41</sup>.
- > Implementing resolutions

In addition, in implementing the new recommendations of the Corporate Governance Code, in 2012 and 2013:

  - the Board of Directors confirmed the policy previously stated on the maximum number of administration and control offices that can be held by its members in other companies, introducing the prohibition on cross-directorships provided for by Criterion 2.C.5 of the Corporate Governance Code prior to the required date;
  - the Rules of the Control and Risk Committee and of the Nomination Committee were modified;
  - the Board of Directors, with the support of the Control and Risk Committee, carried out a number of important initiatives aimed at further strengthening the internal control system, focusing efforts on Company risk management in particular<sup>42</sup>;
  - the Board approved, with the prior supporting opinion of the Control and Risk Committee, the "Internal Audit Charter", which modifies the previous guidelines and contains provisions on the power, duties and exchange of information of the Internal Audit unit;
  - the Board of Directors adjusted the resolution on its reserved powers.

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

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

(38) The text of the Corporate Governance Code, including the amendments made in July 2014, is available on Borsa Italiana's website ([www.borsaitaliana.it](http://www.borsaitaliana.it)). Eni first adopted the Code in December 15, 2011 when it incorporated the March 2010 recommendations in its remuneration policy.

(39) Board resolutions of December 13, 2006 and, previously, of January 20, 2000.

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

(41) The Corporate Governance Code is published on the Eni website, in the "Governance section" at:

<http://www.eni.com/en/IT/governance/governance-model-policies/eni-corporate-governance-code/eni-corporate-governance-code>. This document replaces the Eni Code of December 13, 2006.

(42) For more information, please see the section "Internal Control and Risk Management System".

In addition, with regard to the implementation of the Code recommendations and to maintain continuity with previous governance choices:

- the functions of the Board of Directors have been redefined, thereby confirming its strategic role and central position within the Company's Corporate Governance system and its wide range of responsibilities, including in terms of Company and Group organisation and the internal control system;
- the most significant transactions of the Company and its subsidiaries have been defined and submitted to the Board for approval, while conduct and procedural controls have been adopted regarding those cases in which the Directors and Statutory Auditors have an interest of their own or on behalf of another, including in the case of transactions with related parties of Eni;
- the Board of Directors has been assigned a central role in defining the sustainability policies and in approving the Sustainability Report<sup>43</sup>;
- as required by the Code, the Board has specified those subsidiaries that are of strategic importance (Saipem SpA, Versalis SpA and Eni International BV);
- the Board of Directors assigned the CEO the duty of overseeing the internal control and risk management system;
- the principle of safeguarding the managerial independence of listed companies (currently, in Italy, Saipem 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 the issuer.

The measures adopted by Eni to strengthen provisions of the Corporate Governance Code include:

➤ Measures to strengthen provisions

- specifying that the Directors must consider the interests of stakeholders other than shareholders in making decisions (Criterion 1.P.2 of the Corporate Governance Code)<sup>44</sup>;
- the minimum frequency with which Directors with delegated powers must report to the Board has been reduced from three to two months (Criterion 1.C.1 letter d) of the Corporate Governance Code);
- Eni must always seek the assistance of an external consultant in conducting the Board self-assessment to ensure greater objectivity in the evaluation process (Criterion 1.C.1 letter g) of the Corporate Governance Code);
- in specifying the recommendations provided for by art. 3 of the Corporate Governance Code on the criteria for the independence of Directors, it established the amount of the "additional remuneration" that could compromise the Director's independence at 30% of fixed remuneration, as well as more precisely defining spouses, relatives or in-laws within the second degree of kinship as "close relatives" (Criterion 3.C.1 letter d) and h) of the Corporate Governance Code);
- it was indicated that Eni's Board has decided to form all the committees provided for by the Code (Criterion 4.C.2 del Corporate Governance Code) and it established that these committees (Control and Risk Committee, Nomination Committee and 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 (Criterion 4.C.1 letter a) of the Corporate Governance Code);
- providing that at least two members of the Control and Risk Committee possesses adequate experience in accounting and financial or risk management matters (while Criterion 7.P.4 of the Corporate Governance Code only requires one member to have such experience);

[43] For the fourth year, in 2015, Eni will present an integrated report to the market (2014 Annual Report) to allow stakeholders, investors and others to completely understand the interconnections existing between the financial results and its achievements in the environmental and social fields, outlining the dimensions of Eni's sustainable development model.

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

- the Internal Audit function is assigned to an internal department (Criterion 7.C.6 of the Corporate Governance Code);
- all the recommendations on the composition of the Board and the Committees, as well as the prohibition on the cross-directorship of the CEO, have been implemented prior to the deadline contained in the Corporate Governance Code, with the Company documents being adjusted, where necessary, to reflect the new provisions.

The Board of Directors has chosen to not appoint a Lead Independent Director, in consideration of the fact that the Eni By-laws provide that the positions of Chairman and CEO be held by separate persons, that the position of Chairman is not held by someone who controls the issuer and that the Chairman is a non-executive Director (Criterion 2.C.3 of the Corporate Governance Code).

> Board compliance with 2014 recommendations

On December 11, 2014, the Board of Directors, having first received the opinions of the Control and Risk Committee and of the Compensation Committee concerning remuneration, decided to adopt the new recommendations of the Corporate Governance Code for listed companies approved on July 14, 2014, and noted that Eni's corporate governance model is essentially consistent with the new recommendations.

> Adaptation to new organisation

On that occasion, the Board confirmed the previous governance solutions adopted and, in order to better define the structure set out in the resolution on Board powers of May 9, 2014, particularly as regards the Chairman's role in internal audit matters, it provided that:

> Guarantor role of the Chairman and Internal Audit unit

- in accordance with the resolution of May 9, 2014, the Head of the Internal Audit unit reports to the Board, and on its behalf, to the Chairman, without prejudice to his being functionally subject to the authority of the Control and Risk Committee and the CEO, as director in charge of the internal control and risk management system. The Control and Risk Committee oversees the activities of the Internal Audit unit with respect to the Board's duties in this area (solution adopted starting from 2012). It also reports to the Board of Statutory Auditors in its capacity as "Audit committee" under US law (solution adopted starting from 2006) - (Criterion 7.C.5 letter b) of the Corporate Governance Code);
- in accordance with the resolution of May 9, 2014, the proposals concerning the appointment, the removal, the budget and the remuneration of the Head of the Internal Audit unit are made by the Chairman of the Board of Directors in agreement with the director in charge of the internal control and risk management system (CEO) - (Criterion 7.C.1, final part, of the Corporate Governance Code);
- the Chairman of the Board of Directors must be consulted during the process of the approval by the Board of Directors of the guidelines for the internal control and risk management system, with regard to the part on internal audit activities (Criterion 7.C.1 letter a) of the Corporate Governance Code);
- the Internal Audit guidelines ("Internal Audit Charter") are approved by the Board of Directors, acting on a proposal of the Chairman of the Board of Directors, in agreement with the director in charge of the internal control and risk management system (CEO) and after consulting with the Control and Risk Committee (Criterion 7.C.1 letter a) of the Corporate Governance Code);
- internal rules (MSG) governing the internal audit process are approved by the Chairman of the Board of Directors, after consulting with the director in charge of the Internal Control and Risk Management System (CEO) and the Control and Risk Committee (Criterion 7.C.1 letter a) of the Corporate Governance Code);
- the plan prepared by the Head of the Internal Audit unit is approved by Board of Directors, after consulting with the Chairman of the Board of Directors (Criterion 7.C.1 letter c) of the Corporate Governance Code);

- requests for audits may be submitted by the Chairman of the Board of Directors, who must simultaneously notify the director in charge of the internal control and risk management system (CEO), the Chairman of the Control and Risk Committee and the Chairman of the Board of Auditors (Criterion 7.C.4 letter d) of the Corporate Governance Code).

The guidelines on internal audit activities (“Internal Audit Charter”) were updated in accordance with these solutions, as were the internal regulations on internal audit processes<sup>45</sup>.

The updated version of the Corporate Governance Code (dated July 14, 2014) is published in the “Governance” section of the Company’s website and contains the solutions, with improvements, adopted by Eni.

The Board also decided that the CEO will report on the main business risks at least once every quarter.

Further information on how the other provisions of the Corporate Governance Code have been implemented will be provided in other sections of this Report.

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

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

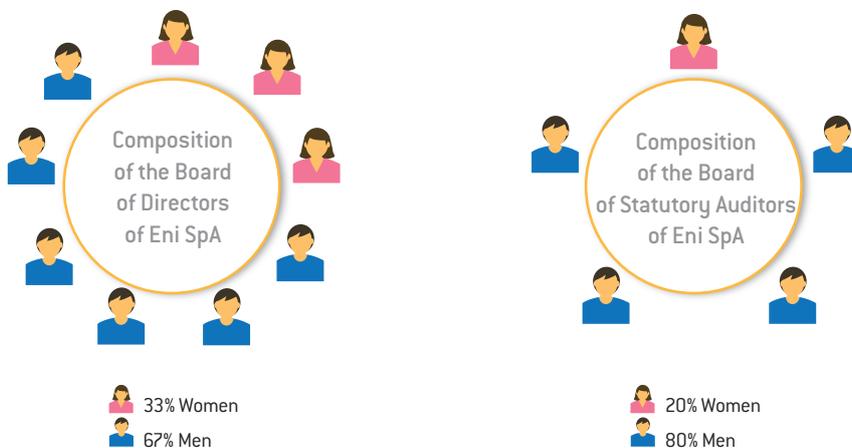
Starting from the election of the new members of the boards of Eni SpA in 2014, the composition of the Board of Directors and of the Board of Statutory Auditors is balanced with regard to gender, as required by law<sup>46</sup> and as contained in the Company’s By-laws since 2012.

> Gender diversity law

Specifically, the less-represented gender must obtain, in the first term of office, at least one-fifth of the positions of Director and standing Statutory Auditor, and at least one-third of such positions in the subsequent two terms<sup>47</sup>.

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

> Diversity in Eni SpA’s boards



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

[46] Law no. 120/2011 and Consob Resolution no. 18098 of 2012.

[47] For more information, please refer to the section “Appointment”.

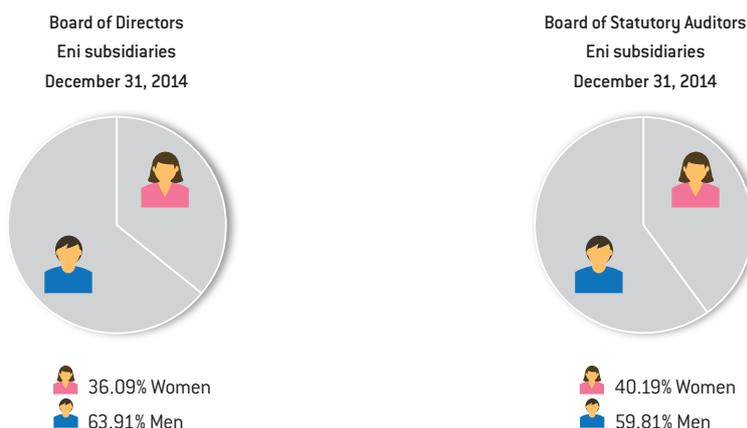
> The subsidiaries

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

For the 2013 elections involving 23 Eni’s subsidiaries, the goal was raised with 38.8% of the directors and 36.2% of the standing statutory auditors appointed being women, again out of the total positions appointable by Eni.

In 2013, these companies amended their by-laws to ensure that for three consecutive terms the compositions of the boards of directors and the boards of statutory auditors will comply with art. 2 of Presidential Decree no. 251 of November 30, 2012, including in the case of replacement of a member. More specifically, they must ensure that the less-represented gender receives at least one-fifth of the positions of each board in the first election and one-third of the positions in the next two elections.

As of December 31, 2014, female directors and statutory auditors chosen by Eni in its subsidiaries accounted for 36.09% and 40.19% of the membership, respectively, of those bodies.



> Recommendations on internal regulations

The Management System Guideline for “Corporate Governance of the Eni companies”<sup>48</sup> approved by the Board of Directors on May 30, 2013 – which updates the previous Corporate Governance guidelines issued by the Board – provides that, subject to legal requirements, in choosing the members of the management and control bodies of its foreign subsidiaries, Eni must consider gender diversification, where possible.

> Model for monitoring diversity in boards

The year 2013 was the first year that a model for monitoring the composition of the boards of directors of Italian and foreign Eni subsidiaries was used. The model focuses on diversity, which is not limited to gender, but also encompasses professional skills, nationality, age, experience and seniority. The primary goal is to monitor long-term trends in the diversification of the boards of directors and identify any improvements to be made.

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

## Shareholders' Meeting and rights<sup>49</sup>

The Shareholders' Meeting is the body through which shareholders may actively participate in Company life by expressing their will, in the manner and on the issues specified by the law and the Company By-laws. The Shareholders' Meeting meets on an ordinary or extraordinary basis. The call and operation of the Meeting and the methods for exercising the rights of the shareholders are those provided for by the law and By-laws<sup>50</sup>.

> Ordinary Shareholders' Meetings

### Responsibilities of the Shareholders' Meeting

Pursuant to the Law, the ordinary Shareholders' Meeting (i) approves the annual report (which, for Eni, ends at December 31st); (ii) appoints and removes Directors<sup>51</sup>, and determines their number within the limits set forth in the By-laws; (iii) appoints the Statutory Auditors and the Chairman of the Board of Statutory Auditors; (iv) assigns the auditing functions, upon a proposal of the Board of Statutory Auditors; (v) determines the remuneration of the Directors and Statutory Auditors; (vi) deliberates on the responsibilities of the Directors and Statutory Auditors; (vii) deliberates on any other issues ascribed to it by law, as well as the authorisations required by the By-laws<sup>52</sup>; (viii) approves the Shareholders' Meeting rules.

> Extraordinary Shareholders' Meetings

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

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

### Methods of calling the Shareholders' Meeting

Both the ordinary and extraordinary Shareholders' Meetings, pursuant to art. 16.2 of the By-laws, are normally held after a single call. The Board of Directors may decide to hold both kinds of Shareholders' Meetings after more than one call, if appropriate. More specifically, art. 16.2 was amended by the Shareholders' Meeting on May 8, 2014 to align the text of the By-laws with the new provision of Legislative Decree no. 91 of June 18, 2012, (the "Corrective Decree"), which established the general rule of the right of recourse to a single call, unless the By-laws state otherwise. In any case, the constitutive and deliberative majority specified by the law shall apply.

> Rules for single call

The Shareholders' Meeting is called by a notice published within thirty days prior to the date of the Shareholders' Meeting at first or single call<sup>53</sup>, on the Company's website and in the ways set forth in the Consob regulation<sup>54</sup>. This term, in accordance with art. 125-bis, second paragraph, of the Consolidated Law on Financial Intermediation, is moved forward to forty days for Shareholders' Meetings called to elect members of the management and control bodies through the use of slates.

> Methods for calling Meetings

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

[50] Specifically, the Shareholders' Meeting of April 29, 2010 amended the By-laws as a result of the entry into force of Legislative Decree no. 27 of January 27, 2010, (hereinafter "Legislative Decree no. 27/2010"), transposing the so-called Shareholders' Rights Directive (Directive 2007/36/EC of the European Parliament and Council dated July 11, 2007, on the exercise of certain rights of shareholders of listed companies) in Italy. On February 14, 2013, the Board of Directors adjusted the By-laws to comply with the provisions of Legislative Decree no. 91 of June 18, 2012, ("Legislative Decree no. 91/2012"), which made changes and additions to Legislative Decree no. 27/2010.

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

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

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

[54] Legislative Decree no. 91/2012 also allows notices calling meetings to be held after January 1, 2013 to be published in newspapers.

- > Notice of meeting
 

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

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

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

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

In order to ensure greater clarity for shareholders, the By-laws establish the minimum threshold – equivalent to one twentieth of the share capital – required for calling the Shareholders' Meeting at the request of the shareholders, while also outlining the restrictions and methods specified by law for exercising said option<sup>55</sup>.

### Participating and voting

- > Record date
 

With regard to Shareholders' Meeting attendance, the so-called "record date" mechanism applies. This mechanism, introduced by Legislative Decree no. 27/2010, and adopted in art. 13.2 of the By-laws, establishes that the right to participate in a Meeting and vote must be certified by a statement submitted by an authorised intermediary on the basis of its accounting records to the Company on behalf of the person entitled to vote.

This statement shall be submitted on the basis of the balances recorded at the end of the seventh trading day prior to the date of the Shareholders' Meeting. In accordance with Legislative Decree no. 91/2012, the Eni By-laws clarify that the record date is determined with reference to the date of the Meeting at first or single call, provided that subsequent call dates are indicated in the notice at first call; otherwise, it is determined with reference to the individual meeting dates. Credit or debit records in the intermediary's accounts after this date have no effect in terms of legitimising the exercise of voting rights in the Shareholders' Meeting.

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

- > Tools available to shareholders
 

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

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:

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

- assignment of Shareholders' Meeting proxies via electronic means<sup>56</sup>;
- electronic notification of the proxies, which the shareholder may do through the appropriate section of the Company's website, in the manner set forth in the notice calling the meeting;
- attending Shareholders' Meeting by means of telecommunications systems or voting by mail-in or electronic ballot. The By-laws defer to the notice calling the meeting regarding the instructions on using these telecommunications systems.

- > Electronic proxies
- > Electronic notification of proxies
- > Telecommunication systems for notification of proxies
- > Designated Representative

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

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

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

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

- > Proxy form

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

### Shareholders' rights and Shareholders' Meeting rules

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

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

- > Rights of shareholders who hold at least 1/40 of the capital
- > Dedicated section of Eni website

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

- > Rights of individual shareholder

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

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

The efficient and orderly running of the Shareholders' Meetings and the right of each shareholder to comment on individual items on the agenda are guaranteed by the Shareholders' Meeting Rules, which were approved by the ordinary Shareholders' Meeting of December 4, 1998 and are available on the Eni website<sup>57</sup>.

The Board of Directors strives to ensure timely and easy access to any Company information regarded as important for shareholders so that they may exercise their rights in an informed manner<sup>58</sup>. Furthermore, those entitled to vote may submit questions on matters on the agenda even before the start of the Shareholders' Meeting.
- > Questions before the Meeting

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

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

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

In order to stimulate the interest of shareholders and promote a greater degree of involvement in Company life, the Company has created a video and a Shareholders' Guide available on its website<sup>59</sup> with clear and direct information on attendance procedures and on the rights that can be exercised at an event that is of primary importance for the Company.

[57] Available at: <http://www.eni.com/en/IT/governance/shareholder-meeting/meeting-regulation/meeting-regulation.shtml>.

[58] For more information, please refer to the section on "Relations with shareholders and the market".

[59] Available at: <http://www.eni.com/en/IT/governance/shareholders/initiatives/initiatives.shtml>.

## Board of Directors<sup>60</sup>

A. Lorenzi	P. Guindani	K. Litvack	E. Marcegaglia	C. Descalzi	A. Gemma	D. Moriani	F. Pagani	L. Zingales
			Chairman	CEO				
		Control and Risk Committee			Control and Risk Committee			Control and Risk Committee
						Nomination Committee	Nomination Committee	Nomination Committee
	Sustainability and Scenarios Committee	Sustainability and Scenarios Committee			Sustainability and Scenarios Committee			
Compensation Committee		Compensation Committee				Compensation Committee		
From the minority slate			From the slate submitted by the Ministry of the Economy and Finance					
Board Secretary and Corporate Governance Counsel R. Ulissi								
Three-year term of office, 9 members, 7 independent, 1 executive Director; Chairman non-executive and independent pursuant to law								

### Composition

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

> Number of Directors

The By-laws state that non-controlling shareholders can appoint three-tenths of the total number of Directors on the Board<sup>61</sup>.

The Shareholders' Meeting of May 8, 2014 set the number of Directors at nine and appointed the Board of Directors and Chairman of the Board to serve for three financial years until date of the Shareholders' Meeting called to approve the 2016 annual financial statements. On May 9, 2014, the Board appointed Claudio Descalzi as Chief Executive Officer and General Manager of the Company.

> Directors appointed by May 8, 2014 Shareholders' Meeting

The Board is composed of Emma Marcegaglia (Chairman), Claudio Descalzi, Andrea Gemma, Pietro A. Guindani, Karina A. Litvack, Alessandro Lorenzi, Diva Moriani, Fabrizio Pagani and Luigi Zingales.

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

> Directors elected by majority shareholders

[60] Information also provided pursuant to art. 123-bis, second paragraph, letter d) of Consolidated Law on Financial Intermediation.

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

- Directors elected by minority shareholders



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



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



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



Below are some personal and professional profiles of the Board members elected by the Shareholders' Meeting held on May 8, 2014.



**Emma Marcegaglia**

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Emma Marcegaglia has been Chairman of Eni since May 2014. She was born in Mantua in 1965. Ms. Marcegaglia graduated in business economics from Bocconi University in Milan and attended a Master in Business Administration programme at New York University. She is president of BusinessEurope and Luiss Guido Carli University, deputy chairman and CEO of Marcegaglia SpA, and a member of the boards of directors of Bracco SpA, Italcementi SpA and Gabetti Property Solutions SpA. She is chairman of the Fondazione Eni Enrico Mattei, to which she was appointed in November 2014. From May 2008 to May 2012, Ms. Marcegaglia was president of Confindustria. She was also a member of the management board of Banco Popolare and a director of FinecoBank SpA. From May 2004 to May 2008 she served as deputy vice president of Confindustria for infrastructures, energy, transport and environment, also acting as the Italian representative for the High Level Group established by the European Commission for Competitiveness, Energy and the Environment. From 2000 to 2002, she was vice president of Confindustria for Europe; from 1996 to 2000 national president of the Young Italian Entrepreneurs Association of Confindustria; from 1997 to 2000 president of the European Confederation of Young Entrepreneurs (YES) and from 1994 to 1996 she was national vice president of the Young Italian Entrepreneurs Association of Confindustria.



**Claudio Descalzi**

Claudio Descalzi has been CEO of Eni since May 2014. He was born in Milan in 1955 and he graduated with a degree in physics from the University of Milan in 1979. He is currently vice president of Confindustria Energia and a director of Fondazione Teatro alla Scala. He joined Eni in 1981 as an oil and gas field petroleum engineering and project manager for the development of the North Sea, Libya, Nigeria and the Congo. In 1990 he was appointed head of reservoir and operating activities for Italy. In 1994 he was named managing director of the Eni subsidiary in the Congo and in 1998 he was made Vice Chairman & Managing Director of NAOC, the Eni subsidiary in Nigeria. From 2000 to 2001 he held the position of Executive Vice President for Africa, the Middle East and China. From 2002 to 2005 he was Executive Vice President for Italy, Africa and the Middle East, also covering the role of Director in the board of several Eni subsidiaries in the area. In 2005 he was appointed Deputy Chief Operating Officer of Eni - Exploration & Production Division. From 2006 to 2014 he was president of Assomineraria. From 2008 to 2014 he was Chief Operating Officer of Eni - Exploration & Production Division. He held the position of Chairman of Eni UK from 2010 to 2014. In 2012 Claudio Descalzi was the first European in the oil and gas field to receive the prestigious "Charles F. Rand Memorial Gold Medal 2012" award by the Society of Petroleum Engineers and the American Institute of Mining Engineers.



**Andrea Gemma**

Andrea Gemma has been a Director of Eni since May 2014. He was born in Rome in 1973. He is a professor of Private Law at "Roma Tre" University, Department of Law, and is a member of the Advisory Board of the American University of Rome. Mr. Gemma is an attorney admitted to practice before the Italian Supreme Court and is a partner of the Legal and Tax Consultancy Firm of Gemma & Partners. He is a member of the Banking and Financial Ombudsman (ABF) at the Rome Arbitration Board, appointed by the Bank of Italy, and a member of the Studies Centre of the Rome Arbitration Chamber, and an arbitrator at the Chamber of Arbitration of Public Works. He is chairman of Immobiliare Strasburgo Srl, deputy chairman of Serenissima SGR SpA and chairman of the watch structure of Sorgent-e SpA. He is also the official receiver of Valtur SpA, a liquidator of Novit Assicurazioni SpA, of Sequoia Partecipazioni SpA, of Suditalia Compagnia di Assicurazioni e Riassicurazione SpA, of Alpi Assicurazioni SpA, of Corit SpA and of Sigrec SpA (Unicredit Group). He was official receiver of Dima Costruzioni SpA and Progress Assicurazioni SpA. In 2012 he was made a member of the ministerial committee on the reform of bankruptcy proceedings and extraordinary administration procedures. From 2010 to 2012 he was appointed by the Minister of Justice to serve as implementer of the Prison Reform Plan and, from 2008 to 2009, he was appointed as an expert to the working group of the committee for implementing European legislation formed within the Prime Minister's Office and chaired by the Minister for the European Union Policies.



**Pietro Guindani**

Pietro A. Guindani has been a Director of Eni since May 2014. He was born in Milan in 1958 and graduated with a degree in business from Luigi Bocconi University of Milan. From 1982 to 1986 he served as a relationship banker for Citibank NA. He subsequently became a director of the international finance department of Montedison SpA (Enimont SpA), working there until 1992. He was group finance, budget and reporting manager of European Vinyls Corporation SA/NV (1992-1993). In 1993 he became international finance director of Olivetti SpA. From 1995 to 2004 he served as General manager of Administration, Finance and Control of Vodafone Italy and chief financial officer of Vodafone South Europe, Middle East & Africa Region. From 2004 to 2008 he was chief executive officer of Vodafone Omnitel NV. Currently, he is chairman of the board of directors of Vodafone Omnitel BV, a board member of FINECOBank SpA, of Salini-Impregilo SpA and of the Italian Institute of Technology, president of the Bocconi University Alumni Association, board member of Civita Foundation, Assonime and Confindustria, Vice President for Universities, Innovation and Human Capital of Assolombarda. He has also been a director of Pirelli & C. SpA (2011-2014), Carraro SpA (2009-2012) and Sorin SpA (2009-2012).



**Karina A. Litvack**

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



**Alessandro Lorenzi**

Mr. Lorenzi has been a Director of Eni since May 2011. He was born in Turin in 1948. He is currently a founding partner of Tokos Srl, a securities investment consulting firm, the chairman of Società Metropolitana Acque Torino SpA and a director of Ersel SIM SpA, Millbo SpA and Sicme Motori Srl. He began his career at SAIAG SpA, in the administration and control area. In 1975 he joined Fiat Iveco SpA where he held a series of positions: controller of Fiat VI SpA, head of administration, finance and control and head of human resources of Orlandi SpA in

Modena (1977-1980) and project manager (1981-1982). In 1983 he joined the GFT Group where he was: head of administration, finance and control of Cidat SpA, a GFT SpA subsidiary (1983-1984), central controller of the GFT Group (1984-1988), head of finance and control of GFT Group (1989-1994) and managing director of GFT SpA, with ordinary and extraordinary powers over all operating activities (1994-1995). In 1995 he was appointed CEO of SCI SpA, where he oversaw the restructuring process. In 1998 he was appointed central manager, and subsequently served as director of ErseI SIM SpA until June 2000. In 2000 he became central manager of planning and control at the Ferrero Group and general manager of Soremartec, the technical research and marketing company of the Ferrero Group. In May 2003 he was appointed CFO of the Coin Group. In 2006 he became central corporate manager at Lavazza SpA and served as a member of its board of directors from 2008 to June 2011.



**Diva Moriani**

Diva Moriani has been a Director of Eni since May 2014. She was born in Arezzo in 1968 and graduated with a degree in economics from the University of Florence. She is currently executive vice chairman of Intek Group SpA, CEO of KME AG Vorstand, the German holding company of KME Group. She is also a member of the supervisory board of KME Germany GmbH and a director of Moncler SpA, Ergycapital SpA, Dynamo Academy, KME Srl, Dynamo Foundation and Associazione Dynamo. From 2007 to 2012 she was CEO of I2Capital Partners, a private equity fund sponsored by Intek SpA, with an investment strategy focusing on special situations.



**Fabrizio Pagani**

Fabrizio Pagani has been a Director of Eni since May 2014. He was born in Pisa in 1967. He received a degree in international studies from the Scuola Superiore Sant'Anna, Pisa, and received a Master from the European University Institute, Florence. He has been a visiting scholar at Columbia University, New York. Currently, he is the head of the technical secretariat of the Minister of the Economy and Finance. He has served as Senior Economic Advisor to the Prime Minister and G20 Sherpa from 2013 to 2014, director of the G8/G20 Office at the OECD from 2011 to 2013, policy advisor to the OECD Secretary-General from 2009 to 2011: Mr. Pagani was a director of SACE from 2007 to 2008, head of the Office of the Undersecretary of State within the Prime Minister's Office, senior advisor at the OECD from 2002 to 2006, advisor on international affairs to the Minister of Industry and Foreign Trade from 1999 to 2001 and deputy chief of the Legislative Office of the Department of European Affairs from 1998 to 1999. He worked at a professor of international law at the School of Political Science at the University of Pisa from 1993 to 2001. He served as deputy director of the International Training Programme for Conflict Management at the Scuola Superiore Sant'Anna in Pisa, from 1995 to 1998. He has also been a NATO Fellow.



**Luigi Zingales**

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Luigi Zingales has been a Director of Eni since May 2014. He was born in Padua in 1963. He graduated in economics from Luigi Bocconi University of Milan and earned a doctorate in economics from the Massachusetts Institutes of Technology (Cambridge, MA). He is currently the “Robert C. McCormack Professor of Entrepreneurship and Finance” at the University of Chicago Booth School of Business. He is also a research associate at the National Bureau of Economic Research, a research fellow at the Center for Economic Policy Research, a fellow at the European Corporate Governance Institute, a member of the Committee on Capital Market Regulation, a member of the American Academy of Arts and Sciences and a outgoing president of the American Finance Association. He was Taussig Research Professor at Harvard University (Cambridge, MA) from 2005 to 2006 and from 2014 to 2015. He has been an assistant, associate and full professor of finance, including the “Robert C. McCormack Professor of Entrepreneurship and Finance”, at the University of Chicago Booth School of Business from 1992 to 2005. Prof. Zingales served as director of the American Finance Association from 2005 to 2008, was a member of the United Nation Commission on Microfinance from 2006 to 2007, a director of Telecom Italia SpA from 2007 to 2014 and lead independent director of Telecom Italia SpA from 2011 to 2014. He is also the author of many publications on economic and financial topics.

## Appointment<sup>62</sup>

### *Voting slates*

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

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

- > Voting slate submissions and regulatory changes

The rule, however, which was amended by Legislative Decree no. 27/2010, with the introduction of paragraph 1-bis of art. 4, states that during Shareholders' Meetings called after October 31, 2010, the procedure for appointing members of the Company bodies must comply with the provisions established for all listed companies, with the exception of the number of Board members allotted to non-controlling shareholders<sup>63</sup>.

### *Right to submit slates*

Therefore, pursuant to art. 17 of the By-laws, which was appropriately amended to align its provisions with those of the above-mentioned decree<sup>64</sup> slates of candidates may be submitted by shareholders<sup>65</sup> when – either alone or together with others – they represent at least 1% of Eni's share capital or any other threshold established by Consob regulations. Since 2011, and recently with its resolution dated January 28, 2015, Consob set the threshold for Eni at 0.5% of the share capital.

- > Percentage of share capital to present slate: 0.5%

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

- > Record Date for submission of slates

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

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

Slates must list candidates in numerical order and expressly indicate those who fulfil the independence requirements specified by the law and By-laws. They are filed with the Company's registered office at least twenty-five days prior to the date of the Shareholders' Meeting convened to appoint the members of the Board of Directors, and are made available to the public at the Company's registered office, on its website and in any other manner established by law<sup>66</sup> and by Consob regulations at least twenty-one days prior to the meeting date. Slates of candidates are also communicated to Borsa Italiana SpA.

- > Composition of slates
- > Deadlines for filing and publication

All candidates must satisfy the integrity requirements established by applicable law. Together with the filing of each slate, on penalty of inadmissibility, the following shall also be filed: the curriculum vitae of each candidate, statements of each candidate accepting his nomination

- > Requirements and information

[62] Information also provided pursuant to art. 123-bis, first paragraph, letter l) of Consolidated Law on Financial Intermediation.  
[63] Art. 4, paragraph 1-bis, of Law no. 474/1994 confirms that at least one-fifth of the voting directorships (rounded up) must be allocated to slates submitted by non-controlling shareholders.

[64] The Shareholders' Meeting of April 29, 2010 and the Board of Directors of June 3, 2010 aligned the By-laws to the new regulations.

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

[66] In accordance with art. 147-ter of the Consolidated Law on Financial Intermediation, amended by Legislative Decree no. 91/2012, and adopted in the Eni By-laws, slates may also be filed with the Company via distance communication methods, provided that they comply with any requirements stated by the Company in the notice calling the meeting that are strictly required to confirm the identity of the submitters.

and affirming the absence of any grounds making him ineligible or incompatible for such position and that he satisfies the requirements of integrity and independence required by the law and the By-laws.

> Compliance with gender balance provisions

Furthermore, in line with legislative provisions, the By-laws of Eni<sup>67</sup> provide that – for the first three elections of the Board of Directors subsequent to August 12, 2012 – slates that contain three or more candidates must include candidates of both genders, as specified in the notice calling the Meeting, in order to achieve gender balance.

If the slate voting mechanism does not yield the minimum gender representation required by law, an impartial mechanism is used based upon the number of votes received by the candidates to identify those of the over-represented gender to be replaced by the members of the less-represented gender who may be listed on the same slate or chosen by the Shareholders' Meeting. The shareholders who submitted the slates must also be identified, indicating the percentage of the share capital held<sup>68</sup>.

> Slate voting and appointment mechanisms

Once the voting formalities are satisfied, seven-tenths of the Directors to be elected are drawn from the slate that receives the most votes of the shareholders, rounded off in the event of a decimal number to the next lowest whole number, in the order that they appear on the slate. The remaining Directors are drawn from the other slates, which shall not be connected in any way, directly or indirectly, to the shareholders who have submitted or voted for the slate that receives the largest number of votes<sup>69</sup>. For this purpose, the votes received by each slate shall be divided by one or two or three depending upon the number of directors to be elected.

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

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

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

> Replacement

The slate voting procedure shall apply only to the election of the entire Board of Directors. If, for any reason, Directors are not appointed using this procedure, the Shareholders' Meeting shall resolve, with the required legal majorities, so as to ensure that the composition of the Board is compliant with the law and the By-laws. In any case, even when Directors are replaced during their term of office, compliance with the required minimum number of independent directors and the applicable rules concerning gender balance is still required.

> Role of the Nomination Committee

### Succession plan for executive Director and key personnel

The Nomination Committee has been appointed by the Board of Directors to develop a proposed succession plan for the CEO, to be submitted to the Board, where possible and appropriate in relation to the Company's shareholding structure.

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

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

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

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

> Contingency plan

At its meeting of October 28, 2014, the new Nomination Committee was presented with the process and methodology for the succession plans for those holding key positions; the plans for those positions that Eni's Board of Directors is responsible for appointing were also shared.

> Key positions: process and methodology

The process and methodology have been firmly in place since 2012 at Eni and is comprised of the following phases:

- the analytical description of the contents of each position, particularly with respect to the areas of responsibility, any changes in the position expected in the short term, the management experience and skills required to fully perform the position;
- the evaluation of the potential successors performed with the assistance of leading industry consultants;
- the establishment of the "succession table" containing the names of potential successors and plans for their development;
- the evaluation of the overall risk related to making such theorised replacements.

The process is overseen by the competent Eni Human Resources functions, with the support of an external consultant, specifically with regard to updating the methodology and activities that involve making comparisons with the market.

## Independence requirements

### *The law and By-laws*

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

> Minimum number of independent Directors by law

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

> Requirements of law and By-laws

### *Corporate Governance Code recommendations*

Art. 3 of the Corporate Governance Code also recommends that an adequate number of non-executive Directors be independent, meaning that they do not maintain nor have they recently maintained, directly or indirectly, any business relationships with the issuer or persons linked to the issuer of such a significance as to influence their autonomous judgement. The number and competences of independent Directors must be adequate in relation to the size of the Board and the activity performed by the issuer and they must be such as to enable the formation of committees within the Board, in accordance with the guidelines set out in the Code. As for issuers belonging to the FTSE-Mib index, at least one-third of the Board members must be independent directors, rounded down in the event of a decimal number to the next lowest whole number. In any event, there shall be no fewer than two independent Directors.

> Recommendations of Corporate Governance Code

> Minimum number of independent Directors under the Corporate Governance Code

### *Eni specifications*

> Eni's specifications

As to these requirements, Eni has further specified three points of the Code<sup>70</sup>:

- "strategically important subsidiaries" in which the Director may have been a leading figure are identified<sup>71</sup>;
- the amount of "additional remuneration" that could compromise the independence of a non-executive Director has been established in the amount of 30% of the "fixed remuneration"<sup>72</sup>;
- "close relative" was defined to include spouse, relatives and relatives-in-law within the second degree of kinship<sup>73</sup>.

### *Board assessments*

> Board assessment and verification by Nomination Committee

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

> Regular verification

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

More specifically:

> Verification at time of appointment: May 9, 2014

- on **May 9, 2014**, shortly after its appointment, the Board of Directors, on the basis of statements made by the Directors and other information available to the Company, determined that Chairman Emma Marcegaglia and Directors Andrea Gemma, Pietro A. Guindani, Karina Litvack, Alessandro Lorenzi, Diva Moriani and Luigi Zingales satisfy the independence requirements established by law, as referenced in Eni's By-laws. Furthermore, Directors Gemma, Guindani, Litvack, Lorenzi, Moriani and Zingales were deemed independent by the Board pursuant to the criteria and parameters recommended by the Corporate Governance Code. Chairman Marcegaglia, in compliance with the Corporate Governance Code, could not be deemed independent as she is a significant representative of the Company<sup>74</sup>.

The Board of Statutory Auditors ascertained that the Board of Directors correctly applied the assessment criteria and procedures for evaluating the independence of its members;

> Annual verification: February 17, 2015

- in its meeting of **February 17, 2015**, based upon the investigation performed by the Nomination Committee, the Board of Directors confirmed the previous conclusion Chairman Emma Marcegaglia and Directors Andrea Gemma, Pietro A. Guindani, Karina Litvack, Alessandro Lorenzi, Diva Moriani and Luigi Zingales, satisfied the independence requirements, as referenced in the Company By-Laws. Furthermore, Directors Gemma, Guindani, Litvack, Lorenzi, Moriani and Zingales were deemed independent by the Board pursuant to the criteria and parameters recommended by the Corporate Governance Code.

At the meeting of February 26, 2015, the Board of Statutory Auditors verified the proper application of the criteria and procedures adopted by the Board in assessing the independence of its members.

The assessments of the Board carried out on February 17, 2015 are reported in the tables attached to this Report.

[70] These specifications have been followed by Eni since 2006, when it became compliant with the previous Corporate Governance Code.

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

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

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

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

## Integrity requirements, reasons for ineligibility and incompatibility

Art. 148 of the Consolidated Law on Financial Intermediation specifies that individuals who perform management and administration functions in listed companies must fulfil the integrity requirements established for members of control bodies in the guidelines issued by the Minister of Justice<sup>75</sup>.

- > Legal requirements for statutory auditors of listed companies

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

- > Eni By-laws

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

- > Verifications by Board

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

- > Forfeiture

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

- > Regular statements

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

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

- > Verifications by Board

At its meetings of May 9, 2014 and, after investigation by the Nomination Committee, of February 17, 2015, the Board of Directors – on the basis of the statements made and the information available to the Company – verified that the integrity requirements have been satisfied and that there are no circumstances rendering any of the Directors ineligible or incompatible, including with regard to any Eni holdings in financial, banking and/or insurance companies.

- > Role of the Nomination Committee

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

With its resolution of May 9, 2014 (confirming the guidelines established by the previous Board), the Board of Directors specified the general criteria for determining the maximum number of management and control offices that can be held by its members in other companies that are compatible with effective performance of their role as Director of Eni.

- > Board resolution

On May 9, 2014, the Board resolved that:

- an executive Director should not hold: (i) the office of executive director in any other listed company, whether Italian or foreign, or in any financial<sup>76</sup>, banking or insurance company or in a company with shareholders' equity exceeding €10 billion; and (ii) the office of non-executive director or statutory auditor (or member of another controlling body) in more than three of the aforesaid companies; and (iii) the office of non-executive director in another issuer of which a director of Eni is an executive director<sup>77</sup>;

- > The Executive Director

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

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

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

- > The non-executive Director
  - a non-executive Director, in addition to the office held in Eni, should not hold the office of:
    - (i) executive Director in more than one of the aforesaid companies and non-executive Director or statutory auditor (or member of another controlling body) in more than three of the such companies; or as
    - (ii) non-executive director or statutory auditor in more than six of such companies; or as
    - (iii) executive director of another issuer of which an executive Director of Eni is a non-executive Director.

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

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

- > Reporting to Board by CEO
 

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

- > Board assessment and verification by Nomination Committee
 

On the basis of information provided following appointment, the Board of Directors periodically verifies that the Directors have complied with the aforementioned limits on multiple offices. It most recently verified the compliance of the Directors, after investigation by the Nomination Committee, at its meeting of February 17, 2015.

Detailed information on the number of offices held by Board members with reference to the resolution of February 17, 2015 is available in the chart attached with this Report.

### Powers and Responsibilities

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

On May 9, 2014, the Board of Directors appointed Claudio Desclazi as Chief Executive Officer and General Manager<sup>78</sup>, granting him the broadest powers for the ordinary and extraordinary administration of the Company, excluding those the Board reserved solely to itself and those that cannot be delegated by law.

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

The Board:

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

[78] Claudio Descalzi was appointed Chief Executive Officer of the Company for the first time on May 9, 2014. From 2008 to May 2014 he was the Chief Operating Officer of the Exploration & Production Division of Eni SpA. In accordance with the recommendations of Criterion 1.C.6 of the Corporate Governance Code.

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

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

Company and the Group in accordance with applicable regulations. It examines and approves the **Sustainability Report** not already contained within the annual financial report.

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

Transactions with a significant impact include the following:

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

joint power to the Chief Executive Officer and to the Chairman to issue guarantees referred to in point (i) if the amount is between €100 million and €200 million;

g) Eni SpA intermediation agreements.

15. Appoints and removes – acting upon a proposal of the Chief Executive Officer and in agreement with the Chairman and in consultation with the Nomination Committee – the **Chief Operating Officers** and grants their associated powers. In the case of appointment of the Chief Executive Officer as General Manager, the proposal is made by the Chairman.
16. Appoints and removes – acting upon a proposal of the Chief Executive Officer and in agreement with the Chairman, in consultation with the Nomination Committee, and subject to the approval of the Board of Statutory Auditors – **the officer in charge of preparing financial reports**, and ensures that he has adequate powers and means to carry out his statutory duties and monitors compliance with the administrative and accounting procedures established by the abovementioned officer.
17. Appoints and removes, acting upon a proposal of the Chairman, in agreement with the Chief Executive Officer and having received the favourable opinion of the Control and Risk Committee, and in consultation with the Board of Statutory Auditors and the Nomination Committee, the **Head of Internal Audit Department**, ensuring that he has adequate resources to carry out his duties and establishing his remuneration structure in accordance with the Company's compensation policies, as well as approving the internal audit guidelines. The Head of Internal Audit Department reports hierarchically to the Board and, on its behalf, to the Chairman, without prejudice to its functional dependence on the Control and Risk Committee and on the Chief Executive Officer, in his capacity as the director in charge of the internal control and risk management system.
18. Appoints, acting upon a proposal of the Chief Executive Officer, in agreement with the Chairman and following consultation with the Nomination Committee, and having received the opinion of the Board of Statutory Auditors, the members of **Eni Watch Structure** (pursuant to Legislative Decree no. 231/2001) determining its composition.
19. Ensures the designation of a manager responsible for **shareholder relations**.
20. Examines and approves, acting upon the proposal of the Compensation Committee, the **Remuneration Report** and, in particular, the compensation policy for Directors and key management personnel to be presented to the Shareholders' Meeting called to approve the financial statements. After examining the proposals of the Compensation Committee, it also establishes the criteria for the **compensation for the senior executives** of the Company and of the Group and implements the share-based or financial instrument-based **compensation plans** approved by the Shareholders' Meeting.
21. Decides – acting upon a proposal of the Chief Executive Officer – on the exercise of **voting rights** and, in consultation with the Nomination Committee, on the **appointment** of members of corporate bodies of the **strategically important subsidiaries**. In the case of listed companies, the Board must guarantee compliance with the provisions of the Corporate Governance Code that fall under the competence of the Shareholders' Meeting.
22. Formulates proposals to present to the **Shareholders' Meeting**.
23. Examines and decides on other issues that Directors with delegated powers believe should be presented to the Board due to their particular importance or sensitivity.

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

- > **Strategically important subsidiaries**

The term "strategically important subsidiaries" refers to Saipem SpA, Eni International BV and Versalis SpA.

Pursuant to art. 27 of the By-laws, the Chairman of the Board presides over the Shareholders' Meeting, convenes and chairs meetings of the Board of Directors and verifies that resolutions passed by the Board are implemented.
- > **Assessment of organisational, administrative and accounting structure of the Company and internal control and risk management**

At the meeting of January 20, 2015, the Board evaluated the organisational, administrative and accounting structure of the Company, its major subsidiaries and the Group as prepared by the Chief Executive Officer, finding it adequate.

At the meeting of March 17, 2014, the Board of Directors, having received the reports of the officer in charge of preparing financial reports and of the Control and Risk Committee and having consulted with the Committee, judged as positive: (i) the adequacy and effectiveness of the internal control and risk management system, taking account of the nature of the Company and its risk profile; (ii) the powers of and tools available to the officer in charge of preparing financial reports to be appropriate, as well as his being compliant with administrative and accounting procedures.

At the meeting of March 12, 2015, the Board of Directors, having received the reports of the officer in charge of preparing financial reports and of the Control and Risk Committee, as well as the Report on the administrative and accounting structure, and having consulted with the Committee, judged as positive: (i) the adequacy and effectiveness of the internal control and risk management system, taking account of the nature of the Company and its risk profile; (ii) the powers of and tools available to the officer in charge of preparing financial reports to be appropriate, as well as his being compliant with administrative and accounting procedures.

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

**Meetings and running of meetings**

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

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

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

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

During the year, the Board complied with the time requirements in the Rules for the notice calling the meeting and the documentation relating to items on the agenda, apart from rare exceptions.
- > **Information to Directors**

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

The By-laws allow Board meetings to be held via videoconferencing and teleconferencing, and these procedures are specifically governed in the rules.

- > Meetings via videoconferencing and teleconferencing

Managers of the Company and of its subsidiaries are normally invited to attend Board meetings to provide information on matters on the agenda<sup>79</sup>. Specific information is also provided on individual sectors in which the Company and the Group operate.

- > Attendance of managers

In accordance with the provisions of art. 2391 of the Italian Civil Code and the internal regulations governing "Transactions involving interests of Directors and Statutory Auditors and transactions with related parties"<sup>80</sup>, before each item on the Board meeting's agenda is discussed, each Director is required to disclose whether he holds any personal interest or interest on behalf of third-parties in relation to the matters or issues to be discussed, clarifying their nature, terms, origin and extent.

- > Related parties and interests of Directors and Statutory Auditors

During 2014, the Board of Directors met 14 times, each meeting lasting an average of 4 hours and 30 minutes, and with a participation rate of 100% of the Directors and 100% of the independent Directors.

- > Number and duration of meetings in 2014

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

In 2015, there have been three meetings held as of March 12, 2015, including one held on that date. A further nine meetings are scheduled to be held before the end of the year.

- > Meetings in 2015

Pursuant to the Stock Exchange Rules, a public announcement is made within 30 days of the close of the previous financial year of the dates of the Board of Directors meetings called to examine the preliminary results, the annual financial statements and the interim financial reports required by applicable regulations. These meetings also serve to determine the interim dividend payable for the year and to submit a proposal to the Shareholders' Meeting for the balance of the dividend, accompanied by the associated distribution and ex-dividend dates. The financial calendar is available on Eni's website<sup>81</sup>.

- > 2015 financial calendar

In 2014, in view of the frequency of Board meetings, the independent Directors had numerous occasions to meet, formally and informally, to exchange views and hold discussions.

- > Meetings of Independent Directors

### Board Secretary and Corporate Governance Counsel

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

- > Nomination and requirements

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

The Secretary reports directly and functionally to the Board and, on its behalf, to the Chairman.

- > Direct and functional reporting obligation

The duties of the Secretary are set out in the relevant Charter annexed to the Rules.

- > The By-laws and duties

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

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

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

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

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

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

> Powers and resources

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

> The budget

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

> Annual report on the functioning of the corporate governance system

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

### Board review

In accordance with international best practices and the provisions of the Corporate Governance Code, the Board of Directors launched, for the ninth straight year, a self-assessment programme ("Board Review") for the Board of Directors and its Committees, for the 2014 financial year.

> Engagement of advisor

As usual, the Board Review was conducted with the support of an external advisor to ensure objectivity in the process. In line with the duties assigned to it by the Board and with the self-assessment recommendations, the Nomination Committee played a supervisory role during the Board Review process.

More specifically, the Committee evaluated the bids from external advisors, recommending the advisor to be engaged, also taking account of additional services the advisor provides to Eni or companies it controls.

> Other services provided by advisor

Upon the proposal of the Nomination Committee, the Board decided to engage Egon Zehnder to help conduct the Board Review. Egon Zehnder also provides Eni and its subsidiaries with executive search and staff assessment services, but, based on its high professional standing, this was deemed not to compromise the independence and objectivity required of an advisor. A senior partner from London office, a specialist in corporate governance issues, was also involved with Egon Zehnder in order to provide a non-Italian point of view to the assessments performed.

> Corporate Governance Code recommendations

The Board Review was conducted for the Board of Directors elected on May 8, 2014, taking into account the provisions added to the Corporate Governance Code for listed companies last July. Furthermore, the Board Review process was adjusted to take account of the fact that this is just the first year of the Board's terms and that they only took office in May 2014.

> Board Review

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

- individual interviews conducted by the advisor with each Director, on the basis of an interview guide prepared beforehand by the advisor. The Chairman of the Statutory Auditors and the Board Secretary were also involved in the process;
- analysis by the advisory of the information that came out of and results of the interviews and preparation of a final report on the results that is submitted to the Board of Directors;
- discussion by the Board of the major findings and follow-up action.

As established in the Corporate Governance Code, the Board Review examined the size, level of operation and composition of the Board and the Committees, taking into account the professional skills, experience, particularly management experience, the gender of the Directors and their seniority.

The advisor also compared the operating procedures used by Eni's Board with international best practices in this area. More specifically, he analysed and compared the dynamics of the Eni Board in order to assess the effectiveness as Team ("Board Team effectiveness").

> Comparison with international best practices and Board Team Effectiveness

The results of the interviews conducted by the advisor and their comparison with international best practices were presented and discussed at the Board's February 17, 2015 meeting.

> Presentation of results to Board

Based upon the comments received and the comparative analysis performed, the advisor expressed a favourable opinion on the Board's adherence to national best practices, as stated in the Corporate Governance Code, and international best practices.

The results of the Board Review showed that there is an excellent balance of independent and non-independent Directors, ensuring proper handling of any conflicts of interest, and that the size of the Board is appropriate (nine Directors).

> Board Review results

The following strengths were also mentioned:

- (i) the strong commitment, the motivation, the high degree of participation of all the Directors at Board meetings, as well as how they all have the opportunity to express their ideas and contribute their experience and professional knowledge in open and constructive debate;
- (ii) the satisfying qualitative profile of the Board and the appropriate mix of profiles, skills and expertise of the Directors;
- (iii) the appropriate nurturing of gender diversity on the Board;
- (iv) the effective scheduling of meetings and the appropriate frequency of such meetings, the clarity of the agenda, the quality of the presentations to the Board, the breadth and completeness of the information provided to the Board despite its complexity, and the precise minuting of the meetings;
- (v) the thorough handling by the Board of issues concerning: internal control and risk management, extraordinary transactions, sustainability and corporate governance;
- (vi) the complementarity of the roles of and the positive relationship between the Chairman and the CEO;
- (vii) the effective way in which duties are delegated and the ability of the Board to effectively influence decision-making processes.

However, the Directors recognized that, since the Board is made up almost entirely of first-time Eni Directors, it faces significant challenges given the complexity of the business. To address this, the Chairman of the Board of Directors organised an informal meeting for the Directors on March 12, 2015 to further explore the Board Review results and consider the possible solutions for facilitating the work of the Directors and optimizing the dynamics of the Board and of the Committees based upon their experience over the first 10 months of working together.

> Follow-up

## Board Induction

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

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

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

> Board Induction of June 28 and 29, 2014

- > UN LEAD Board Programme of October 28, 2014  
The Board also decided to take part in the pilot phase of the UN Global Compact LEAD Board Programme<sup>82</sup>, focusing on educating Directors about sustainability issues, having actively contributed to the UN programme since the early stages. With the support of an internationally renowned expert in sustainability, integrated reporting and management issues, on October 29, 2014, the Board held its first session of this programme (on the “The materiality of Sustainability”), in order to improve its understanding of the importance of sustainability for corporate strategy and the business.
- > Deeper analysis in 2014 and 2015  
In November 2014, the Board held an induction meeting dedicated to a deeper analysis of specific risk and crisis management issues, taking into consideration the international environment in which the company operates.

In 2015, a series of on-going induction meetings dedicated to a deeper analysis of certain business issues, as well as compliance, governance and internal control and risk management topics, was carried out. The Board of Statutory Auditors was also invited to attend these meetings.

The Company has also provided each Director and Statutory Auditor with a guide to the primary applicable regulations and to Company documents that are useful in performing their work. In this context, once a year the Board holds a meeting abroad at an operating facility.

## Remuneration Report

For information on the 2015 Remuneration Policy and the compensation paid in 2014 to the Directors, the Statutory Auditors, the Chief Operating Officers of the Divisions and other key personnel, please refer to the Remuneration Report.

## Board Committees<sup>83</sup>



- > Formation  
At its meeting of May 9, 2014, the Board formed four internal committees (three of which are envisaged under the Corporate Governance Code) to provide advice and offer proposals: a) the Control and Risk Committee; b) the Compensation Committee; c) the Nomination Committee and d) the Sustainability and Scenarios Committee. In doing so, they formed all the committees recommended by the Corporate Governance Code. The Sustainability and Scenarios Committee replaces the Oil-Gas Energy Committee.
- > Composition  
The composition, duties and operational procedures of these Committees are governed by their own rules, which are approved by the Board, in compliance with the criteria outlined in the Corporate Governance Code. The Committees' rules are available on Eni's website in the "Governance" section.

The committees required by the Code (Control and Risk Committee, Compensation Committee and Nomination Committee) are composed of no fewer than three members and, in any case, fewer than the number representing a majority of the Board, as indicated by the Board upon adopting the Corporate Governance Code, so as to avoid altering the Board's decision-making process.

More specifically, the rules of:

- the Control and Risk Committee indicate that it is made up of three to four non-executive Directors, all of whom are currently independent. The Committee may be made up of

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

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

- non-executive Directors, a majority of whom are independent. In the latter case, the Chairman of the Committee shall be chosen from among the independent Directors;
- the Compensation Committee indicate that it is made up of four non-executive directors, all of whom are currently independent. The Committee may be made up of non-executive Directors of whom a majority shall be independent. In the latter case, the Chairman of the Committee shall be chosen from among the independent Directors;
  - the Sustainability and Scenarios Committee indicate that it is made up of four non-executive Directors, the majority of whom meet the independence requirements;
  - the Nomination Committee indicate that it is made up of three to four Directors, a majority of whom are independent.

At the meeting of May 9, 2014, the following non-executive Directors, all of them independent, were appointed as members of the committees.

> Appointment

- Control and Risk Committee: Alessandro Lorenzi (Chairman), Andrea Gemma, Karina Litvack, Luigi Zingales;
- Compensation Committee: Pietro A. Guindani (Chairman), Karina Litvack, Alessandro Lorenzi, Diva Moriani;
- Nomination Committee: Andrea Gemma (Chairman), Diva Moriani, Fabrizio Pagani, Luigi Zingales;
- Sustainability and Scenarios Committee: Fabrizio Pagani (Chairman), Andrea Gemma, Pietro A. Guindani, Karina Litvack.

With regard to participation in Committee meetings:

> Attendance

- the Chairman of the Board of Statutory Auditors, or a Statutory Auditor designated by him, participates in Control and Risk Committee meetings. The Chairman of the Board of Directors and the CEO (except when it is addressing matters regarding them), the other standing Statutory Auditors and the magistrate of the Court of Auditors may also attend the meetings. Furthermore, the Committee may, through its Chairman, invite other persons, including other members of the Board of Directors or the Company structure, to attend the meetings in relation to individual items on the agenda;
- the Chairman of the Board of Statutory Auditors, or a standing Statutory Auditor designated by him, is invited to participate in Compensation Committee meetings. Other Statutory Auditors may also attend meetings in which the Committee is addressing issues about which the Board of Directors is required to obtain an opinion from the Board of Statutory Auditors. The Chairman of the Board of Directors and the CEO<sup>84</sup> may attend at the invitation of the Chairman of the Committee. The Chairman of the Committee may also invite Company managers or other persons, including other members of the Board of Directors, to attend the meeting to provide information and opinions based on their expertise on specific items on the agenda may also attend the meetings. No Director may take part in meetings of the Committee during which Board proposals regarding his compensation are being discussed. They also remain subject to the rules on transactions with related parties;
- the Chairman of the Board of Directors, the CEO and the Chairman of Eni's Board of Statutory Auditors – or another standing Statutory Auditor designated by the former – as well as other persons, including other Directors, are invited to attend Sustainability and Scenarios Committee meetings with regard to the specific items in the agenda;
- the Chairman of the Board of Directors and the CEO, the Chairman of the Board of Statutory Auditors, or a Statutory Auditor designated by the former, for matters within the competence of the Board of Statutory Auditors, are invited to participate in Nomination Committee meetings as are other persons, including other Directors, who, at the invitation of the Committee itself, are called to provide information and opinions based on their expertise on specific items in the agenda.

The Committee Secretaries shall usually keep the minutes of their respective meetings.

> Minuting

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

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

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

Whether there are specific and justified reasons for doing so, the Chairman of the Committee may ask a member of the Committee, the Board Secretary or another person reporting to one of these to keep minutes of the meetings.

A detailed description of each committee and its activities in 2014 is provided below. More information can be found in the table attached to this Report.

### Control and Risk Committee

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

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

In 2014, the Committee met 24 times, with 100% of the members attending. More specifically, the Committee met 10 times prior to the end of the term of office of the previous Board (until May 8, 2014) and 14 times after the appointment of the current Board. The average duration of the meetings was 4 hours and 35 minutes for the first 10 meetings and 3 hours and 46 minutes for the remaining 14 meetings. So far in 2015, the Committee has met six times (as of March 12, 2015) and is scheduled to meet another 11 times before the end of the year.

> Activities carried out Below is a summary of the main issues tackled during the year, with the Board of Statutory Auditors in attendance:

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

- the Integrated Audit Plan and the Budget for Eni's Internal Audit unit for 2014 and 2015, expressing its opinion thereon to the Board of Directors;
- the results of scheduled and non-scheduled internal audits, the results of monitoring the status of corrective actions planned by the operational units to tackle issues that emerged during the audits, the results of audits carried out by Eni's Internal Audit unit in response to specific requests from the Control and Supervisory bodies, as well as the status of other activities conducted by the Internal Audit unit (such as reports of problems, risk assessment, independent monitoring);
- the Internal Audit Reports of December 31, 2013 and June 30, 2014 on the primary results of internal audits performed and on the assessment of the suitability of the internal control system for achieving an acceptable overall risk profile, as well as the independence requirements for the head of the Internal Audit unit and the results of the 2014 External Quality Review gave the highest marks for how the activity conducted conforms to international internal auditing standards and the provisions of the Internal Audit Charter;
- the updates made to Saipem's internal control system structures for the purposes of monitoring events that most affect listed companies, within the scope of their responsibilities and taking into account the managerial autonomy of Saipem, which has its own control bodies and independent watch structure;

2) in performing its duties with respect to the internal control system as applied to the financial reporting model, during periodic meetings with the Chief Financial and Risk Management Officer (“CFRO”), also in his capacity as the officer responsible for preparing financial reporting documents (the “financial reporting officer” or “FRO”) and the Company’s administrative structures, and the audit firm in attendance, the Committee reviewed:

- the reports of the FRO on Eni’s administrative and accounting structure at December 31, 2013 and at June 30, 2014, verifying the appropriateness of the powers and resources assigned to the FRO;
- the FRO’s Reports on the internal control system as applied to financial reporting at December 31, 2013 and at June 30, 2014;
- the key aspects of the individual and consolidated financial statements at December 31, 2013 of Eni and its subsidiaries Saipem, Eni Trading & Shipping, Versalis and Syndial and Eni’s half-year consolidated financial report at June 30, 2014. Before the topic was submitted to the Board of Directors, it examined impairment test methodology and findings as well as the major issues related to the application of the accounting principles in preparation for the drafting of the 2014 Annual Report;
- the main aspects of the Annual Report on Form 20-F 2013 and the draft of the Directors’ report with regard to the interim dividend for the 2014 financial year;
- the reports of the audit firms on the 2013 financial statements and on the limited audit performed on the financial report at 30 June 2014; the content of the management letter and the statement of the audit firm on the status of the audit pursuant to SOA 404; the planning of the 2014 auditing activities and the report on key issues that arose during the statutory auditor;
- the proposed revision of the “Eni Internal control system for financial Reporting” MSG;

3) in the context of its periodic meetings with the Chief of Legal & Regulatory Affairs (“CLRA”), the Committee closely examined the main legal issues and received updates on developments in the major pending legal proceedings, particularly as concerns the possible accounting repercussions, for the purpose of performing their duties as they pertain to the process of preparing the annual and half-year financial reports. It also examined the periodic reports prepared by the Anti-Corruption Legal Support Unit regarding the various support activities provided to Eni and subsidiary company structures regarding anti-corruption issues, particularly as regards training programmes, as well as the proposed revisions to the “Anti-Corruption” MSG and the new regulations annexed to it. It also conducted a deeper analysis of the anti-corruption controls in the M&A internal regulations;

4) it received periodic reports of the status of the updates to the New Regulatory System;

5) with regard to “Transactions involving the interests of Directors and Statutory Auditors and transactions with related parties” the Committee issued a favourable opinion in 2014 on the proposal to not make changes to the relevant regulations as no modifications were deemed necessary. It also examined a number of minor transactions on which it expressed a favourable opinion;

6) it thoroughly examined specific internal control and risk management issues, including during special meetings with certain members of Eni’s top management. Specifically, the Committee:

- issued a favourable opinion for the Board of Directors to give its approval on the updating the Internal Audit Charter, which describes the principles for the operation and performance of Eni’s Internal Audit activities, the contents of which were incorporated in the new “Internal Audit” Management System Guidelines;
- met on several occasions with the Integrated Risk Management unit, focusing in particular on the evolution of Eni’s main risks and on the progress made in the related treatment actions;
- met with the Finance Department to examine the 2013 report on the management and control of financial risks and to receive explanation on the risks and controls pertaining to the new financial regulations, as well as explanation of the insurance process;
- met with the Procurement Department for a report on the status of the implementation of the procurement regulations and on the results of monitoring performed;

- met with the Chief Midstream Officer's structures for a comprehensive explanation of the DIMID risks and the corresponding controls;
- met with the Eni Information & Communication Technology Department for updates on ICT initiatives undertaken to strengthen the internal control system;
- met with the Retail Market G&P Department;
- met with the Health, Safety, Environment & Quality Department for explanation of the system for managing and controlling HSE risks, particularly as they relate to the results of the Eni HSE Review 2013;
- reviewed the periodic reports on disciplinary action taken against employees for illegal conduct;
- was informed about the status of implementing the Consumer Price Control Model;

7) as envisaged in Eni's compliance model (Model 231), it met – together with the Board of Statutory Auditors – with the members of Eni SpA Watch Structure to review the Watch Structure's semi-annual report on its activities, including in its role as Guarantor of the Code of Ethics, and to take a closer look at certain issues of common interest with regard to the activities performed, as well as the proposed revision of the MSG on the "Composition of the Watch Structures and performance of its duties, in support of Eni's subsidiaries".

### Compensation Committee

#### > Committee duties

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

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

In the course of performing its duties, the Committee also issues the opinions required under the procedure for related party transactions in the manner specified therein<sup>85</sup>.

The Committee performs its duties pursuant to an annual plan. In carrying out its duties, the Committee may access the information and Company functions necessary to perform its duties and can avail itself of external consultants who are not in positions that might compromise their independence of judgement, within the terms and budget limits established by the Board of Directors. The Committee reports to the Board of Directors every six months and to the Shareholders' Meeting called to approve the financial statements through its Chairman or another Committee member designated by the Chairman, in accordance with the recommendations in the Corporate Governance Code.

#### > Meetings in 2014

In 2014, the Compensation Committee met 12 times (both prior to and after the election of the new Board). More specifically, the first four meetings were held prior to the new appointments, with an average participation of 94%, while the next eight meetings were held by the newly-appointed Committee, with an average participation rate of 97%. The average duration of the meetings was 1 hour and 15 minutes for the first four meetings, and 3 hours and 28 minutes for the remaining eight meetings.

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

The following were among the most important issues addressed in the first half of the year:

> Activities carried out

- the periodic review of the compensation policy introduced in 2013 in order to prepare the proposed policy guidelines for 2014;
- the definition of the proposal for reviewing the Long-Term Monetary Incentive Plan;
- the review of Eni's results for 2013 and the establishment of Eni's performance targets for 2014 as they relate to existing variable incentive plans;
- the formulation of proposals for implementing the Deferred Monetary Incentive Plan for the CEO, COO and other management personnel;
- the examination of the 2014 Eni Remuneration Report;
- the recognition of compensation for outgoing Directors with delegated powers at the end of their terms.

Following the renewal of the Board of Directors, on May 28, 2014 the Committee submitted to the Board of Directors a proposal for amending its operating rules and proposals on compensation for Directors with delegated powers for the 2014-2017 term, taking into account the principles and criteria set out in the 2014 Remuneration Report, the resolution approved by the Shareholders' Meeting for reducing the compensation of Directors with delegated powers in compliance with Law no. 98/2013, as well as domestic and international market benchmarks for similar positions or roles.

During the second part of the year, the Committee examined the results of the vote of the Shareholder's Meeting on the 2014 Remuneration Policy, comparing Eni with major Italian listed companies and its peer companies, as well as looking at the Company's practice of handling relations with shareholders and investors, with emphasis on communication pertaining to compensation issues. The Committee also formulated the proposal concerning the fulfilment ("2014 attribution") of the Long-Term Monetary Incentive Plan for the CEO, COO and key management personnel.

Furthermore, the Committee examined the proposals for the adoption of the new Corporate Governance Code recommendations (July 2014) on compensation and proposed to the Board of Directors that they be fully adopted (which the Board did in December 2014). It also completed an extensive analysis of the system of objectives relating to Eni's incentive plans, sharing in particular the criteria for identifying annual and long-term performance indicators (for the Deferred Monetary Incentive Plan) for the purposes of the proposed 2015 Remuneration Policy. Finally, the Committee examined the regulatory framework, Company practices and market practices concerning "clawbacks" for the purposes of defining the proposed guidelines for the 2015 Remuneration Policy.

The Committee has scheduled eight meetings for 2015. As of the date of approval of this Report, four meetings have already been held, focusing on: (i) the periodic evaluation of the compensation policies followed in 2014 and on formulating proposed policies for 2015; (ii) the financial results and the determination of performance targets linked to the implementation of the short and long-term variable compensation plans; (iii) the review of the general clawback principle and the definition of the relative application criteria; (iv) the finalisation of proposals on implementing the variable annual compensation plan and the annual variable Incentive Plan and the Long-Term Monetary Incentive Plan ("2015 attribution") for the CEO and General Manager and for other critical management personnel; (v) review of the 2015 Remuneration Report in preparation for submission to the Board of Directors for approval. In the second half of the year, the Committee will examine, as required in the annual schedule of activities, the results of the 2015 Shareholders' Meetings and will launch the Long-Term Monetary Incentive Plan for the CEO and General Manager and for critical management personnel.

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

### **Nomination Committee**

The Nomination Committee was first formed on July 28, 2011. The current members of the Committee were appointed by the Board of Directors on May 9, 2014.

The Committee Rules, most recently approved by the Board of Directors on July 30, 2014, provide for that the Committee Secretary is appointed by the Committee, upon the Committee Chairman's proposal, from among a Human Resources Department Manager shortlist proposed by the Chief Executive Officer.

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

- assists the Board of Directors in formulating any criteria for the appointment of executives and members of the boards and bodies of the Company and of its subsidiaries, proposed by the Chief Executive Officer and/or the Chairman of the Board of Directors, whose appointment fall under the Board's responsibilities, and of the members of the other boards and bodies of Eni Associated companies;
- provides evaluations to the Board of Directors on the appointment of executives and members of the boards and bodies of the Company and of its subsidiaries, proposed by the Chief Executive Officer and/or the Chairman of the Board of Directors, whose appointments fall under the Board's responsibilities and oversees the associated succession plans. Where possible and appropriate, the Committee proposes, with due regard to the shareholding structure, the succession plan for the Chief Executive Officer to the Board of Directors;
- acting upon a proposal of the Chief Executive Officer, examines and evaluates criteria governing the succession plan for the Company's key management personnel;
- proposes candidates to serve as Directors in the event one or more positions need to be filled during the course of the year (art. 2386, first paragraph, of the Italian Civil Code), as recommended by the Corporate Governance Code in the case of the replacement of independent Directors, ensuring compliance with the requirements on the minimum number of independent Directors and the percentage reserved for the less-represented gender;
- proposes to the Board candidates for the position of Director to be submitted to the Shareholders' Meeting of the Company, taking account of any recommendations received from shareholders, in the event it is not possible to draw the required number of Directors from the slates presented by shareholders;
- oversees the annual self-assessment programme on the performance of the Board of Directors and its Committees, pursuant to the Corporate Governance Code, doing the necessary preparations for engaging someone to conduct the self-assessment and to serve as an external advisor; and, on the basis of the results of the self-assessment, provides its opinions to the Board of Directors regarding the size and composition of the Board or its Committees as well as, where appropriate, the professional qualifications it feels should be represented on the same, so that the Board is able to explain its position to the shareholders prior to the appointment of the new Board;
- proposes to the Board of Directors the slate of candidates for the position of Director to be submitted to the Shareholders' Meeting if the Board decides to opt for the process envisaged in art. 17.3 of the By-laws;
- proposes to the Board of Directors guidelines regarding the maximum number of positions as director or statutory auditor that a Company Director may hold and verifies the associated periodic checks and evaluations for submission to the Board;
- periodically verifies that the Directors satisfy the independence and integrity requirements, and ascertains the absence of circumstances that would render them incompatible or ineligible;
- provides its opinion to the Board of Directors on any activities carried out by the Directors in competition with the Company;
- reports to the Board of Directors, at least once every six months and no later than the deadline for the approval of the annual and semi-annual financial report, on the activity carried out, as well as on the adequacy of the appointment system, at the Board meeting indicated by the Chairman of the Board of Directors.

#### > Meetings in 2014

In 2014, the Nomination Committee met seven times, with a participation rate of: (i) 100% of the members attending the 3 meetings prior to the end of the term of office of the previous Board (until May 8, 2014) and 94% of the members attending the 4 meetings held after the appointment of the current Board. The average duration of the meetings was 53 minutes for the first 3 meetings and 1 hour and 12 minutes for the remaining 4 meetings.

More specifically, in 2014, the Committee in office until May 8:

> Activities carried out

- conducted the enquiry into whether Directors satisfy the integrity requirements and the absence of circumstances that would render them ineligible or incompatible, in accordance with the Board's policy on the maximum number of positions that can be held by Directors and as to whether the Directors satisfy the independence requirements;
- expressed its opinion, in accordance with the Corporate Governance Code, on the proposals put forth by the outgoing Board of Directors to the shareholders on the size and composition of the Board in preparation for the election of the new Board;
- examined the issue of the appointment of members of the boards of major subsidiaries, providing the Board with its assessment with regard to the exercise of the Company's rights as shareholder in those companies; more specifically, it examined the issue of the appointment of members of the board of directors and board of statutory auditors of Saipem SpA; it also considered the appointment of members of the board of directors of Eni International BV;
- examined the changes made to Eni's Model 231 with regard to the criteria for the appointment of the members of the Watch Structure.

The Committee appointed on May 9, 2014:

- submitted the proposed text of its rules to the Board and appointed the new Committee Secretary;
- examined and approved the proposals to confirm the appointment of the Financial Reporting Officer and the Head of the Internal Audit unit, as well as the proposal to appoint the internal and external members of the Eni Watch Structure, after having first analysed its composition;
- examined and approved the proposal to replace an internal member of the Eni Watch Structure;
- examined the succession plan methodology and process, which Eni has implemented since 2012, and reported on the positions that fall within the Committee's duties (positions that are appointed by the Eni Board of Directors); it also addressed the matter of the succession plan for the CEO, formulating its assessment;
- shared its assessment on how the self-assessment of the Board and its Committees was conducted for 2014 and researched the selection of the external consultant, formulating its proposal on the selection for the Board;
- examined, to the extent within the scope of its responsibilities, the proposed changes to the Management System Guideline on the "Composition of the Watch Structures and performance of its duties, in support of Eni's subsidiaries".

Three meetings have been held so far this year as of March 12, 2015. Further meetings are expected, the scheduling of which will be confirmed following the Eni Shareholders' Meeting.

### Sustainability and Scenarios Committee

The Board of Directors of Eni formed the Sustainability and Scenarios Committee on May 9, 2014 to replace the Oil-Gas Energy Committee<sup>86</sup> and appointed its Chairman and members.

The Rules of the Committee were approved by the Board of Directors on July 30, 2014.

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

> Duties

- examines scenarios for the preparation of the Business Plan, giving its opinion to the Board of Directors;
- examines and evaluates the sustainability policy aimed at ensuring the creation of value over time for shareholders and all the other stakeholders in accordance with the principles of sustainable development, as well as sustainability strategies and objectives and the sustainability report submitted annually to the Board of Directors;
- examines how the sustainability policy is implemented in business initiatives on the basis of indications provided by the Board of Directors;

[86] The Oil-Gas Energy Committee (OGEC) was established within Eni's Board of Directors in order to monitor developments in international energy markets and provide recommendations and advice to the Board of Directors concerning the energy scenarios underpinning strategic planning. In 2014, until May 8, 2014, the OGEC met three times, with an average participation rate of 94% and an average meeting length of 1 hour and 55 minutes. During the meetings, the OGEC addressed the following issues: American shale gas and tight oil, emissions, gas prices, electricity and fuel prices in Italy and in Europe, industrial results and strategies.

- monitors the Company's position in terms of sustainability with regard to financial markets, particularly with regard to the Company's inclusion in the leading sustainability indexes;
- monitors international sustainability projects as part of global governance processes and the Company's participation in such projects, designed to strengthen the Company's international reputation;
- examines and assesses sustainability initiatives, including in relation to individual projects, provided for in agreements with producer countries, submitted by the CEO for presentation to the Board;
- examines the Company's non-profit strategy and its implementation, including in relation to individual projects, through the non-profit plan submitted each year to the Board, as well as non-profit initiatives submitted to the Board;
- at the request of the Board, gives its opinion on other sustainability issues.

The Committee reports to the Board of Directors on its activities at least once every six months.

> Meetings in 2014

Since its formation, the Committee has met four times, with all of its members present at each meeting. The meetings lasted an average of 2 hours and 20 minutes.

> Activities carried out

During these meetings, the Committee discussed the strategic role that sustainability plays in Eni and the model developed and adopted by the company. It examined the principles and activities for HSE, as well as the objectives of the LEAD Board Programme, the initiative launched by the UN Global Compact in which Eni participates. The Committee established its priorities and activities. It discussed the long-term scenario, the issue of gas advocacy policy in Europe and sustainability performance and guidelines.

In 2015, the Committee has met three times as of the date of approval of this Report.

## Chief Operating Officers

Pursuant to art. 24.1 of the By-laws, the Board of Directors may appoint one or more Chief Operating Officers<sup>87</sup>, defining their powers, upon the proposal of the CEO, in agreement with the Chairman, subject to fulfilment of the integrity requirements specified by law. The Board periodically assesses the integrity of the Chief Operating Officers. Failure to satisfy these requirements will result in dismissal. The Chief Operating Officers are also required to comply with the rules established by the Board of Directors regarding the maximum number of offices they may hold, in accordance with the rules that apply to the CEO<sup>88</sup>.

Prior to the Board of Directors resolution of May 28, 2014 (with effect from July 1, 2014), whereby the Board of Eni SpA established the new organisational model for Eni SpA to replace the division-based model, Claudio Descalzi (Chief Operating Officer of the Exploration & Production Division, appointed on July 30, 2008) and Angelo Fanelli (Chief Operating Officer of the Refining & Marketing Division, appointed on April 6, 2010) served as the Chief Operating Officers of Eni's Divisions.

## Board of Statutory Auditors<sup>89</sup>

### Duties

> Oversight laws

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

- compliance with the law and the Company's By-laws;
- observance of the principles of sound administration;
- the appropriateness of the Company's organisational structure for matters within the scope

[87] For information, please consult the management chart found on the Eni website at: [http://www.eni.com/en\\_IT/company/organisation-chart/organisation-chart.shtml](http://www.eni.com/en_IT/company/organisation-chart/organisation-chart.shtml).

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

[89] Disclosures provided pursuant to art. 123-bis, second paragraph, letter d) of the Consolidated Law on Financial Intermediation.

- of the Board's authority, the adequacy of the internal control system and the administrative and accounting system and the reliability of the latter in accurately representing operations;
- the procedures for implementing the corporate governance rules provided for in the Corporate Governance Code, with which the Company complies;
  - the adequacy of the instructions imparted by the Company to its subsidiaries in order to guarantee full compliance with legal reporting requirements.

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

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

> Internal control, auditing and financial reporting

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

> Board of Statutory Auditors as Audit Committee

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

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

In the report, the Board of Statutory also discussed its monitoring of Eni's procedures for compliance with the principles set out by Consob concerning related parties<sup>90</sup>, as well as whether their conformity based upon information received.

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

> The appointment as Audit Committee

In accordance with these rules, the Board of Statutory Auditors of Eni SpA, in its capacity as the "Audit Committee", approved, most recently on November 19, 2014, the "Procedure for whistleblowing reports (including anonymous complaints) received by Eni SpA and subsidiaries in Italy and abroad"<sup>91</sup>, which envisages the creation of information channels that are able to ensure the receipt, analysis and handling of whistleblowing reports on problems relating to internal control, financial reporting, administrative liability of companies, fraud or other issues reported by employees, members of the company bodies or third parties, including those reported confidentially or anonymously. This procedure, the conformity of which to best practices was checked by an independent external advisor, is one of the Eni anti-corruption regulations referred to in the Anti-Corruption Management System Guidelines, to which it is annexed, and meets the requirements of the Sarbanes Oxley Act of 2002, the Model 231 and the Anti-Corruption MGS itself.

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

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

- > Other duties
 

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

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

On June 15, 2005, the Board of Statutory Auditors approved internal rules governing its performance of the duties assigned to it under that US legislation<sup>92</sup>. The text of the rules is available on Eni’s website<sup>93</sup>.

### Composition and appointment

- > Number
 

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

As with the Board of Directors and in accordance with applicable regulations, the By-laws establish that the Statutory Auditors shall be elected on the basis of slates in which the candidates are listed in numerical order. Two standing Statutory Auditors and one alternate Statutory Auditor are appointed from among the candidates of the slates submitted by non-controlling shareholders. Under the provisions of the By-laws, the submission, filing and publication of slates are governed by the procedures established for the Board of Directors<sup>94</sup> and the provisions of Consob regulations.
- > Composition of slates
 

Slates shall be divided into two sections: the first containing candidates for appointment as standing Statutory Auditors and the second containing candidates for appointment as alternate Statutory Auditors. At least the first candidate in each section must be entered in the register of auditors and have carried out statutory audit activities for no less than three years.

- > Requirements and information
 

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

- > Nomination procedure
 

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

- > Replacement
 

The slate voting procedure only applies for the election of the entire Board of Statutory Auditors.

In the event of the replacement of a Statutory Auditor elected from the slate that received a majority of votes, the alternate Statutory Auditor from the same slate shall be appointed. In the event of the replacement of a Statutory Auditor elected from another slate, the alternate Statutory Auditor from that slate shall be appointed.

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

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

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

As regards the composition and appointment of the Board of Statutory Auditors, as in the case of the Board of Directors, the Extraordinary Shareholders' Meeting of May 8, 2012 amended the By-laws of the Company so as to ensure gender balance in the management and control bodies of listed companies upon their initial appointment and in the case of replacement of members during the term. These provisions are applicable to the first three appointments of these bodies subsequent to August 12, 2012. With specific reference to the Board of Auditors, the By-laws establish that if replacement results in non-compliance with gender-balance rules, the Shareholders' Meeting must be called as soon as possible to approve the necessary resolutions to ensure compliance<sup>95</sup>.

> Gender diversity provisions

Pursuant to art. 28.2 of the By-laws, in accordance with the provisions of the Consolidated Law on Financial Intermediation, the Shareholders' Meeting appoints the Chairman of the Board of Statutory Auditors from among the candidates elected from the slates other than that which received a majority of votes.

> Chairman of the Board of Statutory Auditors

Until May 8 2014, the members of the Board of Statutory Auditors were: Ugo Marinelli (Chairman), Francesco Bilotti (who replaced Roberto Ferranti on September 5, 2013), Paolo Fumagalli, Renato Righetti and Giorgio Silva, all standing Auditors.

> Members

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

Paola Camagni, Alberto Falini, Marco Seracini and Stefania Bettoni were appointed on the basis of the slate submitted by the Ministry of the Economy and Finance<sup>96</sup>, which at the time held 4.335% of the share capital. Around 59.8% of the share capital was present at the vote. The slate was voted by the majority of the shareholders participating in the Shareholders' Meeting (i.e., about 53.06% of voting capital), equal to 31.94% of share capital.

> Statutory Auditors elected by the majority

Matteo Caratozzolo, Marco Lacchini and Mauro Lonardo were elected on the basis of the slate submitted by a group of Italian and foreign institutional investors<sup>97</sup>, holding a total of 0.703% of share capital. While around 59.8% of the share capital was present at the vote, the slate was voted by the minority of the shareholders participating in the Shareholders' Meeting (i.e. about 42.4% of voting capital), equal to 25.52% of share capital.

> Statutory Auditors elected by the minority

The Shareholders' Meeting also appointed as Chairman of the Board of Statutory Auditors Matteo Caratozzolo, the first candidate for Standing Auditor listed on the slate submitted by minority shareholders receiving the most votes, as Chairman of the Board of Statutory Auditors. Around 29.96% of the share capital took part in the vote (comprised of shareholders other than the Ministry of the Economy and Finance and Cassa Depositi e Prestiti SpA). The slate was elected by 29.8% of the entire share capital of the Company, equal to about 99.05% of the voting capital.

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

> Remuneration

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

> Personal and professional information

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

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

[97] The slate submitted by the institutional investors was as follows: Matteo Caratozzolo and Marco Lacchini, nominated as standing.



**Matteo Caratozzolo**

Mr. Caratozzolo has been Chairman of the Board of Statutory Auditors of Eni SpA since May 2014. He was born in Gioia Tauro (Reggio Calabria) in 1939 and graduated with a degree in economics from the University of Messina and in law from the University of Rome "La Sapienza". He is a certified public accountant and certified public auditor. Mr. Caratozzolo was a professor of Accountancy Analysis and Financial Statements II at Scuola Centrale di Polizia Tributaria della Guardia di Finanza (the Finance Guard Tax Police School). He is currently an honorary academic of the Italian Academy of Economics and a member of the Italian Association of Internal Auditors and of the Banking Ombudsman-Giuri Board. He is Statutory Auditor of the following companies: Finanziaria Fontanella Borghese Srl, Europrogetti & Finanza SpA in Liq. and Acqua Santa di Roma Srl. Previously, he was Chairman of the Institute of Certified Accountants of Rome and a member of the National Board of Certified Accountants. From September 2012 to March 2013, Mr. Caratozzolo was an IVASS Inspector at Fondiaria SAI SpA, and assessor of the assets of various companies, among them RAI, the public TV network. He was a standing Statutory Auditor of the following listed companies: Buffetti Group SpA, Airport of Florence and Chairman of the Board of CREDIOP and Meridiana SpA. From 1994 to 2001, he was Chairman of the national committee to draw up the accounting standards of the National Board of Certified Accountants. From 2002 to 2004, he was Chairman of the Italian Accounting Body's (OIC) Technical-Scientific Committee was an advisor to the OIC on the drawing up of national accounting standards nos. 4 and 5. He was also Chairman of the committee of the National Board of Certified Accountants that drew up the Standards of Conduct for the boards of statutory auditors of listed companies, Chairman of the commission appointed by the Treasury Department of the Italian Ministry of the Economy and Finance to write the standards for auditing non-profit public corporations, as provided by the Decree of the President of the Republic no. 97/2003. Between 1983 and 1992, Mr. Caratozzolo served as a member of the technical committee supervising the financial statements of the political parties for the Chamber of Deputies. From 1998 to 2001, he was an adjunct professor of economics at "Roma Tre" University. He has also authored monographs and articles on legal and economic issues.



**Paola Camagni**

Ms. Camagni was appointed a standing Statutory Auditor of Eni in May 2014. She was born in Milan in 1970 and holds a degree in economics and a master's in International Tax Law from Luigi Bocconi University in Milan. She is a certified public accountant registered in Milan and a certified public auditor. She is founder and managing partner of "Camagni e Associati" Tax Advisors in Milan, a standing Auditor of CNP Unicredit Vita SpA and of Oracle Italia Srl, and sole Auditor (having previously been Chairman of the board of Statutory Auditors) of Nepa Srl. She was a partner of the tax firm that joined with the Deloitte network, where she worked from 2000 to 2013. She was a tax advisor at the Deire Tax Firm in Milan from 1996 to 2000 and a tax advisor at the Tax and Law Firm Ernst & Young from 1994 to 1996. She is an adjunct professor at the Luigi Bocconi University, teaching "Tax law - corporate taxation" and is a member of the "Committee for the corporate governance of listed companies" of the Milan Chartered Accountants Association.


**Alberto Falini**


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He has been effective Statutory Auditor of Eni since May 2014. He was born in Teramo in 1964. Mr. Falini received his degree and a doctorate in business economics from Luigi Bocconi University in Milan and took a doctorate in Business Economics at the same University. He is a certified public accountant and certified public auditor. Mr. Falini is currently an associate professor of Economics and Enterprise Management at the University of Brescia, teaching courses in economics, enterprise management and financial management. Among the major offices he holds is serving as special commissioner for several extraordinary administration proceedings among them: Gruppo Coopcostruttori Scarl, Gruppo Milanostampa SpA and Liri Industriale SpA in Liq. Mr. Falini is chairman of the monitoring committee of the Congregazione Ancelle della Divina Provvidenza in AS and is a member of the monitoring committees of Iar Siltal SpA in AS e Silia SpA in AS. He is a member of the board of directors of the Canossiana Foundation, La Centrale Merchant Corporate Srl and two companies spin-off from the University of Brescia. He is also a liquidator of several companies and a member of the Board of Statutory Auditors of the Società Italiana per Azioni per il Traforo del Monte Bianco. He served as adjunct professor of Business Economics at Cattaneo University of Castellanza from 1994 to 2002 and as a professor at the School for Advanced Studies in Economics and Finance in Rome from 2002 to 2003. He has also been special commissioner for extraordinary administration proceedings for Calzificio Carabelli SpA, Enterprise Società Generale di Costruzione SpA and Gruppo Arquati, a liquidator of several banking firms from 2004 to present and Chairman of the Board of the Statutory Auditors of Siemens Hearing Instruments Srl from 2009 to 2012. He was a member of the board of directors of the University of Brescia Studies from 2010 to 2012 and of Paolo Corazzi Fibre Srl from 2012 to 2013.


**Marco Lacchini**


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Mr. Lacchini has been a standing Statutory Auditor of Eni since May 2014. He was born in Lecce in 1965 and is a full professor of Accounting and acting vice-rector at the University of Cassino. He teaches or has taught at the European University of Rome, University of Rome "La Sapienza", "Roma Tre" University. He is member of the board of management of the "Tullio Ascarelli" doctoral programme located in Rome. Prof. Lacchini is chair of the master's programme in Economics and Business Law. He is a full member of the Accademia Italiana di Economia Aziendale and an ordinary member of the Italian Accountancy History Society. He is a certified public accountant and certified public auditor. Prof. Lacchini specialises in the field of extraordinary financial transactions and the correlative assessment of companies and business units. He has extensive experience in compulsory and voluntary liquidation procedures. He was an adviser to the Bank of Italy as a member of its Oversight Committees for compulsory administrative liquidations and extraordinary administrations of lenders in crisis. He has also served as an advisor to the Ministry of the Budget and Economic Planning - Service for the Programmed Negotiation. He is and was Chairman of the Board of Statutory Auditors or a standing auditor of many major companies, including listed companies in the banking and financial sector. Some of his most important positions held include: Chairman of the Board of Statutory Auditors of Astrim SpA and official receiver of Biemme Adhesive srl, Archivi and Soluzioni Srl in Liq., Ferroedile Fratelli Bertani Srl in Liq., Impresa Costruzioni Srl, and liquidator of S. Benedetto Scarl. He has authored many publications on economic and financial topics.



**Marco Seracini**

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Mr. Seracini was appointed standing Statutory Auditor of Eni in May 2014. He was born in Florence in 1957 and holds a degree in Economics and Business from the University of Florence. He is a certified public accountant and certified public auditor. Mr. Seracini served as a fellow in the Department of Business Sciences, Schools of Economics and Business, of the University of Florence. He is a member of the Research Group – Corporate Law Area – of the National Board of Certified Accountants. He currently holds the position of chairman of the Consorzio di Garanzia Collettiva Fidi CO.FI.DI.-Firenze, as well as chairman of the board of statutory auditors of Pitti Immagine Srl, Associazione Polimoda, Associazione Scuola Scienze Aziendali, Associazione Scuola Superiore di Tecnologie Industriali, Fondazione Giovanni Paolo II and Progetto Agata Smeralda. He is also a standing Statutory Auditor of Camera di Commercio Industria, Artigianato Agricoltura di Firenze, ADF - Aeroporto di Firenze SpA, Immobiliare Novoli SpA, Sandonato Srl, dell'Associazione Centro di Firenze per la Moda Italiana and of Fondazione Stensen. His professional, writing and conference work focuses on and has focused mainly on regulated markets, business, corporate, tax and contract issues, public entities, non-profits and volunteer organisations.

The personal and professional curricula of the Statutory Auditors are also available on Eni's website, in the "Governance" section.

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

As stated in the Eni Corporate Governance Code, the Statutory Auditors shall also act independently of the shareholders who have appointed them. Pursuant to the Consolidated Law on Financial Intermediation, the Statutory Auditors must meet specific independence requirements, as well as experience and integrity requirements, as established in the regulations issued by the Minister of Justice in agreement with the Minister of the Economy and Finance<sup>98</sup>.

> Requirements

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

In addition, all of the Statutory Auditors currently in office are entered in the register of certified auditors. Upon their appointment, the Statutory Auditors declared for the first time that they fulfilled the independence, integrity and professional requirements set forth in the applicable regulations. After its appointment, the Board of Statutory Auditors verified that the above requirements have been satisfied, including those regarding independence as indicated in the Corporate Governance Code for Directors<sup>99</sup>. The Board of Directors made its own verifications at the meeting held on May 9, 2014.

> Verification of requirements

Subsequently, on January 19, 2015, the Board of Statutory Auditors verified that the independence requirements above continued to be satisfied based upon the criteria set out in the Corporate Governance Code for Directors, as well as the integrity requirements and professional qualifications demanded of all its members. At its meeting of February 17, 2015, the Board of Directors made its own verification.

Finally, pursuant to applicable regulations, persons may not hold office in a control body of an issuer if they hold the same office in five other listed companies. As long as they hold office in the control body of just one issuer, persons may hold other management and control positions in Italian companies, within the limits specified in the Consob regulations<sup>100</sup>.

> Limited number of other positions

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

## Meetings and operational procedures

The Statutory Auditors, simultaneously with the Directors, are provided with documentation of the issues on the agenda to be discussed at the Board of Directors meetings, and the Board of Directors and CEO shall report, on at least a quarterly basis or, in any case, during the Board of Statutory Auditor meetings on the activities performed and on transactions with the greatest impact on the performance and financial position carried out by the Company and its subsidiaries, in addition to providing a comprehensive bimonthly statement on transactions carried out with related parties and in particular on transactions in which Directors or Statutory Auditors have an interest, in compliance with the corporate procedure governing transactions with related parties<sup>101</sup>. Under that procedure, the Statutory Auditors must inform the Board of Directors and the other Statutory Auditors of any personal or third-party interests they hold in relation to any given transaction of the Company.

> Reporting to the Board of Statutory Auditors

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

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

[99] The independence requirements for Directors contained in the Corporate Governance Code are described in detail in the sections of the Report specifically on the Code recommendations, the governance choices made by Eni and the requirements for Directors.

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

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

> Meetings in 2014

The Board of Statutory Auditors appointed as of May 8, 2014 met 16 times in 2014<sup>102</sup>. The average duration of the meetings was 3 hours and 42 minutes. In 2013, an average of 96% of the Statutory Auditors attended meetings of the Board of Statutory Auditors and an average of 100% attended the meetings of the Board of Directors.

In addition, with regard to the Statutory Auditors sitting presently, the Chairman of the Board of Auditors or an Auditor designated by him, or with regard to certain issues, the entire Board of Statutory Auditors attended all 14 of the Control and Risk Committee meetings. The Statutory Auditors also individually took part in most of the meetings of the other Committees of the Board of Directors.

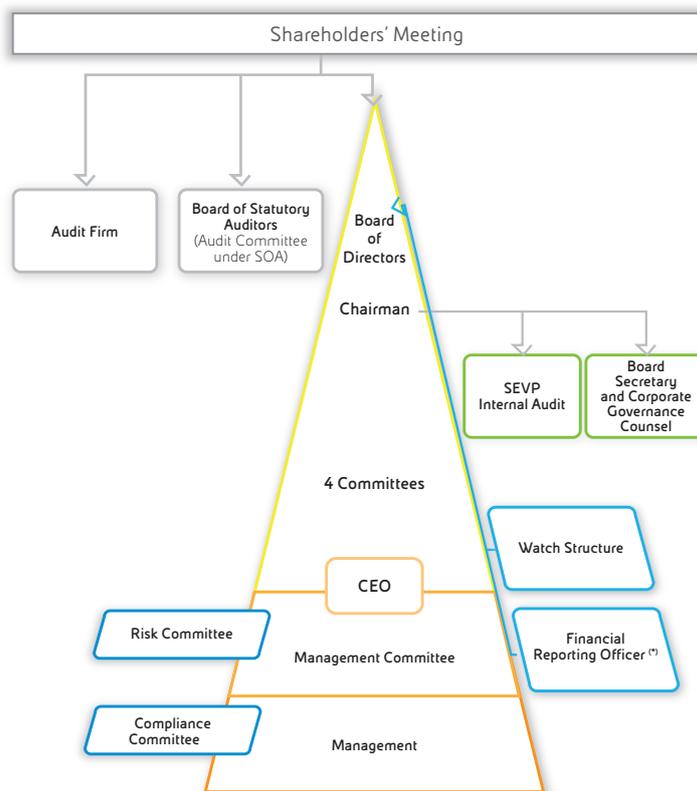
During the current year, the Board of Statutory Auditors has met eight times as of March 12, 2015. Another 11 meetings are scheduled before the end of the year.

> Board Induction

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

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

### Internal Control and Risk Management System<sup>103</sup>



(\*) Also CFRD.

[102] The Board of Statutory Auditors in office until May 8, 2014 met 11 times. The average duration of the meetings was 4 hours and 45 minutes. An average of 98% of the Statutory Auditors attended meetings of the Board of Statutory Auditors and an average of 100% attended the meetings of the Board of Directors.

[103] This chapter was approved by the Board of Directors, having received the opinion of the Control and Risk Committee; the section “Main characteristics of the Internal Control and Risk Management System applied to the financial reporting process [Management System Guidelines on Eni’s Internal Control System applied to financial reporting]”, and the section “Officer responsible for preparing financial reporting documents [Financial Reporting Officer]”, were also reviewed by the audit firm pursuant to art. 123-bis, fourth paragraph, of the Consolidated Law on Financial Intermediation.

## Executive Summary 2014

With the seating of the new boards in 2014, the Board of Directors has restructured the organisation of the Company, establishing, inter alia, in line with the latest best practices, that the Head of the Internal Audit unit reports directly to the Board and, on its behalf, to the Chairman, without prejudice to his being functionally subject to the authority of the Control and Risk Committee and the CEO, as director in charge of the internal control and risk management system. Therefore, the Chairman has taken on a critical role in terms of internal control, specifically by being more involved in the activities of the internal audit unit and approving its process regulations. In defining its powers, the Board increased the frequency with which it receives reports on risks by requiring quarterly reports, although the assessments of Eni's internal control and risk management systems is still performed every six months. In addition, the Board of Directors has appointed its Secretary to also serve as Corporate Governance Counsel, reporting directly to the Chairman, to provide independent assistance and advice to the Board and to the Directors and to once a year present a report to the Board on Eni's governance. The Board appointed the members of the Company's Watch Structure, raising the number of external members to three. The Board also decided to adopt the latest recommendations of the Corporate Governance Code, issued in July 2014, and has begun the process of bringing the internal regulatory system in line with updates and further improvements made to the compliance regulations in particular, taking into account the CoSO Framework 2013. The anti-corruption regulations were again subject to prior review by the Control and Risk Committee and training of Eni personnel on compliance issues was expanded. As evidence of Eni's commitment to performing controls, in 2014 the Company was once again recognised as a leader for the transparency and completeness of the information on its website and was ranked first in the survey conducted by Transparency International on "Transparency in corporate reporting".

> Executive Summary 2014

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Eni is aware that an effective Internal Control and Risk Management System (hereinafter the "ICRMS") contributes to a sound management of the company in line with the business objectives set by the Board, fostering informed decision-making and contributing to the protection of capital, efficient and effective processes, reliable financial reporting and compliance with the law, the By-laws and internal procedures. The design and assessment of the ICRMS encompasses Eni SpA and the Eni Group and, for certain specific aspects, Eni's major subsidiaries.

> Objectives

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

> Tools

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

> Board guidelines

In order to implement the Code's recommendations, on March 14, 2013, Eni's Board, acting upon the proposal of the Control and Risk Committee, established the "Internal Control and Risk Management System Guidelines"<sup>104</sup>, which provide the structure for the ICRMS, including with respect to information flows and procedures for implementation, which are mandatory for Eni SpA and all of its subsidiaries.

> Implementation of guidelines: Eni regulation on risk and control

The Guidelines set forth the primary roles and responsibilities relating to the ICRMS, setting out the modes of interaction between the various actors involved, in order to maximise effectiveness and efficiency and reduce any duplication<sup>105</sup>.

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

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

The CEO, charged by the Board with implementing the Guidelines, issued an ICRMS regulation on April 11, 2013.

This regulation, along with the one of December 18, 2012 on Integrated Risk Management<sup>106</sup>, made it possible to represent, develop and launch a model integrating the various existing elements of Eni's ICRMS, thereby providing all of Eni management with a suitable framework for implementing this system, while ensuring that the Board receives every six months<sup>107</sup> an organic representation of the various elements of the system on which to base its decisions.

> Integrated Risk Management and Risk Assessment

On July 30, 2014, consistent with the Integrated Risk Management process – which also involved 35 subsidiaries – the CEO presented to the Board of Directors the results of the third risk assessment cycle and a summary of the indicators for monitoring Eni's top risks.

On October 29, 2014, the CEO presented the Report on the monitoring of Eni's top risks to the Board of Directors and, on December 11, 2014, the results of the Interim Top Risk Assessment. The latter referred to the updating and more thorough assessment and treatment of the top risks uncovered during the 2014 annual Risk Assessment and the identification of new significant risks.

> Risk analysis in Business Plan

An analysis of the major risk factors and uncertainties for the four-year period and, particularly, with regard to the 2015 Budget was included in the 2015-18 Business Plan, consistent with the report on the major risks facing Eni submitted to the Board on December 11, 2014.

> Assessments of Internal Control and Risk Management System

At its meeting of March 17, 2014, the Board of Directors, taking into consideration the Report of the Officer responsible for preparing financial reporting documents (hereinafter "Financial Reporting Officer" or "FRO") and the Report of the Control and Risk Committee, and having received the opinion of the Committee, formed a favourable opinion of: (i) the adequacy and effectiveness of the ICRMS, with regard to the characteristics of the business and its risk profile compatible with the business objectives; (ii) the adequacy of the powers and resources available to the FRO, as well as the observance of the administrative and accounting procedures he had put in place.

On July 30, 2014, the Board of Directors, taking into consideration the Reports of the FRO and of the Control and Risk Committee and having considered the risks described in the report and having received the opinion of the Committee, formed a favourable opinion of: (i) the adequacy and effectiveness of the Internal Control and Risk Management System, with regard to the characteristics of the business and its risk profile compatible with the business objectives; (ii) the adequacy of the powers and resources available to the FRO, as well as the observance of the administrative and accounting procedures he had put in place.

At the meeting of March 12, 2015, the Board of Directors, having received the reports of the Financial Reporting Officer and of the Control and Risk Committee, as well as the Report on the administrative and accounting structure, and having consulted with the Committee, judged as positive: (i) the adequacy and effectiveness of the Internal Control and Risk Management System, taking account of the nature of the Company and its risk profile; (ii) the powers of and tools available to the Financial Reporting Officer to be appropriate, as well as his being compliant with administrative and accounting procedures.

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

[106] In order to support the decision-making process, the results of the periodic risk assessment and monitoring activities are presented by the Integrated Risk Management Department to the Risk Committee, a committee comprised of Eni's top management and chaired by the CEO. Every six months the latter submits the findings to the Board of Directors for examination to assist it in evaluating the suitability and effectiveness of the ICRMS, with regard to the characteristics of Eni and its risk profile compatible with the business objectives, as well as its effectiveness. For more information, please refer to the "Management System Guidelines for Integrated Risk Management" section of this Report. [107] With its resolution of May 9, 2014, the Board of Directors increased the frequency of reports made to it on risks from every six months to every three months.

## Actors and duties

### Board of Directors

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

> The Board and other system actors

For that purpose, the Board:

> Main activities of the Board

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

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

> The role of the Chairman

- the proposals for appointing and removing the main officers and bodies of the Company (Chief Operating Officers, Watch Structure, FRO and the Head of Internal Audit). More specifically, she manages the reporting between the Board of Directors and the Head of the Internal Audit unit<sup>108</sup>, submitting to the Board<sup>109</sup>, in agreement with the CEO, the proposals on the appointment, removal and compensation structure for the head of Internal Audit and ensures that they have adequate resources allocated for them to perform their duties;
- the main rules governing the activities of the Internal Audit unit (i) proposing the guidelines to the Board of Directors, in agreement with the CEO and in consultation with the Control and Risk Committee and (ii) approving the Management System Guidelines for Internal Audit activities, in consultation with the CEO and the Control and Risk Committee;
- flows of information on the activities of the Internal Audit unit, receiving along with the CEO of Eni SpA, the Control and Risk Committee of Eni SpA and the Board of Statutory Auditors of Eni SpA, the results of the audit performed, as well as the periodic reports on the activities of Eni's Internal Audit unit, on the procedure it follows in managing risks and on how well it is following the plan for their containment, in addition to specific reports prepared with regard to significant events. The Chairman is also informed, along with the Chairman of the Control and Risk Committee of Eni SpA and the Chairman of the Board of Statutory Auditors of Eni SpA, whenever the CEO of Eni SpA asks the Eni's Internal Audit unit to audit specific areas of operations and to verify compliance with internal rules and procedures in operations;
- requesting audits not contained in the Plan to be performed, having the option of asking the Head of the Internal Audit unit to do so, while simultaneously notifying the CEO, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;

> The Chairman and the Internal Audit unit

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

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

- the activities of the Eni Watch Structure<sup>110</sup>: Model 231 requires the Watch Structure to submit a Report every six months to the Chairman, the CEO, the Control and Risk Committee and the Board of Statutory Auditors. Eni's Model 231 also requires the Watch Structure to report on the implementation of the Model and the results of the actions undertaken to the CEO, who will notify the Board. The Chairman also receives from the Watch Structure, along with the CEO, the Control and Risk Committee and the Board of Statutory Auditors, immediate notice if the particularly material or significant facts are uncovered;
- the activities of the Guarantor of the Code of Ethics of Eni SpA: the Code of Ethics provides that the Guarantor, the functions of which have been assigned to the Watch Structure, submit a report every six months on the implementation and possible need for updates to the Code to the Chairman, the CEO (who reports to the Board), to the Control and Risk Committee and to the Board of Statutory Auditors;
- attendance of executives and heads of departments at Board Meetings: the Chairman may ask the CEO of Eni SpA, even at the request of one or more Directors, that the executives of Eni SpA and of the Group companies, the heads of the relevant departments (based upon the issues being addressed), attend Board meetings to provide information on items on the agenda.

> Board decisions and assessments

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

- examines the main business risks, identified by taking into account the nature of the activities of the Company and its subsidiaries, submitted by the CEO at least once every three months;
- evaluates at least once every six months the adequacy and effectiveness of the Internal Control and Risk Management System, with regard to the characteristics of the business and its risk profile compatible with the business objectives, unless unforeseen events occur requiring special in-depth attention;
- monitors whether the Financial Reporting Officer has adequate powers and means to carry out his duties and monitors compliance with the administrative and accounting procedures;
- approves, at least once a year (and most recently on January 20, 2015), the Audit Plan prepared by the head of the Internal Audit unit, in consultation with the Chairman of the Board of Directors, the CEO and the Board of Statutory Auditors, including in its capacity as the "Audit Committee" under US law. It also approves, most recently on January 20, 2015, the proposals put forth by the Chairman of the Board of Directors, in agreement with the CEO and in consultation with the Board of Statutory Auditors<sup>111</sup>;
- evaluates, in consultation with the Board of Statutory Auditors, the findings contained in the suggestion letter, if any, of the firm that performed the statutory audit and in its report on the fundamental issues that arose during the statutory audit. At its meeting of October 29, 2014, the Board shared the findings contained in the suggestion letter of the firm that performed the statutory audit and in its report on the fundamental issues that arose during the statutory audit, having received the opinions of the Control and Risk Committee and of the Board of Statutory Auditors.

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

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

## Board of Statutory Auditors

In addition to the supervisory and control functions provided for under art. 149 of the Consolidated Law on Financial Intermediation<sup>112</sup>, the Board of Statutory Auditors monitors the financial reporting process and the effectiveness of the Internal Control and Risk Management System, in accordance with the Corporate Governance Code, and has been designated the “Internal control and financial auditing committee”, pursuant to Legislative Decree no. 39/2010 and the “Audit Committee” pursuant to US regulation.

More specifically, the Board:

- evaluates the offers submitted by external auditors for their engagement to perform the Statutory Audit of the accounts and provides a reasoned recommendation to the Shareholders' Meeting concerning the engagement or termination of the external auditor; ➤ Main activities of the Board of Statutory Auditors
- oversees the work of the external auditor engaged to perform the Statutory Audit of the accounts or perform other consulting, review or certification services; ➤ The Board of Statutory Auditors and the audit firm
- makes recommendations to the Board of Directors on the resolution of disagreements between management and the audit firm regarding financial reporting;
- approves the procedures for the pre-approval of specifically identified admissible non-audit services and examines the disclosures on the execution of the authorised services;
- evaluates requests to use the external audit firm engaged to perform Statutory Audit services for admissible non-audit services and provides its opinion to the Board of Directors;
- examines the periodic reports from the external auditor relating to: (a) all critical accounting policies and practices to be used; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management officials of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor; (c) other material written communication between the external auditor and management;
- examines reports from the Chief Executive Officer and the Chief Financial and Risk Management Officer (CFRO) concerning (i) any significant deficiency in the design or operation of internal controls which are reasonably likely to adversely affect the Company's ability to record, process, summarise and report financial information and any material weakness in internal controls, and (ii) any fraud that involves management or other employees who have a significant role in the issuer's internal controls; ➤ The Board of Statutory Auditors and reports of the CEO and CFRO
- approves the procedures<sup>113</sup> concerning: (a) the receipt, archiving and handling of whistleblowing reports received by the Company concerning accounting issues, the accounting Internal Control System and Statutory Audits; (b) the confidential or anonymous sending, by anyone, including Company employees, of whistleblowing reports on questionable accounting or auditing matters. ➤ The Board of Statutory Auditors and reports received by Eni

[112] Art. 149 of the Consolidated Law on Financial Intermediation provides that “The Board of Statutory Auditors shall monitor: a) compliance with the law and the articles of association; b) observance of the principles of sound administration; c) the adequacy of the company's organisational structure for matters within the scope of the Board's authority, the adequacy of the internal control system and the administrative and accounting system and the reliability of the latter in correctly representing the company's transactions; c-bis) the arrangements for implementing the Corporate Governance rules provided for in codes of conduct drawn up by companies listed on regulated stock exchanges or by trade associations that the company, by means of public disclosures, declares it complies with; d) the adequacy of the instructions imparted by the company to its subsidiaries pursuant to art. 114, paragraph. 2. The members of the Board of Statutory Auditors shall attend the Shareholders' Meetings and the meetings of the Board of Directors and the executive committee. Members of the Board of Statutory Auditors who fail to attend Shareholders' Meetings without good cause or, in any one financial year, fail to attend two meetings of the board of directors or the executive committee shall be disqualified from office. 3. The Board of Statutory Auditors shall notify Consob without delay of irregularities found in the performance of its oversight activity and shall transmit the related minutes of the meetings and investigations conducted with all other relevant documentation”.

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

> Coordination with other control bodies and functions

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

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

### Control and Risk Committee

> Advisory role of Committee to Board

The Control and Risk Committee, formed in Eni in 1994<sup>114</sup>, supports, on the basis of an adequate control process, the Board in evaluating and making decisions concerning the ICRMS and in approving the periodic financial reports.

The Committee is composed solely of non-executive Directors, with expertise<sup>115</sup> consistent with their duties and reports to the Board at least once every six months, on the occasion of the approval of the annual and semi-annual financial reports, on its activities and on the adequacy of the ICRMS.

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

The Committee advises the Board of Directors. Specifically it:

- issues a prior opinion: a) on and drafts recommendations and updates concerning the guidelines for the ICRMS to be approved by the Board of Directors; b) on the half-yearly evaluation of the adequacy and effectiveness of the ICRMS, with regard to the characteristics of the business and its risk profile compatible with its business objectives; to this end, at least once every six months the Committee reports to the Board of Directors, on the occasion of the approval of the annual and semi-annual financial reports, on its activities and on the adequacy of the ICRMS; c) on the approval, at least once a year, of the Audit Plan; d) and on the evaluation of the findings reported in the suggestion letter, if any, of the audit firm<sup>116</sup> and in its report on the fundamental issues that arose during the Statutory Audit;
- issues its favourable opinion on the proposals formulated by the Chairman of the Board of Directors, in agreement with the CEO, concerning the appointment, the removal and the definition of the structure of the remuneration of the Head of the Internal Audit unit, as well as the adequacy of the resources provided to the latter to perform his duties;
- examines the main risks presented to the Board of Directors of Eni SpA and issues opinions on specific aspects concerning the identification of the main risks;
- examines and issues an opinion on the adoption and amendment of the rules on the transparency and the substantive and procedural fairness of transactions with related parties and those in which a Director or Statutory Auditor holds a personal interest or an interest on behalf of a third party, while performing the additional duties assigned it by the Board of Directors, including examining and issuing an evaluation on specific types of transactions, except for those relating to compensation<sup>117</sup>.

> The Committee and the risks facing Eni

> The Committee and transactions with related parties

> The Committee and the Internal Audit unit

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

- monitors the independence, adequacy, efficiency and effectiveness of the Internal Audit unit

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

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

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

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

and oversees its activities, with respect to the duties in this area of the Board of Directors, and the President of the Board on its behalf, ensuring that they are performed with the necessary independence and required level of objectivity, competence and professional diligence, in accordance with the Code of Ethics of Eni SpA and the international standards of the internal auditing profession.

In particular, the Committee: a) examines the results of the audit activities performed by the Internal Audit unit; b) examines the periodic report prepared by the Internal Audit unit containing adequate information on the activities carried out, on the manner in which Risk Management is conducted and on compliance with risk containment plans, as well as reports on significant events, and the assessment of the appropriateness of the ICRMS. The Committee may ask the Internal Audit unit to audit specific areas of operations, simultaneously notifying the Chairman of the Board of Statutory Auditors of the assignment;

- examines, together with the Financial Reporting Officer, and having consulted the firm that conducts the Statutory Audit and the Board of Statutory Auditors, the proper application of the accounting standards (IFRS) and their consistent use in preparing the consolidated financial statements, prior to being approved by the Board;
- examines and assesses: (i) the adequacy of the powers and resources assigned to the FRO and compliance with administrative and accounting procedures, performing the duties assigned it under the "Eni Internal control system for financial Reporting" MSG, including the examination of the report on the control system for financial reporting prepared by the FRO, on the occasion of the approval of the annual and semi-annual financial reports; (ii) communications and information received from the Board of Statutory Auditors and its members regarding the ICRMS, including those concerning the findings of enquiries conducted by the Internal Audit unit on reports received, including anonymous reports (whistleblowing); (iii) the periodic reports issued by Eni's Watch Structure, including in its capacity as Guarantor of the Code of Ethics; (iv) information on the ICRMS, including that provided in the course of periodic meetings with the competent Company structures, enquiries and reviews carried out by non-Eni Group parties.

> The Committee and the Financial Reporting Officer

> The Committee and the Watch Structure

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

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

> The Committee and the Board of Statutory Auditors

Please refer to the relevant section on this Report for more detailed information on the Committee's activities in 2014.

### **The Chief Executive Officer, acting as the Director responsible for the Internal Control and Risk Management System**

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

> Director delegated to oversee the system

- identifies the main risks faced by the Company, taking account of the characteristics of the activities of Eni SpA and its subsidiaries, and reports on them to the Board of Directors at least once every six months;
- implements, as stated above, the policy guidelines for the ICRMS defined by the Board and is responsible for their planning, execution and management;

- constantly monitors the overall adequacy and effectiveness of the ICRMS, ensuring that it is updated in response to changes in the operational and regulatory framework.

As regards the internal control system for financial reporting, these duties are performed without prejudice to the role assigned by law to the Financial Reporting Officer<sup>118</sup>.

> Director with delegation and the Internal Audit unit

The CEO may ask the Internal Audit unit to perform an audit on specific areas of operations and on compliance with internal rules and procedures in executing business transactions.

In this case, the CEO provides simultaneous notice to the Chairmen of the Board of Directors, of the Control and Risk Committee and of the Board of Statutory Auditors. The CEO shall promptly notify the Control and Risk Committee (or the Board of Directors) of problems or critical issues that arise in performing his duties or that he has discovered so that the Committee (or the Board) can take appropriate action.

**Internal Audit**

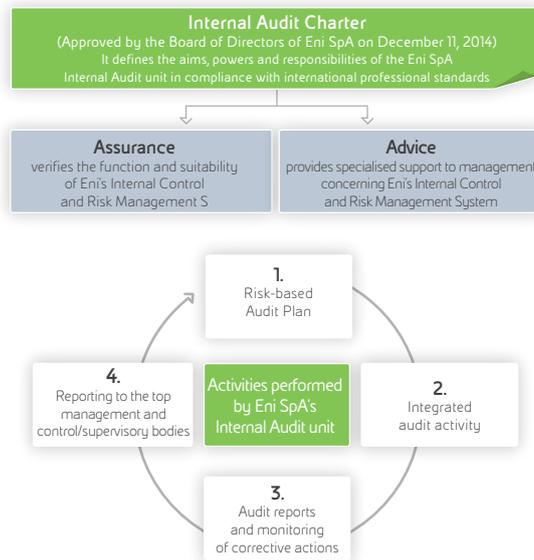
The Internal Audit unit plays a leading role in verifying and assessing the ICRMS. It is primarily responsible for:

- verifying the function and suitability of Eni's ICRMS, both on-going and in relation to special needs, providing its assessments and recommendations;
- providing specialised support to company top management concerning the ICRMS;

to improve its effectiveness, efficiency and integration.

> Board's Internal Audit MSG (Internal Audit Charter)

In keeping with best international internal auditing practices, in accordance with the guidelines for the Internal Control and Risk Management System approved by the Board, on December 11, 2014, the Board approved the Internal Audit Charter<sup>119</sup>, which sets out the objectives, power and duties of the Internal Audit unit.



**Highlights (2014 data)**

- 128 resources, 66% certified (CIA, CISA, CCSA, CFE, CRMA)
- 67 Audit Reports issued
- around 800 corrective actions monitored
- Sarbanes-Oxley Act independent monitoring activity of about 500 process controls
- 92 Whistleblowing reports concerning the ICRMS closed

[118] For more information, please see the section "Officer responsible for preparing financial reports (Financial Reporting Officer)".

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

Following the appointment of the current Board of Directors and Board of Statutory Auditors, as from May 9, 2014 the Board of Directors, in accordance with the most recent relevant best practices, decided that the Head of the Internal Audit unit would report directly to the Board, and to the Chairman on its behalf, with prejudice to his functional subordination to the Control and Risk Committee and the CEO<sup>120</sup>.

> Reporting to Board, and on its behalf, to the Chairman

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

> Nomination and removal process

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

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

> Oversight of Control and Risk Committee

The head of the Internal Audit unit also reports to the Board of Statutory Auditors of Eni in its capacity as the "Audit Committee" pursuant to US regulations.

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

> Head of Internal Audit unit also reports to Board of Statutory Auditors

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

> Independence and other requirements

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

> Remuneration

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

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

### *Scope and activity*

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

- for Eni SpA and its non-listed subsidiaries ("covered companies");
- for associated companies, joint ventures or joint operations, including jointly with the other partners, on the basis of specific agreements;

> Activity with regard to "covered companies"

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

- for non-Group companies considered to be high risk, pursuant to the relevant agreements.

Covered companies that, under applicable law, are required to have their own Internal Audit units, will, when possible, entrust such internal audit activity to the Eni SpA Internal Audit unit, under specific agreements.

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

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

The Internal Audit unit will provide listed subsidiaries ("Non-covered companies") that have their own Internal Audit units with tools and methodologies to be used by their Internal Audit units (adapted as appropriate, where agreed).

Furthermore, the Internal Audit unit:

- > Eni SpA Watch Structure
  - performs supervisory activities on behalf of the Eni Watch Structure;
- > Internal control system as applied to financial reporting
  - conducts independent monitoring as provided for by the Internal Control System with regard to financial reporting and/or similar duties based upon the internal control models applicable and that are approved by the Board of Directors;
- > Information gathering
  - on the basis of the principles and criteria established, organises and monitors the systematic gathering of the data, information and evaluations need to formulate and update the Audit Plan proposal;
- > Information flows and reporting
  - ensures the necessary flows of information on audits performed and the related periodic reporting to the Chairman of the Board, the CEO, the supervisory and control bodies of Eni and the subsidiaries, where applicable;
- > Support for assessments
  - oversees the investigation of concerns reported received by Eni under the relevant internal regulation<sup>121</sup> in support of evaluations by the competent control bodies, including the Board of Statutory Auditors of Eni SpA in its capacity as the "Audit Committee" pursuant to US regulations;
- > Whistleblowing reports
  - ensures the transmission of whistleblowing reports on violations of the Code of Ethics to the competent Watch Structures (of Eni and the subsidiaries, including in their capacity as Guarantors of the Code of Ethics) for their knowledge and handling;
  - ensures the necessary flows of information on the investigations on whistleblowing reports performed and the related periodic reporting to the Chairman of the Board of Directors, the CEO, the Board of Statutory Auditors, the Watch Structure of Eni and of the subsidiaries (excluding listed companies that perform their own investigations), as well as the other persons indicated in the regulations on whistleblowing reports, in line with the relevant internal regulations;

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

- carries out the preparations required for the engagement of the firm that performs the statutory audit pursuant to applicable law, as well as verifies that the firm continues to satisfy the independence requirements throughout its appointment, reporting on such to the Board of Statutory Auditors of Eni SpA.

> Engagement of audit firm

### Duties

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

> The Audit Plan

The Audit Plan is approved at least annually<sup>122</sup> by the Board of Directors, subject to the prior opinion of the Control and Risk Committee, in consultation with the Chairman of the Board of Directors, the CEO and the Board of Statutory Auditors of Eni SpA (including in its capacity as the “Audit Committee” pursuant to US regulations).

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

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

> Spot Audits

a) requests made by:

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

b) his own assessment.

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

> Audit Reports and other reporting

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

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

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

[122] The Board of Directors most recently approved the Audit Plan on January 20, 2015.

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

> Semi-annual and annual report on ICRMS

On July 24, 2014, the Head of the Internal Audit unit issued his Half-Year Report (covering the period from January 1 to June 30, 2014), in which he reported that no situations or significant problems were found that called into question the adequacy of the Eni Internal Control and Risk Management System as a whole.

On March 11, 2015, the Head of the Internal Audit unit issued his Annual Report (covering the period from January 1 to December 31, 2014, updated as of the date of the Report) in which he reported that, as required by the "Internal Control and Risk Management System" MSG and based upon what was uncovered with regard to each component of Eni's ICRMS, no situations or significant problems were found that called into question the adequacy of the Eni Internal Control and Risk Management System as a whole.

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

> The External Quality Assessment

In 2014, the Internal Audit unit underwent an external quality assessment conducted by an independent external advisor who found the activities carried out to be in "general conformity" (equivalent to the highest rating) with international standards for internal auditing professional practices.

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

> The appointment process

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

> Requirements

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

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

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

> Responsibility for the internal control system as it relates to financial reporting

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

For this purpose, he establishes the necessary administrative and accounting procedures for drafting the periodic accounting documentation and any other financial notification; moreover he certifies – together with the CEO – their adequacy and actual implementation during the

period to which the aforementioned accounting documents refer through an appropriate report on the annual, semi-annual and consolidated financial statements.

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

> Board oversight

On March 17, 2014, the Board of Directors confirmed, having received the prior favourable opinion of the Control and Risk Committees, the adequacy of the “powers and resources” available to the CFRO in his capacity as FRO and verified, based upon the CRD’s report and after prior examination by the Control and Risk Committee, observance of the procedures he had put in place by law.

On May 28, 2014, the Board of Directors, upon the proposal of the CEO, in agreement with the Chairman, having received the favourable opinion of the Board of Statutory Auditors and in consultation with the Nomination Committee, confirmed the appointment of the Chief Financial and Risk Management Officer (CFRO) of Eni SpA, Massimo Mondazzi<sup>123</sup>, as the FRO.

At the meeting of March 12, 2015, the Board of Directors, having received the reports of the Financial Reporting Officer and of the Control and Risk Committee, as well as the Report on the administrative and accounting structure, and having consulted with the Committee, judged as positive: (i) the adequacy and effectiveness of the Internal Control and Risk Management System, taking account of the nature of the Company and its risk profile; (ii) the powers of and tools available to the Financial Reporting Officer to be appropriate, as well as his being compliant with administrative and accounting procedures.

## Watch Structure

The Board of Directors, updated Model 231<sup>124</sup> of Eni SpA in its meetings of April 10 and May 28, 2014<sup>125</sup>, taking into account experience gained and the evolution in the law and case law, and in response to changes in the Italian Legislative Decree no. 231/2001 legislation governing the matter and in the Company organisational structures.

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

> Members

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

> External members

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

> Requirements

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

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

[124] At its meetings of December 15, 2003, and January 28, 2004, the Board of Directors of Eni approved an organisational, management and control model pursuant to Italian Legislative Decree no. 231/2001 (hereinafter “Model 231”) and established the associated Eni Watch Structure.

[125] For more information, please refer to the section “Model 231” of this Report.

At present, the Company has not elected to attribute the Watch Structure functions to its Board of Statutory Auditors, pursuant to art. 6, paragraph 4-bis, of Legislative Decree no. 231 of June 8, 2001 (hereinafter "Legislative Decree no. 231/2001"), as amended by art. 14, paragraph 12, of Law no. 183 of November 12, 2011.

> The Watch Structure as Guarantor of the Code of Ethics

The synergies between Model 231 and the Code of Ethics (an integral part and essential general principle of Model 231) are highlighted by the assignment of the functions of Guarantor of the Code of Ethics to the Eni Watch Structure. Similarly, each subsidiary assigns Guarantor functions with respect to the Code of Ethics to its own Watch Structure.

> Functions

The Eni Watch Structure carries out the following main functions:

- monitoring the effectiveness of Eni's Model 231, as well as its implementation and updating;
- assessing the adequacy of Model 231 and guaranteeing its sound and efficient functioning over time by proposing any necessary updates;
- monitoring the progress of its implementation by the subsidiaries and promoting the circulation and understanding of the procedures and tools for implementing the Model within such subsidiaries;
- approving the annual programme of supervisory activities for Eni, coordinating its implementation and analysing the results;
- managing the flow of relevant information with the Company units and with the Watch Structures of the subsidiaries.

> Reporting

The Eni Watch Structure periodically reports on its activities to the Control and Risk Committee and the Board of Statutory Auditors, as well as to the Chairman and the CEO, who then informs the Board of Directors when reporting on the exercise of his delegated powers.

> The Watch Structure and the Internal Audit unit

The Internal Audit unit is also responsible for conducting audits on behalf of the Eni Watch Structure, following a schedule set annually by the Watch Structure, which is an integral part of the Audit Plan. With regard to the audits performed on subsidiaries' processes and/or sub-processes, these supplement, but do not replace, the supervisory activities that the subsidiaries' watch structures are required to perform under their respective 231 Models.

In 2010, the Board of Directors of Eni SpA adopted the MSG on the "Composition of the Watch Structures and performance of its duties, in support of Eni's subsidiaries", which defined, without prejudice to the subsidiaries' autonomous powers of initiative and control: (i) the criteria for determining the composition of the Watch Structures of the subsidiaries and for selecting their members; (ii) the guidelines to be followed by each Watch Structure in performing its duties.

> Compliance and Risks Committees

**Risk Committee**

The Risk Committee of Eni SpA, presided over by the CEO of Eni SpA and comprised of Eni's top management and the Head of the Internal Audit unit, provides advice to the CEO on the major risks facing the Company and, specifically, reviews and offers its opinion, at the CEO's request, on the primary results of the integrated risk management process. The Chairman of the Board of Directors is invited to attend the Committee's meetings.

**Compliance Committee**

The Compliance Committee of Eni SpA, comprised of the Chief of Legal & Regulatory Affairs, the heads of Corporate Affairs and Governance, Internal Audit, Administration and Finance, and Human Resources and Organisation, has been assigned a variety of duties, including reporting to the CEO of Eni SpA on the need to develop a new approach to compliance and/or governance matters, recommending the person, or if necessary, the workgroup, to oversee it.

## Head of Integrated Risk Management

The Head of Integrated Risk Management (“IRM”) of Eni SpA, who reports directly to the Chief Financial and Risk Management Officer of Eni SpA, ensures the conduct of IRM processes and the presentation of the findings on the main risks and the associated risk treatment plans to the Risk Committee and, once every three months, to the Control and Risk Committee of Eni SpA, as well as, where requested, to other control and supervisory bodies. He promotes the spread of a Risk Management culture within Eni, which involves identifying initiatives for updating the current system for managing major risks. The CEO submits the report on the risks facing Eni to the Board of Directors at least once every three months.

He promotes the spread of a Risk Management culture within Eni, which involves identifying initiatives for updating the current system for managing major risks.

The head of IRM reports directly to the CEO on the results of the IRM process with regard to those activities overseen by the CFRO. The Board of Directors establishes the Company’s financial risk thresholds.

➤ Head of Integrated Risk Management, Eni Personnel - Management

## Eni’s Personnel - Management

As set forth in the Code of Ethics, the responsibility for implementing an effective internal control system is shared by all levels of Eni’s organisational structure; consequently, all of Eni’s personnel, consistent with their positions and duties, are called upon to define and actively participate in the proper implementation of the internal control system.

More specifically:

- the CEO and/or Chief Operating Officers, if any, in their capacity as the appointed officers, are responsible for ensuring the development, implementation and maintenance of an effective and efficient internal control system and assign to the management for the operational areas the duties, responsibilities and powers for pursuing this aim in the performance of their respective activities and in achieving the related objectives;
- in addition to the management committees described above and the head of Integrated Risk Management<sup>126</sup>, other units actively contribute to the ICRMS within the scope of their responsibilities. These include, for example, the Risk Owners who identify, assess, manage and monitor risks under their sphere of competence, as well as the adequacy and function of the controls put in place to oversee them.

Many training programmes and in-depth information sessions for Eni personnel and its boards focus on ICRMS and, especially, on compliance. A special section of this Report describes the programmes for the Board of Directors and the Board of Statutory Auditors of Eni SpA.

## Eni Regulatory System

To ensure the integrity, transparency, propriety and effectiveness of its processes, Eni adopts rules for the performance of business activities and the exercise of powers, guaranteeing observance of the general principles of traceability and segregation.

Each component of that system is supplemented by the Company’s Code of Ethics, which identifies the fundamental values, among others, of the formal and substantive legitimacy of the conduct of the members of corporate bodies and all employees, and accounting transparency and the dissemination of a mentality directed at the exercise of control.

➤ Principles and objectives of the Regulatory System

Eni is fully aware that investors rely on the full compliance of our corporate bodies, management and employees with the set of rules making up the corporate internal control system.

[126] For more information, please refer to the “Management System Guidelines for Integrated Risk Management” section.

## The key features of the Eni Regulatory System

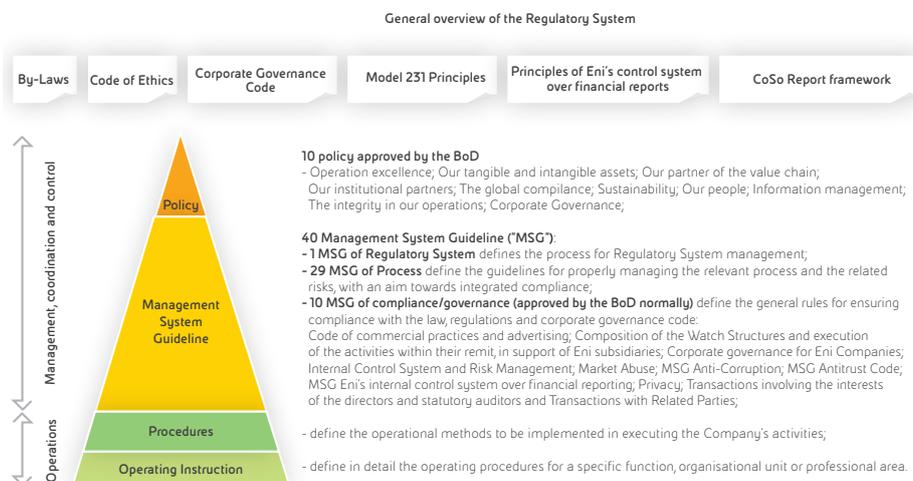
On July 28, 2010, Eni's Board of Directors approved the basic guidelines for the New Eni Regulatory System, with the goal of rationalising, supplementing, and simplifying Eni's regulatory system.

### > Characteristics

The New Regulatory System is characterised by four main elements:

- the shift from a traditional approach organised by corporate function to one based on business processes, with the establishment of a new role, the "process owner"<sup>[127]</sup>, who is responsible for the process under their responsibility and for assessing the adequacy of the latter's design, monitoring its effective implementation;
- the placement of a greater emphasis on the management and coordination role that Eni SpA plays for its subsidiaries, while ensuring the latter's operational independence, the rights of any non-controlling shareholders and the confidentiality of sensitive commercial information;
- the integration of compliance principles with Company processes (Integrated Compliance), with the aim of transposing and disseminating control rules and standards specified under the various compliance models within the operational context of corporate processes;
- the simplicity of the system architecture, reducing the various types of documents and improving their usability, with simplified terminology and search methods.

To this end, all of Eni's activities have been grouped into a map of processes cutting across the organisational and corporate structure, instrumental to Company activities and integrated with control requirements and principles, based upon the By-laws, the Code of Ethics, the Corporate Governance Code, Model 231 Principles, SOA Principles and the CoSO Report.



More specifically:

### > Policies

- Policies, approved by the Board of Directors, are mandatory documents that define the general principles and rules of conduct that must inspire all of Eni's activities, taking due account of risks and opportunities. Policies cut across processes and each focuses on a key element of Company management. Eni Policies apply to Eni SpA and, subject to transposition, all Eni subsidiaries;

[127] The role of process owner may be held by a single person, if the process is centralised, or by a committee, in the case of processes shared among several business areas.

- Management System Guidelines (MSG) define the rules common to all Eni units and may regard either processes or compliance/governance (the latter usually approved by the Board of Directors). The individual MSGs issued by Eni SpA apply to subsidiaries, which take steps to ensure their transposition to their organisation, except in cases where there is a need for an exemption<sup>128</sup>. Listed subsidiaries are guaranteed operational independence, which has already been granted by the Board of Directors: where necessary, they adjust the MSG to the specific characteristics of their business, in line with their management independence and taking due account of the interests of non-controlling shareholders; > Management System Guidelines
- Procedures define the operational methods to be implemented in executing the Company's activities; > Procedures
- Operating Instructions are an additional level of detail for representing the operating procedures for a specific function, organisational unit or professional area. > Operating Instructions

Starting in October 2010, Eni undertook the implementation of the New Regulatory System, a process completed with the replacement of the previous regulatory system with 10 policies, 29 process MSGs and 10 compliance and governance MSGs.

All of the regulatory instruments are published on the corporate intranet and, in some cases, on the Company's website. The Policies and MSGs have been disseminated to the subsidiaries, including listed subsidiaries, for the subsequent phases for which they are responsible, such as formal transposition and amendment of their existing regulatory systems.

As a result to the reorganisation of Eni approved by the Board, the project to bring the entire Regulatory System into alignment was begun on May 28, 2014 and will be completed in 2015.

The transposition of the regulatory instruments issued during the period by the subsidiaries and the certification of the appropriateness of the design of the MSGs by the associated Process Owners were monitored at the end of the year.

### **Management System Guidelines for the "Corporate Governance of the Eni companies"**

On May 30, 2013, the Board of Directors of Eni SpA, at the proposal of the CEO, having first been examined by the Nomination Committee with regard to those matters in which it has expertise, and having received the opinion of the Control and Risk Committee, updated the guidelines on the corporate governance of the Eni companies previously issued by the Board on April 24, 2009, approving the Management System Guidelines ("MSG") for the "Corporate Governance of the Eni companies". > Governance system and rules for Eni companies decided by the Board

Using this regulatory instrument, the Board of Directors of Eni, consistent with its duties, established the corporate governance system and rules for Eni's subsidiaries and investees, adapting it to incorporate the best practices in the field and to corporate and legislative changes that had occurred.

More specifically, the MSG for the "Corporate Governance of the Eni":

- governs the legal form and management and control system of Eni subsidiaries, indicating the size, composition and operating principles for the relative bodies. Specific assessments relating to the risk profile of the Company are used in identifying and composing the control body; > Legal form and management and control system

(128) Exemptions are allowed only in exceptional circumstances. MSGs in compliance and governance areas govern the scope of application and the scope for exemptions.

- > Requirements for members of bodies - defines the requirements that the members of the management and control bodies of Eni investees that Eni appoints must meet;
- > Roles and responsibilities in designating members - defines the roles and responsibilities involved in the process of designating members of the management and control bodies;
- > Exceptions - makes any exceptions to application of the MSG subject to the authorisation of the CEO of Eni SpA, who relies on the opinion of the units involved, or, in specific cases, subject to the authorization of executives responsible for the matter who report directly to the CEO, and in any case ensures a flow of information with regard to the general reasons for exemption from the application of the principles of the MSG should any impediments arise due to the presence of third-party shareholders, local regulations and operational reasons related to the system of delegated powers.

- > Members of the control bodies
 

The MSG places special emphasis on the requirements that all the members of the management and control bodies of investee companies and consortia that Eni appoints must meet in order to be given and retain such position. All the members of the bodies must be qualified and must meet specific requirements that will be verified or evaluated and monitored, including through the submission of statements by the candidates, in order to ensure that the choices made are traceable and transparent.

With regard to the members of the control bodies, in addition to the requirements provided for by the law and the By-laws, the MSG also introduces new requirements concerning integrity and independence or the absence of any conflict of interest, thereby altering and expanding the provisions and recommendations of the Corporate Governance Code applicable to the statutory auditors of listed companies.

With regard to the appointment of members of the control bodies, the MSG calls for the creation of a database containing the names of potential candidates who meet the requirements, which are verified by the competent units.

### **Management System Guidelines for the “Internal Control and Risk Management System”**

- > Board guidelines
 

As stated previously, with a resolution of March 14, 2013, the Board of Directors of Eni SpA, at the proposal of the Control and Risk Committee, approved the “Guidelines for the Internal Control and Risk Management System” (ICRMS), entrusting the CEO with their implementation.

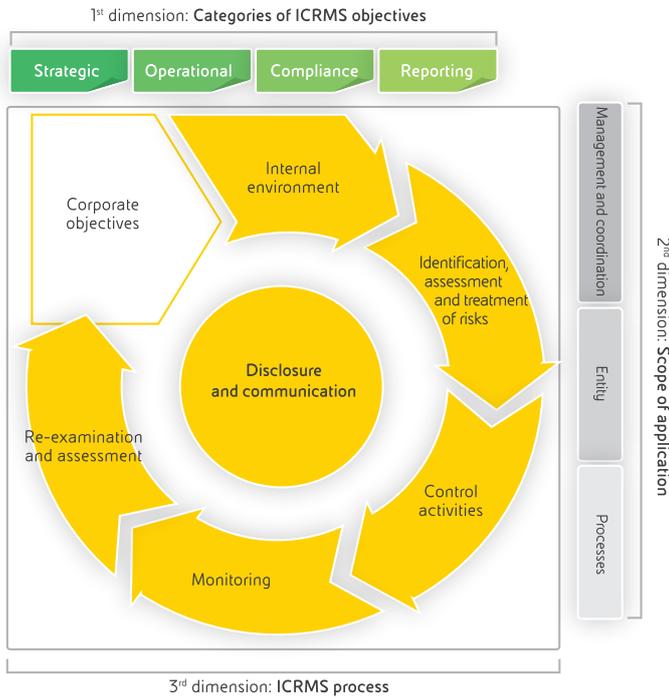
These guidelines, which are mandatory for the subsidiaries, including listed subsidiaries, are designed to ensure that the main risks to which Eni is exposed are correctly identified, measured, managed and monitored and set out reference principles, roles and responsibilities for the key players in the system, as well as the criteria that the CEO must follow in implementing those guidelines.

- > Internal implementation rules
 

The Management System Guidelines for the internal control and risk management system (ICRMS MSG), issued by Eni SpA on April 11, 2013, represent a regulatory instrument to be used by the CEO in implementing the guidelines and, in incorporating the principles delineated by the Board, it (i) consolidates and structures within a single document the various elements of the Eni ICRMS, (ii) defines the model of relations between Eni SpA and the subsidiaries in this area, and (iii) at the same time exploits the opportunities for the rationalisation of reporting flows and the integration of controls and monitoring activities.

The ICRMS MSG is used alongside the instrument issued on December 18, 2012, with which Eni developed and implemented a model for the integrated management of corporate risks.

Eni’s reference framework for implementation and maintenance of an adequate and working ICRMS provides for a structure of three dimensions, as shown in the following diagrams:



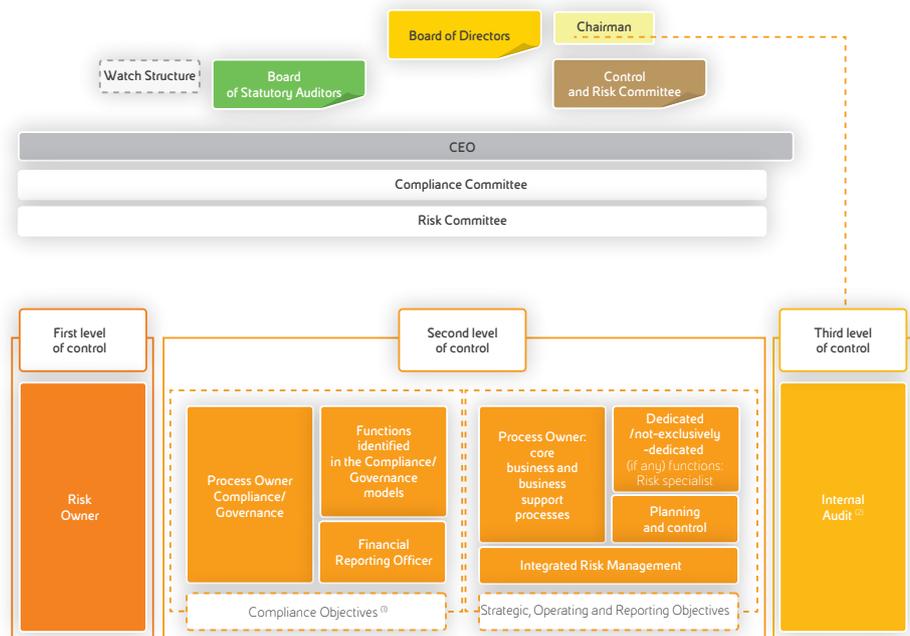
1. **Objectives** - The first dimension represents the view of the ICRMS in relation to the objectives and associated risks that the ICRMS is intended to pursue and manage:
  - a. Strategic,
  - b. Operational,
  - c. Compliance,
  - d. Reporting.
  
2. **Scope of application** - The second dimension regards the scope of application on the basis of which the ICRMS is structured:
  - the management and coordination exercised by Eni SpA over the subsidiaries;
  - entity: Eni SpA and the individual subsidiaries, on the basis of their legal and operational independence, establish an appropriate, functional ICRMS under their own responsibility;
  - processes adopted by Eni, on the basis of which the ICRMS is structured;
  
3. **ICRMS Process** - The third dimension represents the ICRMS process and its individual phases:
  - definition and implementation of the “internal environment”;
  - identification, assessment and treatment of risks;
  - definition and implementation of control activities;
  - monitoring;
  - re-examination and assessment of the entire system;
  - disclosure and communication.

This ICRMS process is:

- continuous, focusing on improving the overall ICRMS, influencing the definition and achievement of corporate objectives;

- integrated into corporate operations, as well as organisational and governance arrangements;
- interactive, as the individual phases, while organised into a logical sequence, can receive feedback from the development of each of the other phases so that the value generated by the process is not merely the sum of the value generated by the individual phases;
- performed by people, through the activities (and the associated reporting) carried out in pursuing corporate objectives;
- evaluated every six months, unless unforeseen events occur that may require that a special investigation be performed, to ensure that it is adequate and functions overall.

The Eni ICRMS is structured along the following three levels of internal control:



(1) Including objectives on the reliability of financial reporting.

(2) The Head of the Internal Audit unit reports to the Board, and on its behalf, to the Chairman, without prejudice to his being functionally subject to the authority of the Control and Risk Committee and the CEO, as director in charge of the internal control and risk management system.

> The three levels of control

1. First level of control: identifies, assesses, manages and monitors the risks for which it is responsible, for which it identifies and implements specific management actions.
2. Second level of control: monitors the main risks in order to ensure the effectiveness and efficiency of their management; also responsible for monitoring the appropriateness and operation of controls implemented for the main risks. It also provides support to the first level in defining and implementing adequate systems for managing the main risks and the associated controls.
3. Third level of control: provides independent, objective assurance on the appropriateness and effective operation of the first and second control levels and, more generally, on the Eni ICRMS as a whole.

The structure of the first and second control levels is consistent with the size, complexity, specific risk profile and with the regulatory environment in which each company operates. The third level of control is exercised by the Internal Audit unit of Eni SpA, which, on the basis of a centralised model (described in more detail in the “Internal Audit” section), performs its controls using a risk-based approach to the overall Eni ICRMS, monitoring Eni SpA and the subsidiaries.

To enable management and the management and control bodies to perform their roles within the ICRMS, specific reporting flows have been established between the control levels and the management and control bodies. The flows are coordinated and appropriate in terms of content and timing.

All flows supporting the assessment of the ICRMS by the Board of Directors are channelled through the Control and Risk Committee of Eni SpA, whose analysis is reported directly to the Board in its periodic reports or through the release of specific opinions. These flows are also transmitted to the Board of Statutory Auditors of Eni SpA to enable it to perform its statutory duties in the field of ICRMS.

> Reporting to the Board

#### *Implementation at subsidiaries*

It is the responsibility of the board of directors or equivalent body of each Eni subsidiary to establish, manage and maintain its own ICRMS.

> Application in subsidiaries

Eni SpA, as part of its management and coordination of the subsidiaries, issues and disseminates the guidelines and associated implementation model, which is contained in the ICRMS MSG, with which the subsidiaries must comply, establishing an adequate process for monitoring its implementation in the manner envisaged in the Eni Regulatory System.

Without prejudice to the principles regarding the Eni ICRMS, the subsidiaries may adopt the most appropriate procedures for implementing the ICRMS in a manner consistent with their size, complexity, specific risk profile and the regulatory environment in which they operate, with the independence that characterises the operation of the subsidiary and its bodies and functions, including with regard to statutory requirements.

#### *The role of the Board of Directors of Eni SpA in the subsidiaries*

As envisaged in the ICRMS MSG and consistent with the recommendations of the Corporate Governance Code and in accordance with the powers reserved to itself, the Board of Directors of Eni SpA, having first received the opinion and the proposal of the Control and Risk Committee, establishes the ICRMS guidelines for Eni SpA, its major subsidiaries and the Eni Group.

The Board, having first received the opinion of the Control and Risk Committee, also examines the main risks facing the Company, identified by taking into account the nature of the business of the Company and its subsidiaries, as reported by the CEO at least on quarterly basis. Having first received the opinion of the Control and Risk Committee, it also evaluates every six months (except in extraordinary circumstances) the adequacy of the internal control and risk management system of Eni SpA, its major subsidiaries and the Eni Group with regard to the nature of the business, its risk profile and its degree of compatibility with corporate objectives, as well as its effectiveness.

At the meeting of March 17, 2014, the Board of Directors, having received the reports of the Financial Reporting Officer and of the Control and Risk Committee and having consulted with the Committee, judged as positive: (i) the adequacy and effectiveness of the internal control and risk management system, taking account of the nature of the Company and its risk profile; (ii) the powers of and tools available to the Financial Reporting Officer to be appropriate, as well as his being compliant with administrative and accounting procedures.

At the meeting of March 12, 2015, the Board of Directors, having received the reports of the Financial Reporting Officer and of the Control and Risk Committee, as well as the Report on the administrative and accounting structure, and having consulted with the Committee, judged as positive: (i) the adequacy and effectiveness of the internal control and risk management system, taking account of the nature of the Company and its risk profile; (ii) the powers of and tools available to the Financial Reporting Officer to be appropriate, as well as his being compliant with administrative and accounting procedures.

### Management System Guidelines for “Internal Audit”

The Management System Guidelines for “Internal Audit” (“Internal Audit MSG”), prepared by the Head of the Internal Audit unit and approved by the Chairman of the Board of Directors, in consultation with the CEO and the Control and Risk Committee, was issued on January 21, 2015.

The Internal Audit MSG set out the guidelines for audit activity (“Internal Audit Charter”) approved by the Board on December 11, 2014, consistent with the contents of the ICRMS MSG.

- |   |   |
|---|---|
| > Guidelines for the internal audit process | The Internal Audit MSG, which is based upon the Internal Audit Charter, seeks to identify and govern the sub-processes, phases and activities of the Internal Audit process, to indicate the roles and duties of the major participants and to establish the rules of behaviour and principles to be observed in performing such activity. More specifically, the MSG regulates:  |
| > Definition of the Audit Plan              | 1. the definition of the Audit Plan, prepared by the Head of the Internal Audit unit and approved by the Board <sup>129</sup> , using a “top-down, risk-based” approach which makes it possible to identify audits to which priority should be given based upon, among other things, the size and coverage of the major business risks connected with it and based upon the results of the integrated risk management process;  |
| > Performance of audits                     | 2. the performance of audits, both scheduled and non-scheduled (ie. spot audits), by carrying out: <ul style="list-style-type: none"> <li>- preliminary activities to define the objectives and the scope of the audit over the areas potentially at highest risk (“risk-based” approach) and the resources deemed necessary and sufficient to achieve the objectives;</li> <li>- verification, for the purpose of assessing the adequacy and effectiveness of controls on the risks relating to processes audited, to identify any issues and to formulate recommendations for improving the effectiveness and efficiency of the processes audited;</li> <li>- formalisation and communication of the results in order to confirm, with the structures involved in the audits, any issues that emerged, the recommendations proposed for their elimination, and the timing and content of corrective actions to be taken by the structure that was audited.</li> </ul> <p>For each audit a summary assessment is made of the actual design and operation of the ICRMS for the structure being audited (so-called audit rating), based upon the knowledge gained and evidence acquired during the conduct of the audit and in the professional opinion of the Internal Audit unit. In the event of a spot audit, the rating is assigned based upon the finding of enough factors to support the opinion of the ICRMS;</p> |
| > Monitoring of corrective actions          | 3. the monitoring of corrective actions crafted based upon the audits, which is carried out in different ways based upon the problems encompassed in the rating of the ICRMS audited, such as: <ul style="list-style-type: none"> <li>- monitoring of all actions through a periodic statement by the structure that was audited (so-called “follow-up by documentation”);</li> <li>- operational check of the effective implementation of the corrective action through a dedicated follow-up (ie. “on-site follow-up”);</li> </ul>  |
| > Information flows                         | 4. flows of information on the ICRMS, consisting of the periodic reports prepared by the Internal Audit unit in order to provide information on its activities, the results and correlated suggestions, the procedures for managing risks and the relative containment plans. These reports can be classified into three categories based upon their purpose, frequency of preparation and recipient:   |

[129] For more information, please refer to the section “Internal Audit”.

- semi-annual reports on the main results of the activities carried out by the Internal Audit unit, submitted simultaneously by the Head of the Internal Audit unit to the Chairman of the Board of Directors, the CEO, the Control and Risk Committee and the Board of Statutory Auditors of Eni SpA;
- specific semi-annual reports for the areas most heavily subject to auditing during the reporting period, prepared, with the goal of explaining the primary recurring internal control issues that cut across several areas and/or are of the greatest importance for the specific area, and the recommendations of common, coordinated actions to be taken. These reports are sent, to the extent the audit involves the area for which each is responsible, to the executives that report directly to the CEO of Eni SpA;
- annual reports for the process owners of the Management System Guidelines containing a summary of the findings of the audit reports and the correlated suggestions, so that the process owners can evaluate the need to make any adjustments to the outline of the MSGs for which they are responsible.

The Internal Audit MSG also governs other activities for which the Internal Audit unit is responsible, such as the handling of whistleblowing reports (including anonymous ones) received by Eni, pursuant to the relative regulations<sup>130</sup>, specialised support activities, relations with the control and oversight bodies and with the audit firm, as well as the “quality assurance and continuous improvement” programme for activities performed by the Internal Audit unit.

> Other activities of the Internal Audit unit

### Management System Guidelines for “Integrated Risk Management”

On December 13, 2012, the Board of Directors, after obtaining the opinion of the Control and Risk Committee, approved the “Integrated Risk Management Principles”, in implementation of which on December 18, 2012, the CEO issued the “Management System Guidelines for Integrated Risk Management” (hereinafter, also “IRM MSG”).

> Board guidelines and principles

The latter governs the various phases and activities of the Integrated Risk Management (IRM) process, identifying the roles and responsibilities of the main actors involved. The IRM process, which is based on a structured, systematic approach, is designed to ensure that the main risks can be effectively identified, measured, managed, monitored, represented and, where possible, translated into opportunities and competitive advantage.

> Phases and activities of the integrated risk management process

With this MSG, Eni has developed and implemented a model for the integrated management of corporate risks, forming an integral part of the ICRMS. The model, which was developed in accordance with international principles and best practices<sup>131</sup>, is intended to provide both a comprehensive and summary vision of company risks, ensure greater consistency in the methods and instruments supporting risk management and strengthen awareness at all levels of the fact that adequate measurements and management of risks can influence the achievement of Company objectives and affects its value.

> The elements of the integrated risk management model

To this end, the model is composed of the following elements:

1. Risk Governance: this represents the basic system from the point of view of the roles, responsibilities, and information flows for the management of the Company’s main risks; the model establishes roles and responsibilities for three distinct levels of control of these risks<sup>132</sup>;

> Risk Governance

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

[131] CoSO - Committee of Sponsoring Organisations of the Treadway Commission (1992), Internal Control, Integrated Framework. ISO 31000:2009 - Principles and Guidelines on Implementation.

[132] The first level of control identifies, assesses, manages and monitors the risks for which it is responsible, for which it identifies and implements specific management actions; the second level monitors the main risks in order to ensure the effectiveness and efficiency of their management, as well as monitors the appropriateness and operation of controls implemented for the main risks; the third level provides independent, objective assurance on the appropriateness and effective operation of the first and second control levels (also refer to the preceding section “Management System Guidelines for the Internal Control and Risk Management System”).

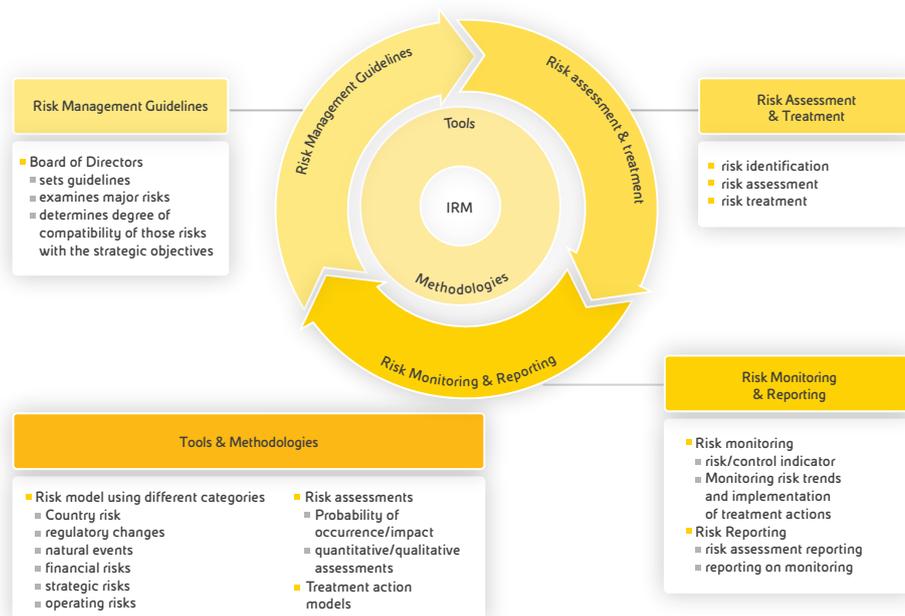
- > The process
  2. Process: this represents all the activities by which the various actors identify, measure, manage and monitor the main risks that could influence whether Eni achieves its objectives;
- > Reporting
  3. Reporting: this identifies and represents the results of risk assessment, highlighting the most important risks, evaluating them in terms of probability and potential impact and identifying the associated risk treatment plans.

More specifically:

1. The field of Risk Governance includes:
  - a. the Risk Committee, chaired by the CEO and composed of the top management of Eni SpA. It provides advice to the CEO on the main risks to which Eni is exposed. The Risk Committee invites the Chairman of the Board of Directors to attend its meetings;
  - b. the Integrated Risk Management unit, which reports directly to the Chief Financial and Risk Management Officer ("CFRO"). Among other duties, it:
    - identifies tools/methods for the Integrated Risk Management process to identify, measure, represent and monitor the main risks and the associated plans for managing them;
    - carries out Integrated Risk Management processes (assessment, monitoring and reporting);
    - presents findings on the main risks and the associated risk treatment plans to the Risk Committee and, once every three months, to the Control and Risk Committee as well as, where requested, to other control and surveillance bodies;
    - identifies, in cooperation with the business areas and functions of Eni, proposals for updating the Risk Management Systems.

The Head of IRM reports the results of the IRM process with regard to those activities overseen by the CFRO directly to the CEO. The Board of Directors examines the major risks, identified by taking account of the characteristics of the activities conducted by the Company and its subsidiaries, reported on by the CEO at least once every three months.

- > The sub-processes
  2. The IRM process is composed of three sub-processes: (i) Risk Management Policy setting; (ii) risk assessment & treatment; (iii) monitoring & reporting.



Specifically, as regards:

- |   |   |
|---|---|
| <p>a. the “Risk Management Policy setting” sub-process, as noted, the Board of Directors, subject to obtaining an opinion from the Control and Risk Committee, establishes the guidelines for the Internal Control and Risk Management System so that the main risks to which Eni is exposed are correctly identified and appropriately measured, managed and monitored. In addition, the Board of Directors determines, subject to obtaining an opinion of the Control and Risk Committee, the compatibility of those risks with operating the Company in a manner consistent with our strategic objectives. To that end, the CEO reports at least once every three months to the Board of Directors on the main risks to Eni, taking due consideration of the operations and specific risk profiles of each business area and the individual processes, so as to develop an integrated Risk Management Policy;</p>  | <p>&gt; Risk management policy</p>        |
| <p>b. the “risk assessment &amp; treatment” sub-process, which is governed by a special regulation annexed to the process MSG, involves identifying and assessing the main risks and defining the associated treatment actions. Depending on the strategic objectives and sub-objectives of each business area, the functions, the units, and where necessary, the processes of Eni SpA and its subsidiaries that are expected to make a significant contribution to their achievement are identified. Then, using a top-down approach, the “Risk Owners”, ie. the actors responsible at the various organisational levels for identifying, assessing, managing and monitoring the main risks under their sphere of competence, and the associated treatment actions, are identified. More specifically, the identification of risks is intended to identify and describe major events that could impact the achievement of corporate objectives. The assessment of risks is intended to measure the scale of the identified risks and generate information that can be used to establish whether, and with which strategies and approaches, it is necessary to initiate treatment actions. Finally, as regards the main risks identified and assessed in the risk assessment activities, the most appropriate risk treatment strategies are defined, such as avoiding the risk, accepting it, reducing it or sharing it;</p> | <p>&gt; Risk assessment and treatment</p> |
| <p>c. the “monitoring &amp; reporting” sub-process, which is governed by a special regulation annexed to the IRM MSG, involves monitoring risks and the associated treatment plans and ensuring, at the various organisational levels, the availability and representation of information on the management and monitoring of the main risks.</p>   | <p>&gt; Monitoring and reporting</p>      |

Risk monitoring enables:

- the identification of areas for improvement and issues concerning the management of the main risks;
- the analysis of developments in those risks and the identification of possible additional treatment measures, including with regard to the updating and development of risk management models;
- the identification and prompt reporting of the emergence of new risks. Risk monitoring activities are documented in order to ensure traceability and verification, as well as the reliability of risk identification and the accessibility of the information acquired.

In order to support corporate decision-making, the findings of the periodic risk assessment (specifically, the quarterly reporting) and monitoring activities are presented to the Risk Committee, chaired by the CEO, who in turn reports on them to the Board of Directors. The Board, on at least a semi-annual basis, assesses the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the characteristics of Eni and the risk profile assumed, which must be compatible with corporate objectives.

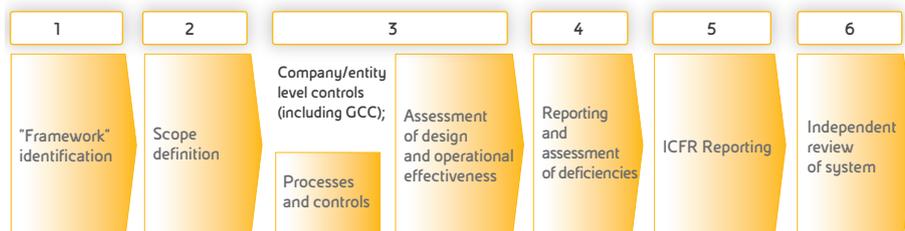
### Main features of the Risk Management and Internal Control Systems applied to the financial reporting process (MSG for “Eni Internal Control System for financial Reporting”)<sup>133</sup>

The internal control system applied to financial reporting aims to provide reasonable certainty about the reliability<sup>134</sup> of financial reporting and of the capability of the financial report drafting process to yield financial reporting that complies with the generally accepted international accounting principles.

- > Eni guidelines approved by the Board

On December 11, 2014, the Board of Directors of Eni approved the updated version of the Management System Guidelines for the “Eni Internal control system for financial Reporting<sup>135</sup>” (hereinafter in this section also “MSG”), which sets out the rules and methods for the design, implementation and maintenance of Eni’s internal control system applied to financial reporting for external purposes and the assessment of its effectiveness.

The following chart shows the primary steps in the internal control system for financial reporting process:



- > External benchmarks
- > 2013 CoSO Report

The contents of the 2013 updated version of the MSG were defined in accordance with the provisions of art. 154-bis of the Consolidated Law on Financial Intermediation and with the US Sarbanes-Oxley Act of 2002 (SOA), to which Eni is subject as an issuer listed on the New York Stock Exchange (NYSE), and were based on the model adopted by the CoSO Report (“Internal Control - Integrated Framework” published by the Committee of Sponsoring Organisations of the Treadway Commission”).

More specifically, while the five components of the internal control system remained unchanged (control environment, risk assessment, control activities, information and communication, and monitoring), 17 principles were developed that refer to the structural elements of the internal control system.

In consideration of the fact that the SEC set December 15, 2014 as the deadline for compliance with the new version of the Framework, Eni conducted a timely analysis to determine what impact, if any, it would have on the MSG and on the instruments used by management to assess its own control system.

The analysis, performed in conjunction with Eni’s statutory audit firm, Reconta Ernst & Young, did not reveal any need to update Eni’s methods or allocation of duties for defining, implementing and assessing the internal control system set out in the MSG, considering the 5 components of the CoSO Report have not been modified and that the 17 principles refer to best practices that Eni has already adopted.

[133] This section is also provided in accordance with art. 123-bis, paragraph 2, letter b), of the Consolidated Law on Financial Intermediation.

[134] Reliability (of reporting): reporting that is accurate and complies with generally accepted accounting principles and meets the requirements of applicable law and regulations.

[135] This regulatory instrument updates and replaces the previous Company rules (Management System Guidelines) in this field adopted by the Board of Directors on May 30, 2012.

The MSG applies to Eni SpA and its direct or indirect subsidiaries, including listed companies, in compliance with international accounting standards, consistent with their materiality to Eni's financial reporting.

> Applicability to the subsidiaries

All subsidiaries, regardless of their materiality for the purposes of the Eni Internal Control System for financial Reporting, adopt the MSG as a reference framework for planning and implementing their own Internal Control System for financial Reporting, tailoring it to their size and the complexity of the activities carried out.

The planning, implementation and maintenance of the internal control system applied to the financial reporting process are carried out through a structured process that includes risk assessment and the identification of controls and information flows (reporting).

> Process phases

The risk assessment process, which is conducted using a "top-down" approach, seeks to identify the companies, processes and specific activities that may generate risk of unintentional errors or fraud that may have a significant impact on the financial statements. In particular:

> Risk Assessment

- the companies that fall within the scope of the control system applied to the financial reporting process are identified both on the basis of the contribution of the various entities to certain aggregates of the consolidated financial statements (total assets, total financial debt, net revenues, income before tax), and considering the existence of processes that contain specific risks that – if they were to materialise – could jeopardise the reliability and accuracy of financial reporting (such as fraud-related risks)<sup>136</sup>;
- for companies falling within the scope of the control system applied to the financial reporting process, material processes are subsequently identified, analysing the quantitative factors (processes that contribute to items of the financial statements in amounts exceeding a given percentage of income before tax) and qualitative factors (e.g., the complexity of the accounting treatment of the account; measurement and estimation processes; new or significant changes in business conditions);
- the risks associated with material processes and activities, ie. potential events that – if they were to materialise – could jeopardise attainment of the control objectives with regard to financial reporting (e.g., financial statement assertions) are identified;
- the identified risks are assessed in terms of their potential impact and probability of occurrence, on the basis of quantitative and qualitative parameters and assuming the absence of a control system (inherent risk). In particular, with reference to fraud risks<sup>137</sup> at Eni, a dedicated risk assessment is conducted using a specific methodology for "anti-fraud programmes and controls" referred to in the MSG.

> Company identification

> Identification of material processes and activities

> Risk identification

> Risk assessment

> Fraud risks

A control system has been defined for material companies, processes and the associated risks that is based on two fundamental principles, namely: (i) the application of controls at all levels of the organisational structure, in accordance with their operating responsibilities and (ii) the sustainability of controls over time, so as to ensure that their implementation is integrated and compatible with operational requirements.

> Control system

The structure of the control system applied to the financial reporting process includes controls implemented at the entity level and at the process level:

- The controls implemented at the entity level are organised into a checklist developed in accordance with the model adopted in the CoSO Report, which is based on five

> Controls at entity level

[136] The companies considered within the scope of the internal control system include companies formed and governed by the laws of countries that do not belong to the European Union, to which the regulatory provisions of art. 36 of the Consob Market Regulations apply.

[137] Fraud: in the context of the control system, any act or intentional omission that gives rise to a deceptive statement in the reporting.

components (the control environment, risk assessment, control activities, information and communication, monitoring). Of particular importance are the controls relating to the specification of the timetable for preparing and disseminating financial results ("semi-annual and annual financial statements circular" and the associated calendars); the existence of appropriate organisational structures and a regulatory framework adequately designed to ensure the achievement of financial reporting objectives (these controls include, for example, the review and updating by specialised Company units of the Group's regulations concerning financial reporting and the Group's chart of accounts); training in accounting principles and the internal control system applied to financial reporting; and, finally, activities concerning the information system for managing the consolidation process (General ledger);

- > Controls at process level

- The controls implemented at the process level are grouped as follows: (i) specific controls intended as a set of manual or automated activities aimed at preventing, identifying or correcting errors or irregularities that occur during the course of operational activities; (ii) and pervasive controls intended as structural elements of the control system applied to financial reporting and aimed at defining a general context that promotes the correct execution and control of operational activities (such as, for example, the segregation of incompatible tasks and general computer controls, which include all controls designed to ensure the correct operation of IT systems). In particular, among the specific controls, the Company procedures identify the so-called "key controls", the absence or non-functioning of which can give rise to the risk of errors/fraud that impact the financial statements and that cannot be identified by other controls.
- > Evaluation of controls (monitoring)

Both the controls implemented at the entity level and the controls implemented at the process level are subject to evaluation (monitoring) to verify the effectiveness of their design and actual functioning over time.

For this purpose, the following activities have been defined: on-going monitoring activities – carried out by the management responsible for the relevant processes/activities – and separate evaluations – performed by the Internal Audit unit, which follows a pre-defined plan, transmitted by the Chief Financial and Risk Management Officer/Financial Reporting Officer (CFRO/FRO) – aimed at defining the scope and objectives of the interventions through agreed audit procedures. In addition to its independent monitoring activities, the Internal Audit unit, on the basis of the annual Audit Plan approved by the Board of Directors and prepared using a "top-down, risk-based" approach, carries out compliance, financial and operational audits.
- > Errors and irregularities

The findings of the independent monitoring conducted by Internal Audit and the periodic reports containing an assessment of the appropriateness of the ICRMS emerging from the audit activities performed are transmitted to the CFRO/FRO, as well as top management and the control and supervisory bodies for the purpose of conducting the evaluations for which they are responsible.
- > Report on monitoring activities

The monitoring activities allow identification of any deficiencies in the control system applied to financial reporting that are subject to evaluation in terms of probability and impact on Eni's financial reporting. On the basis of their importance, they are classified as "deficiencies", "significant weaknesses", or "serious deficiencies".

The results of the monitoring activities are included in a periodic report on the state of the control system applied to financial reporting. This reporting is conducted using computerised tools that enable the traceability of information on the adequacy of the design and functioning of the controls.
- > FRO/CFRO's report on the adequate and effective application of the system

On the basis of this reporting activity, the CFRO/FRO drafts a report on the adequacy and actual implementation of the control system applied to financial reporting.
- > Assessment by Board and role of other bodies

This report – following approval by the CEO – is submitted to the Board of Directors, after review by the Control and Risk Committee, during the approval of the draft annual and semi-annual financial statements, in order to ensure the execution of the aforementioned supervisory activities and evaluations regarding the internal control system applied to financial reporting. Furthermore, the above-mentioned report is also transmitted to the Board of Statutory Auditors, in its role as the "Audit Committee" pursuant to US law.

The activity of the CFRO/FRO is supported within Eni by various people, whose roles and responsibilities are defined in the aforementioned MSG. In particular, the control activities involve all levels of Eni's organisational structure, from the operational business managers and unit managers to the executives and CEO. In this organisational context, a particularly important role in the internal control system is carried out by the person who performs line monitoring (the so-called "tester"), who assesses the design and operation of the specific and pervasive controls, providing information for reports on monitoring activities and any deficiencies encountered, in order to ensure the timely identification of any necessary corrective actions.

- > Control responsibilities throughout Eni organisation
- > Line monitoring

### Model 231

In accordance with the Italian regulations concerning the "administrative liability of legal entities deriving from criminal offences" contained in Legislative Decree no. 231 of June 8, 2001 (henceforth, "Legislative Decree no. 231/2001")<sup>138</sup>, legal entities, including corporations, may be held liable - and consequently fined or subject to prohibitions - in relation to certain crimes committed or attempted in Italy or abroad in the interest or for the benefit of the Company. Companies may nonetheless adopt an appropriate organisational, management and control model (the compliance model or, hereinafter, Model 231) for preventing such offences.

- > Legislative Decree no. 231/2001

The Board of Directors, in its meetings of April 10 and May 28, 2014, updated Model 231<sup>139</sup> of Eni SpA, taking into account experience gained and the evolution in the law and case law, and in response to changes in the Italian Legislative Decree no. 231/2001 and in the Company organisational structures.

- > The Model 231 and its updates

The Model establishes the control arrangements (general transparency standards for activities and specific control standards) for the purpose of preventing the offenses envisaged under Legislative Decree no. 231/2001 and that have been incorporated into the relevant Company procedures.

- > The contents of the Model

Eni's Code of Ethics, which is covered in a specific section of this Report, is an integral part and essential general principle of Model 231.

- > Code of Ethics

The Model 231 of Eni SpA also serves as a reference point for determining the organisational model of direct and indirect subsidiaries.

- > Model 231 applied to the subsidiaries

Listed subsidiaries are sent Model 231 as a basis for them to adopt their own models and adjust them as necessary, in accordance with their own company characteristics and with the principle of management independence.

In addition, the MSG on the "Composition of the Watch Structures and performance of its duties, in support of Eni's subsidiaries", adopted by the Board of Directors di Eni, defines, without prejudice to the subsidiaries' autonomous powers of initiative and control: (i) the criteria for determining the composition of the Watch Structures of the subsidiaries and for selecting their members; (ii) the guidelines to be followed by each Watch Structure in performing its duties.

- > The watch structures of the subsidiaries

The representatives designated by Eni on the corporate bodies of subsidiaries and associated, consortia and joint ventures promote the principles and contents of Model 231 within their respective spheres of competence.

- > Model principles applied to other companies and joint ventures

The Board of Directors plays a fundamental role with regard to Model 231 issues since it has reserved to itself the power to approve Model 231 and the MSG regarding the Watch Structures

- > The role of Eni's Board

[138] The current scope of application of Legislative Decree no. 231/2001 comprises: (i) offenses against the public administration and the public faith; (ii) corporate offences; (iii) crimes associated with the subversion of the democratic order and terrorist financing; (iv) offenses against individual personhood; (v) market abuse ("abuse of inside information" and "market manipulation"); (vi) crimes against the person; (vii) transnational crimes; (viii) manslaughter and serious negligent personal injury in violation of workplace health and safety regulations; (ix) the handling of stolen goods, money laundering or the use of money, goods or benefits of illegal origin; (x) computer crimes and the illegal processing of data; (xi) organised crime; (xii) crimes against industry and commerce; (xiii) copyright violation; (xiv) inducement to withhold statements or to make false statements to judicial authorities; (xv) environmental crimes; (xvi) bribery between private parties; and (xvii) undeclared labour.

[139] At its meetings of December 15, 2003, and January 28, 2004, the Board of Directors of Eni approved an organisational, management and control model pursuant to Italian Legislative Decree no. 231/2001 (hereinafter "Model 231") and established the associated Eni Watch Structure.

of the subsidiaries, and to establish and appoint the members of the Watch Structure, on whose activities it receives periodic reporting through the CEO. The CEO is responsible for implementing and updating Model 231, in compliance with the powers conferred to him by the Model itself.

> The role of the Watch Structure

The Eni Watch Structure is responsible for identifying these controls – which are approved by the CEO during the updating activities – and transmitting them to the relevant Company units, which may be done through internal regulatory instruments.

> The disciplinary system

Furthermore, in accordance with provisions of the law, a disciplinary system for punishing any violations of Model 231 and failure to comply with corporate procedures for implementing control system were incorporated into the Model.

> Training on Model 231

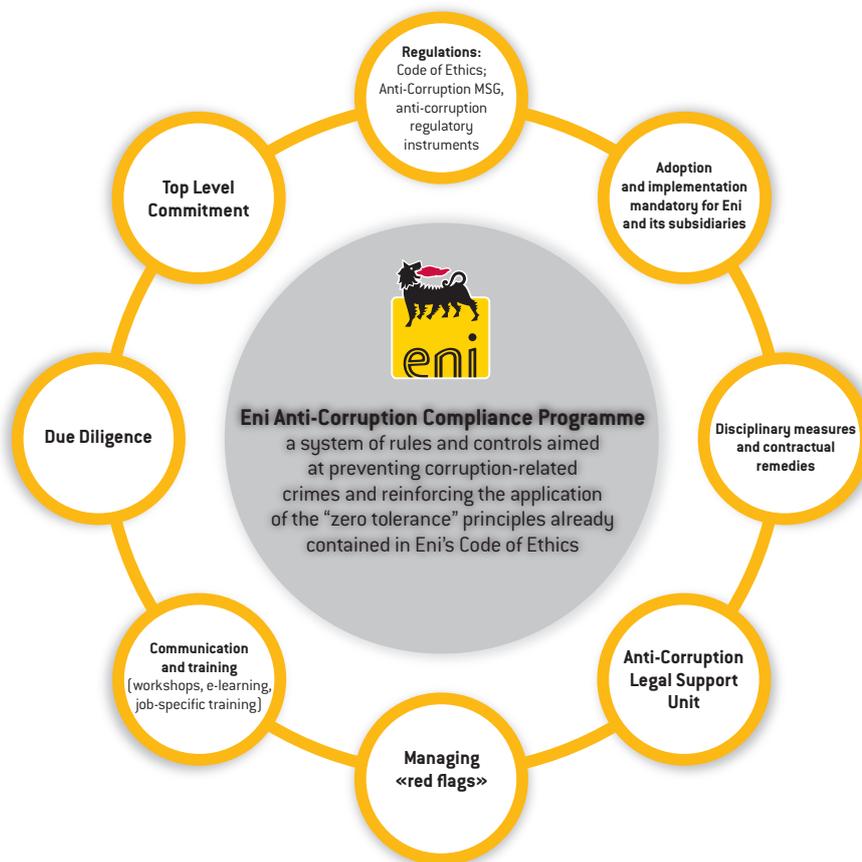
In 2014, Eni continued to provide updates and training, using a variety of methods, including multimedia courses, for all personnel of Eni SpA and its Italian and foreign subsidiaries (excluding listed companies) on compliance with anti-corruption rules.

Classroom training was also provided in 2014 by the Eni Chief of Legal & Regulatory Affairs unit for young graduate managers and top managers with the degree of further training provided on aspects of the Code of Ethics on Model 231 issues based upon their role and position.

The new e-learning course was launched in 2015 and was updated in view of developments in legislation and the new structure of Eni’s Model 231.

Model 231 and the Code of Ethics are published on Eni’s website [www.eni.com](http://www.eni.com)<sup>140</sup> and are accessible on the Company intranet.

### Anti-corruption compliance programme



[140] At the following address: [http://www.eni.com/en\\_IT/governance/governance-controls/controls-model-231/model-231.shtml](http://www.eni.com/en_IT/governance/governance-controls/controls-model-231/model-231.shtml).

In accordance with the principle of “zero tolerance” towards corruption expressed in the Code of Ethics, Eni wanted to deal with other risks which may be encountered by the Company in its business activities, by implementing an articulated system of rules and controls to prevent corruption-related crimes (the so-called anti-corruption compliance programme), which is characterised by its dynamism and constant attention to evolving national and international legislation and best practices.

> Rules and controls for preventing corruption

The anti-corruption compliance programme was first introduced in 2009 in accordance with applicable national and international anti-corruption provisions in force and following the approval by the Board of Directors of the Eni of the Anti-Corruption Guidelines and issue of the relative subsidiary procedures (subsequently renamed the “Anti-Corruption Regulations”).

> 2009 guidelines approved by the Eni Board and subsidiary procedures

On December 15, 2011, in light of the issue of the UK Bribery Act, which, among other things, introduced the crime of private sector bribery, Eni updated its compliance programme, approving, by resolution of the Board of Directors, the first version of the Anti-Corruption MSG (or “MSG” for this section only), with the objective of prohibiting any form of active or passive bribery, not only involving public officials, but also private parties.

> 2011 update in light of UK Bribery Act

In 2013, a global assessment was performed by an independent external expert to assess the effectiveness of Eni’s anti-corruption compliance programme, both in terms of the adequacy of its procedural design and the effective application of such design.

> The global assessment by independent legal expert

The assessment found that both the design and application of the compliance programme were sound overall, in line with the appropriate benchmarks and international best practices.

In order to “continuously improve” the compliance programme, in part by following several of the suggestions put forth by the independent legal expert, Eni further strengthened the programme when the Board of Directors of Eni SpA approved a number of changes to the Anti-Corruption MSG on October 29, 2014.

> 2014 updates

The MSG is inspired by the principles described in Eni’s Code of Ethics, is binding on Eni SpA and all its subsidiaries and provides a systematic framework for additional related Anti-Corruption Regulations adopted by Eni<sup>141</sup>.

As provided for in the Anti-Corruption MSG, all Eni subsidiaries, including those that are listed companies, whether in Italy or abroad, are required to adopt by resolutions of their boards of directors (or corresponding body) the anti-corruption compliance programme adopted by Eni SpA.

Listed subsidiaries have the option of having (i) their boards of directors, having first consulted with the competent officer of Eni, make changes that are formal and not substantive if deemed necessary due to the specific circumstances of the business or organisation of the listed company, (ii) to make, having first consulted with the competent officer of Eni, any changes to Eni’s regulations in order to improve their internal control system given their specific business circumstances.

Eni also does all it can to ensure that the company and the entities in which Eni has a non-controlling interest comply with the standards set out in its internal anti-corruption rules, adopting and maintaining an adequate internal control system that complies with the requirements of anti-corruption legislation.

> Companies and entities in which Eni has a non-controlling interest

The representatives designated by Eni in such companies and entities are required by Eni to do everything in their power to ensure the adoption of the standards specified in Eni’s Anti-Corruption compliance programme. In this context, the activity of Eni’s representatives in joint ventures (contractual and corporate) that are not subsidiaries and are not controlled by Eni deserves special attention.

[141] In 2014, work continued on revising and updating existing internal regulations, leading to the issuance, inter alia, of new Anti-Corruption Regulations governing areas at risk of corruption.

In fact, Eni requires these representatives to carry out a series of activities whose primary purpose is to propose to the joint venture the adoption and implementation of an anti-corruption programme in line with Eni's own programme and to document any refusal by the joint venture<sup>142</sup> to comply with the control standards contained in Eni's anti-corruption compliance programme.

> Eni's Anti-Corruption Legal Support Unit

If Eni does not serve as operator of the contractual joint venture or the non-controlled joint venture company does not adopt control procedures and/or standards that are consistent with the principles set out in Eni's anti-corruption compliance programme, the Eni representative must be prudent and report to the Anti-Corruption Legal Support Unit (hereinafter "ACLSU") any facts deemed significant to the fight against corruption and to follow, to the extent possible, the control standards set forth in the anti-corruption compliance programme. In addition, in order to ensure an adequate flow of information, once a year the Eni representative compiles a report at the request of the ACLSU describing (a) the existing system of anti-corruption rules within the relevant joint ventures, (b) the actions undertaken, in his capacity as representative, to narrow any gaps with Eni's anti-corruption compliance system, and (c) the activities carried out by the relevant joint ventures in at-risk areas.

In 2014, the ACLSU continued to provide specialist anti-corruption legal assistance in relation to the activities of Eni SpA and its unlisted subsidiaries<sup>143</sup>, including, among other things: (i) constant monitoring of regulations and jurisprudence; (ii) implementation of guidelines and guidance on the matter, also by supporting competent functions in the update of the internal regulations; (iii) the competent legal activities in relation to the relevant anti-corruption training programmes for Eni personnel; (iv) specialist support in the management and surveying of Red Flags; (v) support during reliability checks on partners and contracted partners and the processing of the relevant contractual requirements in areas at risk of corruption; (vi) monitoring the adoption of the Anti-Corruption MSG and the relevant Anti-Corruption Regulations by the subsidiaries; (vii) maintaining an adequate flow of information to the Eni control bodies by drafting a semi-annual report on activities to the Watch Structure, the Board of Statutory Auditors, the Control and Risk Committee and the Chief Financial and Risk Management Officer of Eni SpA.

Moreover, the Anti-Corruption MSG, as most recently modified in 2014, provides that the manager responsible for performing due diligence must report the results of the reliability checks on partners and contracted partners (anti-corruption due diligence), including supported decisions to not conduct the due diligence and any comments by the ACLSU, to the person or body that authorises the relative transaction.

> Eni training programme

The anti-corruption training programme for Eni staff also continued in 2014. This training was provided through both e-learning tools and classroom training events (workshops) for "employees at risk" as identified by the Human Resources department of each individual company based on the type of duties performed. Around 3,670 employees received e-training during the first session (2010-2012) and 10,600 in the second session, begun in 2013. Between December 2009 and December 2014, around 4,820 employees attended workshops held in Italy and abroad. Moreover, in early 2014, the ACLSU began to hold job-specific training sessions providing training on specific corruption risks for targeted professional areas. Around 800 Eni employees received job-specific training.

In 2014, two other training initiatives were carried out:

- the Institutional Manager Training, in partnership with Eni Corporate University ("ECU"), covering the typical roles and responsibilities of Eni managers (in 2014, training events were held for about 80 Eni employees);

[142] For the purposes of Eni's anti-corruption regulations, joint ventures refer to contracts entered into for the formation of joint ventures, consortia, temporary association of companies, associations, partnership agreements or other entities with or without legal personhood, in which Eni holds an interest.

[143] Listed subsidiaries have their own Anti-Corruption Legal Support Units.

- the “Roadshow on safety in Eni operating sites”, organised by the Health, Safety, Environment & Quality (HSEQ) department, in which the ACLSU took part by conducting seminars on anti-corruption issues for contractors and, in certain cases, for the employees, of the operating sites.

Eni is continuing to gain experience in the area of anti-corruption through its continued participation in international conferences and working groups that represent, for Eni, an instrument for growth and for promoting and spreading its values.

- > Eni participation in international conventions and working groups

These include the following:

- Eni, through the Chief of Legal & Regulatory Affairs, actively contributed to the work of the B20 on the fight against corruption (and in drafting the recommendations on this issue for the heads of State of the G20). In 2014, during the B20 held in Australia, Eni played an active role in the Anti-Corruption Working Group (ACWG), for which the Chief of Legal & Regulatory Affairs was appointed to the Expert Group (a group of experts who identify the priorities to be pursued in the fight against corruption). Eni’s commitment to the B20 will continue in 2015 during the meeting in Turkey, as part of the Anti-Corruption Task Force;
- within the scope of the Global Compact of the United Nations, Eni is a member of the “Global Compact Working Group on the 10th Principle”. In 2013 Eni participated in the Sub-Working Group on “Sport Sponsorship and Sport-Related Hospitality. A practical guide for companies”, where it plays an active part in defining an international procedural standard to prevent corruption events associated with the sport sponsorships. The final document was published<sup>144</sup> in March 2014 by the UN Global Compact. In October 2014, Eni also took part in the “UN Global Compact Call to Action: Anti-Corruption and the Global Development Agenda”, a petition aimed at encouraging governments to strengthen anti-corruption measures and to enact strong governance policies in that area. Finally, on December 10, 2014, Eni participated, through the ACLSU, in the event held in New York to mark the 10th anniversary of the 10th Principle of the UN Global Compact on fighting corruption;
- within the scope of the Global Compact Network Italy, Eni has actively participated in the meetings of the Anti-Corruption Working Group since 2011 with the goal of promoting interaction and dialogue between private and public players in the area of compliance in order to strengthen the legality and transparency of business relationships;
- Eni is also a contributor and active member of the Partnering Against Corruption Initiative (PACI), in which, in 2012, the Chairman of Eni was named to the Board and the Chief of Legal & Regulatory Affairs was made a managing member of the Board. In 2013 Eni participated, through the ACLSU, in the PACI Principles Review Working Group, a small working group formed to update the key anti-corruption principles of PACI. The work of revising the PACI Principles was completed in 2013 and the new version was presented at the World Economic Forum held in Davos in January 2014. The Chairman of Eni is currently a member of the PACI Vanguard Steering Board and the Chief of Legal & Regulatory Affairs is a Board Delegate;
- through the subsidiary Eni UK, in March 2013 the ACLSU joined the Energy Extractive Working Group for the U.K. in which major British companies take part. As part of that Group, the ACLSU provided its support and cooperation in drafting the second edition of the “Principles for an Anti-Corruption Programme under the UK Bribery Act 2013 in the Energy & Extractive sector”. The second edition of the document was published in February 2014 on the website of the Institute of Business Ethics;

- > The B20
- > UN Global Compact and the Global Compact Working Group on the 10th Principle
- > Global Compact Network Italy
- > The Partnering Against Corruption Initiative (PACI)
- > UK Energy Extractive Working Group

[144] The document is available on the UN Global Compact website.

- > OECD Policy Dialogue on Natural Resource based Development

- On November 17, 2014, Eni took part in the “Policy Dialogue on Natural Resource based Development” conference held in Paris at the OECD Conference Centre. In connection with this, in December 2014, Eni, through the ACLSU, confirmed its participation in the “Work Stream 4 on Detecting Corruption Risks in Extractives” (“multi-stakeholder” working group which aims to identify scenarios at high risk for corruption in the extraction sector).
- > Transparency in corporate reporting

Eni’s commitment to fighting corruption received important external recognition in 2014. More specifically on November 5, 2014, Eni ranked first in the survey conducted by Transparency International on “Transparency in corporate reporting”. The survey, conducted by Transparency International using a sample of the 124 largest listed companies in the world, analysed their corporate reporting, measuring transparency in three areas: (i) Anti-Corruption programmes, (ii) organisation (e.g., information on relationships with subsidiaries and associated companies) and (iii) the publication of the primary performance and financial data by country. Eni was ranked first in the list that also included various oil and gas sector companies, receiving 7.3 points out of 10 and was awarded an excellent score, particularly in the areas of Anti-Corruption programme transparency and organisation reporting, being rated a best performer in the latter category.
- > Rules of the Board of Statutory Auditors/Audit Committee SOA

**Procedure for whistleblowing reports (including anonymous complaints) received by Eni SpA and subsidiaries in Italy and abroad**

The Board of Statutory Auditors of Eni SpA, in its capacity as the “Audit Committee” provided for under US legislation in application of the Sarbanes-Oxley Act of 2002 approved, most recently on November 19, 2014, internal rules governing the receipt (with the creation of easily accessible information channels and published on the Company’s website), analysis and processing of reports, including those transmitted in confidential or anonymous form to Eni, concerning internal control issues, financial reporting, the Company’s administrative liability, fraud or other matters (so-called whistleblowing reports).
- > Assessment of the independent legal expert

As reported in the preceding section, in 2013 a global assessment was performed by an independent external expert to assess the effectiveness of Eni’s anti-corruption compliance programme, of which the process of managing whistleblowing reports is a crucial part, both in terms of the adequacy of its procedural design and the effective application of such design. The independent legal expert also found the process of managing whistleblowing reports to be sound both in terms of its design and application.
- > 2014 updates

In order to “continuously improve” the compliance programme, in part by following several of the suggestions put forth by the independent legal expert, on November 19, 2014, the Board of Statutory Auditors of Eni SpA, in its capacity as the “Audit Committee” pursuant to US law, approved the updates to the “Whistleblowing Reports received (including anonymously) by Eni and by its subsidiaries in Italy and abroad” regulations.
- > Whistleblowing reports and their contents

The reports governed by the rules may be submitted by anyone, including Eni employees and third parties (ie. external persons with some relationship with Eni such as business partners, customers, suppliers, the Eni audit firm, consultants, associates and, in general, all other stakeholders).

The complaints may regard: (i) non-compliance with external laws and regulations or internal Eni regulations, as well as Eni’s regulatory system, including allegations of fraud involving corporate assets or financial reporting, as well as events that could, in theory, give rise to administrative liability for the Company pursuant to Legislative Decree no. 231/2001; (ii) the violation of rules and principles set out in the Code of Ethics.
- > Investigations and the Internal Audit unit

Eni carries out all appropriate checks of the facts reported, investigating the reports as quickly as possible while ensuring completeness and accuracy of the checks performed.

The Internal Audit unit manages the process for the Eni Group, along with the competent Watch Structures, while reports involving listed subsidiaries are managed independently by the Internal Audit unit and control and supervisory bodies of the subsidiary involved.

Specifically, the investigatory process requires that all whistleblowing reports be brought to the attention of the “Whistleblowing Team”<sup>145</sup>, which divides them into two categories (reporting pertaining to the “Internal Control and Risk Management System” and “Other Issues”) and checks the facts alleged and whether they can be verified. If verified, the Team asks the Internal Audit unit to conduct an assessment of reports pertaining to the “Internal Control and Risk Management System” and the competent Watch Structures, as guarantors of the Code of Ethics, to assess reports pertaining to “Other Issues”.

- > Whistleblowing Team
- > Classification of whistleblowing reports

Once the assessment is completed, the proposal (wherein the report is identified as “founded”, “unfounded” or “unfounded with action”) is submitted to a Whistleblowing Committee<sup>146</sup> for review. The Committee may require further investigation or may approve the inclusion of the proposals in the periodic report submitted to the Board of Statutory Auditors, in its capacity as the “Audit Committee” under US law. The latter may either approve the proposals or, if it deems it necessary, ask the Internal Audit unit to conduct further investigation.

- > Assessment results

The Internal Audit unit also reports on its investigations and provides periodic reporting to the Chairman of the Board of Directors, the CEO, the Board of Statutory Auditors, the audit firm, the members of the Committee and the Whistleblowing Reports Team and the internal control system legal unit, as well as to the top management and control bodies of the Eni subsidiaries for reports involving them, with the exception of listed subsidiaries, in line with the Eni regulations governing this area.

- > Reporting to bodies

While examining the periodic reports received, the Eni Board of Statutory Auditors also assesses, including in its capacity as the “Audit Committee” under US law, whether to forward reported incidents that could have a more significant impact on the internal control and risk management system to the Control and Risk Committee.

- > The Board of Statutory Auditors/Audit Committee SOA and the Control and Risk Committee

For listed subsidiaries, information flows and reporting to their top management and control bodies are handled by their own internal audit units, which oversee the prompt forwarding of reports on significant incidents to Eni’s Internal Audit unit. Moreover, listed subsidiaries are required to promptly notify Eni SpA’s Litigation Management Team<sup>147</sup> of any whistleblowing reports, including anonymous reports, received that meet the specific requirements set out in the relevant internal regulations.

- > Listed subsidiaries

In 2014, the Internal Audit unit investigated 92 reports pertaining to the ICRMS and under 104 corrective actions.

## Litigation Management Regulations

The “Litigation Management” regulations were last updated on November 18, 2013. They govern the process of the communication and internal dissemination of news concerning developments in significant<sup>148</sup> litigation or administrative proceedings affecting Eni SpA and/or its subsidiaries and requires that a team of top Eni managers (“TeamPEG”), each with respect to his area of expertise, oversees the coordination of the necessary actions – while observing the legal and operational autonomy of the subsidiaries and their control and supervisory bodies – including for the purposes of a proper exercise of management and coordination functions by Eni SpA, where applicable.

- > Purpose of regulations and TeamPEG

Listed subsidiaries also promptly notify the team of significant legal events and any whistleblowing reports, including anonymous reports, which, regardless of whether or not action has been brought by judicial authorities, relate to certain legal circumstances indicated in the procedure.

- > Listed subsidiaries

[145] The Team is comprised of Eni managers who report directly to the Chief of Legal & Regulatory Affairs, the Head of the Internal Audit unit, the Head of Human Resources and Organisation and the Head of Administration and Finance.

[146] The Committee is composed of the Chief of Legal & Regulatory Affairs, the Head of the Internal Audit unit, the Head of Human Resources and Organisation and the Head of Administration and Finance.

[147] See the next section.

[148] Specifically, notices, news and requests received by Eni SpA and/or its subsidiaries or that, in any case, it is made aware of concerning judicial or administrative proceedings, of particular significance to Eni, during the preliminary or trial stage or in the course of investigation or expressly indicated as possible by the authority that has the power to initiate it once the investigations in course have been completed.

The matters governed by the regulation contribute to the effectiveness of the internal control and risk management system, in part to ensure consistency in the action of Eni SpA and its subsidiaries in response to significant legal events.

**Management System Guidelines for “Transactions involving the interests of Directors and Statutory Auditors and transactions with related parties”<sup>149</sup>**

> Eni’s procedure

In compliance with the Consob Regulation on related-party transactions, on November 18, 2010<sup>150</sup>, the Board of Directors unanimously approved the Management System Guidelines (MSG) for “Transactions involving the interests of Directors and Statutory Auditors and transactions with related parties”<sup>151</sup>, which has been applied since January 1, 2011<sup>152</sup>, to ensure transparency and substantive and procedural fairness in transactions with related parties.

During its meeting of January 19, 2012, the Board of Directors conducted the first annual review of the MSG, as required by the latter, rather than the three-year frequency required by Consob. The Board consequently modified the procedure, taking account of the operational issues that had arisen during the first year of application.

The MSG and the subsequent amendments received the unanimous, favourable opinion of the Eni Control and Risk Committee then in office, entirely composed of independent directors under the Corporate Governance Code and in accordance with the Consob Regulation.

> Annual review

At its meetings of January 17, 2013, January 16, 2014 and most recently on January 20, 2015, the Board of Directors, subject to obtaining a favourable opinion from the Control and Risk Committee<sup>153</sup>, conducted an annual review of the MSG and, taking account of the information received, felt it was not necessary to amend the MSG further.

> Consob regulation and Eni’s choices

The MSG, while largely being based on the definitions and provisions of the Consob Regulation, extends the rules for transactions carried out directly by Eni to all transactions undertaken by subsidiaries with related parties of Eni SpA, with a view to enhancing safeguards and improving functionality.

In addition, the definition of “related party” has been extended and defined in greater detail.

> Types of transactions: transactions of greater importance, transactions of lesser importance, exempt transactions

Transactions with related parties are divided into transactions of lesser importance, of greater importance and exempt transactions, with procedural arrangements and transparency requirements that vary based on the type and importance of the transaction.

> The role of the independent directors

In general, the independent Directors on the Control and Risk Committee or Compensation Committee (in the case of remuneration issues) play a central role in all significant transactions with related parties. Specifically, for transactions of lesser importance, the procedures require that the relevant committee express a reasoned, non-binding opinion on the Company’s interest in completing the transaction and the economic benefits and substantive fairness of the underlying terms.

> Exempt transactions

Exempt transactions comprise low-value transactions as well as ordinary transactions carried out under standard conditions, intercompany transactions and those regarding remuneration as specified in the MSG.

> Transactions of greater importance

For transactions of greater importance, without prejudice to the decision-making powers reserved to the Board of Directors, the relevant committee is involved starting from the preparatory phase of the transaction and expresses a binding opinion on the Company’s interest in the completion of the transaction and the economic benefits and substantive fairness of the underlying terms.

[149] The MSG for “Transactions involving the interests of Directors and Statutory Auditors and transactions with related parties” is available in the Corporate Governance section of the Company’s website at: [http://www.eni.com/en\\_IT/attachments/governance/guidelines-related-parties/MSG\\_Part%20Correlate\\_ENG.pdf](http://www.eni.com/en_IT/attachments/governance/guidelines-related-parties/MSG_Part%20Correlate_ENG.pdf).

[150] The MSG updates and replaces the previous Company regulations in this area, which had been adopted by the Board of Directors on February 12, 2009.

[151] The procedures take account of the instructions and interpretive guidance set out in the Consob Communication of September 24, 2010.

[152] The disclosure requirements set out in the Consob Regulation entered force as from December 1, 2010.

[153] Currently called the Control and Risk Committee.

With regard to the disclosures to be provided to the public, the relevant provisions of the Consob Regulation have been fully incorporated in the MSG.

> Disclosure to the public

The MSG also sets out the timing, responsibilities and verification tools to be used by Eni employees involved and the reporting requirements that must be complied with for the correct application of the rules.

> Internal processes

Finally, consistent with the choice made with the previous system, specific rules have been adopted for transactions in which a Director or a Statutory Auditor holds an interest, whether directly or on behalf of third parties. More specifically, the MSG contains specific monitoring, evaluation and motivation requirements related to the preliminary phase and to the completion of a transaction with a party of interest to a Director or a Statutory Auditor.

> Transactions with parties of interest to Directors and Statutory Auditors

In this regard, both in the preliminary and approval phase, a detailed and documented examination of the reason for the transaction is required, showing the interest of the Company in its completion and the economic benefits and fairness of the underlying terms. In any case, if the transaction is under the responsibility of the Eni Board of Directors, a non-binding opinion from the Control and Risk Committee is required.

In order to ensure prompt and effective verification of the implementation of the MSG, a database had been created listing related parties and Eni persons of interest, together with a search application that the agents of Eni and the subsidiaries responsible for preparing transactions can use to access the database in order to determine the nature of the transaction counterparty.

To ensure an effective system of control over transactions, every two months the CEO must report to the Board of Directors and to the Board of Statutory Auditors on the execution of individual transactions with related parties and parties of interest to Directors and Statutory Auditors, and prepare a semi-annual aggregate report on all transactions with such parties of interest performed during the reporting period.

> Periodic reporting to the Board and to the Board of Statutory Auditors

The Board of Statutory Auditors monitors the compliance of Eni's procedures with the principles set out by Consob concerning related parties<sup>154</sup>, as well as whether their conformity based upon information received and reports to the Shareholders' Meetings on its activities.

> Monitoring roles of the Board of Statutory Auditors

## Management System Guidelines for "Market Abuse"

### *Handling of corporate information*

In compliance with the requirements contained in the Consolidated Law on Financial Intermediation and the Consob Issuers Regulations, on October 29, 2012, the Board of Directors, acting on a proposal from the CEO and after consultation with the Control and Risk Committee, approved the new Management System Guidelines for Market Abuse (hereinafter also "Market Abuse MSG"), which consolidates the three previous sets of rules in this field (which were approved by the Board in 2006) into a single instrument with the aim of rationalising and improving the effectiveness of the Company's arrangements to prevent market abuse.

> Market Abuse MSG

The Market Abuse MSG seeks to raise the awareness in all of Eni's employees of the value of information as a strategic business asset for the protection of the interests of the Company, its shareholders and the market, and the consequences that may result from mismanaging such information, including by highlighting the penalties that can be imposed for failure to comply with the relevant regulations.

> Purposes of the regulation

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

- > Training
- In 2013, training on market abuse issues was provided to around 2,500 Eni employees as of the date of approval of this Report, using a variety of methods, including e-learning. The topic was also addressed in other training programmes undertaken in 2013 for the boards of directors of Eni subsidiaries and investees (the so-called "Welcome Board").
- In particular, the MSG, in tracing the evolution that information may undergo within Eni, introduces principles of conduct for preserving the confidentiality of corporate information in general, as required by Criterion 1.C.1 letter j) of the Corporate Governance Code, ensuring that information is used by employees and members of the corporate bodies in accordance with the principles of sound management of information within the context of the duties assigned to them in the pursuit of the company business and in compliance with the principles set out in Eni's Code of Ethics and with corporate security measures. Directors and Statutory Auditors shall ensure the confidentiality of documents and information acquired in the performance of their duties and shall ensure compliance with the Market Abuse MSG.
- Internal management of inside information and the register of persons with access to inside information*
- > Management of inside information and rules concerning the register
- The MSG establishes the procedures to be adopted in determining whether information should be classified as inside information. Drafted in compliance with the provisions of Article 115-bis of the Consolidated Law on Financial Intermediation and the implementing provisions of the Consob Issuers' Regulation, it defines: (i) the procedures for creating, maintaining and updating the register of persons with access to Eni inside information, including for Eni's subsidiaries; (ii) the methods and deadlines for the entry in and any subsequent cancellation from the register of persons who, due to their work or professional activity or as a result of the functions carried out on behalf of Eni, have access on a regular or occasional basis to inside information; (iii) the procedures for notifying the person involved of their entry in and cancellation from the register, including the associated reasons for the action; and (iv) specific rules of conduct for persons entered in the register.
- > Major subsidiaries
- The MSG also specifies the procedures to be used by the subsidiaries in delegating to Eni, pursuant to art. 152-bis, paragraph 4, of the Consob Issuers' Regulation, the establishment and updating of their registers, governing the associated communications for the full performance of the associated obligations.
- > Principles of conduct
- In any case, the MSG provides for special confidentiality rules for inside information for which there are no public disclosure requirements, so that until it is made public (i) persons other than those who need the information for the performance of their duties within Eni do not have access to the information and (ii) that persons with access to such information understand their legal and regulatory duties with respect to such information and the possible penalties to which they could be subject in the event of the abuse or unauthorised dissemination of the inside information.
- Market disclosure of documents and inside information*
- > Market disclosure rules
- The Market Abuse MSG governs the public disclosure of inside information, specifying: (i) the evaluation criteria for determining which information is subject to disclosure; (ii) the process for issuing press releases with price sensitive information; and (iii) the publication of press releases with price sensitive information required by the regulations and, upon publication, their concomitant publication on the Eni website.
- > Information characteristics and communication requirements
- In compliance with art. 114 of the Consolidated Law on Financial Intermediation and the implementing provisions of the Issuers' Regulation, the procedure establishes the requirements for public disclosure of inside information (transparency, fairness and non-manipulative intent, materiality, clarity, completeness, traceability, consistency, equal access to information and informational symmetry and timeliness) and the rules for acquiring data and information from subsidiaries that is necessary to provide accurate and timely information to the Board of Directors and to the market on events and circumstances that may give rise to inside information.
- > Subsidiaries

In particular, the Market Abuse MSG establishes rules so that, in accordance with applicable regulations: (i) press releases with price sensitive information contain all the information necessary to enable a complete and accurate assessment of the events and circumstances represented, as well as references to and comparisons with the content of previous press releases; (ii) any significant change in inside information subject to disclosure that has already been made public is disseminated without delay in the manner specified by applicable regulations; (iii) the disclosure of inside information subject to disclosure and the marketing of the Company's activities are not combined in a way that could be misleading; and (iv) the disclosure is made in a manner that ensures the greatest possible synchronization of disclosure to all categories of investors in all countries in which the admission of its financial instruments to trading on a regulated market has been requested or approved.

> Press releases

### *Internal Dealing*

The Market Abuse MSG streamlines and clarifies the provisions already contained in the previous procedure adopted by Eni governing internal dealing. The procedure, in incorporating the instructions contained in Article 152-sexies of the Consob Issuers' Regulation: (i) identifies relevant persons and persons closely associated with them; (ii) defines transactions involving shares issued by Eni SpA, shares of companies with listed shares and other financial instruments linked to those shares; (iii) specifies the obligations for disclosure to Consob and the public of transactions, carried out directly or through nominees, by relevant persons and persons closely associated with them; (iv) establishes rules of conduct for relevant persons (other than the shareholders of Eni) and persons closely associated with them, governing the procedures and deadlines for notifying Eni of transactions, as well as the deadlines for disclosure to the public of such filings, which are to be made directly or through the Corporate Secretariat of Eni SpA, which also provides for publication of the filing on the Internal Dealing section of the website<sup>155</sup>.

> Relevant persons with regard to internal dealing

> Conduct obligations

As already provided for under the previous internal dealing procedure, the Market Abuse MSG institutes blocking periods for transactions carried out by relevant persons.

> The blocking period

The procedure is published in the "Governance" section of the Eni website<sup>156</sup>.

### **Audit firm<sup>157</sup>**

The statutory auditing of Eni's financial statements is entrusted, pursuant to law, to an audit firm entered in the Consob special register and appointed by the Shareholders' Meeting, acting on a reasoned proposal of the Board of Statutory Auditors.

> Engagement

In addition to the obligations set forth in national audit regulations, Eni's listing on the New York Stock Exchange requires that the audit firm issue a report on the Annual Report on Form 20-F, in compliance with the auditing principles generally accepted in the United States, as well as an assessment of the effectiveness of the internal control system applied to financial reporting, which governs the preparation of the consolidated financial statements.

> U.S. regulations

For the most part, the financial statements of the subsidiaries are audited by Eni's audit firm. In addition, for the purpose of issuing an assessment on the consolidated financial statements, Eni's audit firm assumes responsibility for the auditing activities performed by other audit firms regarding the financial statements of subsidiaries that, taken together, account for an immaterial share of consolidated assets and revenues.

> Audit of financial statements of subsidiaries

[155] At the address: [http://www.eni.com/en\\_IT/governance/internal-dealing-and-shareholdings/relevant-persons-transactions.shtml](http://www.eni.com/en_IT/governance/internal-dealing-and-shareholdings/relevant-persons-transactions.shtml).

[156] At the address: [http://www.eni.com/en\\_IT/governance/governance-controls/market-abuse-procedures/market-abuse-procedures.shtml](http://www.eni.com/en_IT/governance/governance-controls/market-abuse-procedures/market-abuse-procedures.shtml).

[157] The audit firm, having verified the preparation of this Report, has determined that it is consistent, as required by art. 14, paragraph 2, letter e), of Legislative Decree no. 39/2010 with the information provided pursuant to art. 123-bis, paragraph 1, letters c), d), f), l) and m), and paragraph 2, letter b) of the del Consolidated Law on Financial Intermediation. The Audit Report is published in full along with the Annual Financial Report.

- > **Audit firm and duration of engagement**

The current audit firm is Reconta Ernst & Young SpA, whose engagement was approved by the Shareholders' Meeting of April 29, 2010, for the financial years 2010-2018, pursuant to Legislative Decree no. 39/2010.

In carrying out its work, the audit firm shall have access to the information, data (both documentation and digital information), archives and property of the Company and its subsidiaries.
- > **Internal rules on the auditing of financial statements**

The "Rules on the auditing of financial statements", approved by the Board of Statutory Auditors and the Board of Directors – following the issuance of a favourable opinion by the Control and Risk Committee – set out the general principles pertaining to: the granting and revocation of the engagement; relations between the primary auditor of the Group and secondary auditors; the independence of the audit firm and causes for incompatibility; reporting responsibilities and obligations of the audit firm; and the regulation of the flow of information between the Company, Consob and the SEC.
- > **Additional services**

In order to preserve the independence of the audit firms, a monitoring system for "non-audit" work has been created where, in general, the audit firm and its network are not awarded engagements unrelated to the performance of statutory audit activities, except in rare circumstances pertaining to activities that are not prohibited by Italian legislation or the Sarbanes-Oxley Act.

The additional engagements (i) if requested by Eni SpA, are subject to the prior opinion of the Board of Statutory Auditors of Eni SpA; (ii) if requested by the subsidiaries, are subject to the prior opinion of the board of statutory auditors of the subsidiary, as well as of the Board of Statutory Auditors of Eni SpA in cases where such engagements do not fall under those provided for by specific laws or regulations. All engagements are approved by the Board of Directors of the relevant company. The Board of Statutory Auditors of Eni is periodically informed of the engagements that are awarded to the audit firm by the Group companies.

## Court of Auditors

The financial management of Eni is subject to the control of the Court of Auditors ("Corte dei Conti"<sup>158</sup>) in order to preserve the integrity of the public finances. This work was performed until December 22, 2014 by the magistrate of the Court of Auditors, Raffaele Squitieri, on the basis of the resolution approved on October 28, 2009 by the President's Council of the Court of Auditors. He was replaced by Adolfo Teobaldo De Girolamo by resolution of the Presidential Council of the Court of Auditors on December 22, 2014. The magistrate of the Court of Auditors attends the meetings of the Board of Directors, the Board of Statutory Auditors and the Control and Risk Committee.

## Relations with shareholders and the market

- > **Relations with shareholders and the markets**

From the very start of the privatisation process and in compliance with its Code of Ethics and Corporate Governance Code, Eni has maintained an open and on-going dialogue with institutional investors, retail shareholders and the market, so as to ensure the dissemination of complete, accurate and timely information on its activities, with the sole exception of certain confidential information.

Disclosures concerning periodic reports, the four-year business plan, major events and transactions are disseminated through press releases, meetings and conference calls with institutional investors, financial analysts and the press, and are promptly made available to the general public, including by way of publication on the Company's website.

[158] Pursuant to art. 12 of Law no. 259 of March 21, 1958.

In particular, presentations by top management to the financial markets concerning the quarterly and annual results and the four-year business plan are transmitted live on the Company's website, informing retail shareholders, enabling them to participate in the most significant market events in real time.

> The website

Recordings of these events, press releases and the associated presentations and transcripts are permanently available on the Company's website.

> Events, presentations and press releases

The "Eni in the Stock Markets" pages in the Investor Relations section of Eni's website<sup>159</sup> are constantly updated with information on dividends, share price, share prices of peer companies and the major stock market indices.

> "Eni in the Stock Markets" pages

The website also contains periodic reports, press releases, this Report, the Corporate Governance Code with the corporate governance solutions adopted by Eni and Corporate Governance procedures, the Company's By-laws, announcements to shareholders and bondholders, disclosures and documentation regarding the issues on the agenda of Shareholders' and Bondholders' Meetings, with the associated minutes. The documentation is provided free of charge to anyone who may request it, including through the Company's website<sup>160</sup>.

> Information on Corporate Governance

A section of the website is dedicated to Eni's Corporate Governance arrangements, and the governance system is illustrated with a summary interactive graphic<sup>161</sup> as well as with additional detailed pages. The website also provides easy access to a considerable amount of other documentation, including this Report, previous reports and the documents referred to in the reports.

> Section of website dedicated to Governance

Once again in 2014, Eni was named the best listed company in the area of global digital corporate communications in recognition of its high degree of disclosure due to the clear, accessible and transparent style of its website. The eni.com website remained among the top websites ranked in the Bowen Craggs Index 2014, which assesses the effectiveness of online communication by the 78 largest companies in the world by capitalisation.

> Recognition for quality of communication

More specifically, the "Governance" section of the website was ranked first for the visibility, clarity and ease of use of the information presented. Eni ranked first in the world for the transparency of corporate information in the survey conducted by Transparency International on "Transparency in Corporate Reporting".

The survey of the 124 largest listed companies in the world measured transparency in three areas: anti-corruption programmes, organisation and the publication of the primary performance and financial data by country.

> Shareholder engagement

Moreover, the Company has agreed to respond to the desire – expressed in recent Shareholders' Meetings for greater involvement of our investors, including retail investors.

The commitment to presenting Eni in a straightforward and intuitive way to shareholders prompted the creation of a section on the Company's website<sup>162</sup> dedicated to direct communication that includes a Shareholders' Guide and an overview of dedicated initiatives. One of these initiatives is a presentation of the Shareholders' Meeting approving the financial statements with a short and simple interactive video.

> The video for shareholders

[159] At the address: [http://www.eni.com/en\\_IT/investor-relation/financial-calendar/financial-calendar.shtml](http://www.eni.com/en_IT/investor-relation/financial-calendar/financial-calendar.shtml).

[160] At the address: [http://www.eni.com/en\\_IT/governance/governance-model-policies/model-policies-publications/publications.shtml](http://www.eni.com/en_IT/governance/governance-model-policies/model-policies-publications/publications.shtml).

[161] At the address: [http://www.eni.com/en\\_IT/governance/governance-model-policies/governance-model-policies.shtml](http://www.eni.com/en_IT/governance/governance-model-policies/governance-model-policies.shtml).

[162] At the address: [http://www.eni.com/en\\_IT/governance/shareholders/initiatives/initiatives.shtml](http://www.eni.com/en_IT/governance/shareholders/initiatives/initiatives.shtml).

For more information on relations with Shareholders and investors with regard to corporate governance issues, please refer to the section on governance initiatives of this Report. Specific Eni units handle relations with institutional investors, shareholders and the media.

> Investor Relations function

As provided for in the Corporate Governance Code, relations with institutional investors and financial analysts are managed by the head of the Investor Relations function; the relevant information is available on the Eni website and may also be requested by e-mail at [investor.relations@eni.com](mailto:investor.relations@eni.com).

> Corporate Secretariat

Relations with other shareholders are managed by the Corporate Secretariat. The relevant information is available on the Eni website and may also be requested by e-mail at [segreteria.societaria.azionisti@eni.com](mailto:segreteria.societaria.azionisti@eni.com), or by calling the toll-free number 800940924 (from labroad: 80011223456).

Information about our Corporate Governance is available on the Eni website and may also be requested by dedicated e-mail from Eni's website at [info.governance@eni.com](mailto:info.governance@eni.com).

> External Communication function

Relations with the media are managed by the head of External Communication; the relevant information is available on the Eni website and may also be requested by e-mail at [ufficio.stampa@eni.com](mailto:ufficio.stampa@eni.com).

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The following tables show the structure of the Board of Directors, the committees and the Board of Statutory Auditors.

Board of Directors and Board Committees														
(term of office beginning May 8, 2014) <sup>1</sup>														
Members	Board of Directors						Control and Risk Committee		Compensation Committee		Nomination Committee		Sustainability and Scenarios Committee	
	Year first appointed	Slate from which drawn <sup>2</sup>	Executive /Non-executive	Independent <sup>3</sup>	No. of other positions held <sup>4</sup>	Meeting attendance	Position <sup>5</sup>	Meeting attendance	Position <sup>5</sup>	Meeting attendance	Position <sup>5</sup>	Meeting attendance	Position <sup>5</sup>	Meeting attendance
<b>Chairman</b>														
Emma Marcegaglia	2014	M	Non-executive	CLFI	2	9/9	-	-	-	-	-	-	-	
<b>Chief Executive Officer</b>														
Claudio Descalzi	2014	M	Executive	-	-	9/9	-	-	-	-	-	-	-	
<b>Directors</b>														
Andrea Gemma	2014	M	Non-executive	CLFI - CGC	5	9/9	M	14/14	-	-	C	4/4	M	4/4
Pietro Guindani	2014	m	Non-executive	CLFI - CGC	2	9/9	-	-	M	8/8	-	-	M	4/4
Karina Litvack	2014	m	Non-executive	CLFI - CGC	-	9/9	M	14/14	M	8/8	-	-	m	4/4
Alessandro Lorenzi	2011	m	Non-executive	CLFI - CGC	1	9/9	C	14/14	M	8/8	-	-	-	-
Diva Moriani	2014	M	Non-executive	CLFI - CGC	3	9/9	-	-	M	7/8	M	4/4	-	-
Fabrizio Pagani	2014	M	Non-executive	-	-	9/9	-	-	-	-	M	3/4	C	4/4
Luigi Zingales	2014	M	Non-executive	CLFI - CGC	-	9/9	M	14/14	-	-	M	4/4	-	-
<b>Number of meetings in 2014</b>				<b>9</b>		<b>14</b>		<b>8</b>		<b>4</b>		<b>4</b>		
<b>Average length of meetings</b>				<b>5h 20m</b>		<b>3h 46m</b>		<b>3h 28m</b>		<b>1h 12m</b>		<b>2h 20m</b>		
<b>Average attendance rate</b>				<b>100%</b>		<b>100%</b>		<b>97%</b>		<b>94%</b>		<b>100%</b>		
(term of office ending May 8, 2014)														
Members	Board of Directors						Control and Risk Committee		Compensation Committee		Nomination Committee		Oil - Gas Energy Committee	
	Year first appointed	Slate from which drawn	Executive /Non-executive	Independent	Meeting attendance	Position	Meeting attendance	Position	Meeting attendance	Position	Meeting attendance	Position	Meeting attendance	
<b>Chairman</b>														
Giuseppe Recchi	2011	M	Non-executive	-	5/5	-	-	-	-	C	3/3	-	-	
<b>Chief Executive Officer</b>														
Paolo Scaroni	2005	M	Executive	-	5/5	-	-	-	-	-	-	-	-	
<b>Directors</b>														
Carlo Cesare Gatto	2011	M	Non-executive	CLFI - CGC	5/5	M	10/10	M	4/4	-	-	-	-	
Alessandro Lorenzi	2011	m	Non-executive	CLFI - CGC	5/5	C	10/10	-	-	M	3/3	M	3/3	
Paolo Marchioni	2008	M	Non-executive	CLFI - CGC	5/5	M	10/10	-	-	-	-	M	3/3	
Roberto Petri	2011	M	Non-executive	CLFI - CGC	5/5	-	-	M	3/4	-	-	M	3/3	
Alessandro Profumo	2011	m	Non-executive	CLFI - CGC	5/5	-	-	M	4/4	M	3/3	C	3/3	
Mario Resca	2002	M	Non-executive	CLFI - CGC	5/5	-	-	C	4/4	M	3/3	M	2/3	
Francesco Taranto	2008	m	Non-executive	CLFI - CGC	5/5	M	10/10	-	-	-	-	M	3/3	
<b>Number of meetings in 2014</b>				<b>5</b>		<b>10</b>		<b>4</b>		<b>3</b>		<b>3</b>		
<b>Average length of meetings</b>				<b>2h 56m</b>		<b>4h35m</b>		<b>1h 15m</b>		<b>53m</b>		<b>1h 55m</b>		
<b>Average attendance rate</b>				<b>100%</b>		<b>100%</b>		<b>94%</b>		<b>100%</b>		<b>94%</b>		

(1) Appointed by the Shareholders' Meeting of May 8, 2014 for a three year term ending on the date of the Shareholders' Meeting called to approved the 2016 financial statements.

(2) For definitions of "majority" (M) and "minority" (m) slates, please refer to the sections "Composition" and "Appointment" in the chapter "Board of Directors" of this Report.

The minimum holding required to submit a slate for the election of the Board of Directors was equal (in 2014) to 0.5% of the share capital.

(3) Satisfies the independence requirements under the Consolidated Law on Financial Intermediation (CLFI) and/or the Corporate Governance Code (CGC).

(4) Positions as director and statutory auditor held in other listed companies, including foreign companies, as well as financial, banking and insurance firms and large companies for the purposes of the Board policy on the maximum number of positions that may be held in other companies of May 9, 2014. The major positions held by the Directors are reported in the section "Composition" of the chapter "Board of Directors" of this Report, in the context of the information on the personal and professional qualifications of the Directors, as well as in the "Governance-Board of Directors" section of the Eni website ([www.eni.com](http://www.eni.com)).

(5) "C": Committee chairman; "M": committee member.

## Board of Statutory Auditors

(term of office beginning May 8, 2014)

	Year first appointed	independent pursuant to Corporate Governance Code <sup>a</sup>	Slate from which drawn <sup>(1)</sup>	Attendance at BoSA meetings	Attendance at BoD meetings <sup>e</sup>	No. of position held in listed companies <sup>(2)</sup>
Members						
<b>Chairman</b>						
Matteo Caratozzolo	2014	x	Minority	16/16	9/9	1
<b>Standing Statutory Auditors</b>						
Paola Camagni	2014	x	Majority	16/16	9/9	1
Alberto Falini	2014	x	Majority	16/16	9/9	1
Marco Lacchini	2014	x	Minority	16/16	9/9	1
Marco Seracini	2014	x	Majority	13/16	9/9	2
<b>Number of meetings in 2014</b>				<b>16</b>	<b>9</b>	
<b>Average length of meetings</b>				<b>3h 42m</b>	<b>5h 20m</b>	
<b>Average attendance rate</b>				<b>96%</b>	<b>100%</b>	

(term of office ending May 8, 2014)

	Year first appointed	independent pursuant to Corporate Governance Code <sup>a</sup>	Slate from which drawn <sup>(1)</sup>	Attendance at BoSA meetings	Attendance at BoD meetings	No. of position held in listed companies <sup>(2)</sup>
Members						
<b>Chairman</b>						
Ugo Marinelli	2008	x	Minority	11/11	5/5	
<b>Standing Statutory Auditors</b>						
Francesco Bilotti	2013	x	Majority	10/11	5/5	
Paolo Fumagalli	2011	x	Majority	11/11	5/5	
Renato Righetti	2011	x	Majority	11/11	5/5	
Giorgio Silva	2005	x	Minority	11/11	5/5	
<b>Number of meetings in 2014</b>				<b>11</b>	<b>5</b>	
<b>Average length of meetings</b>				<b>4h 45m</b>	<b>2h 56m</b>	
<b>Average attendance rate</b>				<b>98%</b>	<b>100%</b>	

(1) For definitions of "Minority" and "Majority" slates, please refer to the section on the "Composition and Appointment" of the Board of Statutory Auditors in this Report. The minimum holding required to submit a slate for the election of the Statutory Auditors was equal (in 2014) to 0.5% of the share capital.

(2) Including Eni SpA. The list is current as of the date of approval of this Report. The major positions held by the Statutory Auditors are reported in the section "Composition and Appointment" of the chapter "Board of Statutory Auditors" of this Report, in the context of the information on the personal and professional qualifications of the Statutory Auditors, as well as in the "Governance-Board of Statutory Auditors" section of the Eni website ([www.eni.com](http://www.eni.com)). The complete list of significant management and control positions held pursuant to art. 148-bis of the Consolidated Law on Financial Intermediation and the related implementing provisions set out in the Consob Issuers' Regulation is published on Consob's website, pursuant to Article 144-quinquiesdecies of the Issuers' Regulation, where applicable.

## Investor Relations

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## eni spa

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€4,005,358,876 fully paid  
Tax identification number: 00484960588  
Branches:  
San Donato Milanese (Milan) - Via Emilia, 1  
San Donato Milanese (Milan) - Piazza Ezio Vanoni, 1

## Publications

Financial Statement pursuant to rule 154-ter paragraph 1  
of Legislative Decree No. 58/1998  
Integrated Annual Report  
Annual Report on Form 20-F  
for the Securities and Exchange Commission  
Fact Book (in Italian and English)  
Eni in 2014 (in English)  
Interim Consolidated Report as of June 30 pursuant  
to rule 154-ter paragraph 2 of Legislative Decree No. 58/1998  
Corporate Governance Report pursuant to rule 123-bis  
of Legislative Decree No. 58/1998  
(in Italian and English)  
Remuneration Report pursuant to rule 123-ter  
of Legislative Decree No. 58/1998 (in Italian and English)

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