

Corporate Governance and  
Shareholding Structure Report **2017**

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We are an energy company.

We are working to build a future where everyone can access energy resources efficiently and sustainably.

Our work is based on passion and innovation, on our unique strengths and skills, on the quality of our people and in recognising that diversity across all aspects of our operations and organisation is something to be cherished. We believe in the value of long term partnerships with the countries and communities where we operate.

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# Corporate Governance and Shareholding Structure Report **2017\***

Approved by the Board of Directors on March 15, 2018



[\*] The Report is published in the "Governance" section of the Company website eni.com. The Italian text prevails over the English version.

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## CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE REPORT 2017

This Report, approved by the Board of Directors of Eni SpA on March 15, 2018, provides a broad and comprehensive overview of the Corporate Governance system adopted by Eni SpA (hereinafter referred to as “Eni” or the “Company”).

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

The Corporate Governance Code is available to the public on the Corporate Governance Committee’s website<sup>3</sup> as well as on Eni’s website<sup>4</sup>, with a description of the governance solutions adopted by Eni. Furthermore, the Report on Operations, which is a part of the 2017 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 15, 2018 and published simultaneously with this Report.

The information contained in this Report refers to 2017 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 [www.eni.com](http://www.eni.com), consists of three sections: the first describes Eni’s profile, structure and values; the second focuses on information on the ownership structure; and the third analyses and provides information on corporate governance, specifically compliance with the Corporate Governance Code, on the main features of the Internal Control and Risk Management System, including with regard to the financial reporting process and, more generally, the primary governance practices followed.

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

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

[3] Available at: <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.en.htm>.

[4] In the Governance section of the Company’s website: <https://www.eni.com/en>.

[5] In the “Publications” section of the Company’s website.

[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.

# ENI: PROFILE, STRUCTURE AND VALUES

## Profile and structure

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

Eni is an energy company with operations in 71 countries and a workforce of 32,934 (12,061 abroad)<sup>7</sup>, the Company operates in oil, natural gas, and energy in general.

Starting from May 28, 2014, the Board redefined the Company's organisational structure, 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>, also reorganising a number of aspects associated with internal control (audit, risks and compliance). The new organisational structure replaces the divisional model with an integrated operational model built around business lines, each specialising in a business and responsible for achieving performance and operating targets for its segment, as well as achieving excellence in key competencies.

More specifically, Eni operates the following

### - business lines:

- (i) Exploration responsible for the management of exploration portfolio, strategic exploration studies, exploration and delineation projects and geological and geophysical studies and specialist services;
- (ii) Development, Operations & Technology responsible for carrying out industrial asset development projects and operations technical support, managing R&D activities and upstream procurement;
- (iii) Energy Solutions responsible for the development of the renewable energy business: new projects, asset management and sales;
- (iv) Upstream responsible for business development activities, management of upstream activities directly carried out and monitoring of those not directly carried out;
- (v) Gas & LNG Marketing and Power responsible for managing the Gas, LNG & Power portfolio, commercial development of gas projects and LNG equity, sale of LNG and Gas & Power to large customers, management of commodity price risk, trading, oil and gas transport also through pipelines, energy generation operations, regulatory issues;
- (vi) Refining & Marketing responsible for the supply, refining, production, distribution and sale of petroleum products and lubricants, licensing out, procurement for industrial activities and logistics in the downstream sector, as well as for environmental reclamation (acting through the company Syndial);

### - companies

- Eni gas e luce<sup>9</sup>, for sales of gas, electricity and services to retail and business customers in Italy and Europe;
- Versalis, for the production and sale of petrochemical products (basic chemistry, polyethylene, styrenes, elastomers) and sale of licenses on technologies and know-how.

The business lines are assisted by business support functions reporting to the Chief Executive Officer, whose services are centralised to ensure quality and efficiency. These functions include: (i) the units that report to the Chief Financial Officer and the Chief Services & Stakeholder Relations Officer;

[7] Figures at December 31, 2017.

[8] For more information on Eni's new organizational structure, please consult the "Company" section of the Company's website and the Annual Report.

[9] Since July 1, 2017.

### Eni's mission

We are an energy company.  
We are working to build a future where everyone can access energy resources efficiently and sustainably. Our work is based on passion and innovation, on our unique strengths and skills, on the quality of our people and in recognising that diversity across all aspects of our operations and organisation is something to be cherished. We believe in the value of long-term partnerships with the Countries and communities where we operate

(ii) Corporate Affairs and Governance, Legal Affairs, International Affairs, External Communication, Integrated Compliance Departments and Integrated Risk Management unit.

Lastly, the Head of the Internal Audit Department (who oversees checks, analysis, assessments and recommendations concerning the design and operation of Eni's internal control and risk management system) and the Board Secretary and Corporate Governance Counsel (Company Secretary) report to the Board of Directors and, on its behalf, to the Chairman.

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

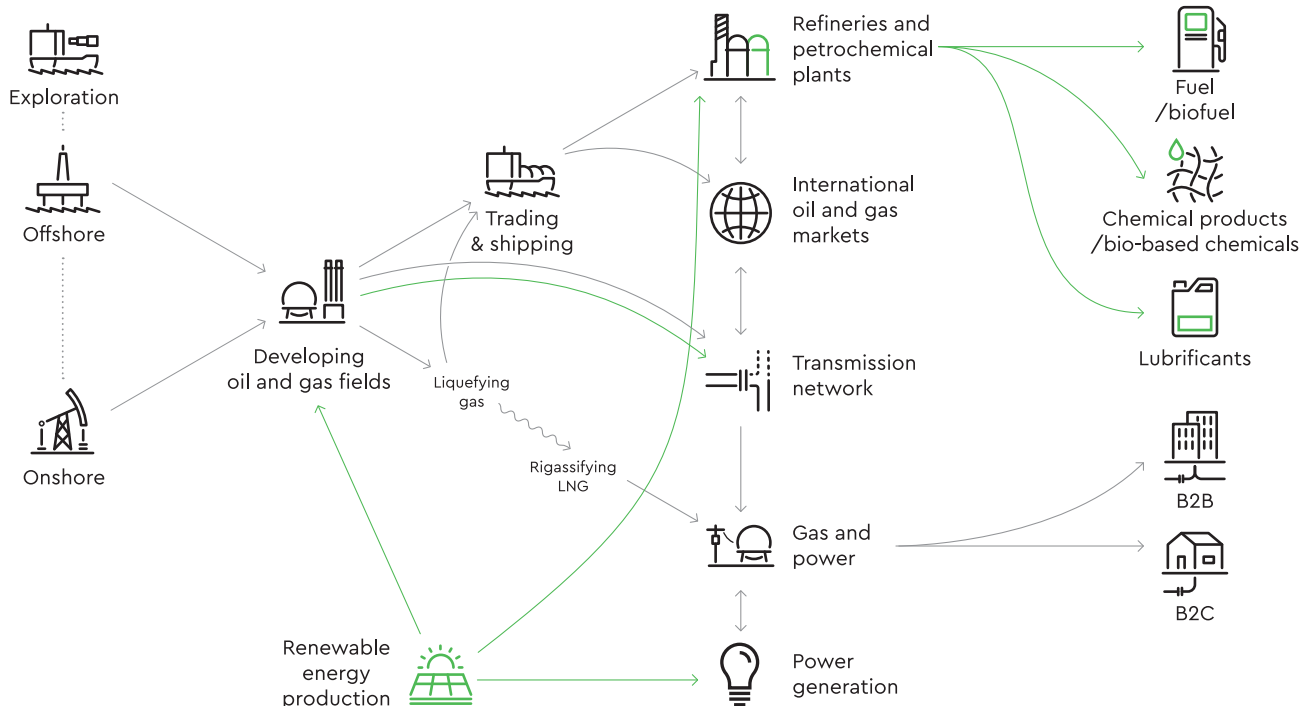
## Value chain

### 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, the UK, the United States and Venezuela, overall in 46 countries.

### MID-DOWNSTREAM

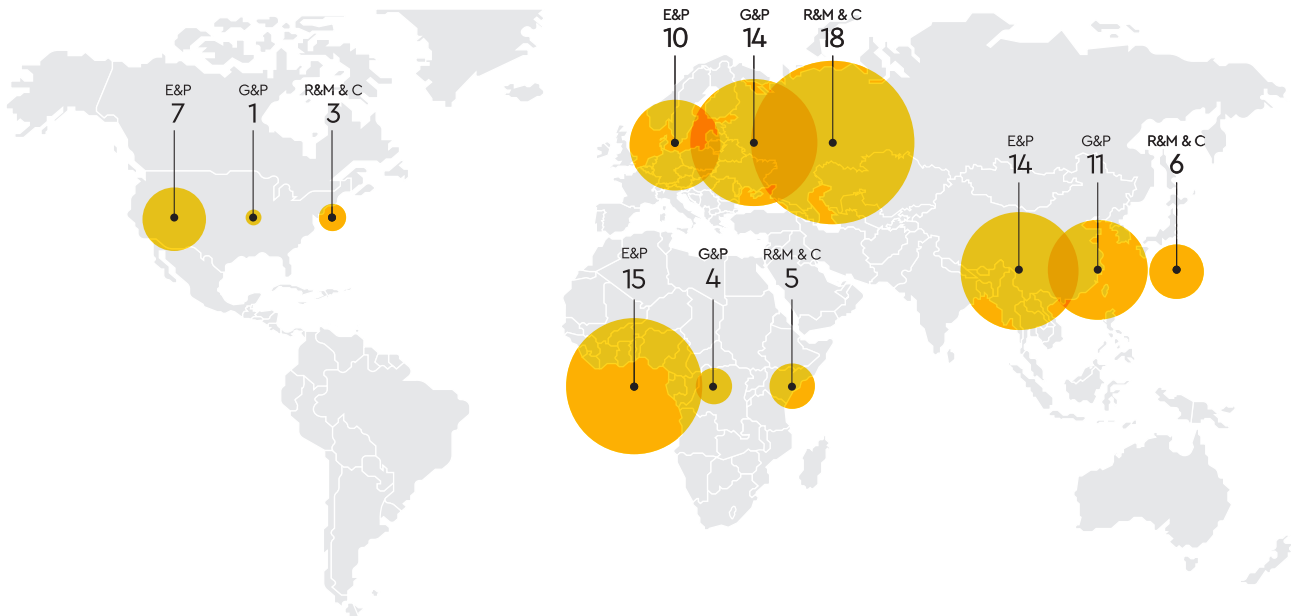
Eni sells gas, electricity, LNG and oil products in the European and extra-European markets, also leveraging on trading activities. Products availability is ensured by oil and gas production in the upstream business, long-term gas supply contracts, CCGT power plants, Eni's refinery system as well by Versalis' chemical plants. The supply of commodities is optimized through trading activity. Integrated business units enable the company to capture synergies in operations and reach cost efficiencies.



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



# Eni worldwide presence



EUROPE	E&P	G&P	R&M & C
Austria		•	•
Belgium		•	•
Croatia	•		
Cyprus	•		
Czech Republic			•
Denmark			•
France		•	•
Germany		•	•
Greece		•	•
Greenland	•		
Hungary		•	•
Ireland	•		
Italy	•	•	•
Luxembourg		•	
Montenegro	•		
Norway	•		
Poland			•
Portugal	•		
Romania			•
Slovakia			•
Slovenia		•	
Spain		•	•
Sweden			•
Switzerland		•	•
the Netherlands		•	•
the United Kingdom	•	•	•
Turkey		•	•
Ukraine	•		

ASIA AND OCEANIA	E&P	G&P	R&M & C
Australia	•		
China	•	•	•
India	•	•	•
Indonesia	•		
Iraq	•		
Japan		•	
Jordan		•	
Kazakhstan	•		
Kuwait		•	
Myanmar	•		
Oman	•	•	
Pakistan	•		
Russia	•	•	•
Saudi Arabia			•
Singapore		•	•
South Korea		•	•
Taiwan		•	
the United Arab Emirates	•	•	
Timor Leste	•		
Turkmenistan	•		
Vietnam	•		

AFRICA	E&P	G&P	R&M & C
Algeria	•		
Angola	•		
Congo	•		•
Egypt	•	•	•
Gabon	•		•
Ghana	•		•
Ivory Coast	•		
Kenya	•		
Liberia	•		
Libya	•	•	
Morocco	•		
Mozambique	•		
Nigeria	•	•	
South Africa	•		
Tunisia	•	•	•

AMERICA	E&P	G&P	R&M & C
Argentina	•		
Canada	•		
Ecuador	•		•
Mexico	•		
the United States	•	•	•
Trinidad & Tobago	•		
Venezuela	•		•

ENI WORKS IN **71** COUNTRIES

At December 31, 2017, Eni controlled 215 companies in Italy and abroad<sup>11</sup>.

[11] Reference is made to consolidated subsidiaries.

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

## Principles and values. The Code of Ethics

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

These values are set forth in the Eni Code of Ethics, approved by the Board of Directors on March 14, 2008, which replaces the previous 1998 Code of Conduct. The Code of Ethics was most recently updated on November 23, 2017.

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

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

For that purpose, the Code of Ethics has been translated into 21 languages. It has been distributed widely and is explained through a range of initiatives, including special training courses.

The Code represents an essential general principle of Compliance Model (Model 231 under Legislative Decree no. 231/2001)<sup>12</sup>, as well as a key element of the anti-corruption framework<sup>13</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 SpA Watch Structure – established by Model 231 – of the function of Guarantor of the Code of Ethics, with the duty of promoting and verifying its implementation.

The Guarantor of the Code of Ethics presents a report every six months on the implementation of the Code and any updating needed 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>14</sup>.

The Code of Ethics applies to all direct or indirect subsidiaries, both in Italy and abroad. Eni SpA Watch Structure has the function of Guarantor of the Code of Ethics for all companies of the Group. The representatives designated by Eni on the corporate bodies of associated companies, consortia and joint ventures promote the principles and contents of the Code within their respective spheres of responsibility.

## Corporate Governance Policy

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

In the context of Eni's Regulatory System<sup>15</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:

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

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

[13] For more information, please refer to the section on the "Anti-Corruption Compliance Programme" of this Report.

[14] The report is submitted together with that required from the Watch Structure.

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

- promoting and maintaining an adequate, effective and efficient Internal Control and Risk Management System.

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

More specifically, among the aims pursued, actions designed to ensure an adequate and effective internal control and risk management system 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>16</sup>.

## Responsible and sustainable approach

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

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

Eni adopts an approach that is strongly focused on operational excellence, research innovation, cooperation for countries development to promote access to energy resources in a way that is efficient and sustainable for all. This is possible thanks to the central role of people, passion and leveraging diversity as a resource, integrity in managing its business following strict financial rules, the highest ethical principles, respect for and promotion of human rights, and synergies deriving from integration between financial and non-financial aspects in all corporate decisions and processes.

The Board of Directors has always had a central role in the definition of sustainability policies and strategies, acting on a proposal of the Chief Executive Officer, and in verifying the associated results, which are also presented to shareholders at the Shareholders' Meeting.

The role of the Board of Directors

In order to maintain high sustainability standards in its operations, Eni sets annual targets that are pursued through projects and initiatives agreed between Company units and the subsidiaries. Approval of the related action plans and the review of the main results achieved are conducted at the top level of corporate decision making.

One crucial issue is the sustainability of our business in the long-term and the associated challenges connected with the energy transition and possible decarbonisation scenarios. Here, too, the Board of Directors plays a key role, examining and approving, on the basis of a proposal of the Chief Executive Officer, strategic initiatives in this area.

In performing its duties in this field, the Board is supported by a Board Committee, called the Sustainability and Scenarios Committee, which was established in 2014 by the Board. Among its tasks, the Committee periodically examines issues concerning the integration of strategy, development scenarios and the long-term sustainability of the business, analysing scenarios for the preparation of the strategic plan.

In 2017 the Sustainability and Scenarios Committee evaluated issues concerning climate change, among which the decarbonisation strategy, energy scenarios, renewable energies, research and development for energy transition and the climate partnership<sup>17</sup>.

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

[17] For more information, please refer to the "Sustainability and Scenarios Committee" section in this Report.

Since the second part of 2017, the Board of Directors and the Chief Executive Officer have drawn on the support of an Advisory Board, presided over by Director Fabrizio Pagani and made up of a number of international experts<sup>18</sup>, which focuses on analysing the main geopolitical, technological and market trends, including issues related to the decarbonisation process.

The strategic objectives, including those for decarbonisation, are specified in the objectives for company management, including the Chief Executive Officer<sup>19</sup> and managers with strategic responsibilities.

Another important issue is the respect and promotion of human rights, and Eni's commitment to this goal is described in its Sustainability Policy, approved by the Board of Directors on April 27, 2011 and adopted by all of Eni's subsidiaries, which sets out the binding principles that guide its activities everywhere. To this end, Eni continues to undertake targeted awareness projects and adopts the best international tools, with an approach of continuous improvement.

More specifically, in 2017 the inter-departmental "Human Rights and Business" working group began its activities, seeking to further strengthen the integration of safeguarding human rights in corporate processes, taking due account of legislative developments in the field and the consequent risks for Eni. In that respect, on June 19, 2017 the Board of Directors of Eni approved the statement required under UK law (Modern Slavery Act) concerning the prevention of "modern slavery" practices in the supply chain.

In this regard, on May 9, 2017 the Board updated the Rules of the Sustainability and Scenarios Committee, making explicit reference to human rights within the sustainability issues for which the Committee offers recommendations and advice to the Board.

In order to emphasize the contribution to creating value for the Company and stakeholders stemming from operating in a sustainable manner, the sustainability results, as well as all the main activities that determine the same, are communicated in the Annual Report, as provided for under the integrated reporting framework supported by the International Integrated Reporting Council (IIRC), which Eni has followed since 2011. In addition, since 2016, the key performance indicators ("KPI") for sustainability have also been disclosed in the press releases announcing Group performance for the second quarter and the preliminary annual results.

During 2017, continuing the process of integrating financial and non-financial disclosure in the Annual Report (so-called integrated reporting), the report on operations in the 2017 Annual Report was supplemented with a specific section entitled "Consolidated Non-Financial Information" (hereinafter the NFS) as provided for under Legislative Decree no. 254/2016<sup>20</sup>. The non-financial information presented in that statement is also provided through references to other reports required under other provisions of law, including this Report (with reference to specific sections). The NFS, which is prepared on the basis of the Global Reporting Initiative (GRI) reporting standard, was approved by the Eni Board of Directors and audited by the audit firm engaged to perform the statutory audit of Eni's financial statements (EY), in accordance with the provisions of law and the appropriate professional standards (ISAE 3000).

Thanks to its commitment to decarbonisation, Eni was confirmed as a leader and received again an high score A- in the CDP2017 ranking, an independent rating that evaluates the actions and strategies adopted by the world's major companies in response to climate change<sup>21</sup>.

[18] The other members of the Advisory Board are: Ian Bremmer; Christiana Figueres; Philip Lambert; Davide Tabarelli. For more information please refer to the "Governance" section in the Company's website [www.eni.com](http://www.eni.com).

[19] For more information, please refer to the 2018 Remuneration Report available on Eni's website [www.eni.com](http://www.eni.com).

[20] For more information, please refer to 2017 financial statements.

[21] The CDP (Carbon Disclosure Project) is a non-profit organisation that has developed a system to measure, share and publish information on the environmental performance of companies or cities. CDP2017 (Global Climate Change Report 2017) is the annual report published by the CDP reporting performances and the response of companies to the causes of global warming.

In addition, Eni was once again included for the eleventh straight year in the FTSE4Good Index following the half-yearly review in December 2017.

For more information, please refer to the “Sustainability” section of Eni’s website.

## Eni’s Corporate Governance initiatives

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

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

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

In recent years, responding to the need for a more thorough dialogue with the market on corporate governance issues, Eni organized cycles of Corporate Governance Roadshows led by the Chairman of the Board of Directors for the leading institutional investors to present the Company’s governance system and the main sustainability and corporate social responsibility initiatives.

In the Governance Roadshow, the Chairman presented Eni’s governance innovations to institutional investors

In addition to Italy, the roadshows were held in the United States, France and the United Kingdom, with investors representing a total of 6.5% of share capital attending in early 2017.

Investors expressed particular appreciation for the open and constructive dialogue with the Company that the initiative provided.

More specifically, investors had positive opinions on the composition of the Board of Directors, including its diversity, the governance measures adopted and the completeness and transparency of the information provided to shareholders and the market<sup>22</sup>.

In addition, during the meetings, investors demonstrated great interest in developments in the risk governance and control system, including compliance, its organization and the primary role of the Board and the Chairman in the system.

Regarding corporate governance initiatives, as well as the adoption governance solutions that go beyond the recommendations of the Corporate Governance Code, will be described in more detail further on in this Report.

## Corporate Governance Model

### THE CORPORATE GOVERNANCE MODEL OF ENI SPA

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

Eni adopts the traditional management and control model

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

#### The Chief Executive Officer

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

In accordance with the By-laws, the Board of Directors appointed a Chief Executive Officer to manage the Company, while reserving decisions on certain issues exclusively to itself. The CEO is therefore the main person responsible for the management of the company, apart from those tasks reserved to the Board.

#### The Chairman

The Board of Directors gave its Chairman a major role in internal controls<sup>23</sup>. The Board also decided that the Chairman will, in accordance with the By-laws, be legal representative of the Company, responsible for managing institutional relationships in Italy, together with the CEO.

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

#### The Committees

The Board of Directors has created four internal Committees having consulting and advisory functions: the Control and Risk Committee, the Remuneration Committee (already Compensation Committee), the Nomination Committee and the Sustainability and Scenarios Committee. These Committees report to the Board at every meeting, through their respective Chairmen, on the most significant matters that they have addressed<sup>24</sup>.

#### The Financial Reporting Officer

Other key players in the Eni Governance model include:

- the Officer in charge of preparing financial reports (Financial Reporting Officer), a position filled by the Chief Financial Officer of the Company;
- the Watch Structure, appointed by the Board and composed of four internal members and three external members, including the Chairman.

#### Eni Watch Structure

For more information on the Financial Reporting Officer and the Watch Structure, please see the specific sections of this Report.

#### The Board of Statutory Auditors

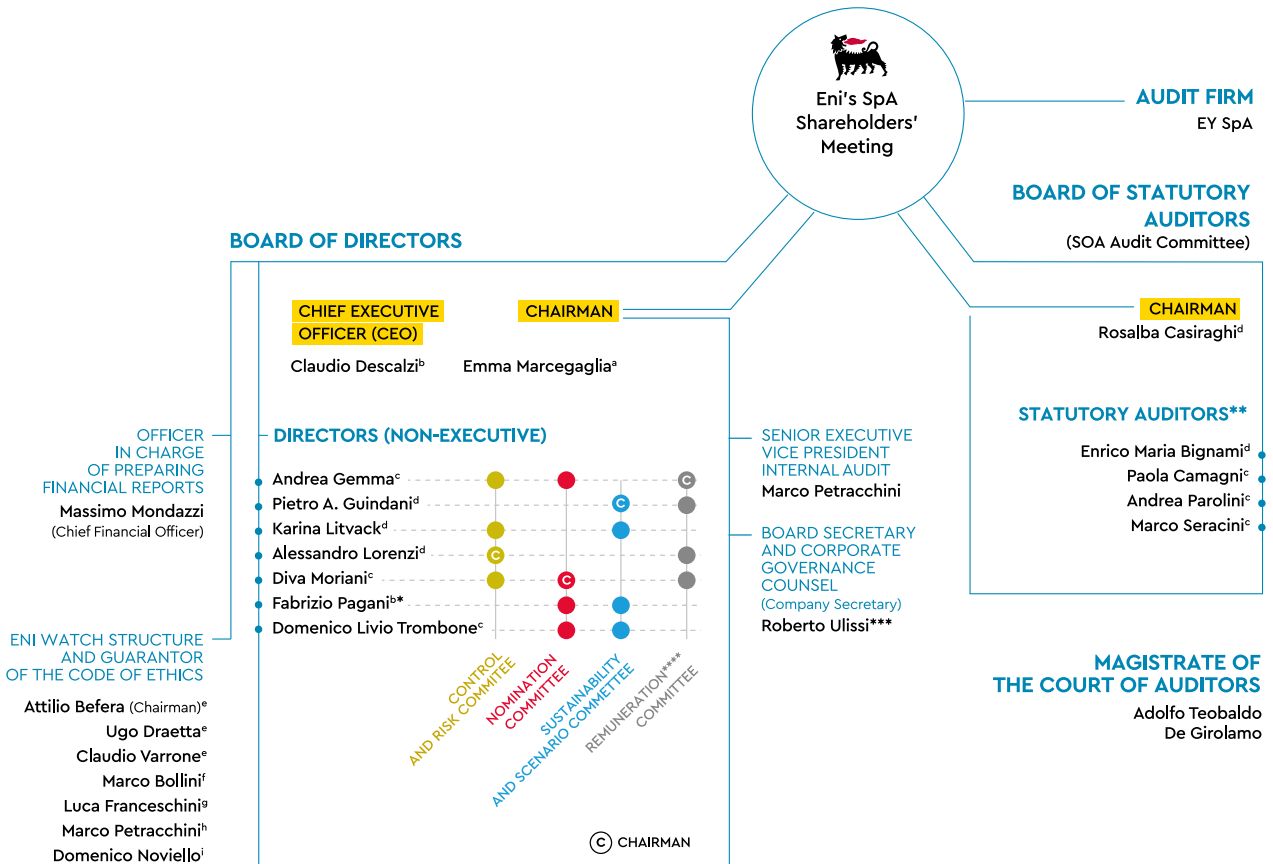
Certain organisational and managerial decisions highlighted in this Report, including the designation of the Board of Statutory Auditors as the Audit Committee<sup>25</sup>, were made to achieve compliance with US regulations, to which the Company is subject as a NYSE-listed company.

[23] For more information, please see the section devoted to the Chairman in the chapter "Internal Control and Risk Management System" of this Report.

[24] For more information, please see the section "Board Committees" of this Report.

[25] For more information, please see the sections on the Board of Statutory Auditors of this Report.

The following chart represents the Company's governance structure:



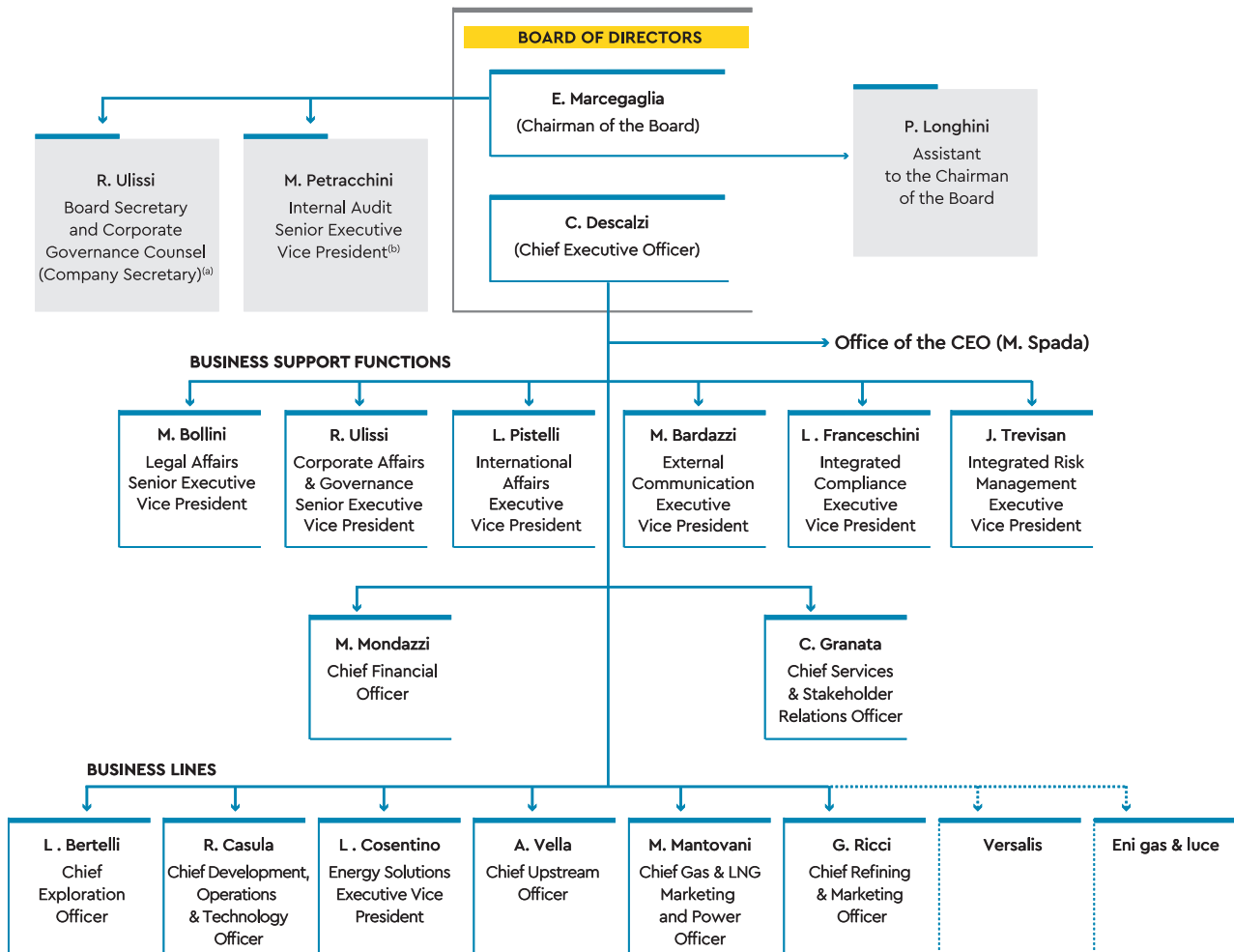
- a Member appointed from the majority list, non-executive and independent pursuant to law.
- b Member appointed from the majority list.
- c Member appointed from the majority list and independent pursuant to law and Corporate Governance Code.
- d Member appointed from the minority list and independent pursuant to law and Corporate Governance Code.
- e External member.
- f Senior Executive Vice President Legal Affairs.
- g Executive Vice President Integrated Compliance.
- h Senior Executive Vice President Internal Audit.

- i Executive Vice President Labour Law and Dispute.
- \* On 27 July 2017, Eni's Board of Director has established an Advisory Board, chaired by Director Fabrizio Pagani and composed of leading international energy experts: Ian Bremmer, Christiana Figueres, Philip Lambert and Davide Tabarelli.
- \*\* The following are Alternate Auditors:
  - Stefania Bettoni** - Member appointed from the majority list and independent pursuant to law and Corporate Governance Code.
  - Claudia Mezzabotta** - Member appointed from the minority list and independent pursuant to law and Corporate Governance Code.
- \*\*\* Also Senior Executive Vice President Corporate Affairs and Governance.
- \*\*\*\* Compensation Committee until March 15, 2018.

Until 13 April 2017, (i) the Board of Directors was composed by: Emma Marcegaglia (Chairman), Claudio Descalzi (Chief Executive Officer), Andrea Gemma, Pietro Angelo Guindani, Karina Litvack, Alessandro Lorenzi, Diva Moriani, Fabrizio Pagani, Alessandro Profumo; (ii) the Board of Statutory Auditors was composed by: Matteo Caratozzolo (Chairman), Paola Camagni, Alberto Falini, Marco Lacchini, Marco Seracini.

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

The following is a chart setting out the current macro-organizational structure:



[a] The Board Secretary and Corporate Governance Counsel [Company Secretary] reports hierarchically and functionally to the Board and, on its behalf, to the Chairman.

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

## THE MAIN MANAGEMENT COMMITTEES

### MANAGEMENT COMMITTEE

The Management Committee<sup>26</sup>, presided over by the CEO of Eni, is composed of the: Chief Exploration Officer, Chief Development, Operations & Technology Officer, Chief Upstream Officer, Chief Gas & LNG Marketing and Power Officer, Chief Refining & Marketing Officer, Executive Vice President Energy Solutions Department, Chief Financial Officer, Chief Services & Stakeholder Relations Officer, Senior Executive Vice President Legal Affairs Department, Senior Executive Vice President Internal Audit Department, Senior Executive Vice President Corporate Affairs and Governance Department, Executive Vice President for External Communication Department, Executive Vice President for International Affairs Department, Executive Vice President Integrated Compliance Department, Executive Vice President Integrated Risk Management, the CEO of Versalis SpA, the CEO of Syndial SpA and the CEO of Eni gas e Luce SpA.

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

[26] The composition of the Management Committee is current as of August 4, 2017.



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

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

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

#### COMPLIANCE COMMITTEE AND RISK COMMITTEE

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

The Risk Committee<sup>27</sup> is presided over by the CEO of Eni SpA and has the same composition as the Management Committee.

The Risk Committee provides advice to the CEO on the major risks facing Eni and, specifically, reviews and offers its opinion on the main results of the Integrated Risk Management process.

The Chairman of the Board of Directors of Eni SpA is also invited to attend the meetings. Other persons may also be invited to attend those meetings where their duties relate to items on the agenda. The Executive Vice President Integrated Risk Management serves as the Committee's Secretary.

The Compliance Committee<sup>28</sup> is composed of the Senior Executive Vice President Corporate Affairs and Governance, Senior Executive Vice President Internal Audit, Executive Vice President Integrated Compliance, Executive Vice President Accounting and Financial Statements, Executive Vice President Human Resources and Organization.

The Compliance Committee, as a whole, is responsible for:

- identifying the process owners for each compliance and governance matter and suggesting them to the CEO;
- reporting to the CEO on the need to examine any new issues, suggesting a process owner and, if necessary, a working group;
- in the event that the Management System Guidelines for compliance and governance are updated, providing its opinion on the formal and substantive aspects of the changes made;
- assess beforehand, in its role as verification committee, the Management System Guidelines for compliance and governance.

#### CORPORATE GOVERNANCE MODEL FOR ENI COMPANIES

The Board of Directors of Eni, consistent with its duties, established the corporate governance system and rules for Eni's Italian and foreign subsidiaries, and the criteria and procedures for appointing members of the boards of investee companies, which are set out in specific internal rules.

For more information, see the section of this Report on the Management System Guideline "Corporate Governance for Eni companies".

MSG Corporate Governance  
for Eni companies

[27] The composition of the Risk Committee is current as of August 4, 2017.

[28] The composition of the Compliance Committee is current as of September 21, 2016.

# INFORMATION ON THE OWNERSHIP STRUCTURE<sup>29</sup>

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

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

At December 31, 2017 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>30</sup>.

The Company's shares have been listed on the electronic stock exchange (Mercato Telematico Azionario) managed by Borsa Italiana SpA since November 1995. Also in 1995, Eni issued an American Depositary Receipts (ADR) programme for the US market. An ADR consists of a share certificate representing foreign company shares traded on stock exchanges of the United States. Each Eni ADR represents two ordinary shares and is traded on the New York Stock Exchange<sup>31</sup>.

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

But Eni is not subject to the management and coordination of the Ministry of the Economy and Finance<sup>32</sup> or of CDP SpA, pursuant to Art. 2497 of the Italian Civil Code, nor is the Company aware of any agreements between shareholders, pursuant to Art. 122 of the Consolidated Law on Financial Intermediation.

The following table shows the percentage of Eni's share capital owned, at the date of approval of this Report, directly or indirectly by shareholders or persons whose declared holdings exceed a major holding threshold<sup>33</sup> pursuant to Art. 120 of the Consolidated Law on Financial Intermediation and to Consob Issuers' Regulation. This threshold is updated based on information available to the Company.

[29] 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; with reference to:

- 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. As to the long-term share-based incentive plan, denominated Long-Term Incentive Plan 2017-2019, please refer to the Eni 2018 Remuneration Report, published with this Report, and the Informational document on the plan published pursuant to law and available at [www.eni.com](http://www.eni.com);
- 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".

[30] 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.

[31] For more information on the ADR program, please refer to the Investors section of Eni website.

[32] 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".

[33] The Legislative Decree no. 25 of February 15, 2016, published in the Gazzetta Ufficiale on March 3, 2016, increased the major holding threshold from 2% to 3%. This Legislative Decree entered force on March 18, 2016.

**Shareholders with significant investments**

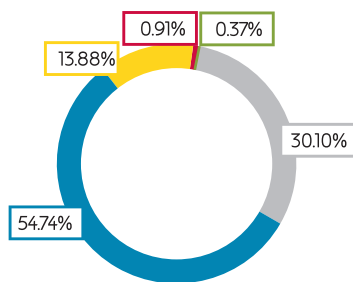
Controlling shareholders	Number of shares	% of total ordinary shares
Ministry of the Economy and Finance	157,552,137	4.34
CDP SpA	936,179,478	25.76
<b>Total</b>	<b>1,093,731,615</b>	<b>30.10</b>

No changes had been reported at March 15, 2018.

The following is a graphical representation of the share capital structure and the distribution of shares by amount and geographical area based on the registered share owners who received the interim dividend paid for 2017 made by intermediaries (ex-dividend date of September 18, 2017 – record date September 19, 2017 – payment date of September 20, 2017).

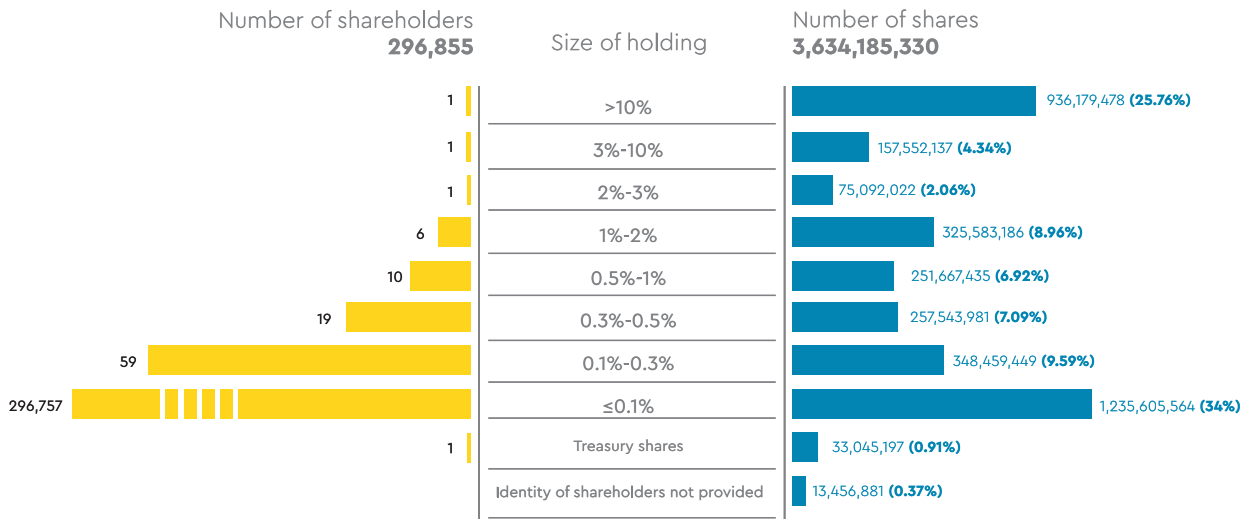
**SHARE CAPITAL STRUCTURE BASED ON 2017 INTERIM DIVIDEND PAYMENT**

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

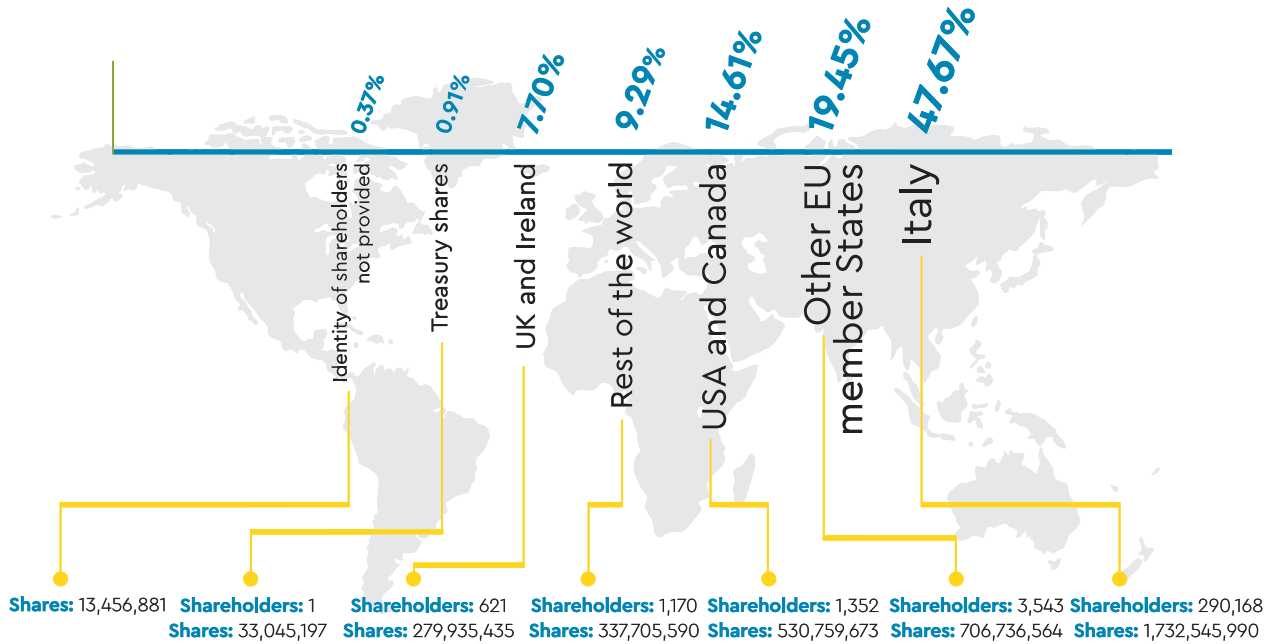


**ENI SHAREHOLDINGS: BREAKDOWN BY NUMBER OF SHARES HELD<sup>(a)</sup>**

Share capital: **4,005,358,876**



[a] Eni's share capital is equal to €4,005,358,876, represented by 3,634,185,330 ordinary nominative shares without par value.

**ENI SHAREHOLDINGS: GEOGRAPHICAL BREAKDOWN<sup>(a)</sup>**Share capital: **4,005,358,876** - Number of shares: **3,634,185,330** - Number of shareholders: **296,855**

(a) Eni's share capital is equal to €4,005,358,876, represented by 3,634,185,330 ordinary nominative shares without par value.

**Shareholding limits and restrictions on voting rights**
**3% holding and voting limit  
provided by law and By-laws**

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<sup>34</sup>, ratified by Law no. 474 of 1994 [Law no. 474/1994], under no circumstances whatsoever may any party directly or indirectly hold more than 3% of the share capital. Exceeding these limits shall lead to a suspension of the exercise of voting rights or any other rights (except property rights) related to the shares exceeding the aforementioned limit, but leaving the property rights for such shares unchanged.

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

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

Pursuant to Art. 32.2 of the By-laws and the aforementioned regulations, shareholdings in the share capital of the Company held by the Ministry of the Economy and Finance, public bodies, or organisations controlled by the latter are exempt from this provision.

Lastly, the special provision states that the clause regarding shareholding limits shall not apply if the above limit is exceeded following a takeover bid, provided that the bidder – as a result of the takeover – will own a shareholding of at least 75% of the capital with voting rights in deliberations regarding the appointment or dismissal of Directors<sup>35</sup>.

[34] 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.

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

## Securities that confer special rights

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

## Special powers of the State

Decree-law no. 21 of March 15, 2012, ratified with amendments, by Law no. 56 of May 11, 2012, brought the Italian laws on the special powers of the State in line with European Union rules<sup>36</sup>.

The special powers apply to companies that hold strategic assets vital to the interests of the Italian State as defined by the abovementioned ministerial regulations.

In brief, the current arrangements include: a) veto power (or the power of imposing conditions or requirements) over transactions involving strategic assets that could result in a situation, not regulated by Italian or EU laws, that threatens serious injury to interests regarding networks and systems security, as well as continuity of supply; b) power of attaching conditions or opposing the acquisition by a non-EU party<sup>37</sup>, of an equity interest in the company that directly or indirectly holds strategic assets such as to give rise to the assumption of control of the company, when such an acquisition may result in a threat of serious harm to the abovementioned essential interests of the Italian State (see also the provisions of Decree-law no. 148 of October 16, 2017, ratified with Law no. 172 of December 4, 2017, reported below). In the calculation of a material equity interest, account shall be taken of interests held by third parties that have entered into a shareholders' agreement with the acquiring party. As a general rule, the acquisition, for any reason, by an entity outside of the EU of the stock of a company that holds strategic assets is allowed on condition of reciprocity, in compliance with international agreements signed by Italy or the EU.

With specific regard to the power referred to in point b), the regulations require that non-EU acquiring parties shall notify the Prime Minister's Office, as well as establishing procedural time limits. Until such notification and, subsequently, until the time period for any exercise of such power has begun, the voting rights or any rights other than property rights attaching to the material equity interest are suspended.

In the event of breach of the commitments imposed, for the entire relevant period the voting rights or any rights other than property rights attaching to the material equity interest are suspended. Any resolutions adopted with the decisive vote of such equity interest, or any other resolutions or acts adopted in violation or breach of the commitments imposed are void. In addition, except where the situation represents a criminal offence, non-compliance with the commitments imposed shall be punishable by a pecuniary administrative penalty.

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

[36] The previous provisions (Art. 2 of Decree-law no. 332/1994, ratified by Law no. 474/1994 and the relative enabling decrees), as well as the clauses in the By-laws (such as Art. 6.2 of the Eni By-laws) deemed incompatible with the new rules, were repealed with the entrance into force of the last of the ministerial regulations implementing the rules affecting the energy, transportation and communications industries. However, those provisions regarding limits on shareholdings and restrictions on voting rights pursuant to Art. 3 of Law no. 474/1994 remain in effect, with certain formal modifications. These implementing regulations were approved on March 14, 2014 by the Council of Ministers, were published in the Gazzetta Ufficiale on June 6, 2014 and came into force on June 7, 2014 (in particular, the measures were (i) Presidential Decree no. 85 of March 25, 2014, containing rules concerning the identification of strategic assets in the energy, transportation and communications industries pursuant to Art. 2, paragraph 1, of Decree-law no. 21 of March 15, 2012; (ii) Presidential Decree 86 of March 25, 2014 containing rules for the specification of procedures for the activation of special powers in the energy, transportation and communications industries pursuant to Art. 2, paragraph 9, of Decree-law no. 21 of March 15, 2012). The Board of Directors of Eni, at its meeting on November 20, 2014, amended the By-laws of Eni SpA to bring them into line with the regulatory provisions that came into force in June 2014, removing clauses that are incompatible with the new legislation on special powers. [37] Pursuant to Art. 2, paragraph 5, last phrase, of Law no. 56/2012: "A non-EU party is any natural or legal person who does not have their resident, habitual abode, registered office or administrative headquarters or the centre of their principle activity in a Member State of the European Union or the European Economic Area or is not otherwise established therein".

These powers are exercised exclusively on the basis of objective and non-discriminatory criteria. Decree-law no. 148 of October 16, 2017, ratified with Law no. 172 of December 4, 2017, extended the special powers of the State to high-technology industries<sup>38</sup>. Furthermore, with regard to investments in companies with strategic assets by a non-EU investor, the decree added two assessment criteria for the exercise of the special powers in addition to safeguarding the essential interests of the State, namely a threat to security or to public order<sup>39</sup>.

### **Shares and participating financial instruments referred to in 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 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>40</sup>**

Except as specified below, Eni and its subsidiaries are not parties to any material agreements that can be disclosed without causing serious prejudice to the Company, and that would become effective, be modified or extinguished should the Shareholders who control Eni change. Material agreements are agreements that have been examined and approved by the Board of Directors since they fall within its exclusive responsibility.

On January 22, 2016 the disposal by Eni SpA to Fondo Strategico Italiano SpA (“FSI”, now CDP Equity) of 12.503% of Saipem SpA share capital took effect, causing the shareholders’ agreement signed on October 27, 2015 between Eni and FSI concerning Saipem shares to come into force<sup>41</sup>. Under the provisions of that agreement, the agreement itself will immediately cease to have effect if the parties should no longer be directly or indirectly subject to the common control of the Ministry of the Economy and Finance. For more information, please see the documentation made available to the public in accordance with applicable law on the websites of Consob and Saipem SpA.

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

Information on any agreements between the Company and Directors concerning indemnities in the event of resignation or dismissal without just cause or termination of employment as the result of a takeover bid are provided – in accordance with the recommendations of Borsa Italiana for the

[38] Art. 2, paragraph 1-ter of Decree-law no. 148/2017 establishes that one or more governmental implementing regulations shall identify, for the purpose of assessing the presence of a threat to security or public order, high-technology sectors, including: (a) critical or sensitive infrastructure, including data storage and management and financial infrastructure; (b) critical technologies, including artificial intelligence, robotics, semiconductors, potential dual-use technologies, network security, space or nuclear technology; (c) security of supply of critical inputs; (d) access to sensitive information or the capacity to control sensitive information.

[39] In order to determine if a foreign investment could impact security or public order, Decree-law no. 148/2017 establishes that it is possible to take in to consideration the circumstance of a foreign investor being controlled by the government of another non-EU country, including by way of significant financing.

[40] 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.

[41] Certain provisions of the shareholders’ agreement relating to information flows between Saipem SpA and Eni SpA / CDP Equity, although in force, have not been implemented yet, pending a clarification from Consob, requested by Saipem.

preparation of this Report – in the Remuneration Report pursuant to Art. 123-ter of the Consolidated Law on Financial Intermediation, published in the “Governance” section of the Company’s website [eni.com](http://eni.com), to which the reader should refer for more information.

### **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.

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

The Board of Directors has not subsequently been authorized to buy back Eni shares.

As of December 31, 2017, Eni held a total of 33,045,197 treasury shares, equal to 0.909% of share capital.

Information on treasury shares is available in the “Shareholders” page of the “Governance” section of the Company’s website.

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Treasury shares

# CORPORATE GOVERNANCE INFORMATION<sup>42</sup>

## Compliance with the Corporate Governance Code for Listed Companies

Eni adopted the Corporate Governance Code for listed companies issued in July 2015

Eni has adopted<sup>43</sup> the Corporate Governance Code for listed companies<sup>44</sup> prepared by the Corporate Governance Committee<sup>45</sup>.

With a resolution of the Board of February 25, 2016, Eni has adopted the new recommendations issued on July 9, 2015. The adoption of the Corporate Governance Code for listed companies is formally resolved by the Board of Directors of Eni, with the support of the competent Committees where necessary. The adoption is announced to the public in a press release.

Transparency of choices

In addition, in order to provide the market with a simple, transparent and comparable assessment of the choices made by the Company, and maintain the continuity of disclosures, the text of the Code is published before publication of the annual Corporate Governance Report on Eni's website eni.com (under the Governance section), with an indication of the solutions and improvements adopted by Eni with respect to individual Code recommendations, along with explanations of these choices<sup>46</sup>. Following adoption, an "action plan" is developed to update the Eni governance system, if necessary, and any needed modifications of corporate documentation are made to incorporate the new recommendations. The following sections details the decisions taken by the Eni Board of Directors in adopting the recommendations of the Corporate Governance Code.

### ROLE OF THE BOARD OF DIRECTORS (ART. 1 OF THE CORPORATE GOVERNANCE CODE)

The strategic role of the Board

In line with the recommendations of the Corporate Governance Code the functions of the Board of Directors have been defined, thereby confirming its strategic role and central position within the Company's Corporate Governance system and its wide range of responsibilities, including in terms of Company and Group organisation and the internal control and risk management system<sup>47</sup>.

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

More specifically, the Board of Directors has reserved itself a central role in the definition of sustainability policies and in approving the associated reporting<sup>48</sup>.

In addition, within the four-year strategic planning process, the Board is supported by the Company risk management process in defining the nature and level of risk in a manner consistent with

[42] 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.

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

[44] The text of the Corporate Governance Code, including the amendments made in July 2015, is available on Borsa Italiana's website (<http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.en.htm>).

[45] 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.

[46] The document, which replaced the Eni Code of December 13, 2006, was updated to the subsequent adoptions to the Corporate Governance Code of 2011, 2014 and 2015.

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

[48] For the seventh year, in 2018, Eni will present an integrated report to the market (2017 Annual Report) to allow Eni stakeholders, investors and others to completely understand the interconnections existing between the financial results and those in the environmental and social fields, outlining the dimensions of Eni's integrated business model. Non-financial performances are also detailed in the "2017 Consolidated Non-Financial Information", as provided for under Legislative Decree 254/2016 included in the report on operations in the 2017 Annual Report.



the issuer's strategic objectives, taking account of any risk that may affect the sustainability of the issuer's business in a medium/long-term perspective<sup>49</sup> (Criterion 1.C.1 letter b) Corporate Governance Code).

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

As required by the Code, the Board has specified those subsidiaries<sup>50</sup> that are of strategic importance (Versalis SpA and Eni International BV) and has expressly recognised the principle of safeguarding the managerial independence of listed subsidiaries, with the commitment on the part of Eni to comply with the provisions of the Code that refer to the shareholders of the issuer.

Moreover, the minimum frequency with which Directors with delegated powers must report to the Board has been reduced from three to two months since 2006 (Criterion 1.C.1 letter d) of the Corporate Governance Code)<sup>51</sup>.

In addition, the Chairman is tasked with ensuring the adequacy, completeness and clarity of the reporting to the Board with the assistance of the Board Secretary<sup>52</sup>. The Chairman is also responsible for ensuring that appropriate and detailed enquiries are performed during Board meetings where, in specific cases, it is not possible to provide the necessary information sufficiently in advance and for asking the Chief Executive Officer, including at the request of more or more Directors, to organise the participation of the Heads of the competent Departments of the Company or other Group companies, depending on the subject matter, in Board meetings to provide more detailed information on the issues listed in the agenda.

Particular attention is always devoted to the Board's self-assessment process. Specifically, in line with the recommendations of the Corporate Governance Code (Criterion 1.C.1 letter g), each year the Board of Directors, with the support of the Nomination Committee, which supervises the process, conducts a Board Review<sup>53</sup> of the Board and its Committees. The Board always involves an external advisor in this exercise in order to ensure greater objectivity in the proceedings.

Following the Board Review, the Board, if necessary, agrees an action plan to improve the operation of the Board and its Committees. Moreover, in line with international best practices, the Eni Board, in determining the procedures for performing the Board Review, also assesses the possibility of conducting a peer review of the Directors, consisting in the evaluation by each Director of the individual contributions of the other Directors to the Board's work. The peer review, which has been conducted four times since 2011 and most recently in conjunction with the 2017 Board Review, is a major innovation among Italian listed companies.

Prior to the appointment of the new Board in 2014 and 2017, following the Board Review the outgoing Board, having obtained the opinion of the Nomination Committee, provided advice to the shareholders on the size and composition of the future Board and on the management and professional skills its members should have (Criterion 1.C.1 letter h) of the Corporate Governance Code)<sup>54</sup>.

#### Board Review

#### Board advice on the size and composition of the future Board

[49] For a more extensive discussion, see the information on integrated risk management and the associated reporting in the section "Internal control and risk management system" of this report.

[50] Subsidiaries of strategic importance previously included Saipem SpA. Since January 22, 2016, however, Saipem is no longer under the sole control of Eni in accordance with Art. 93 of the Consolidated Law on Financial Intermediation.

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

[52] For more information, please refer to the "Board Secretary and Corporate Governance Counsel" and "Meetings and running of meetings" of the Board of Directors sections of this Report.

[53] For more information, please refer to the "Board Review and advice for shareholders on the composition of the Board" section of this Report.

[54] For more information, please refer to the "Board Review and advice for shareholders on the composition of the Board" section of this Report.

In line with the recommendation contained in Criterion 1.C.1 letter j) of the Corporate Governance Code, on October 29, 2012, acting on a proposal of the CEO and after consultation with the Control and Risk Committee, the Board of Directors approved the internal rules concerning market abuse and, specifically, for the protection of company information, including confidential and inside information.

These rules are in the process of being updated, taking account of organisational and regulatory changes that have occurred, in particular in order to comply with the new EU Market Abuse Regulation (Regulation no. 596/2014/EU, in force as of July 2016, relative implementing and delegated regulations, and ESMA Guidelines)<sup>55</sup>.

#### Policy on the maximum number of management and control positions

With regard to the policy on the maximum number of management and control positions in other companies compatible with the effective performance of the role of Director, the Board adopted different criteria depending on the specific role (executive or non-executive) and the nature and size of the company in which those positions are held<sup>56</sup>. The specification of the maximum number of positions was the result of an analysis conducted by the Board Secretary with the support of the Company's Corporate Affairs and Governance Department at the request of the Nomination Committee, in order to ensure the policy was in line with international best practices and the recommendations of proxy advisors on this issue.

#### The role of the Board on the internal control and risk management system

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

### COMPOSITION OF THE BOARD OF DIRECTORS (ART. 2 OF THE CORPORATE GOVERNANCE CODE)

#### The Chairman role

In line with the recommendations of the Corporate Governance Code and applicable best practice, the current Board of Directors has confirmed the attribution to the Chairman, who qualifies as independent in accordance with applicable law, of a central role in internal controls, not assigning her any operational responsibilities and ensuring that in the performance of her duties she has the support of the Secretary of the Board of Directors, including in his capacity as Corporate Governance Counsel<sup>57</sup>, appointed by the Board itself.

#### Board Induction

In order to ensure the effective and informed performance by each Director of his or her role, in line with the recommendations of the Corporate Governance Code (Criterion 2.C.2), since 2008 Eni has conducted a training programme for its Board of Directors (the "Board induction"<sup>58</sup>), in which the Statutory Auditors and the magistrate of the Court of Auditors are also invited to participate, overseen by the Chairman of the Board of Directors with the support of the Board Secretary and Corporate Governance Counsel, with the active participation of top management.

[55] For more information, please refer to the "Market Abuse Regulations" section of this Report.

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

[57] For more information, please refer to the "Board Secretary and Corporate Governance Counsel" section in this Report.

[58] For more information, please refer to the section "Board Induction" of this Report.

In addition, in accordance with international best practice, during their term the Directors undergo additional training (“ongoing-training”) and at least once a year the Board holds a meeting at an operating facility in Italy or abroad.

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

## INDEPENDENT DIRECTORS (ART. 3 OF THE CORPORATE GOVERNANCE CODE)

Since 2006 the Eni Board of Directors has specified the recommendations in Article 3 of the Corporate Governance Code on the criteria governing the independence of Directors, setting a threshold of 30% of fixed remuneration as the amount of “additional remuneration” that could compromise the independence of Directors<sup>59</sup>, and defining “close relatives” more specifically to include the spouse, relatives and relatives-in-law within the second degree of kinship (Criterion 3.C.1 letters d) and h) of the Corporate Governance Code). It also identified the “subsidiaries of strategic importance” of which a Director may have been a significant Officer (Criterion 3.C.1 letter b).

Furthermore, going above and beyond the Corporate Governance Code recommendation that at least one-third of the boards of directors of issuers belonging to the FTSE-Mib (of which Eni is one) be made up of independent directors (Criterion 3.C.3 of the Corporate Governance Code), Eni’s Board is composed of 6 independent Directors out of a total of 9 (therefore comprising a majority of the Directors).

With the support of the Nomination Committee, the Board periodically verifies that the Directors continue to satisfy the independence requirements. The Nomination Committee assists in this task by conducting enquiries on the basis of the statements made and the information available to the Company.

Despite the absence of specific meetings among themselves, the independent Directors, in view of the frequency of Board meetings, have many opportunities to get together informally on the occasion of those meetings to exchange views and ideas. The issue of formal meetings of the independent Directors has been addressed in the Board Review, and the consensus conclusion has been that informal meetings among the independent Directors are useful and should continue, even without formal meetings.

## FORMATION AND OPERATION OF BOARD COMMITTEES (ART. 4 OF THE CORPORATE GOVERNANCE CODE)<sup>60</sup>

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

Furthermore, the Eni Board of Directors has established the Sustainability and Scenarios Committee<sup>61</sup> to offer recommendations and advice concerning sustainability issues, thereby anticipating the amendments made to the Corporate Governance Code in July 2015 (Criterion 4.C.2 and comments to Article 4 of the Corporate Governance Code).

Eni specifications

The number of independent Directors

Periodic checks and the role of the Nomination Committee

Board Committees

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

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

[61] The Sustainability and Scenarios Committee was established on May 9, 2014, in replacement of the Oil-Gas Energy Committee.

With specific regard to the composition of the Committees, the Chairmen of all Committees are independent Directors in accordance with the provisions of law and Corporate Governance Code; the Chairmen of the Control and Risk Committee and the Sustainability and Scenarios Committee are also appointed from the minority slate.

In addition, the Board has strengthened the requirements beyond the recommendations of the Corporate Governance Code (Criterion 7.P.4) to establish that at least two members of the Control and Risk Committee possess adequate experience in accounting and financial or risk management matters, as specified in the Committee rules. On April 13, 2017 the Eni Board of Directors determined that 3 of the 4 members of the Committee, including the Chairman, had the experience indicated above. The experience represented on the Committee is therefore greater than that required in its own rules.

The Remuneration Committee also has more members meeting the expertise and experience requirements than the minimum provided for in the Code: on April 13, 2017 the Eni Board of Directors determined that 3 of the 4 members had adequate expertise and experience in financial or remuneration policy matters.

#### Reporting

With regard to reporting, since 2012, at each Board meeting the Chairmen of the Committees report to the Board itself on the most significant issues examined by them at their most recent meetings. The Eni Board also receives reports at least every six months on the Committees' activities (Criterion 4.C.1 letter d) of the Corporate Governance Code).

### APPOINTMENT OF DIRECTORS (ART. 5 OF THE CORPORATE GOVERNANCE CODE)

The Board of Directors established a Nomination Committee, endowing it with the recommendation and advisory functions in the areas provided for in the Corporate Governance Code and for other issues concerning, in particular, the appointment system and the assessment of requirements for Directors<sup>62</sup>.

#### Contingency plan

As regard the recommendations concerning the succession plan for the CEO (Criterion 5.C.2 of the Code), at its meeting of February 17, 2015 the Board of Directors, following assessment by the Nomination Committee and in view of the shareholding structure of the Company, decided not to prepare a succession plan for the CEO, but did adopt a contingency plan that sets out the actions to take if unexpected events should prevent the CEO from performing his duties<sup>63</sup>. The issue was also addressed during the most recent Board Review, as recommended by the Italian Corporate Governance Committee as part of its supervision of the application of the Code<sup>64</sup>.

### REMUNERATION OF DIRECTORS (ART. 6 OF THE CORPORATE GOVERNANCE CODE)

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

### INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM (ART. 7 OF THE CORPORATE GOVERNANCE CODE)<sup>65</sup>

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

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

[63] For more information, please refer to the section "Succession plan for Executive Director and key personnel" of this Report.

[64] This issue is addressed in a specific section later in this chapter.

[65] 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.

The Company rules and regulations, which will be described in more detail in the section of this Report on the ICRMS, define its architecture, operating procedures and processes for coordinating those involved. The Board, in establishing these rules and regulations, has maintained a central role for itself in approving the ICRMS guidelines<sup>66</sup> and the compliance and governance rules and regulations generally.

#### The role of the Board

Accordingly, in these recent years the Eni Board of Directors has undertaken a number of important steps to strengthen the internal control system even further, confirming the assignment to the CEO of the duty of overseeing the internal control and risk management system and assigning the Chairman of the Board of Directors a major role in the control system.

#### The role of the CEO and the Chairman

To that end, it has been provided that:

- in line with the most recent best practice, the Head of the Internal Audit Department<sup>67</sup> reports to the Board, and on its behalf, to the Chairman, without prejudice to his being functionally subject to the authority of the Control and Risk Committee and the CEO, as Director in charge of the internal control and risk management system. The Control and Risk Committee oversees the activities of the Internal Audit Department with respect to the Board's duties in this area (solution adopted starting from 2012). It also reports to the Board of Statutory Auditors in its capacity as "Audit Committee" under US law (solution adopted starting from 2006) - (Criterion 7.C.5 letter b) of the Corporate Governance Code;
- proposals concerning the appointment, the removal, the budget and the remuneration of the Head of the Internal Audit Department 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);
- in addition, the Chairman is involved in proposals to nominate or terminate the main bodies and officers of the Company, especially those involved in controls (Watch Structure, Financial Reporting Officer, Head of Integrated Compliance and Head of Integrated Risk Management);
- the Chairman of the Board of Directors is consulted during the process of the approval by the Board of Directors of the guidelines for the internal control and risk management system, with regard to the part on internal audit activities (Criterion 7.C.1 letter a) of the Corporate Governance Code);
- the Internal Audit guidelines ("Internal Audit Charter") are approved by the Board of Directors, acting on a proposal of the Chairman of the Board of Directors, in agreement with the Director in charge of the internal control and risk management system (CEO) and after consulting with the Control and Risk Committee (Criterion 7.C.1 letter a) of the Corporate Governance Code);
- internal rules (Management System Guidelines) governing the internal audit process are approved by the Chairman of the Board of Directors, after consulting with the director in charge of the Internal Control and Risk Management System (CEO) and the Control and Risk Committee (Criterion 7.C.1 letter a) of the Corporate Governance Code);
- the plan prepared by the Head of the Internal Audit Department is approved by Board of Directors, after consulting with the Chairman of the Board of Directors (Criterion 7.C.1 letter c) of the Corporate Governance Code);
- requests for audits may be submitted by the Chairman of the Board of Directors, who must simultaneously notify the Director in charge of the internal control and risk management system (CEO), the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors (Criterion 7.C.4 letter d) of the Corporate Governance Code).

With specific regard to managing corporate risks<sup>68</sup>, since May 9, 2014 the Board has decided that the CEO will report on the main business risks at least once every quarter, thereby further strengthening the model, developed in accordance with international principles and best practices.

#### Quarterly reporting on risks

As regards the new comments to Article 7 of the Corporate Governance Code concerning whistleblowing systems, given that fact that Eni is also listed on the US stock market and in application of the provisions of the Sarbanes-Oxley Act, it has drafted internal rules on anonymous

#### Whistleblowing

[66] To date, the "ISRMS guidelines" approved by the Board acting on a proposal of the Control and Risk Committee refer exclusively to the guidelines in the Management System Guideline "Internal Control and Risk Management System", which is addressed in a specific section of this Report.

[67] The internal audit function is performed by an internal Department.

[68] For more information, refer to the "Management System Guideline for Integrated Risk Management" section of this Report.

complaints<sup>69</sup>, which also govern reports received from third parties. These rules were approved by the Board of Statutory Auditors in its role as Audit Committee under US law (comments to Article 7 of the Corporate Governance Code).

### STATUTORY AUDITORS (ART. 8 OF THE CORPORATE GOVERNANCE CODE)

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

#### Independence of the Statutory Auditors

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

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

#### Competence requirement

In addition, the Board of Statutory Auditors, acting as the Internal Control and Financial Auditing Committee pursuant to Legislative Decree no. 39/2010 (Consolidated Law on Statutory Audits), at its January 19, 2018 meeting, evaluates its composition, verifying that it meets the requirements imposed by the new provisions of Art. 19 of that law, as amended by Legislative Decree no. 135/2016, providing that “the members of the internal control and financial auditing committee, as a body, are competent in the sector in which the company being audited operates”.

In addition, like the self-assessment process of the Board of Directors, the members of the Board of Statutory Auditors conducted an assessment of the composition and operation of the Board of Statutory Auditors<sup>70</sup>.

### OBSERVATIONS ON THE LETTER OF DECEMBER 13, 2017 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

At the meeting of January 18, 2018 the Chairman of the Eni Board of Directors notified the Board of a letter sent by the Chairman of the Corporate Governance Committee to the Chairmen of the Boards, the Chairmen of the control bodies and the Chief Executive Officers of listed companies<sup>71</sup> that indicates: (i) the three main areas for improvement identified by the Committee to promote better implementation of the Corporate Governance Code following the 2017 Report on the application of the Code; and (ii) additional areas of governance that could be improved.

With regard to the three areas of improvement indicated in the letter (concerning disclosures in pre-board-meeting documentation, remuneration policies<sup>72</sup>, and the establishment of a Nomination Committee), in the above-mentioned Board meeting, it was underlined that Eni was broadly in line with the Committee's recommendations.

As regards the other areas of governance open to improvement, it was noted that:

- (i) with regard to the adoption of succession plans, the Eni Board has heretofore elected to adopt a contingency plan to deal with a situation in which the Chief Executive Officer was unable to perform his or her duties, but the issue had been brought to the attention of the Board following the Board Review;
- (ii) with regard to evaluation of compliance with independence requirements and the disclosures to be provided in the case of systematic disapplication or disapplication of individual criteria

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

(70) For more information, please refer to the section “Meetings and operational procedures” of the Board of Statutory Auditors of this Report.

(71) The letter and the 2017 Report were also sent to those Officers of Eni.

(72) For more information, please refer to the 2018 Remuneration Report, which is available on the Eni website at [www.eni.com](http://www.eni.com).

of the Code, Eni's Report on Corporate Governance and Shareholding Structure has always been extremely transparent and reports the findings of the checks of independence with an indication of the Board's evaluations in the case of relevant circumstances. In addition, the Board has charged the Nomination Committee with supporting it in the assessments, performing preliminary enquiries, and the assessments focus primarily on substance rather than form;

- (iii) with regard to the self-assessment of the Board (the Board Review), by now Eni has a standardised procedure for this process. The Board of Directors has established that the Company shall always use an external advisor and has given the Nomination Committee the task of supervising the Review, handling the preliminary enquiries for the selection of the external advisor. As regards the issue raised by the Committee concerning the effectiveness of the Board's operation, considering in particular the contribution of the Board to the definition of strategic plans and monitoring operations and the adequacy of the internal control and risk management system, that issue was analysed during the Board Review.

The Chairman of the Board of Directors also told the Chairmen of the Eni Board Committees to bear in mind the above recommendations in their activities.

The recommendations in the letter were also discussed by the Directors in the self-assessment<sup>73</sup>.

## Policy for diversity and gender balance on corporate Boards<sup>74</sup>

In line with the provisions of law and the recommendations of the Corporate Governance Code, the Company has implemented measures to ensure diversity in the composition of its corporate bodies, with particular regard to age, gender composition and educational and professional background.

Specifically,

- as regards the corporate bodies of Eni SpA<sup>75</sup> with regard to gender balance, in compliance with applicable law since 2012 the Eni By-laws have contained rules governing the composition of the slates and supplemental voting mechanisms to ensure the presence on the Board of Directors and the Board of Statutory Auditors of a minimum number of members of the less represented gender. These rules, which were referred to in the outgoing Board's advice to shareholders, took effect as from the election of the corporate bodies of Eni SpA in 2014, on which occasion the composition of the Board of Directors and of the Board of Statutory Auditors achieved gender balance, as required by law<sup>76</sup>, immediately giving the less represented gender one-third of the seats in the Board of Directors, compared with the one-fifth provided for by law.

The Shareholders' Meeting of Eni SpA, also in appointing the new Board in 2017, ensured a balanced gender representation electing three female Directors, equal to one-third of the Directors: Chairman Emma Marcegaglia and Diva Moriani, drawn from the majority slate, and Karina Litvack, from the minority slate. The Shareholders' Meeting also chose two female standing Auditors out of five (Rosalba Casiraghi, Chairman, from the minority slate, and Paola Camagni, from the majority slate).

[73] For more information on the outcome of the Board Review, please refer to the section "Board Review and advice for shareholders on the composition of the Board" of this Report.

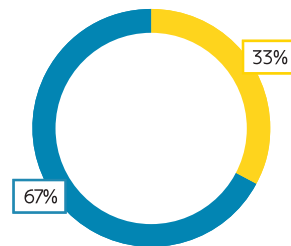
[74] Information provided also in accordance with Art. 123-bis, second paragraph, letter d-bis) of the Consolidated Law on Financial Intermediation.

[75] More generally, note that "diversity policy" in the selection of candidates and the composition of the Eni SpA corporate bodies is first and foremost in the hands of the shareholders of Eni SpA, who submit slates for the election within the framework of the Italian system for electing corporate bodies. No slate has ever been presented by the outgoing Board, even if this is allowed under the By-laws.

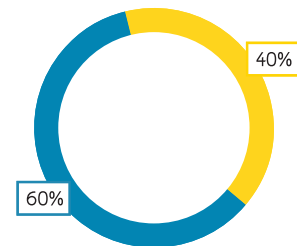
[76] Law no. 120/2011 and Consob Resolution no. 18098 of 2012. In particular, the law requires that the least-represented gender obtains at least one fifth of the members of the boards of Directors and Statutory Auditors, in the first term, and at least one third of the members, in the following two terms. For more information, please refer to sections "Appointment" of the Board of Directors and "Composition and appointment" of the Board of Statutory Auditors of this Report.

**COMPOSITION OF THE BOARD OF DIRECTORS OF ENI SPA**

■ Men ■ Women

**COMPOSITION OF THE BOARD OF STATUTORY AUDITORS OF ENI SPA**

■ Men ■ Women



As regards the other diversity aspects in the composition of the Board of Directors, in the run up to the Shareholders' Meeting to appoint the Directors, in 2014 and 2017 the Eni Board provided the shareholders with advice on what it considered the appropriate size of the Board and the qualities of its members<sup>[77]</sup>.

In its most recent advice to shareholders, the Board emphasised that the composition need to take account of the need for diversity, including in terms of gender and seniority, in accordance with applicable law. In addition, the Board noted that the mix of skills on the Board should be well balanced.

The current membership of the Board appears to be in line with these recommendations.

In addition, with specific reference to the diversity issues indicated in Art. 123-bis, paragraph 2, letter d-bis) of the Consolidated Law on Financial Intermediation concerning age and the educational and professional backgrounds of Directors, although this is an issue pertaining to the shareholders, those aspects were addressed in the most recent Board Review.

The outcome of the self-assessment is discussed in a specific section of the Report, which you are invited to consult.

The diversity issues regarding the composition of the Board of Statutory Auditors, other than the question of gender balance referred to earlier, also underwent analysis in the review conducted by the Board of Statutory Auditors;

**Diversity policy in the Eni Group**

- as to Eni's subsidiaries, since 2011, the Board of Directors of Eni has recommended that the unlisted Italian subsidiaries move forward the effects of the law on gender balance, thereby achieving in 2012 the goal that at least one-third of the members of the board appointed are women with regard to those appointments that Eni may make as a shareholder.

In 2013, these companies amended their By-laws to ensure that, for three consecutive terms, the compositions<sup>[78]</sup> of the boards of directors and the boards of statutory auditors, including in the case of replacement of a member respect this policy. More specifically, they must ensure that the less-represented gender receives at least one-fifth of the positions of each board in the first election and one-third of the positions in the next two elections.

The following chart illustrates the representation of women on the corporate bodies of Eni subsidiaries at December 31, 2017.

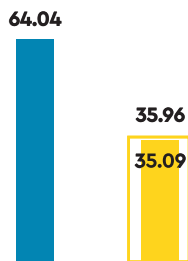
[77] For more information, please refer to the section "Board review and advice for shareholders on the composition of the Board" of this Report.

[78] Specified in Art. 2 of Presidential Decree no. 251 of November 30, 2012.



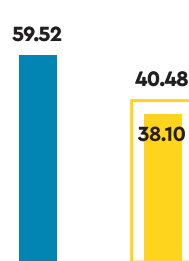
### BOARD OF DIRECTORS ENI SPA ITALIAN SUBSIDIARIES\* 31.12.2017 (%)

■ Men ■ Women  
■ Women appointed by Eni



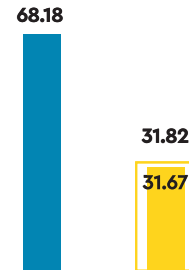
### BOARD OF STATUTORY AUDITORS ENI SPA ITALIAN SUBSIDIARIES\* 31.12.2017 (%)

■ Men ■ Women  
■ Women appointed by Eni



### BOARD OF DIRECTORS ENI SPA ITALIAN AND FOREIGN\*\* SUBSIDIARIES\*\*\* 31.12.2017 (%)

■ Men ■ Women  
■ Women appointed by Eni



\* The companies considered are consolidated Eni subsidiaries with a full consolidation method (28 companies) for consistency with the representation of the "2017 Consolidated Non-Financial Information".

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

\*\*\* The companies considered are Eni's foreign and Italian consolidated subsidiaries with a full consolidation method (28 Italian companies and 147 foreign companies) for consistency with the representation of the "2017 Consolidated Non-Financial Information".

The Management System Guideline for "Corporate Governance for Eni companies"<sup>79</sup> approved by the Board of Directors on May 30, 2013 and updated on October 26, 2017 provides that, subject to legal requirements, in choosing the members of the management and control bodies of its foreign subsidiaries, Eni must consider gender diversification, where possible.

## Shareholders' Meeting and rights<sup>80</sup>

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

### Responsibilities of the Shareholders' Meeting

Pursuant to the law, the ordinary Shareholders' Meeting (i) approves the annual report (which, for Eni, ends as at December 31); (ii) appoints and removes Directors<sup>81</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 engagement to perform the statutory audit, 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>82</sup>; (viii) approves the Shareholders' Meeting rules.

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

#### Ordinary Shareholders' Meeting

#### Extraordinary Shareholders' Meeting

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

[80] 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.

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

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

Specifically with regard to regulations that apply to amendments to the By-laws, Eni is subject to ordinary legislation, 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 and participating in the Shareholders' Meeting

### Minimum threshold for calling the Shareholders' Meeting

#### CALLING THE SHAREHOLDERS' MEETING

The Shareholders' Meeting is usually called by the Board of Directors<sup>83</sup>. In addition, in order to ensure greater clarity for shareholders, the By-laws clarify the minimum threshold – equivalent to one-twentieth of 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>84</sup>.

### Shareholders' Meeting to approve the Annual Report

In line with the applicable law, the By-laws state that the Board of Directors may call the Shareholders' Meeting to approve the annual report within 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.

### Both the Ordinary and Extraordinary Shareholders' Meetings are normally held after a single call

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. In any case, the constitutive and deliberative majority specified by the law shall apply.

### Notice publication

#### NOTICE CALLING THE SHAREHOLDERS' MEETING

The Shareholders' Meeting is called by a notice published no later than thirty days prior to the date of the Shareholders' Meeting at first or single call<sup>85</sup>, on the Company's website and in the other manners set forth by Consob in a regulation, including publication of an extract in daily newspapers, and circulation through the centralised storage mechanism authorised by Consob called "1Info" (viewable at [www.1info.it](http://www.1info.it)).

This deadline, in accordance with Art. 125-bis, second paragraph, of the Consolidated Law on Financial Intermediation, is moved to forty days for Shareholders' Meetings called to elect members of the management and control bodies through the use of slates.

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

### The report of the Board of Directors

#### REPORT CONTAINING THE SHAREHOLDERS' MEETING AGENDA

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.

[83] Pursuant to Art. 24 of the Eni By-laws, the Board of Statutory Auditors may, having first notified the Chairman of the Board of Directors, call the Shareholders' Meeting. The power to call the Shareholders' Meeting may be exercised if supported by at least two Statutory Auditors.

[84] 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; the Board of Directors should make it available to the public, together with any comment, 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 on 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.

[85] 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.

## RECORD DATE

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

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

This statement shall be submitted on the basis of the balances recorded at the end of the seventh trading day prior to the date of the Shareholders' Meeting. 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.

The Eni By-laws clarify that the record date is determined with reference to the date of the Meeting at first 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.

## TOOLS FOR PARTICIPATING IN AND VOTING AT THE SHAREHOLDERS' MEETING

The Company aims to provide shareholders with tools to facilitate participation in Shareholders' Meetings and exercise the right to vote.

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

- assignment of Shareholders' Meeting proxies via electronic means<sup>86</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.

## DESIGNATED REPRESENTATIVE AND OTHER INITIATIVES FOR SHAREHOLDERS

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

The Designated Representative

Since the Shareholders' Meeting held in 2011, Eni has made use of its right to appoint a Designated Representative to whom shareholders can freely grant proxies.

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

To ensure that shareholders can exercise the rights established in Eni's By-laws, a special section of the Company's website is dedicated to the Shareholders' Meeting through which it is possible, among other things, to submit questions before the Shareholders' Meeting and provide electronic notification of proxies.

Special section of the Company's website dedicated to the Shareholders' Meeting

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

[86] Pursuant to Art. 135-novies, paragraph 6, of the Consolidated Law on Financial Intermediation, an electronic proxy can be granted via computer document signed electronically in accordance with the Digital Government Code [Legislative Decree no. 82/2005].

The Company has created a video and a Shareholder's Guide available on its website with information on attendance procedures and on exercise of rights in the Shareholders' Meeting

on providing notification, including electronically, of proxies, granting a proxy to the Designated Representative and vote by mail forms.

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 Shareholder's Guide available on its website with clear and direct information on attendance procedures and on the rights that can be exercised at the Shareholders' Meeting.

Additions to the agenda and proposed resolutions

### ADDITIONS TO THE AGENDA AND PROPOSED RESOLUTIONS

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

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

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

### SHAREHOLDERS' 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 available on the Eni website.

Questions prior to the Shareholders' Meeting

### QUESTIONS PRIOR TO THE SHAREHOLDERS' MEETING

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>87</sup>. Furthermore, those entitled to vote may submit questions on matters on the agenda even before the start of the Shareholders' Meeting.

Any questions received prior to the Shareholders' Meeting shall be answered at the latest during the Meeting itself, including in paper form distributed at the start of the Meeting to those entitled to vote. 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.

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

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.

## Board of Directors<sup>88</sup>

MEMBER	POSITION	M/m	CRC	RC	NC	SSC	YEAR OF FIRST APPOINTMENT	TERM
<b>Emma Marcegaglia</b>	Independent Chairman*	M					May 2014	Shareholders' Meeting called to approve 2019 financial statements
<b>Claudio Descalzi</b>	Chief Executive Officer	M					May 2014	Shareholders' Meeting called to approve 2019 financial statements
<b>Andrea Gemma</b>	Independent Director	M	●	●	●		May 2014	Shareholders' Meeting called to approve 2019 financial statements
<b>Pietro Angelo Guindani</b>	Independent Director	m		●		●	May 2014	Shareholders' Meeting called to approve 2019 financial statements
<b>Karina Litvack</b>	Independent Director	m	●			●	May 2014	Shareholders' Meeting called to approve 2019 financial statements
<b>Alessandro Lorenzi</b>	Independent Director	m	●	●			May 2011	Shareholders' Meeting called to approve 2019 financial statements
<b>Diva Moriani</b>	Independent Director	M	●	●	●		May 2014	Shareholders' Meeting called to approve 2019 financial statements
<b>Fabrizio Pagani</b>	Non executive Director	M			●	●	May 2014	Shareholders' Meeting called to approve 2019 financial statements
<b>Domenico Livio Trombone</b>	Independent Director	M			●	●	April 2017	Shareholders' Meeting called to approve 2019 financial statements
<b>Alessandro Profumo</b>	Independent Director	C**			●	●	July 2015***	April 13, 2017
<b>Roberto Ulissi</b>	Board Secretary and Corporate Governance Counsel (Company Secretary)							

● CRC - Control and Risk Committee    ● SSC - Sustainability and Scenarios Committee    ● Chairman  
● NC - Nomination Committee    ● RC - Remuneration Committee

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

\*\* Director Profumo was co-opted by the Board on July 29, 2015, in the place of the Director Luigi Zingales who had resigned from the Board on July 2, 2015, and confirmed as Director by the Shareholders' Meeting on May 12, 2016 until the Shareholders' Meeting of April 13, 2017, called to approve the 2016 financial statements.

\*\*\* Before July 29, 2015, Alessandro Profumo had been a Director on the previous Board [May 5, 2011 - May 8, 2014].

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

## Composition

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

The By-laws state that non-controlling shareholders can appoint three-tenths of the total number of Directors on the Board<sup>89</sup>.

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

The Shareholders' Meeting of April 13, 2017:

- confirmed the number of Directors at nine;
- confirmed the duration of the Board's term at three financial years and in any case until the date of the Shareholders' Meeting that will be called to approve the financial statements for the 2019 financial year;
- appointed the Board of Directors and Chairman of the Board, in the persons of Emma Marcegaglia (Chairman), Claudio Descalzi, Andrea Gemma, Pietro A. Guindani, Karina A. Litvack, Alessandro Lorenzi, Diva Moriani, Fabrizio Pagani and Domenico Livio Trombone, specifically:
  - 1) Emma Marcegaglia, Claudio Descalzi, Andrea Gemma, Diva Moriani, Fabrizio Pagani and Domenico Livio Trombone were nominated from the slate of candidates submitted by the Ministry of the Economy and Finance, which at the time owned 4.34% of the share capital. Present at the vote was 63.27% of the share capital. The slate was elected by the majority of the shareholders that participated in the Shareholders' Meeting (about 56.43% of the voting capital), equal to 35.7% of the share capital;
  - 2) Pietro A. Guindani, Karina A. Litvack and Alessandro Lorenzi were nominated from the slate of candidates submitted by institutional investors, holding a total of 1.7% of the share capital. Present at the vote was 63.27% of the share capital. The slate was elected by the non-controlling shareholders that participated in the Shareholders' Meeting (about 42.93% of voting capital), equal to 27.16% of share capital.

The Shareholders' Meeting also appointed Emma Marcegaglia as Chairman of the Board of Directors. She was the candidate listed first in the majority slate, submitted by the Ministry of the Economy and Finance. Around 63.01% of the share capital took part in the voting, with 62.46% of the entire share capital voting in favour of her appointment (equal to around 99.12% of the shares present at the Meeting).

On April 13, 2017, the Board confirmed the appointment of Claudio Descalzi as Chief Executive Officer and General Manager of the Company.

On April 13, 2017, Roberto Ulissi, Corporate Affairs and Governance Senior Executive Vice President of the Company, was confirmed by the Board as the Secretary of the Board of Directors upon a proposal of the Chairman. In addition, the Board of Directors appointed its Secretary to be Corporate Governance Counsel, reporting hierarchically and functionally to the Board and, on its behalf, to the Chairman. He provides independent assistance and advice to the Board and to the Directors and once a year presents a report to the Board on Eni's governance.

Below are some personal and professional profiles of Eni's current Board members<sup>90</sup>.

[89] 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.

[90] The information provided on participation in Board Committees is current as of the date of approval of this Report, with further details provided on any changes that occurred during their term of office.



### Emma Marcegaglia

Date of birth: 1965

Position: Chairman

Participation on Committees: -

In office since: May 2014

Number of positions held in other companies for the purposes of the Corporate Governance Code: 1  
Slate elected on: majority (Ministry of the Economy and Finance)

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



### Claudio Descalzi

Date of birth: 1955

Position: Chief Executive Officer

Participation on Committees: -

In office since: May 2014

Number of positions held in other companies for the purposes of the Corporate Governance Code: -  
Slate elected on: majority (Ministry of the Economy and Finance)

Claudio Descalzi was born in Milan, he has been Eni's CEO since May 2014. He is a member of the General Board and of the Advisory Board of Confindustria and Director of Fondazione Teatro alla Scala. He is a member of the National Petroleum Council for 2016/2017. He joined Eni in 1981 as Oil & Gas field petroleum engineer and then became project manager for the development of North Sea, Libya, Nigeria and Congo. In 1990 he was appointed Head of Reservoir and operating activities for Italy. In 1994, he was appointed Managing Director of Eni's subsidiary in Congo and in 1998 he became Vice President & Managing Director of Naoc, a subsidiary of Eni in Nigeria. From 2000 to 2001 he held the position of Executive Vice President for Africa, Middle East and China. From 2002 to 2005 he was Executive Vice President for Italy, Africa, Middle East, covering also the role of member of the board of several Eni subsidiaries in the area.

In 2005, he was appointed Deputy Chief Operating Officer of the Exploration & Production Division in Eni. From 2006 to 2014 he was President of Assomineraria and from 2008 to 2014 he was Chief Operating Officer in the Exploration & Production Division of Eni. From 2010 to 2014 he held the position of Chairman of Eni UK. In 2012, Claudio Descalzi was the first European in the field of Oil&Gas to receive the prestigious "Charles F. Rand Memorial Gold Medal 2012" award from the Society of Petroleum Engineers and the American Institute of Mining Engineers. He is a Visiting Fellow at The University of Oxford. In December 2015 he was made a member of the "Global Board of Advisors of the Council on Foreign Relations". In December 2016 he was awarded an Honorary Degree in Environmental and Territorial Engineering by the Faculty of Engineering of the University of Rome, Tor Vergata. He graduated in Physics in 1979 from the University of Milan.



#### Andrea Gemma

Date of birth: 1973

Position: Director

Participation on Committees: Remuneration Committee (Chairman); Nomination Committee (member); Control and Risk Committee (member)

In office since: May 2014

Number of positions held in other companies for the purposes of the Corporate Governance Code: 3  
Slate elected on: majority (Ministry of the Economy and Finance)

Andrea Gemma was born in Rome in 1973 and has been Director of Eni since May 2014. He is Professor of Private Law at The Third University of Rome and was visiting professor at European Universities and at Villanova University. He is member of the strategic board of the American University of Rome. He is Appeal Court Lawyer. He is also Chairman of Serenissima SGR SpA and member of the Board of Directors of Banca UBAE SpA and of Global Capital PLC. He is President of Board of Statutory Auditors of PS Reti SpA and Sirti SpA. He is also Official Receiver of Valtur SpA, Liquidator of Novit Assicurazioni SpA and Sequoia Partecipazioni SpA.



#### Pietro Guindani

Date of birth: 1958

Position: Director

Participation on Committees: Sustainability and Scenarios Committee (Chairman); Remuneration Committee (member)

In office since: May 2014

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

Pietro A. Guindani was born in Milan in 1958 and has been Director of Eni since May 2014. Since July 2008 he has been Chairman of the Board of Directors of Vodafone Italia SpA, where between 1995-2008 he was Chief Financial Officer and subsequently Chief Executive Officer. He previously held positions in the Finance Departments of Montedison and Olivetti and started his career in Citibank after graduating in Business at the Università Luigi Bocconi in Milan. He is currently also Board member of Salini-Impregilo SpA, the Italian Institute of Technology and Cefriel-Polytechnic of Milan. He is Board member of Confindustria and member of the Executive Board of Confindustria Digitale; he is President of Asstel-Assotelecomunicazioni and Vice President responsible for Universities, Innovation and Human Capital of Assolombarda. He was also Director of Société Française du Radiotéléphone - SFR S.A. (2008-2011), Pirelli & C. SpA (2011-2014), Carraro SpA (2009-2012), Sorin SpA (2009-2012) and Finecobank SpA (2014-2017).



#### Karina A. Litvack

Date of birth: 1962

Position: Director

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

In office since: May 2014

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

Karina A. Litvack was born in Montreal in 1962 and she has been a Director in Eni since May 2014. She is currently a member of the Global Advisory Council in Cornerstone Capital Inc., a member of the Advisory Board in Bridges Ventures LLC, a member of the CEO Sustainability Advisory Panel in SAP AG, a member of Business for Social Responsibility and of Yachad, a member of the Advisory Council for Transparency International UK and a member of the Senior Advisory Panel of Critical



Resource. From 1986 to 1988 she was a member of the Corporate Finance team of PaineWebber Incorporated. From 1991 to 1993 she was a Project Manager of the New York City Economic Development Corporation. In 1998 she joined F&C Asset Management plc where she held the position of Analyst Ethical Research, Director Ethical Research and Director Head of Governance and Sustainable Investments (2001-2012). She was also a member of the Board of the Extractive Industries Transparency Initiative (2003-2009) and of the Primary Markets Group of the London Stock Exchange Primary Markets Group (2006-2012). She graduated in Political Economy at the University of Toronto and in Finance and International Business from Columbia University Graduate School of Business.



#### Alessandro Lorenzi

Date of birth: 1948

Position: Director

Participation on Committees: Control and Risk Committee (Chairman);

Remuneration Committee (member)

In office since: May 2011

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

Alessandro Lorenzi was born in Turin in 1948 and has been Director of Eni since May 2011. He is a founding partner of Tokos Srl, a consulting firm for securities investment, Director of Ersel SIM SpA and of Mutti SpA. He began his career at SAIAG SpA in the Administration and Control area. In 1975 he joined Fiat Iveco SpA where he held a series of positions: Controller of Fiat V.I. SpA, Head of Administration, Finance and Control, Head of Personnel of Orlandi SpA in Modena (1977-1980) and Project Manager (1981-1982). In 1983 he joined GFT Group where he was Head of Administration, Finance and Control of Cidat SpA, a GFT SpA subsidiary (1983-1984), Central Controller of GFT Group (1984-1988), Head of Finance and Control of GFT Group (1989-1994) and Managing Director of GFT SpA, with ordinary and extraordinary powers over all operating activities (1994-1995). In 1995 he was appointed Chief Executive Officer of SCI SpA, where he oversaw the restructuring process. In 1998 he was appointed Operating Officer and was subsequently Director of Ersel SIM SpA until June 2000. In 2000 he became Executive Officer of Planning and Control at the Ferrero Group and General Manager of Soremartec, the technical research and marketing company of the Ferrero Group. In May 2003 he was appointed CFO of Coin Group and in 2006 he became Chief Corporate Officer at Lavazza SpA, becoming Board member from 2008 to June 2011. From July 2011 to September 2017 he was Chairman of Società Metropolitana Acque Torino SpA.



#### Diva Moriani

Date of birth: 1968

Position: Director

Participation on Committees: Nomination Committee (Chairman); Control and Risk Committee (member); Remuneration Committee (member)

In office since: May 2014

Number of positions held in other companies for the purposes of the Corporate Governance Code: 3  
Slate elected on: majority (Ministry of the Economy and Finance)

Diva Moriani was born in Arezzo in 1968 and has been a Director in Eni since May 2014. She is currently Executive Vice Chairman of Intek Group SpA, Vice Chairman of KME AG, a German holding company of KME Group, Director of KME Srl, Member of the Supervisory Board of KME Germany GmbH and Director of Assicurazioni Generali SpA, Moncler SpA, Dynamo Academy, Dynamo Foundation and Associazione Dynamo. From 2007 to 2012 she was CEO of I2Capital Partners, a private equity fund sponsored by Intek Group SpA, with an investment strategy focused on "Special Situations" and CEO of KME AG from 2014 to 2017. She graduated in Economics at the University of Florence.



### Fabrizio Pagani

Date of birth: 1967

Position: Director

Participation on Committees: Sustainability and Scenarios Committee (member);  
Nomination Committee (member); Advisory Board (Chairman)<sup>91</sup>

In office since: May 2014

Number of positions held in other companies for the purposes of the Corporate Governance Code: -  
Slate elected on: majority (Ministry of the Economy and Finance)

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



### Domenico Livio Trombone

Date of birth: 1960

Position: Director

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

In office since: April 2017

Number of positions held in other companies for purposes of the Corporate Governance Code: 5  
Slate elected on: majority (Ministry of Economy and Finance)

Domenico Livio Trombone was born in Potenza in 1960 and has been Director of Eni since April 2017. He is a certified chartered accountant and a certified public auditor. He is partner of Studio Trombone Dottori Commercialisti e Associati.

He is currently Chairman of the Board of Directors of Carimonte Holding SpA, of Consorzio Cooperative Costruzioni - CCC, of Focus Investments SpA and of Società Gestione Crediti Delta SpA. Furthermore, he is Director of La Centrale Finanziaria Generale SpA and of Aeroporto Guglielmo Marconi di Bologna SpA. He is also Chairman of the Board of Statutory Auditors of Associazione Costruttori Italiani Macchine Attrezzature per Ceramica (Acimac), Coop Alleanza 3.0 Sc and of Unipol Banca SpA. He is standing Statutory Auditor, among the others, of: Arca Assicurazioni SpA, Arca Vita SpA, CCFS Soc. Coop, Cooperare SpA, Parco SpA, Popolare Vita SpA, Unipol Finance Srl and Unipol Investment SpA. He is Liquidator in Italcarni Sc and Judicial Commissioner and Liquidator in Open.Co S.c. He is technical consultant in legal proceedings, coadjutor in bankruptcy proceedings, liquidator, trustee in bankruptcy and judicial commissioner.

Over the years he held positions in banks, in asset management and insurance companies. More in detail, he was standing Statutory Auditor in Carimonte Holding SpA, Unicredit Servizi Informativi SpA, Immobiliare Nettuno Srl and Gespro SpA. From April 2006 to March 2007 he was Director of Aurora Assicurazioni SpA. From October 2007 until the merger of the Company in FonSai SpA, he was Chairman of the Board of Statutory Auditors in Unipol Assicurazioni SpA. Until December 2008 he was Director in Banca Popolare del Materano SpA and BNTConsulting SpA. From April 2010 to October 2011 he was Chairman of the Board of Directors in BAC Fiduciaria SpA. From April 2009 to December 2011 he was Chairman of the Board of Statutory Auditors in Arca Impresa Gestioni SGR SpA. From April 2007 until

(91) For further information on the Advisory Board, please refer to the section on "Board Committees" of this Report.

April 2012 he was Chairman of the Board of Statutory Auditors in Cassa di Risparmio di Cento SpA. Since April 2010 to May 2016 he held the position of Chief Executive Officer in Carimonte Holding SpA. From December 2011 to December 2012 he was independent Director in Serenissima SGR SpA. From December 2011 to April 2016 he was Director and Vice Chairman in Gradiente SGR SpA. From April 2007 to April 2016 he was Standing Statutory Auditor of Unipol Gruppo Finanziario SpA. He graduated in Economics from the University of Modena.

Information on Director in charge until April 13, 2017 (taken from 2016 Corporate Governance and Shareholding Structure Report 2016).



#### **Alessandro Profumo**

Date of birth: 1957

Position: Director

In office since: July 2015<sup>92</sup> to April 2017

Director appointed by the Board of Directors on July 29, 2015 and confirmed by the Shareholders' Meeting of May 12, 2016

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

## **Appointment<sup>93</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, envisaged by Art. 4 of Law no. 474/1994. 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

**Directors are elected  
on the basis of slates**

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

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

to non-controlling shareholders. 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.

Eni By-laws reserve to non-controlling shareholders the three-tens of the Board members.

#### Share capital threshold to submit slates

### RIGHT TO SUBMIT SLATES

Pursuant to Art. 17 of the By-laws, which were appropriately amended to align its provisions with those of the above-mentioned decree, slates of candidates may be submitted by shareholders<sup>94</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 most recently with its resolution dated January 24, 2018, Consob set the threshold for Eni at 0.5% of share capital.

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

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

#### Terms for the submission and publication of slates

### 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>95</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.

#### Requirements for candidates

All candidates must satisfy the integrity requirements established by applicable law. Together with the filing of each slate, on penalty of inadmissibility, the following shall also be filed: the curriculum vitae of each candidate, statements of each candidate accepting his nomination and affirming the absence of any grounds making him ineligible or incompatible for such position and that he satisfies the requirements of integrity and independence required by the law and the By-laws<sup>96</sup>.

Furthermore, in line with legislative provisions, the By-laws of Eni<sup>97</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<sup>98</sup>. When the number of members belonging to the less represented gender must by law be at least three, the slates submitted to elect the majority of members of the Board must include at least two candidates of the less represented gender in the slate.

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

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.

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

[95] In accordance with Art. 147-ter of the Consolidated Law on Financial Intermediation and Eni By-laws, slates may also be filed with the Company using 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.

[96] It is also requested that the statements indicate whether the candidate satisfies the independence requirements pursuant to Art. 3 of the Corporate Governance Code.

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

[98] For the second term, the law requires that one-third of the Board be persons of the less-represented gender. Eni has already reached this objective in the first term.

The shareholders who submitted the slates must also be identified, indicating the percentage of the share capital held<sup>99</sup>.

Once the voting formalities are satisfied, seven-tenths of the Directors to be elected are drawn from the slate that receives the most votes of the shareholders, rounded off in the event of a decimal number to the next lowest whole number, in the order that they appear on the slate.

The remaining Directors are drawn from the other slates, which shall not be connected in any way, directly or indirectly, to the shareholders who have submitted or voted for the slate that receives the largest number of votes<sup>100</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.

If, for any reason, including not being able to seat a full Board through slate voting, 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.

The slate voting procedure shall apply only to the election of the entire Board of Directors.

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

If a majority of the Directors should vacate their offices, the entire Board shall be considered to have resigned, and the Board shall promptly call a Shareholders' Meeting to elect a new Board.

## Succession plan for Executive Director and key personnel

With reference to plans for the succession of Executive Directors, the Nomination Committee has been entrusted by the Board of Directors with developing 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.

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

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

### Voting slates

### Supplemental mechanisms

### The substitution

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

#### The process and methodology for the succession plans for those holding key positions

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

The process and methodology for the succession plans for those holding key positions, including the plans for those positions that Eni's Board of Directors is responsible for appointing, have been used at Eni since 2012 and are operated by the competent Eni Human Resource units.

#### Nomination Committee activities

In 2017, the Nomination Committee addressed the issue of succession plans for the nominations for which it is responsible, with regard to the designation of the Financial Reporting Officer, the Head of the Internal Audit Department, the members of the Watch Structure of Eni SpA and of the Board of Directors of Eni International BV.

## Independence requirements

#### The independence requirements established by law and By-laws

### THE LAW AND BY-LAWS

The Consolidated Law on Financial Intermediation establishes that at least one Director, or two if the Board is comprised of more than seven members, must satisfy the independence requirements for Statutory Auditors of listed companies as set out in Art. 148, paragraph 3 of that law, as well as any other requirements set out in codes of conduct if the By-laws so provide.

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

#### The independence requirements established by Corporate Governance Code

### CORPORATE GOVERNANCE CODE RECOMMENDATIONS

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

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

### ENI SPECIFICATIONS

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

- "strategically important subsidiaries" in which the Director may have been a leading officer are identified<sup>101</sup>;
- the amount of "additional remuneration" that could compromise the independence of a non-executive Director has been established in the amount of 30% of "fixed remuneration"<sup>102</sup>;
- "close relative" was defined to include spouse, relatives and relatives-in-law within the second degree of kinship<sup>103</sup>.

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

[102] Criterion 3.C.1.d). The Board also clarified that the compensation paid to the Directors for serving on the Sustainability and Scenarios Committee is not treated as additional remuneration for independence purposes, as it is for the other Committees envisaged by the Code.

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

## BOARD ASSESSMENTS

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

Upon appointment, periodically thereafter, and where necessary owing to specific events that could affect their independence, the non-executive Directors must provide statements that they satisfy the independence 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.

In particular, the following assessments of independence of standing Directors were conducted:

- on April 13, 2017, 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 Domenico Livio Trombone satisfy the independence requirements established by law, as referenced in Eni's By-laws.

Furthermore, Directors Gemma, Guindani, Litvack, Lorenzi, Moriani and Trombone 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 key officer of the Company<sup>104</sup>;

- at its meeting of February 15, 2018, based upon the investigation performed by the Nomination Committee on the basis of the statements of the Directors and the information available to the Company, the Board of Directors confirmed the previous conclusion;

On the same occasion, having regard to the period provided for in the Corporate Governance Code, the Board of Directors also determined that the commercial relationships between Eni and Vodafone Italy (a company of which Director Guindani is a significant officer), Eni and Selecta SpA and Eni and the companies of the KME Group (companies subject to a significant influence by Director Moriani) are not significant for the purpose of assessing the independence of said Directors, given the nature and the amounts of these relationships. The relationships were assessed on the basis of statements from the Directors and other information available to the Company, taking account of the fact that – in view of the nature of the companies referred to – the transactions between them and Eni are governed by the related parties transaction procedure and reported to the corporate bodies.

The Board of Statutory Auditors always 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 are reported in the tables attached to this Report.

## Integrity requirements, reasons for ineligibility and incompatibility

The Consolidated Law on Financial Intermediation specifies that individuals who perform management and administration functions in listed companies must fulfil the integrity requirements established for members of control bodies in the guidelines issued by the Minister of Justice pursuant to Art. 148 of the Consolidated Law on Financial Intermediation<sup>105</sup>.

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.

[104] 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).

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

The assessment of the Board and the verification of the Nomination Committee

7 Directors of 9 are independent pursuant to law.

6 Directors of 9 are independent pursuant to Italian Corporate Governance Code

Requirements established by law

In addition, the Directors are required to fulfil additional specific requirements established by any special rules applicable to them.

#### Periodic evaluation of the Board

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

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

#### Nomination Committee is responsible for enquiries

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.

Upon appointment and thereafter on a periodic basis, the Directors are required to issue statements that they satisfy the integrity requirements under applicable law, as well as the absence of grounds for ineligibility, incompatibility or forfeiture, and the Board verifies that the integrity requirements have been satisfied, in accordance with current regulations. 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.

#### The evaluations carried out

At its meetings of April 13, 2017 and, after investigation by the Nomination Committee, during the meeting of February 15, 2018, the Board of Directors – on the basis of the statements made and the information available to the Company – verified that the integrity requirements have been satisfied by all the Directors and that there are no circumstances rendering any of the Directors ineligible or incompatible, including with regard to any Eni holdings in financial, banking and/or insurance companies.

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

With its resolution of April 13, 2017 (confirming the guidelines established on September 17, 2015), 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.

The Board resolved that:

- an executive Director should not hold: (i) the office of executive Director in any other company listed on an Italian or foreign regulated stock market, or in any financial<sup>106</sup>, banking or insurance company or in a company with shareholders' equity exceeding €10 billion; and (ii) the office of non-executive Director or Statutory Auditor (or member of another controlling body) in more than one of the aforesaid companies; (iii) the office of non-executive Director in another issuer of which a Director of Eni is an executive Director<sup>107</sup>;
- 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<sup>108</sup> and non-executive Director or Statutory Auditor (or member of another controlling body) in more than three of the such companies; or as (ii) non-executive Director or Statutory Auditor (or member of another control body) in more than five of such companies; or as (iii) executive Director of another issuer of which an executive Director of Eni is a non-executive Director.

[106] 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.

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

[108] In its meeting on February 15, 2018, acting on the proposal of the Nomination Committee, the Board specified, in accordance with Criterion 1.C.2 of the Corporate Governance Code, that the listed companies relevant for the purposes of the limits on multiple offices are companies listed on regulated markets.



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

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

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

On the basis of information provided, the Board of Directors following its appointment and periodically, after investigation by the Nomination Committee, 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 15, 2018. Detailed information on the number of offices held by Board members with reference to the most recent verification of February 15, 2018 is available in the chart attached with this Report. The section of the Report on Board Review provides information on the results of such review with respect to whole level of commitment, motivation and participation of the Directors in Board and Committee meetings<sup>109</sup>. In addition, the above chart also shows how many Board and Committee meetings each Director attended.

#### Communication to the Board

#### The assessment of the Board and the previous verification of the Nomination Committee

## 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 April 13, 2017, the Board of Directors confirmed Claudio Descalzi<sup>110</sup> as Chief Executive Officer and General Manager, granting him the broadest powers for the ordinary and extraordinary administration of the Company, excluding those the Board reserved solely to itself and those that cannot be delegated by law.

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

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

- 1) defines the system and rules of corporate governance for the Company and the Group and approves the Corporate Governance and Shareholding Structure Report, after consulting with the Control and Risk Committee with regard to the internal control and risk management system. It approves the guidelines for the internal regulatory system, the policies and, usually, the compliance and governance Management System Guidelines. 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 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;

#### Reserved powers of the Board

[109] For more information, please refer to the section "Board Review and advice for shareholders on the composition of the Board" of this Report.

[110] 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.

- 2) establishes the Board's internal Committees, which provide recommendations and advice, and appoints their members and Chairmen, determines their duties and remuneration 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 (Remuneration Committee since March 15, 2018), and consulting with the Board of Statutory Auditors, the remuneration 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 of the Company and its subsidiaries are correctly identified, measured, managed and monitored, furthermore determining the degree of compatibility of such risks<sup>111</sup> with a management consistent with identified corporate objectives. It establishes the financial risk limits for the Company. Having first received the opinion of the Control and Risk Committee it (i) examines the main risks facing the Company, identified by taking into account the nature of the business of the Company and its subsidiaries, as reported by the Chief Executive Officer at least once every three months and (ii) every six months evaluates the adequacy of the internal control and risk management system with regard to the nature of the business and its risk profile, as well as its effectiveness;
- 7) at least annually, it approves the Audit Plan prepared by the Head of the Internal Audit Department, having first received the opinion of the Control and Risk Committee and in consultation with the Board of Statutory Auditors and the Chief Executive Officer<sup>112</sup>. Having first received the opinion of the Control and Risk Committee and in consultation with the Board of Statutory Auditors, it evaluates the findings contained in the suggestion letter, if any, of the audit firm and in its report on the fundamental issues that arose during the statutory audit;
- 8) defines, based upon a proposal of the Chief Executive Officer, the strategic guidelines and objectives, 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, which includes Eni's draft Financial Statements and the Consolidated Financial Statements, and the semi-annual and quarterly financial reports of the Company and the Group in accordance with applicable regulations<sup>113</sup>. It examines and approves the Sustainability Report not already contained within the annual financial report;

[111] The Board also established that the Chairman of the Board must be consulted during the process of 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.

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

[113] Legislative Decree no. 25/2016, transposing Directive no. 2013/50/EU, in force as of March 18, 2016, has eliminated the obligation of publishing quarterly financial results. In accordance with Art. 82-ter of the Consob Issuers' Regulation, as announced to the market in a press release on January 20, 2017 concerning the "2017 Financial Calendar" and confirmed in a press release on January 9, 2018 on the "2018 Financial Calendar", Eni plans to announce, on a voluntary basis, its consolidated quarterly results each year following approval by the Board of Directors due to be published on the dates indicated in the financial calendar. The results will be communicated in the same way as in 2016 following a Company policy of providing the market with regular information about its financial and operating performances considering the disclosure policy followed by peers that are reporting on a quarterly basis. The results will include, at the least, information on: operating profit (for the group and by sector); adjusted operating profit (for the group and by sector); net profit (for the group), adjusted net profit (for the group), net financial position; shareholders' equity; leverage.

- 10) receives reports from Directors with delegated powers at Board meetings, on at least a bi-monthly basis, on actions taken in exercising their delegated powers as well as on Group activities and on atypical or unusual transactions that have not been submitted to the Board for examination and approval, as well as on the execution of transactions with related parties and those in which the Directors and Statutory Auditors hold an interest in accordance with the relevant internal procedures. More specifically, it receives a semi-annual report explaining any changes in investment transactions previously approved by the Board, in accordance with points 14.b and 14.c below, on the basis of guidelines established by the Board itself. It also receives periodic reports on the implementation of the business and financial plans;
- 11) receives report from the Board's internal Committees on at least a semi-annual basis<sup>114</sup>;
- 12) assesses general trends in the operations of the Company and the Group on the basis of information received from Directors with delegated powers, paying particular attention to conflicts of interest and comparing results – as reported in the annual financial statements and interim financial reports – with budget forecasts;
- 13) examines and approves, having received the opinion of the Control and Risk Committee, transactions by the Company and its subsidiaries with related parties as provided for in the relative procedure approved by the Board, as well as transactions in which the Chief Executive Officer holds an interest pursuant to Art. 2391, first paragraph, of the Italian Civil Code, that fall under the responsibility of the Chief Executive Officer;
- 14) evaluates and approves any transaction executed by the Company and its subsidiaries that has a significant impact on the Company's strategy, performance and financial position. The Board ensures compliance with the principle of operational autonomy with specific regard to the listed companies of Eni Group and companies subject to unbundling regulations. It also ensures the confidentiality of transactions between said subsidiaries and Eni or third parties for the protection of the subsidiaries' interests. Transactions with a significant impact include the following:
  - a) acquisitions and disposals of equity investments, companies or business units, mineral and property rights, transfers of assets, mergers, demergers and liquidations of companies exceeding €100 million, without prejudice to Art. 23.2 of the By-laws;
  - b) investments in fixed assets exceeding €300 million, or less if of particular strategic importance or if exposed to particular risk;
  - c) any exploration initiatives and portfolio operations in the E&P sector in new Countries;
  - d) sale and purchase contracts relating to goods and services other than investments and gas supplies with a total price exceeding €1 billion – except for ordinary business operations – or of a duration exceeding twenty years; gas supply contracts, or modifications to such contracts, in the amount of at least 3 billion cubic metres per year and with a ten-year duration;
  - e) financing granted to entities other than subsidiaries: (i) for amounts exceeding €200 million, if the amount is proportionate to the interest held or, (ii) in any amount, if to unrelated companies or the amount is not proportionate to the interest held;
  - 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 (Financial

<sup>114</sup> Since 2012, at each Board meeting the Chairmen of the Committees report to the Board on the most important issues addressed by the Committees in their most recent meetings.

- Reporting Officer), and ensures that he has adequate powers and means to carry out his statutory duties and monitors compliance with the administrative and accounting procedures established by the abovementioned office;
- 17) appoints and removes, acting upon a proposal of the Chairman, in agreement with the Chief Executive Officer and having received the favourable opinion of the Control and Risk Committee, and in consultation with the Board of Statutory Auditors and the Nomination Committee, the Head of Internal Audit Department, ensuring that he has adequate resources to carry out his duties and establishing his remuneration structure in accordance with the Company's remuneration policies, as well as approving the internal audit guidelines<sup>115</sup>. The Head of Internal Audit Department reports hierarchically to the Board and, on its behalf, to the Chairman, without prejudice to its functional dependence on the Control and Risk Committee and on the Chief Executive Officer, in his capacity as 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 shareholders relations;
  - 20) examines and approves, acting upon the proposal of the Compensation Committee (Remuneration Committee since March 15, 2018), the Remuneration Report and, in particular, the remuneration 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 (Remuneration Committee since March 15, 2018), it also establishes the criteria for the remuneration for the senior executives of the Company and of the Group and implements the share-based or financial instrument-based remuneration 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

For the purpose of the resolution referred to above and the application of the recommendations of the Corporate Governance Code that Eni has adopted, the term "strategically important subsidiaries" at the date of the resolution refers to Saipem SpA<sup>116</sup>, 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.

#### Evaluations and decisions of the Board

With regard to the recommendations in Art. 1 of the Corporate Governance Code, in addition to the general provisions referred to in the resolution on reserved powers, the Board:

- on January 18, 2018, evaluated the organisational, administrative and accounting structure of the Company, its strategically important subsidiaries and the Group as prepared by the Chief Executive Officer, finding it adequate;
- on March 15, 2018, approved the 2018-2021 Strategic Plan<sup>117</sup>;

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

(116) Since January 22, 2016, Eni no longer exercises sole control over Saipem. For more information, please refer to the section "Material agreements that would become effective, be modified or extinguished in the event of a change of control of Eni" of this Report.

(117) For more information, please refer to the section "Internal Control and Risk Management System" of this Report.

- for the purpose of assessing developments in operations, on the occasion of its examination of the financial reports and, most recently, on February 15, 2018, on the occasion of the approval of the 4<sup>th</sup> Quarter 2017 results, compared the results achieved with the budget (first year of the 2017-2020 Strategic Plan);
- on March 15, 2018, having considered the Report of the Financial Reporting Officer (FRO), the Reports of the Control and Risk Committee, the Report on administrative and accounting structure, the Report on the organizational structure as regards the part on the Internal Control Risk Management System organizational structure, the Report on risks and the Report on the respect of the financial risk limits, and having consulted with the Committee, evaluated as positive: (i) the adequacy and effectiveness of the ICRMS in relation to the nature of the Company and its risk profile; and (ii) the adequacy of the powers and resources available to the FRO as well as compliance with the administrative and accounting procedures prepared by the same<sup>118</sup>.

During the year the Board also decided on transactions of significant strategic or financial importance for the Company, as identified in the resolution on reserved powers. The primary internal regulations approved by the Board of Directors, particularly those on compliance and governance, are described in the "Internal Control and Risk Management System" section of this Report.

## Meetings and running of meetings

At the meeting held on April 13, 2017, the Board of Directors approved the rules on its operation and organisation, including the procedures for calling and running its meetings.

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

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

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

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

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.

Where it was not possible to provide the necessary information sufficiently in advance, the Chairman made sure that adequate and precise explanations were provided during Board meetings.

The Board Review for 2017 found general appreciation of the timeliness of information flows.

Special attention is devoted to ensuring the confidentiality of the information, with the creation of a section of the Eni website with access reserved to the Directors and the Statutory Auditors where they can review the documentation concerning Board and committee activities.

Board Rules

Notice of meeting  
and documentation

Information to Directors: the role  
of the Chairman

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

#### Attendance of managers

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

Managers of the Company and of its subsidiaries normally attended Board meetings to provide information on matters on the agenda<sup>119</sup>. Specific information is also provided on individual sectors in which the Company and the Group operate.

#### Internal regulations governing "Transactions involving interests of Directors and Statutory Auditors and transactions with related parties"

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>120</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.

#### Number and duration of meetings

During 2017, the Board of Directors met 13 times, each meeting lasting an average of 3 hours and 21 minutes, and with an average participation rate of 100% of the Directors.

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

In 2018, there have been three meetings held as of March 15, 2018, including one on that date. A further 9 meetings are scheduled to be held before the end of the year.

#### The financial calendar

Pursuant to the Stock Exchange Rules, a public announcement is made within 30 days of the close of the previous financial year of the annual calendar of events (the "financial calendar"), specifying, among other things, the dates of the Board of Directors meetings called to examine the draft annual financial statements and interim financial reports required by applicable regulations, any preliminary financial statements and any other additional periodic financial disclosures<sup>121</sup>, as well as the date of the Shareholders' Meeting to approve the financial statements for the year.

The announcement also includes the dates of Board meetings called 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>122</sup>.

#### Meetings of Independent Directors

In 2017, in view of the frequency of Board meetings, the independent Directors had occasions to meet informally, to exchange views and hold discussions. The issues dealt with in this section were examined very closely during the annual Board self-assessment, which are addressed in a specific section of this Report. Following the Board Review, the consensus conclusion has been that informal meetings among the independent Directors are useful and should continue.

#### Since May 2014, the Board Secretary has also served as 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.

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 conflicts of interest.

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

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

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

[121] For more details, refer to the note on this matter in the section above on Board "Powers and Responsibilities".

[122] Available at: [https://www.eni.com/en\\_IT/investors/financial-calendar.page](https://www.eni.com/en_IT/investors/financial-calendar.page).

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

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

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

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

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

The Secretary reports annually to the Board on the use of the budget. He also reports periodically to the Board on the functioning of Eni's corporate governance system. This report allows the Board to regularly monitor the Company's corporate governance model by comparing it with the primary sector studies, choices made by peers and corporate governance innovations found in foreign codes and the standards issued by institutional bodies, noting any areas needing further improvement in the Eni system.

#### The Charter and duties

#### Powers and resources

#### The Report on the functioning of the corporate governance system

## Board Review and advice for shareholders on the composition of the Board

### BOARD REVIEW AND PEER REVIEW FOR 2017

With regard to 2017, in accordance with international best practices and the provisions of the Corporate Governance Code, the Board of Directors launched, for the twelfth straight year, a self-assessment programme ("Board Review") for the Board of Directors and its Committees.

As usual, and in line with the governance solutions adopted by Eni, the Board Review was conducted with the support of an external advisor to ensure objectivity in the process. In line with the duties assigned to it by the Board and with the Corporate Governance Code recommendations, the Nomination Committee played a supervisory role during the Board Review process.

More specifically, the Committee asked the Board to select the advisor following a beauty contest to which four companies selected by the Committee were invited who had expertise and experience in the sector and appropriate standing, taking due account of additional services these advisors provide to Eni or companies having a control relationship with Eni.

The Board, based on the proposals of the Nomination Committee – which assessed the bids received with the support of Eni offices – decided to grant the engagement for a term of three years to Egon Zehnder, an advisor that also provides Eni and its subsidiaries with executive search and personnel leadership development. Based on its high professional standing, the Nomination Committee and the Board decided this did not compromise the independence and objectivity required of an advisor, instead acknowledging the specific value that the familiarity with Eni and the Board acquired by the advisor in providing support to previous Board Reviews.

#### The external advisor

The advisor was asked to also take account of the recommendations of the Corporate Governance Committee in the letter of the Chairman of the Committee in December 2017<sup>123</sup> and of national and international best practices.

The Board Review was begun in the autumn of 2017 and completed in February 2018. 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.

#### Self-assessment process

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

- individual interviews conducted by the advisor with each Director and with the Chairman of the Board of Statutory Auditors, on the basis of an interview guide prepared beforehand by the advisor<sup>124</sup>;
- analysis by the advisor of the information that came out of the answers to the questionnaires and the interviews;
- preparation of a final report on the results that had emerged, including in the light of international best practice, and presentation of the report to the Board along with the suggestions offered by the Directors during the interviews;
- discussion within the Board and answers to requests for clarification from the Directors.

#### Comparison with international best practices and presentation of results to the Board

The results of the interviews conducted by the advisor and their comparison with international best practices were presented and discussed at the Board's meeting of February 15, 2018.

#### Peer Review

The Eni Board accompanied the Board Review with a Peer Review exercise, thus continuing a best practice already implemented in previous years. During the Peer Review, the advisor received the assessments of the individual Directors on each of the other members of the Board with regard to the following aspects:

- professional skills (contribution to strategy-making, results-oriented approach);
- personal characteristics (collaboration, integrity and independence);
- leadership (for those Directors with leadership positions on the Board or a Committee).

The results of the Peer Review were discussed by the Board at the same February 15, 2018 meeting at which the outcome of the Board Review was also examined.

#### The results of the Board Review

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

The following strengths of the Eni Board were also cited:

- (i) the mix of expertise is generally adequate given the Board's current size and the individual profiles of each Director, with balanced representation of personal and professional diversity;
- (ii) informal meetings among independent Director were helpful and should continue, even in the absence of formal meetings;
- (iii) adequate training activities, with the visits to operational facilities and specific induction sessions being welcomed;
- (iv) the motivation and commitment of the Directors was demonstrated by, among other things:
  - a) almost universal attendance of all Directors at meetings of the Board and the Committees of which they were members;
  - b) a high level of participation in Board discussions and the work of the Committees, with well-balance internal dialogue;
- (v) the considerable efficiency of the meetings thanks to careful planning, the clarity and completeness of the information and presentations, and the comprehensive support provided by the Board Secretary. The execution of meetings was again assessed as a point of excellence in the view of the advisor;

[123] For more information, please refer to "Observations on the letter of December 13, 2017 of the Chairman of the Corporate Governance Committee" in the section "Compliance with the Corporate Governance Code for Listed Companies" of this Report.

[124] The Board Secretary contributed to the process.



- (vi) the effectiveness and efficiency of information flows were enhanced even further, together with summary overviews, ever more accessible information and a welcome timeliness;
- (vii) effective leadership on the part of the Chairman of the Board and the Chairmen of the Committees, as well as a well-balanced and constructive relationship between the Chairman of the Board and the Chief Executive Officer;
- (viii) an optimal qualitative and quantitative profile for the Committees, even after the changes that have occurred, with a strong commitment on their part and effective contribution to the work of the Board;
- (ix) Board dynamics, certainly positive, buoyed by the ability to cooperate and strengthened through the Peer Review process.

In conclusion, on the basis of the comments received and the comparative analysis performed, the advisor concluded that the Board and its committees were working effectively and expressed a positive view of their size and composition, in line with the recommendations of the Corporate Governance Code, for the first year of the Board's term.

The advisor also noted the Board's commitment to the constant improvement of Eni governance and the compliance of governance arrangements with international best practices.

Finally, the advisor also offered the Eni Board a number of suggestions for further improvement and aspects to confirm:

- complete the induction of new members of the Board of Directors and the Board of Statutory Auditors, a majority of whom were reappointed for this term;
- retain the meetings at an operational facility (abroad), which were welcomed by all of the Directors;
- further analyse internal succession processes for top management and the Chief Executive Officer;
- assess the option of proposing the adoption of a "staggered Board" to shareholders in order to ensure the continuity of the Board's work in the future.

## ADVICE TO SHAREHOLDERS ON THE COMPOSITION OF THE BOARD

In accordance with the recommendations of the Italian Corporate Governance Code, in the light of the Board renewals by Shareholders' Meeting of April 13, 2017 Eni's outgoing Board of Directors, having received the opinion of the Nomination Committee and considered the results of the Board review, developed a position on the future size and composition of the Board to be presented to the shareholders prior to the Shareholders' Meeting held on April 13, 2017 called to appoint Eni's corporate bodies. The advice was published on the Company website on March 1, 2017.

Eni's Board of Directors expressed its advice after receiving the opinion of the Nomination Committee

The Board of Statutory Auditors concurred with the assessment of the Board.

The outgoing Board offered the following advice to the Shareholders' Meeting of April 13, 2017.

### SIZE OF THE BOARD OF DIRECTORS

The Board of Directors considers the current number of directors, equal to nine, to be appropriate. It is the maximum established in Eni's By-laws.

### COMPOSITION OF THE BOARD OF DIRECTORS

The composition needs to take account of Eni's current and future needs, as well as the necessity of maintaining a major presence for independent Directors, with a level of diversity, including in terms of gender and seniority, that takes account of the regulatory requirements applying to the upcoming term of office.

The mix of skills on the Board should be well-balanced and reinforced by an understanding of Eni's business and the experience gained in the current term of office, given the complexity of the business and the need to complete the transformation begun by the current Board.

Mix of skills

If the number of Board members should be increased or the composition changed, it would be possible to further enhance the skill mix with:

- experience in leading management positions, preferably in the industrial sector, even if not specifically in the oil&gas industry;

- international management expertise gained in complex multinationals;
- skills in change management, M&A and development to accompany Eni's transformation strategy, bearing always in mind the significant time and commitment required of a new Board member to fully assimilate the complexity of Eni and its diversified businesses.

#### Characteristics of each Director

Key characteristics of each Director:

- team oriented;
- well-balanced in seeking consensus;
- aptness for the position;
- capable of managing conflicts constructively;
- capable of working effectively with management;
- willingness, taking account of other professional commitments, to serve on Eni's Board Committees.

To ensure that Directors can devote the necessary time to preparing for and participating in Board and Committees meetings, the future Board could set additional criteria with reference to the maximum number of other positions that Eni Directors may hold, considering commitments with internal Board Committees or other companies.

#### The Chairman

In addition to the qualifications applying to each Director, the Chairman should also possess:

- authority and standing in independently representing all shareholders;
- experience on chairing Boards of listed companies;
- previous experience as a non-executive Director with a company of comparable complexity to Eni;
- impeccable international credibility and standing.

#### The Chief Executive Officer

In addition to the qualifications applying to each Director, in the light of the Eni transformation strategy for the Company's future, the CEO should also possess:

- experience as a Chief Executive Officer or other senior management position with listed companies of comparable complexity to Eni;
- a high level of credibility and authority in Eni's key international markets;
- specific know-how in Eni's key business sectors;
- a track record of success in managing a large operating company (and not just a parent/ holding company);
- a track record of success in managing relations with complex stakeholders (local and international) in the key markets and geographical areas in which Eni operates. Account should be taken of the need for the Chairman and the Chief Executive Officer to maintain a constructive relationship with complementary skills in order to ensure the effective operation of the Board and, more generally, the governance of the Company.

### COMMITTEES

It would be advisable to retain the current duties and size of the existing Committees, while rotating a number of members, even if the Board should remain unchanged, in order to diversify the contribution of those members and enhance dialogue, with a special focus on the Control and Risk Committee, in view of the commitment required to the Committee and its members.

### Board Induction

#### Board Induction

In accordance with the provisions of the Corporate Governance Code regarding the effective and informed performance of each Director, the Chairman of the Board of Eni, together with the CEO, prepared a training programme (the "Board Induction") for the members of the Board as well as the Board of Statutory Auditors, immediately after their appointment on April 13, 2017<sup>125</sup>.

This programme, which entered its fourth edition in 2017, is intended to provide new Directors with in-depth knowledge of the Company's activities and organisation, the industry and legislative and self-regulatory framework in which it operates, corporate dynamics and their development and the role to be performed in relation to Eni's specific characteristics.

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

For the current Board, almost all of whose members were reappointed from its predecessor, the induction programme began on June 19, 2017 and also involved Eni's Statutory Auditors, with a training session focused on business issues, taking account of the suggestions received from the Directors themselves.

On June 20, 2017 visits to operational facilities were organised (the Porto Marghera refinery and the Mantua petrochemical plant). On September 14, 2017 a session on Gas & Power issues was held. In addition, in order to conduct a specific examination of the issues of greatest interest to the Board of Statutory Auditors for the new members, an additional day of presentations by Eni's top management was held, with the participation of Directors involved, with a focus on the following themes: integrated risk management, internal audit, areas of competence of the Chief Financial Officer and integrated compliance.

As part of ongoing training efforts, additional sessions on the main operational issues were planned, with visits to Eni's industrial sites in Italy and abroad, in order to give a clearer idea of the main industrial processes involving Eni.

## Remuneration Report

For information on the 2018 Remuneration Policy and the remuneration paid in 2017 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>126</sup>



\* Compensation Committee until March 15, 2018.

At its meeting of April 13, 2017, 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 Remuneration Committee (already 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, as well as the Sustainability and Scenarios Committee.

Moreover, on July 27, 2017 the Board of Directors of Eni appointed an Advisory Board, chaired by Director Pagani and composed of international experts (Ian Bremmer, Christiana Figueres, Philip Lambert and Davide Tabarelli) charged with analysing, on behalf of the Board and the CEO of Eni, the main geopolitical, technology and economic trends, including issues associated with decarbonisation. The composition, duties and operational procedures of Board Committees are governed by their own rules, which are approved by the Board, in compliance with the criteria outlined in the Corporate Governance Code<sup>127</sup>. The Committees' rules are available on Eni's website in the "Governance" section.

The Committees required by the Code (Control and Risk Committee, Remuneration 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.

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

[127] In its meeting on April 13, 2017, the Board of Directors established the Committees and appointed their members for the new term. At that time, the duties assigned to the previous Committees were confirmed and the Committees were asked to draft their rules and submit them to the Board (that dates of approval of the rules are reported in the subsequent sections devoted to the individual Committees).

The Board formed four internal Committees to provide advice and offer proposals

The Advisory Board

Composition of Committees

More specifically, the rules of:

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

The Nomination Committee and the Sustainability and Scenarios Committee are presently composed of non-executive Directors, a majority of whom are independent<sup>128</sup>; in the case of the Control and Risk Committee and the Remuneration Committee, all members are independent Directors<sup>129</sup>. The Chairmen of all Committees are independent.

The current composition of the Committees as approved by the Board on April 13, 2017 is as follows:

- the Control and Risk Committee: Alessandro Lorenzi (Chairman), Andrea Gemma, Karina Litvack and Diva Moriani<sup>130</sup>. Directors Lorenzi, Litvack and Moriani possess experience in accounting and financial or risk management matters, as required by the Corporate Governance Code, assessed by the Board at the time of appointment;
- Remuneration Committee: Andrea Gemma (Chairman), Pietro A. Guindani, Alessandro Lorenzi and Diva Moriani. Directors Guindani, Lorenzi and Moriani have expertise and experience in financial or remuneration policy matters, as required by the Corporate Governance Code, assessed by the Board at the time of appointment<sup>131</sup>;
- the Nomination Committee: Diva Moriani (Chairman), Andrea Gemma, Fabrizio Pagani and Domenico Livio Trombone<sup>132</sup>;
- the Sustainability and Scenarios Committee: Pietro A. Guindani (Chairman), Karina Litvack, Fabrizio Pagani and Domenico Livio Trombone<sup>133</sup>.

#### Participation in Committee meetings

With regard to participation in Committee meetings:

- the Chairman of the Board of Statutory Auditors, or a Statutory Auditor designated by her, 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 Chairman of the Committee, on behalf of the Committee itself, may 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 her, participates in Remuneration Committee meetings. Other Statutory Auditors may also attend meetings. The Chairman of the Board of Directors and the CEO<sup>134</sup> may attend at the invitation of the Chairman of the Committee, on behalf of the Committee itself. The Chairman of the Committee, on behalf of the Committee itself, 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

[128] The information provided on composition of Board Committees is current as of the date of approval of this Report, with further details provided on any changes that occurred during the financial year.

[129] The Control and Risk Committee and the Sustainability and Scenarios Committee are chaired by Directors drawn from the minority lists.

[130] In 2017, before the renewal of the Board on April 13, 2017, the composition of the Control and Risk Committee was the following: Alessandro Lorenzi (Chairman), Andrea Gemma and Diva Moriani. Director Litvack was recalled as member of the Committee by the Board of Directors on April 4, 2017.

[131] In 2017, before the renewal of the Board on April 13, 2017, the composition of the Compensation Committee (now Remuneration Committee) was the following: Pietro A. Guindani (Chairman), Karina Litvack and Alessandro Lorenzi.

[132] In 2017, before the renewal of the Board on April 13, 2017, the composition of the Nomination Committee was the following: Andrea Gemma (Chairman), Diva Moriani, Fabrizio Pagani and Alessandro Profumo.

[133] In 2017, before the renewal of the Board on April 13, 2017, the composition of the Sustainability and Scenarios Committee was the following: Fabrizio Pagani (Chairman), Andrea Gemma, Pietro A. Guindani, Karina Litvack and Alessandro Profumo.

[134] No Director and, in particular no Director with delegated powers may take part in meetings of the Committee during which Board proposals regarding their compensation are being discussed, unless the proposals regard all members of the Board Committees.

based on their expertise on specific items on the agenda. No Director may take part in meetings of the Committee during which Board proposals regarding his remuneration are being discussed, unless the proposals regard all members of the Board Committees. They also remain subject to the rules on the composition of the Committee where the Committee is called upon to perform the tasks required under the procedure for transactions with related parties adopted by the Company;

- 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 or members of the Company structure, who, at the invitation of the Chairman of the Committee, on behalf of the Committee itself, are called to provide information and opinions based on their expertise on specific items in the agenda;
- the Chairman of the Board of Directors, the CEO and the Chairman of Eni's Board of Statutory Auditors – or another standing Statutory Auditor designated by the former – as well as other persons, including other Directors or members of the Company structure, who, at the invitation of the Chairman on behalf of the Committee, are asked to attend Sustainability and Scenarios Committee meetings with regard to the specific items in the agenda.

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

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

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

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

A detailed description of each Committee and its activities in 2017 is provided below. More information can be found in the table attached to this Report.

## Control and Risk Committee

The composition, appointment and operational procedures, duties, powers, and resources of the Committee are governed by its Rules, the current version of which was approved by the Board of Directors on May 9, 2017.

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

In 2017, the Committee met 14 times, with 100% of its members attending<sup>135</sup>. In particular, the Committee met 5 times before the end of the term of the previous Board of Directors and 9 times after the appointment of the new Board. In both periods, the average duration of the meetings was 3 hours. So far in 2018, the Committee has met 5 times (as of March 15, 2018), and is scheduled to meet another 10 times before the end of the year.

[135] The percentage refers to the participation in the meetings of the members of the Control and Risk Committee in office (i.e. Lorenzi, Gemma, Moriani in the 5 meetings held until April 13, 2017 and Lorenzi, Gemma, Litvack e Moriani in the 9 meetings after April 13, 2017).

Minutes of the meetings

Access to information  
and resources

The role of the Board Secretary

Reports to the Board issued  
by the Committees

The Board increased to two the  
number of members with adequate  
accounting and financial or risk  
management expertise

2017 meetings

#### Activities carried out

The following provides a summary of the main issues tackled during the 2017, with the Board of Statutory Auditors in attendance:

- 1) In assisting the Board of Directors, in order to oversee the activities of the Internal Audit Department, monitoring its work for independence and ensuring that it is performed with the required level of objectivity, competence and professional diligence, in accordance with the Eni Code of Ethics and international standards for the professional practice of internal auditing, among other things, the Committee reviewed:
  - the Integrated Audit Plan and the Budget for Eni's Internal Audit Department for 2018, 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 Department in response to specific requests from the control and supervisory bodies, as well as the status of other activities conducted by the Internal Audit Department (such as reports of problems, independent monitoring);
  - the Internal Audit Reports of December 31, 2016 and June 30, 2017 on the primary results of internal audits performed and on the assessment of the suitability of the Internal Control and Risk Management System for achieving an acceptable overall risk profile, as well as the results of the External Quality Review conducted by an independent advisor of the compliance of the activities performed by Internal Audit with the profession's international standards.

The Committee also expressed its favourable opinion concerning the proposal to confirm the Head of Internal Audit Department following the positive outcome of the assessment of his integrity, professionalism, expertise and experience.

- 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 Officer (CFO), also in his capacity as the officer in charge of preparing financial reports (the "Financial Reporting Officer" or "FRO") and the Company's administrative structures, and the audit firm in attendance, the Committee reviewed:
  - the reports of the CFO/FRO on: (i) Eni's administrative and accounting structure at December 31, 2016 and at June 30, 2017; (ii) on the internal control system as applied to financial reporting at December 31, 2016 and June 30, 2017, on the basis of which it expressed its favourable opinion to the Board on the appropriateness of the powers and resources assigned to the FRO and on the actual compliance with administrative and accounting procedures for the purposes of the Board's supervisory function;
  - the key aspects of the individual and consolidated financial statements at December 31, 2016 of Eni and Eni's half-year consolidated financial report at June 30, 2017. 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 2017 Annual Report;
  - the main aspects of the Annual Report on Form 20-F 2016;
  - the content of the 2016 management letter of the audit firm, giving its favourable opinion prior to subsequent examination by the Board and the statement on the status of the audit pursuant to SOA 404; the report on key issues that arose during the statutory audit and the planning of 2017 auditing activities;

Moreover, the Committee examined: (i) the key issues raised by the UK's "Criminal Finances Act"; (ii) the main changes in statutory audit legislation; (iii) the requirements connected with the disclosure of non-financial information, examining in particular the decisions taken by Eni with regard to the preparation of the "Consolidated Non-Financial Information" pursuant to the provisions of Legislative Decree no. 254/2016; (iv) the "Consolidated Report on Payments to Governments" for 2016 by Eni SpA, its consolidated subsidiaries and companies consolidated proportionately (EU Accounting Directive 2013).

- 3) In supporting the Board of Directors in conducting the assessments and making decisions concerning risk management, including with regard to potentially prejudicial situations, the

Committee conducted an in-depth analysis of specific situations at the request of the Board. Among other things, in the context of its periodic meetings with the Legal Affairs Department, 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 its duties as they pertain to the process of preparing the annual and half-year financial reports.

- 4) The Committee held several meetings with the Integrated Compliance Department during which it (i) examined the periodic reports of Anti-Corruption Compliance on the support provided to the units of Eni and the subsidiaries in the areas for which it is responsible, with a specific focus on training activities performed; (ii) examined the issues associated with the revision of the Model 231 arrangements of the subsidiaries; (iii) examined the result of the Integrated Compliance Project, evaluating the main aspects of the new organisational structure; (iv) was informed of the issue or updating of Anti-Corruption rules and of the successful completion of the verification by the certifying agency of the conformity of the Eni Anti-Corruption Compliance Programme with the provisions of ISO 37001:2016 "Antibribery Management System".
- 5) The Committee was periodically informed of the status of the updating of the New Regulatory System and, meeting with the corporate units responsible for the project, examined the proposed revisions of the following Management System Guidelines (MSG): "Antitrust", "Code of Commercial Practices and Advertising", "Transactions involving the interests of Directors and Statutory Auditors and transactions with related parties" and "Corporate Governance for Eni companies", as well as the proposed revisions and new issue of the MSGs "Compliance model concerning corporate responsibility for the Italian subsidiaries of Eni - WS composition" and "Compliance model concerning corporate responsibility for the foreign subsidiaries of Eni", on which the Committee issued a favourable opinion prior to subsequent approval by the Board of Directors.
- 6) With regard to "Transactions involving the interests of Directors and Statutory Auditors and transactions with related parties" the Committee:
  - issued a favourable opinion on the proposal to make changes to the relevant MSG to be approved by the Board of Directors on April 4, 2017<sup>136</sup>;
  - examined a number of transactions of lesser importance on which it expressed a favourable opinion on the interest of the Company in the transactions and the appropriateness of the associated terms and conditions.
- 7) The Committee thoroughly examined specific internal control and risk management issues, including during special meetings with members of Eni's top management. Specifically, the Committee:
  - met on several occasions with the Integrated Risk Management unit, focusing in particular on the evolution of Eni's main risks and on the progress made in the related treatment actions;
  - met with the Finance Department to examine the periodic reports on the management and control of financial risks;
  - met with the CFO units to examine developments in insurance activities;
  - reviewed the reports on disciplinary action taken against employees for illegal conduct.
- 8) As envisaged in Eni's Model 231, the Committee 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.

[136] On January 18, 2018, the Committee offered a favourable opinion on the decision to make no further changes to the rules beyond those made with the resolution of the Board of April 4, 2017.

## Remuneration 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 remuneration issues<sup>137</sup> and specifically it:

- submits to the Board of Directors for its approval the Remuneration Report and, in particular, the remuneration 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 remuneration of the Chairman of the Board and the Chief Executive Officer, covering the various forms of remuneration and benefits awarded;
- presents proposals for the remuneration of members of the Board's internal committees;
- examines the CEO's recommendations and presents proposals for the general criteria for the remuneration 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 remuneration for Directors with delegated powers and with the implementation of incentive plans;
- monitors the execution of Board resolutions;
- reports to the Board of Directors, during the first available meeting, through the Committee Chairman, on the most significant matters examined by the Committee during its meetings; it also reports to the Board, at least one every six months and no later than the deadline for approval of the annual and semi-annual financial reports at the Board meeting designated by the Chairman of the Board.

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>138</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 advisors 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 on the procedures it adopts in performing its functions 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 and with the goal of establishing an appropriate channel for dialogue with shareholders and investors.

### 2017 meetings

In 2017, the Remuneration Committee met 10 times, with an average participation rate of 98% and an average duration of 2 hours and 35 minutes. At least one member of the Board of Statutory Auditors participated in each meeting, as well as, following the renewal of corporate bodies, the Chairman of the Board of Statutory Auditors. At the invitation of the Chairman of the Committee, the Chief Executive Officer and General Manager, Company Executives and advisors also took part in specific meetings to provide information and clarifications considered necessary by the Committee to perform its enquiries.

### Activities carried out

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

- the review, with the assistance from leading law firms, of relevant updates to legal and regulatory requirements governing Directors or Managers severance arrangements under Italy's national collective bargaining regime (CCNL);
- the periodic review of the remuneration policy implemented in 2016 in order to prepare the proposed policy guidelines for 2017 which provided for the introduction of a new and generally simplified variable incentive system, as discussed in greater detail in the 2017 Remuneration Report;

[137] The Committee Rules were approved, lastly, on March 15, 2018. In this event the name of the Committee has been changed from Compensation Committee to Remuneration Committee.

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



- the review of Eni's results for 2016 in order to implement the short-term and long-term incentive plans using a method for the analysis of deviations specified and approved by the Committee in order to neutralize the effects, either positive or negative, of exogenous factors and to make it possible to objectively assess performance;
- the definition of 2017 Eni's performance targets relevant to the variable incentive plans including the introduction of a new annual incentive plan, with deferral of the new "Severity Incident Rate" metric, which measures both the frequency and severity of injuries, replacing the previous metric, the total recordable incident rate (TRIR);
- the formulation of proposals for implementing the Deferred Monetary Incentive Plan for the CEO and General Manager and other management personnel;
- the formulation of proposals for the new 2017-2019 Long-Term Equity-based Incentive Plan;
- the examination of the 2017 Eni Remuneration Report;
- the examination of the implementation of the engagement process conducted with the main institutional investors in order to maximise shareholder consensus on the 2017 Remuneration Policy and the relative voting projections arrived at with the assistance of an international consulting firm;
- the formulation, after the renewal of corporate bodies, of the remuneration proposals for Directors with delegated powers (Chairman - Chief Executive Officer and General Manager) for the 2017-2020 term, with particular regard to fixed remuneration, in line with Eni's 2017 Remuneration Policy and with the terms of the 2017-2019 Long-Term Incentive Plan, as approved by the Shareholders' Meeting on April 13, 2017.

During the second part of the year, the Committee first examined the results of the 2017 shareholders' meetings, with regard to the Eni Remuneration Report, of the major Italian and European listed companies as well as Eni's peer group, and the 2017-2019 Long-Term Equity-based Incentive Plan.

With regard to other main activities, the Committee:

- finalised the proposal concerning the fulfilment ("2017 attribution") of the 2017-2019 Long-Term Equity-based Incentive Plan for the CEO and General Manager and critical management personnel for business;
- examined the outcome of the first cycle of meetings conducted, after the Shareholders' Meeting, with Eni institutional investors and the leading proxy advisors as well as activities planned for the 2018 Shareholders' Meeting, to enable the broadest possible understanding and sharing of the Policy;
- started the review of 2018 Remuneration Report Policy Guidelines, with the support of the competent Company functions in light of the monitoring conducted of the developments in the current legislative and regulatory environment and in market standards for the representation of information on remuneration issues.

The Committee scheduled 8 meetings for 2018. As of the date of approval of this Report, 3 of these meetings have already been held, focusing on:

- ongoing review of the remuneration policies as implemented in 2017, in the light of remuneration comparison performed, in accordance with the provisions of the Corporate Governance Code (Criterion 6.C.5), also for the purposes of formulating proposed policies for 2018;
- the financial results and the determination of performance targets linked to the implementation of the short and long-term variable remuneration plans;
- the finalisation of proposals on implementing the annual variable Incentive Plan with deferral for the CEO and General Manager and for other management personnel;
- review of the Remuneration Report for submission to the Board of Directors for approval;
- the examination of the outcome of engagement activities held with leading institutional investors and proxy advisors.

In the second half of 2018, the Committee will also examine, as required in the annual schedule of activities, the results of the 2018 Shareholders' Meetings and implement the Long-Term Equity-based Incentive Plan for the CEO and General Manager and for critical management personnel. Monitoring of developments in the legislative and regulatory environment, institutional investors voting policies and recommendations of leading proxy advisors, as well as the outcome of the benchmark studies on remuneration reports published in 2018 at national and international level, will begin for the purpose of preparing the 2019 Remuneration Policy Guidelines, and the cycle of engagement with institutional investors and leading proxy advisors will be defined.

#### Foreseen activities in 2018

## 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 April 13, 2017.

The Committee Rules, as approved by the Board of Directors on May 9, 2017, provide for that role of the Committee Secretary is performed by the Chief Services & Stakeholder Relations Officer (CSRO) supported by the Executive Vice President Human Resources and Organisation, who may act as Secretary in the absence of the CSRO.

### Committee duties

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, 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), ensuring compliance with the requirements on the minimum number of independent Directors and the percentage reserved for the less-represented gender;
- proposes to the Board candidates for the position of Director to be submitted to the Shareholders' Meeting of the Company, taking account of any recommendations received from shareholders, in the event it is not possible to draw the required number of Directors from the slates presented by shareholders;
- oversees the annual self-assessment programme on the performance of the Board of Directors and its Committees, pursuant to the Corporate Governance Code, doing the necessary preparations for engaging an external advisor; and, on the basis of the results of the self-assessment, provides its opinions to the Board of Directors regarding the size and composition of the Board or its Committees as well as the managerial and professional qualifications it feels should be represented on the same, so that the Board itself 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, first phrase, of the By-laws;
- proposes to the Board of Directors guidelines regarding the maximum number of positions as director or statutory auditor that a Company Director may hold according to the Corporate Governance Code and performs the preliminary activities for the associated periodic checks and evaluations for submission to the Board;
- periodically verifies that the Directors satisfy the independence and integrity requirements, and ascertains the absence of circumstances that would render them incompatible or ineligible;
- provides its opinion to the Board of Directors on any activities carried out by the Directors in competition with the Company;
- reports at the first subsequent Board of Directors meeting, through its Chairman, on the most significant matters examined by the Committee during its meetings. It also 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.

### 2017 meetings

In 2017, the Nomination Committee met 10 times, with a participation rate of 96%; the average duration of the meetings was about 1 hour. In 2018, as of March 15, the Committee met 1 time and it is expected to have 10 more meetings by the end of the year.

More specifically, in 2017, the Committee:

- submitted for Board approval the proposed amendment of the Committee Rules concerning the appointment of a specific company officer (the CSRO) as the Committee Secretary in order to align the Rules of the Nomination Committee with those of the Remuneration Committee, the possibility of employing remote electronic consultations;
- conducted on behalf of the Board the enquiry into whether Directors satisfy the independence and integrity requirements and the absence of circumstances that would render them ineligible or incompatible, as well as the respect of the Board's policy on the maximum number of positions that can be held by Directors;
- expressed its assessment of the manner in which the Board Review was conducted for the period 2017-2019 and conducted preparatory work for the selection of the external advisor, formulating proposals for the engagement for the Board;
- formulated an opinion for the Board concerning the advice to shareholders, prior to the appointment of the new Board, on the size and composition of the latter and on the management and professional skills that it felt should be represented on the Board;
- examined the issue of the appointment of managers and members of the Company bodies and boards of strategically important subsidiaries, providing the Board with its assessment with regard to the issue of the appointment of the Financial Reporting Officer, the Head of Internal Audit Department, the members of the Eni Watch Structure the Board of Directors of Eni International BV;
- began its activities for the designation of Eni's candidates for appointment to the Board of Directors of Saipem SpA in view of the election of that body in 2018;
- examined the proposed changes to the "MSG Corporate Governance for Eni companies" and expressed its opinion on the criteria for designating the members of the corporate bodies of companies in which Eni holds an interest;
- examined the Compliance Model concerning corporate responsibility for the subsidiaries of Eni and expressed its opinion on the criteria for designating the members of the Watch Structures and the Compliance Supervisory Bodies incorporated in the new MSGs "Compliance model concerning corporate responsibility for the Italian subsidiaries of Eni - WS composition" and "Compliance model concerning corporate responsibility for the foreign subsidiaries of Eni";
- examined the "Leveraging Professional Skills" processes, a project that led to the definition and enhancement of the career development path of Eni personnel with a strong strategic professional and technical orientation;
- examined the overall approach adopted by Eni with regard to gender diversity within the broader theme of diversity management, assessing internal initiatives and commitments made in this area.

#### Activities carried out

## Sustainability and Scenarios Committee

The Board of Directors of Eni established the Sustainability and Scenarios Committee (SSC) on May 9, 2014. The Rules of the Committee were approved by the Board of Directors on May 9, 2017.

The Committee provides recommendations and advice to the Board of Directors on scenarios and sustainability issues, meaning the processes, initiatives and activities surrounding the Company's commitment to sustainable development along the entire value chain, with specific reference to the following issues: the health, well-being and safety of people and communities; respect for and protection of rights, especially human rights; local development, access to energy, energy sustainability and climate change; the environment and efficiency in the use of resources; integrity and transparency; and innovation.

As part of its functions of offering recommendations and advice to the Board of Directors, the Committee:

- a) examines scenarios for the preparation of the strategic plan giving its opinion to the Board of Directors;
- b) 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;
- c) examines how the sustainability policy is implemented in business initiatives on the basis of indications provided by the Board of Directors;

#### Committee duties

- d) 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;
- e) 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;
- f) 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;
- g) 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;
- h) at the request of the Board, gives its opinion on other sustainability issues;
- i) reports at the first subsequent Board of Directors meeting, through its Chairman, on the most significant matters examined by the Committee during its meetings. It also reports to the Board, at least one every six months and no later than the deadline for approval of the annual and semi-annual financial reports, on its activities at the Board meeting designated by the Chairman of the Board.

#### 2017 meetings

In 2017, the Committee met 12 times. The meetings lasted an average of 2 hours and 45 minutes, with an average participation rate of 92% of its members. In 2018, as of March 15, the Committee met 3 times and is expected to hold 8 more meetings by the end of the year.

#### Activities carried out

During these meetings, the Committee discussed the following issues: update of the 2017-2020 and Long-Term Price Scenario, Eni - MIT Cooperation - Achievements and way forward, Eni/Syndial and reclamation efforts in Italy, Data on deaths from workplace illnesses, long-term strategies of the majors, Eni for 2016-Sustainability Report and Sustainability Performance, SSC Rules, SSC Budget, Calendar of SSC meetings, Scope of SSC activities, Variables-methodologies and tools for analysing energy markets, 2018-2021 and Long-Term reference scenarios, the sustainability context, draft statement on the "Modern Slavery Act", Eni 2016 HSE review document, resolutions on climate change, analysis of trends and projections for climate change, update of the TCFD working group (Climate-Related Financial Disclosures), Shell and Exxon resolution on climate change, short-term update on oil&gas market, Semi-annual SSC report, analysis of the demand function – presentation by IEA official (Laura Cozzi), Eni demand forecast – an examination of challenges and scenarios, technological innovation in decarbonisation scenarios, Total-Maersk: brief analysis of the deal, 2018-2021 and Long-Term Price Scenario, update on Energy Solutions activities, climate transition and decarbonisation strategies of the majors, Total Strategy presentation, ETS market developments, OGCI Update, Eni in sustainability indices and ratings, update on developments in oil&gas market, implementation of climate accords – COP23 update, Eni and biodiversity, definition of SSC agenda for 2018.

## Chief Operating Officers

Pursuant to Art. 24.1 of the By-laws, the Board of Directors may appoint one or more Chief Operating Officers, defining their powers, upon the proposal of the CEO, in agreement with the Chairman, subject to fulfilment of the integrity requirements specified by law. The Board periodically assesses the integrity of the Chief Operating Officers. Failure to satisfy these requirements will result in dismissal. The Chief Operating Officers are also required to comply with the rules established by the Board of Directors regarding the maximum number of offices they may hold, in accordance with the rules that apply to the CEO<sup>139</sup>.

With the resolution of May 28, 2014 (with effect from July 1, 2014), the Board of Directors established the new organisational model for Eni SpA to replace the division-based model in which Chief Operating Officers headed Eni's operational divisions. As a result of this change no Chief Operating Officers have been appointed<sup>140</sup>.

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

[140] CEO maintains the position of General Manager.

## Board of Statutory Auditors<sup>141</sup>

### Duties

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

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

In addition, pursuant to Art. 19<sup>142</sup> of Legislative Decree no. 39/2010, the Board of Statutory Auditors, in its role as the "Internal Control and Financial Auditing Committee"<sup>143</sup>, (hereinafter also ICFAC) is responsible for:

- a) informing the Board of Directors of the outcome of the statutory audit and provide it with the report prepared by the audit firm (the so-called additional report)<sup>144</sup>, along with its own comments;
- b) monitoring the financial reporting process and submit recommendations or proposals to ensure its integrity;
- c) monitoring the effectiveness of the Company's internal quality control and risk management systems and its internal audit, regarding Eni's financial reporting, without breaching its independence;
- d) monitoring the statutory audit of the annual and consolidated financial statements, taking into account any findings and conclusions by Consob;
- e) reviewing and monitoring the independence of the audit firm, in particular the appropriateness of the provision of non-audit services<sup>145</sup>;
- f) being responsible for the procedure for the selection of auditors or of the audit firm and recommend to the Shareholders' Meeting the auditors or the audit firms to be appointed<sup>146</sup>.

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 Auditors also discusses its monitoring of Eni's procedures for compliance with the principles set out by Consob concerning related parties<sup>147</sup>, as well as their respect 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.

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

[142] As amended by Legislative Decree no. 135/2016, which transposed Directive 2014/56/EU on statutory audits.

[143] 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).

[144] See Art. 11 of Regulation (EU) no. 537/2014 concerning statutory audit (hereinafter also "European regulation on statutory audit").

[145] See Arts. 10, 10-bis, 10-ter, 10-quater and 17 of Legislative Decree no. 39/2010 and Arts. 5 and 6 of the European regulation on statutory audit.

[146] See Art. 16 of the European regulation on statutory audit. The Board of Statutory Auditors in its capacity as the ICFAC submits a reasoned recommendation containing at least two alternatives for granting the engagement and expresses an appropriately justified preference for one of the two.

[147] 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 parties transactions, as well as the relevant internal regulations, to which a chapter of the "Internal Control and Risk Management System" section of this Report is dedicated.

Monitoring pursuant to Consolidated Law on Financial Intermediation

The Board of Statutory Auditors in its role as the "Internal Control and Financial Auditing Committee"

The activities of the Board of Statutory Auditors in its capacity as the Audit Committee pursuant to US law

To this end, the Board of Statutory Auditors supervises the work of the audit firm charged with performing the statutory audit and providing advisory services, other audits or certifications. In this area, the activities of the Board of Statutory Auditors in its capacity as the Audit Committee are consistent with the duties assigned under the new legislation governing statutory audit cited above. In particular, the Board of Statutory Auditors:

- assesses the offers of audit firms for the award of the engagement for the statutory audit of the accounts and formulates a reasoned proposal for the Shareholders' meeting concerning the appointment or termination of the audit firm;
- approves the procedures for the prior authorisation of permitted non-audit services and assesses requests to use the audit firm for permitted non-audit services<sup>148</sup>;
- 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 of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatments preferred by the external auditor; c) other material written communication between the external auditor and management;
- formulates recommendations to the Board of Directors concerning the resolution of disputes between management and the audit firm concerning financial reporting.

In addition, the Board of Statutory Auditors in its capacity as the Audit Committee:

- examines reports from the Chief Executive Officer and the Chief Financial Officer (CFO) 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 internal controls;
- approves procedures concerning: a) the receipt, filing and processing of reports received by the Company regarding accounting issues, the internal accounting control system or the statutory audit; b) the confidential or anonymous submission by any person, including Company employees of reports concerning questionable accounting or audit issues (so-called whistleblowing).

The Board of Statutory Auditors, in its capacity as the Audit Committee, approved the "Procedure for whistleblowing reports (including anonymous complaints) received by Eni SpA and subsidiaries in Italy and abroad<sup>149</sup>" (most recently on April 4, 2017). The procedure, the conformity of which to best practices was checked by independent external advisors in the past, is one of the Eni anti-corruption regulations referred to in the Anti-Corruption Management System Guideline (MSG), to which it is annexed, and meets the requirements of the Sarbanes-Oxley Act, the Model 231 and the Anti-Corruption MGS itself.

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

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

On June 15, 2005, the Board of Statutory Auditors approved internal rules governing its performance of the duties assigned to it under that US legislation. The text of the rules is available on Eni's website<sup>150</sup>.

The Board of Statutory Auditors is composed of 5 standing members and 2 alternates. Two standing members, including the Chairman, are designated by non-controlling shareholders

## Composition and appointment

Under the provisions of the Consolidated Law on Financial Intermediation, the Board of Statutory Auditors shall consist of at least three standing Statutory Auditors and at least two alternate Statutory

[148] In accordance with the European regulation on statutory audit, non-audit services permitted under the applicable regulations may be awarded subject to approval of the ICFAC.

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

[150] The Rules were subsequently updated following regulatory and organizational innovations and they are available at the address: [http://www.eni.com/en\\_IT/governance/board-of-statutory-auditors/board-of-statutory-auditors.shtml](http://www.eni.com/en_IT/governance/board-of-statutory-auditors/board-of-statutory-auditors.shtml).

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.

As with the Board of Directors and in accordance with applicable regulations, the By-laws establish that the Statutory Auditors shall be elected on the basis of slates in which the candidates are listed in numerical order. Two standing Statutory Auditors and one alternate Statutory Auditor are appointed from among the candidates of the slates submitted by non-controlling shareholders.

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

Under the provisions of the By-laws, the submission, filing and publication of slates are governed by the procedures established for the Board of Directors<sup>151</sup> and the provisions of Consob regulations.

Slates shall be divided into two sections: the first containing candidates for appointment as standing Statutory Auditors and the second containing candidates for appointment as alternate Statutory Auditors. At least the first candidate in each section must be entered in the register of auditors and have carried out statutory audit activities for no less than three years. The slates are accompanied by: (i) information identifying the shareholder or shareholders who have submitted the slate, indicating the overall percentage of shareholding; (ii) statements from shareholders other than those who hold a controlling or plurality equity interest certifying that they are not related to the latter; (iii) a personal and professional curriculum vitae; (iv) statements from each candidate certifying that they meet the requirements established under applicable regulations; (v) statements from each candidate accepting the candidacy; (vi) a list of positions held in other companies.

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

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

As regards the composition and appointment of the Board of Statutory Auditors, as in the case of the Board of Directors, the Extraordinary Shareholders' Meeting of May 8, 2012 amended the By-laws of the Company so as to ensure gender balance in the management and control bodies of listed companies upon their initial appointment and in the case of replacement of members during the term. These provisions are applicable to the first three appointments of these bodies subsequent to August 12, 2012. With specific reference to the Board of Auditors, the By-laws establish that if replacement results in non-compliance with gender-balance rules, the Shareholders' Meeting must be called as soon as possible to approve the necessary resolutions to ensure compliance<sup>152</sup>.

Until April 13, 2017, the members of the Board of Statutory Auditors were Matteo Caratozzolo (Chairman), Paola Camagni, Alberto Falini, Marco Lacchini and Marco Seracini, standing Statutory Auditors<sup>153</sup>. On April 13, 2017 the Shareholders' Meeting 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 2019: Rosalba Casiraghi (Chairman), Enrico Maria Bignami, Paola Camagni, Andrea Parolini and Marco

Statutory Auditors are appointed using a slate voting system

Slates of candidates

Nomination procedure

Gender balance

Statutory Auditors appointed

[151] See the section "Appointment" in the chapter on the "Board of Directors" in this Report.

[152] For more information, please see the "Policy for diversity and gender balance on corporate Boards" section of this Report.

[153] The Statutory Auditors Paola Camagni, Alberto Falini and Marco Seracini were elected by the Shareholders' Meeting held on May 8, 2014, on the basis of a slate submitted by the Ministry of the Economy and Finance. The Chairman Matteo Caratozzolo and Marco Lacchini were elected by the same Shareholders' Meeting, on the basis of a slate submitted by a group of asset managers and other investors.

Seracini, standing Statutory Auditors; Stefania Bettoni and Claudia Mezzabotta, alternate Statutory Auditors.

Paola Camagni, Andrea Parolini, Marco Seracini (standing Statutory Auditors) and Stefania Bettoni (alternate Statutory Auditor) were appointed on the basis of the slate submitted by the Ministry of the Economy and Finance<sup>154</sup>, which at the time held 4.34% of the share capital and voted by the majority of the shareholders participating in the Shareholders' Meeting (i.e., about 85.64% of voting capital), equal to 53.88% of share capital (around 62.92% of the share capital was present at the vote).

Rosalba Casiraghi, Enrico Maria Bignami (standing Statutory Auditors) and Claudia Mezzabotta (alternate Statutory Auditor) were elected on the basis of the slate submitted by a group of Italian and foreign institutional investors<sup>155</sup>, which at the time held about 1.7% of the share capital and voted by the minority of the shareholders participating in the Shareholders' Meeting (i.e. about 14.25%), equal to 8.97% of share capital (around 62.92% of the share capital was present at the vote).

Rosalba Casiraghi, the first candidate for standing Statutory Auditor listed on the slate submitted by minority shareholders, was appointed as Chairman of the Board of Statutory Auditors, with the favourable vote of 34.74% of the entire share capital of the Company, equal to about 99.47% of the voting capital. Around 32.92% of the share capital took part in the vote (composed of shareholders other than the Ministry of the Economy and Finance and Cassa Depositi e Prestiti SpA).

#### The remuneration

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

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



#### Rosalba Casiraghi

Year of birth: 1950

Position: Chairman

In office since: April 2017

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

She is currently standing Statutory Auditor of Whirlpool EMEA, Whirlpool Italia Holding Srl and Società per azioni Esercizi Areoportuali S.E.A. She is Director of Recordati, Luisa Spagnoli, FSI SGR, SPA.PI Srl and S.PA.I.M Srl. She is Auditor of Fondazione Telecom.

#### Experience

She started her career as cost accountant in a subsidiary of a US corporation and then she became Chief Financial Officer of the company distributor in Italy of Yamaha Motors co.

After these work experiences, she has undertaken business and professional activities, also as Director and Statutory Auditor in companies operating in industrial and financial sector, listed and unlisted.

From 1986 to 2000, she was Director of Gpf&Associati, an institute for market research. From 1994 to 2001 she was member of the Italian Commission on Privatization at the Italian Ministry of Economy and Finance. From 1999 to 2003 she was standing Statutory Auditor of Pirelli. From 2001 to 2003 she was Director of Banca Primavera (Banca Generali). From 2003 to 2006 she was standing Statutory Auditor of Telecom Italia. From 2005 to 2006 she was standing Statutory Auditor of Banca Intesa. From 2007 to 2013 she was Chairman of Nedcommunity (the Italian association of Independent Directors). From 2007 al 2016 she was member of Supervisory Board of Banca Intesa Sanpaolo. From 2008 to 2012 she was standing Statutory Auditor of

(154) The slate submitted by the Ministry of the Economy and Finance was as follows: Marco Seracini, Alberto Falini and Paola Camagni, candidates as standing Statutory Auditors; Stefania Bettoni and Stefano Sarubbi, candidates as alternate Statutory Auditors.

(155) The slate submitted by the institutional investors was as follows: Rosalba Casiraghi and Enrico Maria Bignami, candidates as standing Statutory Auditors; Claudia Mezzabotta, candidate as alternate Statutory Auditor.



Industrie De Nora. From 2008 to 2013 she was Chairman of the Board of Statutory Auditors of Banca Cr Firenze. From 2009 to 2012 she was Director of Alto Partners Sgr. From 2009 to 2014 she was Director of NH Hotels SA. From 2012 to 2016 she was Member of the Board of Università degli Studi di Milano. From 2012 to 2015 she was Chairman of the Board of Statutory Auditors of NPL Non Performing Loans. From 2013 to 2015 she was Chairman of the Board of Statutory Auditors of Telecom Media. From 2014 to 2017 she was standing Statutory Auditors of Fabbrica Italiana Lapis F.I.L.A. From 2014 to 2017 she was standing Statutory Auditors of Persidera (TIM group). From 2016 to 2017 she was Chairman of the Board of Statutory Auditors of Banca Popolare di Vicenza (Fondo Atlante).

She was Chairman of Statutory Auditors of Nuovo trasporto viaggiatori (Italo) until 2018, January. She contributes to business press, in particular for many years she had been technical advisor on economic and financial issues for Il Corriere della Sera, Il Mondo and L'Espresso.

In recent years she contributed to the publication of several books on control systems and on corporate governance.

She graduated in Business Administration, faculty of economics, from the Luigi Bocconi University in Milan.



#### **Enrico Maria Bignami**

Year of birth: 1957

Position: Standing Auditor

In office since: April 2017

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

He is a certified chartered accountant and a certified public auditor. He is a founder and CEO of "Bignami Associati - Consulenza Aziendale Societaria Tributaria".

Presently, among others, he is Chairman of the Board of Statutory Auditors of Inwit Infrastrutture Wireless Italiane SpA in which he also's member of the Watch Structure, independent Director and Chairman of the Control and Risk Committee of Biancamano SpA, member of the Watch Structure of Luxottica Group SpA, independent Director of Masi Agricola SpA, Chairman of the Board of Statutory Auditors of RCS Sport SpA, Aon Benfield Italia SpA, Carcano Antonio SpA and Polyphoto SpA; standing Statutory Auditor of Butangas SpA. Chairman of Watch Structure of FSI SGR SpA. He is in the Board of Directors of Lega per la lotta contro i tumori (LILT), section of Milan.

He is member of the Board of Directors of Nedcommunity a non-executives and independent administrator's association, in that context he coordinates the Reflection Group which adopted the "Principles of corporate governance for unlisted SMEs" and he is member of another Reflection Group.

#### **Experience**

Over the years he held positions in Board of Directors and in Board of Statutory Auditors in of companies, including listed and multinational companies with experience in advice, particularly on corporate governance, strategic analysis and support to companies in development and turnaround operations, as well as in management and winding up of companies and in general advice on corporate, business and tax laws.

He has been, among others, Chairman of the Board of Statutory Auditors of Telecom Italia SpA, Exor SpA, Biancamano SpA, Brandt Italia SpA; liquidator of HDC SpA and of Dynamis Equity Partners SpA; standing Statutory Auditor of So.Ge.Mi SpA, Obrist Srl, Automobilistica Perego SpA and independent Director of Proel SpA.

He contributed to the drafting of the Italian Code of Conduct for Listed Companies of 2011 and he is speaker conferences and workshops (including the induction organized by Assogestioni and Assonime) on various topics, including: "built to last" companies, the system of controls in listed and unlisted companies, governance and organization in the restructuring, internal audit and risks, the strategic role, functions and responsibilities of the Board of Statutory Auditors, the functions of the Watch Structure and governance in SMEs. He wrote papers on governance and interventions among others on L'Impresa and HBR Harvard Business Review.

He graduated in Business Economy, from the Luigi Bocconi University in Milan.



### Paola Camagni

Date of birth: 1970

Position: Standing Auditor

In office since: May 2014

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

She is a certified chartered accountant registered in Milan and is also a certified public auditor. She founded and is a Managing Partner of “Camagni e Associati”, Tax Advisors in Milan, Chairman of the Board of Statutory Auditors of OVS SpA, Capitoloventidue SpA, Mozambique Rovuma Venture SpA (already Eni East Africa SpA), a joint operation with Eni and Agenzia Giornalistica Italia SpA of the Eni group; she is also a standing statutory auditor for Syndial SpA of the Eni group, Eni Angola SpA of the Eni group, CNP Unicredit Vita SpA, Oracle Italia Srl and Sinergia Srl. She is an external professor at the Luigi Bocconi University in Milan for “Tax law - corporate taxation”. She writes for the newspaper “Sole 24 ore” – Part “Norme e tributi” - on tax issues. At the beginning of 2016, she was appointed “expert on tax and economic policies” for the Prime Minister’s technical team.

### Experience

She was a Partner in the Tax Firm in conjunction with the Deloitte network where she worked from 2000 to 2013; fiscal advisor at the Tax Firm Deiore in Milan from 1996 to 2000 and fiscal advisor at the Tax and Law Firm Ernst & Young from 1994 to 1996. She has been the advisor of the “Master in real Estate” in SDA Bocconi in Milan - 2011/2012 and 2012/2013 editions. She graduated in Economics from the Luigi Bocconi University in Milan and has a Masters in International Tax Law from the same University.



### Andrea Parolini

Date of birth: 1967

Position: Standing Auditor

In office since: April 2017

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

He is a certified chartered accountant and certified public auditor. He has been partner of Maisto e Associati since 2007. He is special Professor in tax law at Cattolica University – faculty of economics (Piacenza) – in Tax Law Firm and European Economic Law. Since 2012 he has been member of VAT Expert Group formed by the European Commission. He is member of VAT Club and EU Tax Law Group.

### Experience

From 2014 to 2016 he was legal and economic adviser within the Office of direct collaboration of the Italian Prime Minister. From 2015 to 2016 he was coordinator of the “Taxation Group” in the work coordinated by the Deputy Secretariat of the Italian Prime Minister on digital economy. He wrote numerous papers on tax law and he is speaker at conferences on VAT, national, international and European taxation. He contributes for Il Sole 24 Ore on VAT issues. He graduated in Economics and Banking from Università Cattolica del Sacro Cuore, in Milan and he has a Master on International Tax Law from Leiden University.



### Marco Seracini

Date of birth: 1957

Position: Standing Auditor

In office since: May 2014

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

He is a certified chartered accountant, registered in the register of Florence, and a certified public auditor. He graduated summa cum laude in Economics from the University of Florence.

He was external professor at the University of Florence for the Department of Business Sciences.

He was a member of National Study Commission of National Council of Certified Chartered Accountants about "Statutory audit of municipalities and public bodies". He is Professor at the Università Cattolica del Sacro Cuore for the Master Degree Course on fiscal discipline.

He is currently a member of the Committee for the Review of the Rules of Conduct of the Board of Statutory Auditors of Listed Companies, established by the National Council of Certified Chartered Accountants.

From 2014, he is a member of the Research Group - Corporate Law Area - of the National Council of Certified Chartered Accountants.

He is Technical Advisor of the Court of Florence and certified Judicial Administrator. He is a member of Nedcommunity, a non-executives and independent administrator's Italian association.

He is currently, among others, Chairman of the Statutory Auditors of Ing. Luigi Conti Vecchi SpA – Eni Group, and LNG Shipping SpA – Eni Group. Statutory auditor in Eni Adfin SpA – Eni Group, Eni Fuel SpA – Eni Group, Immobiliare Novoli SpA, Sandonato Srl and Fondazione Stensen; Chairman of the Board of Statutory Auditors of Associazione Polimoda, Fondazione Giovanni Paolo II and of Progetto Agata Smeralda.

### Experience

He is and was Chairman of the Board of Statutory Auditors or Standing Auditor of many leading companies, including listed companies, as well as director and auditor of companies, Public Entities and Foundations.

He carries out and carried out professional activities, is the author of many publications and holds conferences mainly on matters of regulated markets, companies, corporate governance, tax law, contracts, Watch Structure, company crises, bankruptcy legislation and judicial administration, public companies, non-profit and voluntary work.

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

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>156</sup>. In addition, the Corporate Governance Code recommends that the Statutory Auditors should be selected from among persons who would also qualify as independent under the criteria established by the Code<sup>157</sup>. Compliance with those criteria is verified by the Board of Statutory Auditors.

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

### Requirements pursuant to law and Corporate Governance Code

[156] "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.

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

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.

#### Periodical verification of requirements

Upon their appointment, the Statutory Auditors in office 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. The Board of Directors made its own verifications at the meeting held on April 13, 2017.

Subsequently, on January 19, 2018, 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 demanded of all its members. At its meeting of February 15, 2018, the Board of Directors made its own verification.

#### Competency requirement and of Audit Committee financial expert

Meeting on April 13, 2017, and then on January 19, 2018, the Board of Statutory Auditors, in its role as "Internal Control and Financial Auditing Committee, also evaluated its satisfaction of the requirements imposed by the provisions of Art. 19 of Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016 providing that "the members of the internal control and financial auditing committee, as a body, are competent in the sector in which the company being audited operates" and verified compliance with the requirements for members of the Board of Statutory Auditors in their capacity as "Audit Committee financial experts", for the purpose of US law.

#### Limited number of other positions

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.

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

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

The Statutory Auditors, simultaneously with the Directors, are provided with documentation of the issues on the agenda to be discussed at the Board of Directors meetings, and according to the By-laws the Board of Directors and CEO shall report, on at least a quarterly basis or, in any case, during the Board of Directors meetings on the activities performed and on transactions with the greatest impact on the performance and financial position carried out by the 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>158</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.

The Rules of the Board of Auditors, in its capacity as the Audit Committee for the purposes of the Sarbanes-Oxley Act, are published on the website of the Company.

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

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

The Board of Statutory Auditors, in office as from April 13, 2017, met 13 times in 2017<sup>159</sup>. The average duration of the meetings was 3 hours and 42 minutes. In 2017, on average: (i) 97% of the Statutory Auditors attended the meetings of the Board of Statutory Auditors; and (ii) 98% of the Statutory Auditors attended the meetings of the Board of Directors<sup>160</sup>.

In addition, since the appointment of the Board of Statutory Auditors on April 13, 2017, the Chairman of the Board or an Auditor designated by her, or with regard to certain issues, the entire Board of Statutory Auditors attended all of the Control and Risk Committee meetings and the meetings of the other Committees of the Board of Directors<sup>161</sup>.

During the current year, the Board of Statutory Auditors has met 6 times as of March 15, 2018. Another 12 meetings are scheduled before the end of the year.

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

In addition, in order to conduct a specific examination of the issues of greatest interest to the Board of Statutory Auditors for the new members, an additional day of presentations by Eni's top management was held, with the participation of directors involved, with a focus on the following themes: integrated risk management, internal audit, areas of competence of the Chief Financial Officer and integrated compliance.

In addition, as with the Board Review process for the Board of Directors, the Board of Statutory Auditors performed an assessment of its own composition and operation, and in doing so introduced a best practice that up until now had been limited to the Board of Directors. "The Board of Statutory Auditors Review" was carried out with the support of the same advisor who assisted the Board of Directors (Egon Zehnder International) on the basis of a questionnaire and individual interviews with the members of the Board of Statutory Auditors. Its outcome revealed a general satisfaction with Board functioning and overall involvement and a positive atmosphere within the Board. It has also showed an effective relationship with the Board of Directors and high collaboration with the internal structures of Eni. Among the issues addressed in the review, attention was also devoted to analysing those concerning the diversity of the control body, which is also of relevance under the provisions of Article 123-bis, paragraph 2, letter d-bis of the Consolidated Law on Financial Intermediation.

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.

#### 2017 meetings

#### Board Induction

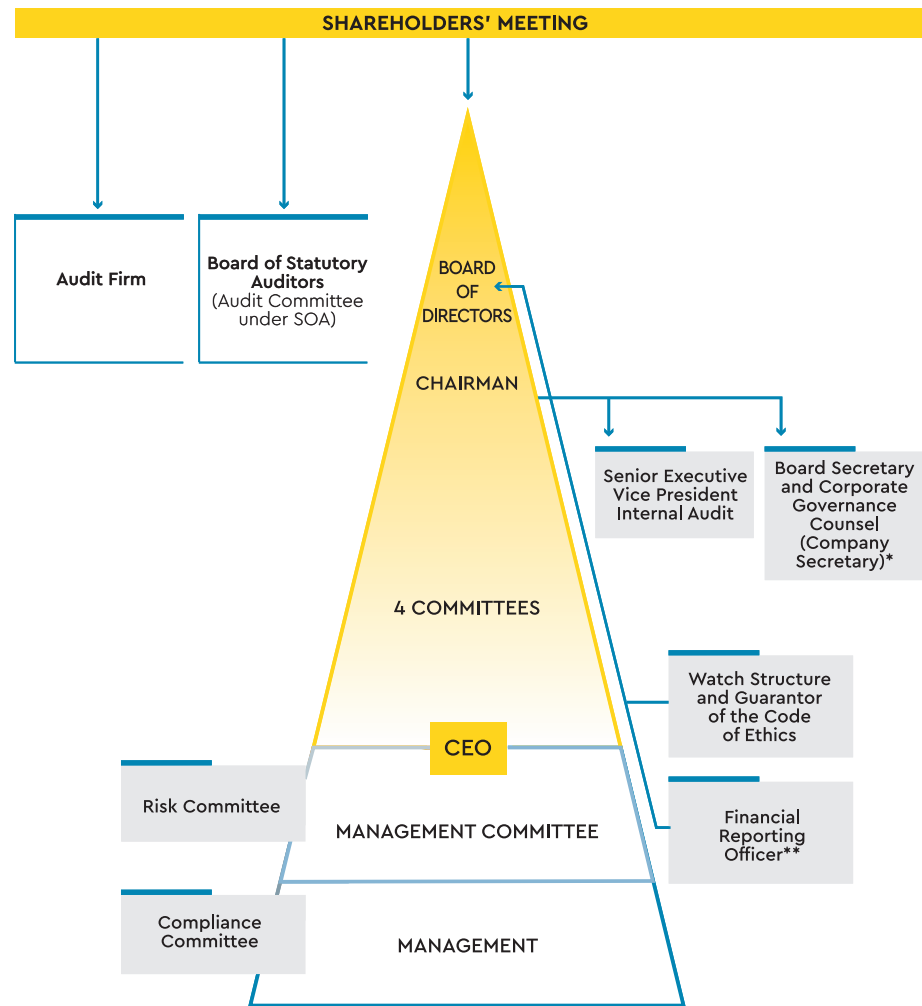
#### Board Review

[159] The Board of Statutory Auditors in office until April 13, 2017 met 8 times in 2017. The average duration of the meetings was 3 hours and 24 minutes. On average 98% of the members of the Board of Statutory Auditors attended its meetings and 100% attended the meetings of the Board of Directors.

[160] In 2017 the Statutory Auditor Marco Seracini also conducted four individual controls in the course of examining the quarterly reports prepared in accordance with internal rules governing the process of receiving analysis and handling reports sent or transmitted to Eni, including confidentially or anonymously, concerning problems relating to internal control and risk management, financial reporting, the Company's administrative liability, fraud and other matters (whistleblowing).

[161] The Chairman of the Board of Statutory Auditors in office until April 13, 2017, or a Statutory Auditor designated by the Chairman, participated in all of the meetings of the Control and Risk Committee and the meetings of the other Board Committees.

## Internal Control and Risk Management System<sup>162</sup>



\* Also Senior Executive Vice President Corporate Affairs and Governance.  
 \*\* Also Chief Financial Officer.

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

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

### ICRMS GUIDELINES AND RULES OF IMPLEMENTATION

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

The "Internal Control and Risk Management System Guidelines"<sup>163</sup>, approved by the Board of Directors, acting on a proposal from the Control and Risk Committee, implement the Corporate Governance Code and define the architecture of the ICRMS, including with respect to information flows and procedures for implementation, which are mandatory for Eni SpA and all of its subsidiaries.

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

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

The Guidelines set forth the primary roles and responsibilities relating to the ICRMS, setting out the modes of interaction and coordination<sup>164</sup> between the various actors involved, in order to maximise effectiveness and efficiency and reduce any duplication<sup>165</sup>.

These regulations, issued by the Chief Executive Officer on April 11, 2013, along with those on Integrated Risk Management<sup>166</sup> of 2012<sup>167</sup>, have:

- made it possible to represent, develop and launch a model integrating the various existing elements of Eni's ICRMS;
- provided all Eni management with a suitable framework for implementing this system;
- ensured that the Board receives every six months for the ICRMS and every three months for risks<sup>168</sup> a comprehensive representation of the various elements of the system on which to base its decisions.

## IRM REPORTING

In 2017, the quarterly Integrated Risk Management reporting (IRM) by the CEO to the Board of Directors, subject to prior examination by the Risk Committee and the Control and Risk Committee, was structured in the following phases:

- presentation of the IRM plan for activities for 2017 and updating of the main corporate risks – presented on February 28, 2017. On that same date the results of the “what if” analysis on the objectives of the 2017-2020 Strategic Plan were presented;
- monitoring of primary corporate risks – presented on March 17, 2017;
- findings of the Annual Risk Assessment<sup>169</sup> – presented on July 27, 2017 along with a summary of the monitoring indicators for Eni's top risks on the basis of a process that also involved 81 subsidiaries in 28 Countries; on that same date an update was given on other IRM activities (Reliability index for joint ventures, Cyber Risk, Climate-related Risk, Reputational Risk, Integrated Country Risk);
- monitoring of top risk – presented on October 24, 2017; on that same date, it was provided with a focus on main top risk monitoring and mitigation activities;
- Interim Top Risk Assessment – presented on December 15, 2017, with a specific focus on the following aspects:
  - updating and examination of the assessment and handling of the top risks that emerged in the 2017 Annual Risk Assessment and the main business risks,
  - focus i) on penalty risk concerning Russia and Venezuela, with a specific study of the overall risk profile in Venezuela, as well as ii) on the new method for classifying complex wells;
  - update on other IRM activities (Reliability index for joint ventures, Cyber Risk, Climate related Risk, Reputational Risk, Integrated Country Risk).

For the purposes of preparing the 2018-2021 Strategic Plan, IRM identified de-risking activities for 15 top risks and 16 main business risks, as an integral part of the guidelines issued by the Chief Executive Officer for the preparation of the Strategic Plan.

For more information on the process, please see the section “Management System Guideline for Integrated Risk Management”.

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

[164] The information contained throughout this section of the Report is provided for the purposes of the disclosure required by Criterion 7.C.1.d) of the Corporate Governance Code.

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

[166] 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 unit to the Risk Committee, a Committee composed of Eni's top management and chaired by the CEO. Every three months the latter submits the findings to the Board of Directors for examination to assist it in evaluating every six months the suitability and effectiveness of the ICRMS, with regard to the characteristics of Eni and its risk profile compatible with the business objectives. For more information, please see the “Management System Guideline for Integrated Risk Management” section of this Report.

[167] The Eni Integrated Risk Management regulations were updated in 2016. For more information, please refer to the “Management System Guideline for Integrated Risk Management” section of this Report.

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

[169] The sixth edition of Eni's Annual Risk Assessment.

#### The evaluations on ICRMS

### ASSESSMENT BY THE BOARD OF DIRECTORS

At its meetings of February 28, 2017, July 27, 2017, and March 15, 2018, the Board of Directors, having considered the Reports of the Financial Reporting Officer and of the Control and Risk Committee, the Report on administrative and accounting structure and the Reports on risks<sup>170</sup>, and having consulted with the Committee, evaluated as positive: (i) the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the nature of the Company and its risk profile; and (ii) the adequacy of the powers and resources available to the Financial Reporting Officer as well as compliance with the administrative and accounting procedures prepared by the same.

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

## Actors and duties

### Board of Directors

#### The Board's role in the governance of the ICRMS

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.

For that purpose, the Board:

- has formed 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 in charge of the Internal Control and Risk Management System, with the duty of implementing the guidelines and overseeing the system;
- on the proposal of the Chairman in agreement with the CEO, having first received the favourable opinion of the Control and Risk Committee and in consultation with the Board of Statutory Auditors: (i) appoints the Head of the Internal Audit Department, also received the opinion of the Nomination Committee; (ii) ensures that he has the necessary resources to perform his duties; and (iii) establishes the remuneration framework in line with corporate policies.

#### The Chairman is independent according to law and the Board attributed to her an important role in internal controls

### CHAIRMAN OF THE BOARD OF DIRECTORS

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

- the proposals for appointing and removing the main officers and bodies of the Company, in particular those involved in control activities (Watch Structure, FRO, the Head of Integrated Risk Management, the Head of Integrated Compliance, and the Head of Internal Audit). More specifically, she manages the reporting between the Board of Directors and the Head of the Internal Audit Department<sup>171</sup>, and submits to the Board<sup>172</sup>, in agreement with the CEO, the proposals on the appointment, removal and compensation structure for the Head of Internal Audit and the budget proposal to ensure that he has adequate resources to perform his duties;
- the main rules governing the activities of the Internal Audit Department: (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 Department, receiving along with the CEO, the Control and Risk Committee and the Board of Statutory Auditors of Eni SpA, the results

[170] At its meetings of February 28, 2017 and March 15, 2018, the Board of Directors also considered the Report on the organizational structure as regards the part on the ICRMS organizational structure and the Report on the respect of the financial risk limits.

[171] 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.

[172] 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 appointment and removal.



of the audit performed, as well as the periodic reports on the activities of Eni's Internal Audit Department, 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 Department to audit specific areas of operations and to verify compliance with internal rules and procedures in operations;

- the request to perform audits of specific areas of operations and to verify compliance with internal rules and procedures in operations, having the option of asking the Head of the Internal Audit Department, while simultaneously notifying the CEO, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- the activities of the Eni Watch Structure: 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. 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: the Code of Ethics<sup>173</sup> provides that the Guarantor, the functions of which have been assigned to Eni SpA Watch Structure, submit a report every six months on the implementation and possible need for updates to the Code to the Chairman, the CEO (who report to the Board), to the Control and Risk Committee and to the Board of Statutory Auditors;
- participation of Executives and Heads of structures at Board Meetings: the Chairman may ask the CEO of Eni SpA, also at the request of one or more Directors, that the Executives of Eni SpA and of the Group companies, the Heads of the relevant Departments (based upon the issues being addressed), attend Board meetings to provide information on items on the agenda.

## ACTIVITIES OF THE BOARD OF DIRECTORS

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 18, 2018, the Audit Plan prepared by the Head of the Internal Audit Department, 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 18, 2018, the Internal Audit budget, acting on a proposal of the Chairman of the Board of Directors, in agreement with the CEO and in consultation with the Board of Statutory Auditors<sup>174</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 26, 2017, the Board, having received the opinions of the Control and Risk Committee and of the Board of Statutory Auditors, shared the findings contained in the suggestion letter of the firm for 2016.

The evaluations and decisions  
of the Board of Directors

## Board of Statutory Auditors

In addition to the functions provided by laws, and in particular by Art. 149 of the Consolidated Law on Financial Intermediation, 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

[173] Current as of November 23, 2017.

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

Corporate Governance Code, acting also as “Internal Control and Financial Auditing Committee” (ICFAC), pursuant to Legislative Decree no. 39/2010 and “Audit Committee” under US law. The duties of the Board of Statutory Auditors are described in the section on the “Board of Statutory Auditors” in this Report.

#### Monitoring activities of the Board of Statutory Auditors on risks

The monitoring of the general process of managing company risks is performed through meetings with the Heads of the main business and functional areas, including the Head of Integrated Risk Management Unit and the Financial Reporting Officer, participation in meetings of the Board of Directors and the other Board Committees and the exchange of information with the audit firm. The Board of Statutory Auditors also meets periodically with the Watch Structure.

#### Information flows and coordination with other control bodies and functions

In this respect, the Board of Statutory Auditors receives the information required to perform its duties as well as the reports submitted and opinions expressed by the Company risk management bodies and functions.

The procedures for coordinating the functions of the Board of Statutory Auditors with those of the Internal Audit Department and the Control and Risk Committee are described in the sections on these latter.

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

For more information on the activities of the Board of Statutory Auditors, please refer to the report to the Shareholders' Meeting prepared in accordance with Art. 153 of the Consolidated Law on Financial Intermediation.

## Control and Risk Committee

The Control and Risk Committee, formed in Eni in 1994<sup>175</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<sup>176</sup>.

The Committee periodic reports to the Board of Directors are drafted taking account of information provided by the FRO, the Head of the Internal Audit Department 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:

#### Advisory role of the Committee to the Board

- 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<sup>177</sup>; b) on the half-yearly evaluation of the overall adequacy and effectiveness of the ICRMS, with regard to the characteristics of the business and its risk profile compatible with its business objectives; to this end, at least once every six months the Committee reports to the Board of Directors, on the occasion of the 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 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 Department, 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;

[175] 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.

[176] For more information on the composition of the Committee, see the section on the “Control and Risk Committee” of the Board of Directors in this Report.

[177] The proposals of the Control and Risk Committee regard the policy indications for the ICRMS included in the Management System Guideline “Internal Control and Risk Management System”, which is addressed in a specific section of this Report. The Committee gives opinions to the Board concerning the approval of certain regulatory instruments (e.g. the Management System Guideline on Compliance).

- 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>178</sup>;
- issues an opinion on the key guidelines of the Regulatory System and regulatory instruments to be approved by the Board of Directors, on their amendment or updating and, at the request of the CEO, on specific aspects concerning the instruments implementing the foundations.

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

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

In particular, the Committee assesses whether the Head of Internal Audit satisfies the integrity, professionalism, expertise and experience requirements at the time of appointment and annually thereafter to verify that they continue to be met.

In addition, the Committee: a) examines the results of the audit activities performed by the Internal Audit Department; b) examines the periodic reports prepared by the Internal Audit Department containing adequate information on the activities carried out, on the manner in which risk management activities are conducted and on compliance with risk containment plans, as well as reports on significant events, and the assessment of the appropriateness of the ICRMS. The Committee may ask the Internal Audit Department 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 Report prepared by the CFO/FRO on the basis of which it provides an opinion to the Board of Directors on the adequacy of the powers and resources assigned to the FRO and the state of compliance with administrative and accounting procedures, reporting on them to the Board in order for the Board to perform its supervisory functions as provided for by applicable law; (ii) communications and information received from the Board of Statutory Auditors and its members regarding the ICRMS; (iii) the periodic reports issued by Eni's Watch Structure, including in its capacity as Guarantor of the Code of Ethics; (iv) information on the ICRMS, including that provided in the course of periodic meetings with the competent Company structures, enquiries and reviews carried out by non-Eni Group parties.

In addition, the Committee, at the request of the Board, provides assistance, performing appropriate enquiries, to the Board of Directors in making assessments and decisions concerning risk management as it regards potentially prejudicial situations of which the Board of Directors is aware.

Finally, 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.

#### The Committee and the Internal Audit

#### The examination of reports and communications of other bodies and control functions

#### Assistance to the Board in management of risks coming from potentially prejudicial situations

#### The Committee and the Legal Affairs Department

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

#### Information flows with the Board of Statutory Auditors

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

Please refer to the relevant section on this Report for more detailed information on the Committee's activities in 2017.

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

#### The CEO is charged by the Board of Directors with establishing and maintaining an effective ICRMS

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

- identifies the main risks faced by the Company, taking account of the characteristics of the activities of Eni SpA and its subsidiaries, and reports on them to the Board of Directors at least once every three months;
- implements 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>179</sup>.

#### The CEO and the Internal Audit Department

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

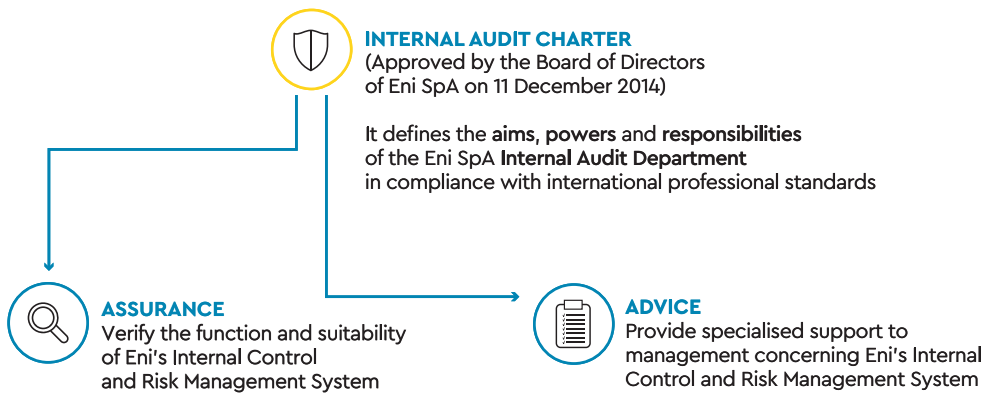
- verifying the overall operation and suitability of Eni's ICRMS, both on-going and in relation to special needs, providing its assessments and recommendations;
- providing specialised support to Company top management concerning the ICRMS; to improve its effectiveness, efficiency and integration within corporate processes.

#### 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>180</sup>, which sets out the objectives, power and duties of the Internal Audit Department.

[179] For more information, please see the section "Officer in charge of preparing financial reports (Financial Reporting Officer)" of this Report.

[180] 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.

**HIGHLIGHTS (2017 DATA)**

- 125 resources, 70% certified [CIA, CISA, CCSA, CFE, CRMA]
- 72 Audit Reports issued
- around 800 corrective actions monitored
- Sarbanes-Oxley Act independent monitoring activity executed on about 500 process controls
- 61 whistleblowing reports concerning the ICRMS closed

The Board of Directors, in accordance with relevant best practices, decided that the Head of the Internal Audit Department would report directly to the Board, and to the Chairman on its behalf, without prejudice to his functional reporting to the Control and Risk Committee and the CEO<sup>181</sup>.

Head of Internal Audit reporting and nomination process

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

In fact, in going beyond what the Code recommendation requires, the Head of the Internal Audit Department 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 Department is removed in the same way he is appointed.

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

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

The role of the Control and Risk Committee

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

business or positions held with the Company and/or its subsidiaries. The Control and Risk Committee is tasked with annually evaluating whether these requirements are met.

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

The Head of the Internal Audit Department, 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.

#### Remuneration and budget

The Board of Directors, having received the prior favourable opinion of the Control and Risk Committee and in consultation with the Board of Statutory Auditors of Eni SpA, acting upon the proposal of the Chairman of the Board of Directors in agreement with the CEO, also approves the fixed and variable remuneration for the Head of the Internal Audit Department, in keeping with Company remuneration policies.

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

Following the election of the Board of Directors, on May 9, 2017, the Board of Directors confirmed Marco Petracchini as the Head of the Internal Audit Department, 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 Department, as governed by the Internal Audit Charter, are described below.

### SCOPE AND ACTIVITY

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

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

#### Covered companies

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

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

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

The Internal Audit Department provides listed subsidiaries<sup>182</sup> ("non-covered companies") that have their own Internal Audit units with tools and methodologies to be used by their Internal Audit units (adapted as appropriate, where agreed).

[182] Since January 22, 2016, Saipem SpA is no longer controlled solely by Eni. For more information see the section on "Material agreements that would become effective, be modified or extinguished in the event of a change of control of Eni" in this Report.

Furthermore, the Internal Audit Department:

- performs supervisory activities on behalf of the Eni Watch Structure;
- 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;
- on the basis of the principles and criteria established, organises and monitors the systematic gathering of the data, information and evaluations need to formulate and update the Audit Plan proposal;
- ensures the necessary flows of information on audits performed and the related periodic reporting to the Chairman of the Board, the CEO, the supervisory and control bodies of Eni and, where applicable, the subsidiaries;
- oversees the investigation of concerns reported received by Eni under the relevant internal regulation in support of evaluations by the competent control bodies, including the Board of Statutory Auditors of Eni SpA also in its capacity as the "Audit Committee" under US law and ensures the transmission of whistleblowing reports on violations of the Code of Ethics to the competent Watch Structures (of Eni and Italian subsidiaries<sup>183</sup>) for their knowledge and handling, as provided for by the applicable internal regulations<sup>184</sup>;
- handles the necessary flows of information on the investigations on whistleblowing reports performed and the related periodic reporting to the Chairman of the Board of Directors, the CEO, the Board of Statutory Auditors, the Watch Structure of Eni, as well as the other persons indicated in the regulations on whistleblowing reports, in line with the relevant internal regulations;
- carries out the preparations required for the engagement of the 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.

#### Other activities

## 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 Department following a structured process, taking a "top-down" and "risk-based" approach to assessing the main risks faced by the Covered Companies.

The Audit Plan is approved at least annually<sup>185</sup> by the Board of Directors, subject to the prior opinion of the Control and Risk Committee, in consultation with the Chairman of the Board of Directors, the CEO and the Board of Statutory Auditors of Eni SpA (including in its capacity as the "Audit Committee" under US law). 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 approved Audit Plan may be updated/amended during the year in response to developments in the Eni Strategic Plan, the risk profile, the ownership structure of the Group and other emerging issues of special importance on the occasion of the presentation of the half-year report by the Head of Internal Audit.

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

- a) requests submitted by:
- the Board of Directors;
  - the Control and Risk Committee, which simultaneously notifies the Chairman of the Board of Statutory Auditors;
  - the Chairman of the Board of Directors, who simultaneously notifies the CEO, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
  - the CEO, who simultaneously notifies the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;

#### Audit Plan

#### Spot audits

[183] On November 23, 2017, the Board of Directors of Eni SpA approved the new version of the Code of Ethics, which establishes that the Eni SpA Watch Structure shall perform the functions of Guarantor of the Code of Ethics for all Group companies. As a result, beginning in 2018 all reports concerning violations of the rules and principles set out in the Code of Ethics, other than reports concerning the ICRMS concerning "Reports, including anonymous reports received by Eni SpA and its subsidiaries in Italy and abroad" – see the next section of this report – will be assessed by the Watch Structure of Eni SpA in its capacity as the Guarantor of the Eni Code of Ethics.

[184] 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" of this Report.

[185] The Board of Directors most recently approved the Audit Plan on January 18, 2018.

- 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.

#### Audit Reports and other reporting

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

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

The Internal Audit Reports contain brief evaluations of the ICRMS for the areas and processes audited, the description of the findings made and the limitations encountered, as well as recommendations. In response, 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 Department.

The Head of the Internal Audit Department reports: (i) every six months providing adequate information on his activities, on the risk management process and on compliance with the plans developed to mitigate risk, as well as on the suitability of the ICRMS; and (ii) as needed on significant events. The reports are submitted simultaneously by the Head of the Internal Audit Department 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 20, 2017, the Head of the Internal Audit Department issued his Half-Year Report (covering the period from January 1 to June 30, 2017, updated as of the date the Report was issued), in which he reported that no situations or significant problems were found that called into question the adequacy of the Eni Internal Control and Risk Management System as a whole.

On March 8, 2018, the Head of the Internal Audit Department issued his Annual Report (covering the period from January 1 to December 31, 2017, updated as of the date the report was issued) in which he reported that, as required by the "Internal Control and Risk Management System" MSG and on the basis of the findings with regard to each component of Eni's ICRMS, no situations or significant problems were found that called into question the adequacy of the Eni Internal Control and Risk Management System as a whole.

In accordance with the quality assurance and continuous improvement programme developed and launched within the unit, the Head of the Internal Audit Department 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 Department also communicates the results of such assessments to the Watch Structure of Eni SpA.

#### Quality Review

In 2017, the Internal Audit Department underwent an External Quality Review, conducted by an external qualified and independent advisor who expressed a judgment of "general compliance" (equivalent to the highest level of approval) of the activities performed with regard to all the international auditing standards and the provisions of the Code of ethics for professional internal auditing practices.

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

#### The appointment process and requirements of the Financial Reporting Officer

Pursuant to Art. 24 of the By-laws, in compliance with the provisions of Art. 154-bis of the Consolidated Law on Financial Intermediation, the Officer in charge of preparing financial reports ("Financial Reporting Officer" or "FRO") is appointed by the Board of Directors, acting upon a proposal by the Chief



Executive Officer, in agreement with the Chairman and subject to a favourable opinion of the Board of Statutory Auditors. The proposal is also examined by the Nomination Committee.

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

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

On May 9, 2017, 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 Officer (CFO) of Eni SpA, Massimo Mondazzi<sup>186</sup>, as the FRO. In its meeting of February 15, 2018 the Board of Directors performed the periodic assessment of compliance with the requirements for the position of FRO.

## DUTIES, POWERS AND RESOURCES OF THE FINANCIAL REPORTING OFFICER

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.

On March 15, 2018, having considered the Report of the FRO, the Reports of the Control and Risk Committee, the Report on administrative and accounting structure, the Report on the organizational structure as regards the part on the Internal Control Risk Management System organizational structure, the Report on risks and the Report on the respect of the financial risk limits, and having consulted with the Control and Risk Committee, evaluated as positive: (i) the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the nature of the Company and its risk profile; and (ii) the adequacy of the powers and resources available to the Officer in charge of preparing financial reports as well as compliance with the administrative and accounting procedures prepared by the same.

## Watch Structure

Consistent with the provision of Model 231, on May 25, 2017, the Board, having received the favourable opinion of the Board of Statutory Auditors and in consultation with the Nomination Committee, confirmed the previous composition of Eni SpA Watch Structure, which is now composed of Attilio Befera (acting as Chairman), Ugo Draetta and Claudio Varrone, as external members, and by Marco Bollini (Head of Legal Affairs), Luca Franceschini (Head of Integrated Compliance), Marco Petracchini (Head of the Internal Audit), Domenico Noviello (Executive Vice President Labour Law and Disputes, manager directly reporting to the Head of the Human Resources and Organization Department), as internal members.

Responsibility for the internal control system over financial reporting

Board oversight

Members of the Watch Structure

[186] Massimo Mondazzi was first appointed CFO and FRO on December 5, 2012.

#### Quorums for holding meetings and for voting

Given the composition of the Watch Structure, which is composed of 4 internal and 3 external members, based on the provisions of the Model 231, the Watch Structure's operating rules indicate quorums for holding meetings and for voting such that, in order for Watch Structure decisions to be valid, it must always be supported by a majority of the external members. This provision is meant to make explicit in the Model as well the predominance of the independent members, enhancing their contribution and balancing their influence on decision making despite the larger number of internal members in the Watch Structure.

#### Requirements

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

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

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

At present, the Company has not elected to attribute the Watch Structure functions to its Board of Statutory Auditors, pursuant to Art. 6, paragraph 4-bis, of Legislative Decree no. 231 of June 8, 2001 (hereinafter "Legislative Decree no. 231/2001")<sup>187</sup>.

#### 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 SpA Watch Structure for all subsidiaries of the Group.

#### Main functions

The Eni Watch Structure performs the following main functions:

- monitoring the effectiveness of Eni's Model 231, as well as its implementation and updating;
- assessing the adequacy of Model 231 and guaranteeing its sound and efficient functioning over time by proposing any necessary updates;
- monitoring the progress of its implementation by the Italian 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 Italian subsidiaries.

The budget of the Eni Watch Structure is approved by the Board of Directors on the basis of the requests of the Watch Structure itself.

#### 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 Department

The Internal Audit Department 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.

[187] As amended by Art. 14, paragraph 12, of Law no. 183 of November 12, 2011.

In 2010, the Board of Directors of Eni SpA approved, for the first time, 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.

In November 2017, the Board of Directors of Eni SpA modified the MSG, approving the MSG “Compliance Model concerning corporate responsibility for the Italian Subsidiaries of Eni - WS composition” and the new MSG “Compliance Model concerning corporate responsibility for the Foreign Subsidiaries of Eni” which sets out the compliance model concerning corporate responsibility for the foreign subsidiaries of Eni SpA, with the aim of revising internal regulatory and organisational arrangements for subsidiaries registered and operating abroad and implementing a more effective compliance model<sup>188</sup>.

## Risk Committee

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

## Compliance Committee

The Compliance Committee of Eni SpA, comprised of the heads of Corporate Affairs and Governance, Internal Audit, Accounting and Financial Statements, Integrated Compliance and Human Resources and Organization Departments, has been assigned a variety of duties, including reporting to the CEO of Eni SpA on the need to develop a new approach to compliance and/or governance matters, recommending the person, or if necessary, the workgroup, to oversee it.

## Integrated Compliance Department

On July 28, 2016, the Eni Board of Directors approved a number of changes to the Company’s organisational macro-structure in the area of the internal control and risk management system, forming the Integrated Compliance Department, which reports directly to Eni’s CEO, effective since September 12, 2016.

The Integrated Compliance Department (DICOMP) is responsible for overseeing legal compliance issues (including corporate administrative liability, the Code of Ethics, anti-bribery practices, antitrust, privacy, consumer protection and financial penalties), as well as supervising the model for integrated compliance designed to strengthen a culture and the effective pursuit of compliance in Eni, exploiting the operational synergies in the processes and controls provided for in the various models. DICOMP provides for the definition and updating of methods and best practice for the performance of risk assessment and monitoring in compliance issues in Eni, as well as the performance of those tasks in the compliance areas for which it is directly responsible and the provision of specialised support for those it does not handle directly<sup>189</sup>. DICOMP prepares an integrated view for top management on the status of compliance activities in Eni (including assessments of any necessary evolution of the system) and ensures reporting on the issues for which it is responsible to the control bodies. DICOMP also provides for the integrated development of know-how and professional skills in the compliance area, handling overall coordination of training and communication activities associated with Eni compliance models.

[188] For more information, see the section devoted to Model 231.

[189] Responsibility for “issuer compliance”, with specific regard, among other things, to issues concerning market abuse and related parties transactions, is assigned to the Corporate Affairs and Governance Department.

## Head of Integrated Risk Management

The Head of Integrated Risk Management (IRM) of Eni SpA, who reports directly to the CEO of Eni SpA<sup>190</sup>, is appointed by the CEO in consultation with the Chairman of the Board.

The Head of IRM ensures the conduct of IRM processes. He presents the results on a quarterly basis to the Control and Risk Committee of Eni SpA, as well as, where requested, to other control and supervisory bodies. On at least a quarterly basis, the CEO submits the report on the risks to which Eni is exposed for examination by the Board of Directors.

The Head of IRM promotes the dissemination of a risk management culture within Eni, directed at all Eni personnel, which also involves identifying specific communication and training initiatives that raise awareness of exposure to risk and how to handle it, as well as identifying, in coordination with Eni business lines and support functions, initiatives for the updating of existing management systems for the primary risks.

## Eni Personnel and Management

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

More specifically:

- the CEO and/or Chief Operating Officers, if any, are responsible for ensuring the development, implementation and maintenance of an effective and efficient internal control system and assign to the management for the operational areas the duties, responsibilities and powers for pursuing this aim in the performance of their respective activities and in achieving the related objectives;
- in addition to the management Committees described above and the Head of Integrated Risk Management<sup>191</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.

## Eni Regulatory System

### Principles and objectives of the Regulatory System

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

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

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

[190] Since July 2016.

[191] For more information, please refer to the "Management System Guideline for Integrated Risk Management" section of this Report.

## The key features of the Eni Regulatory System

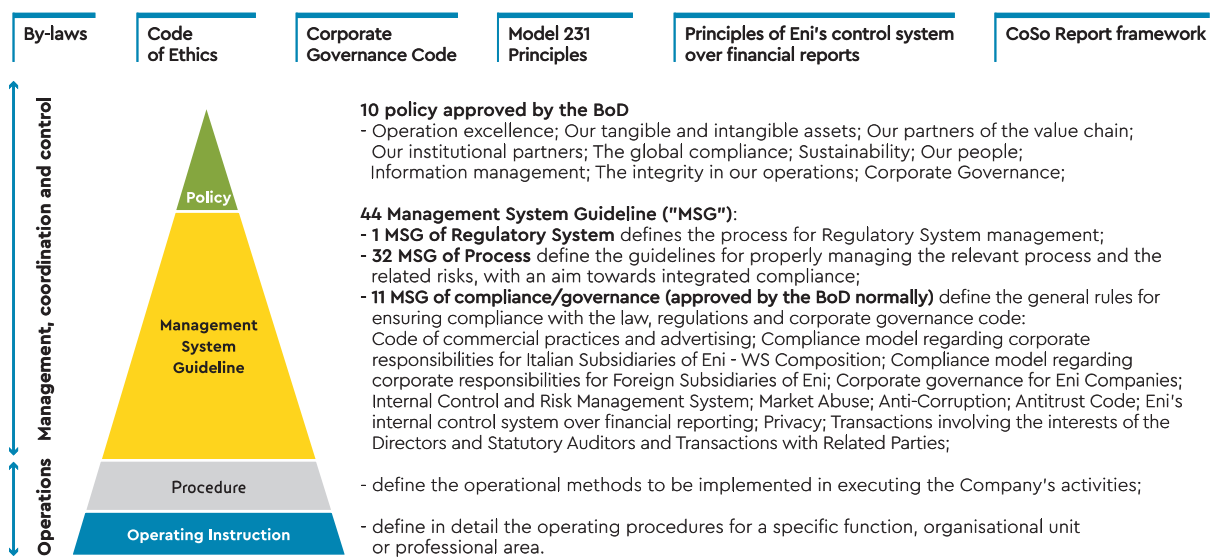
On July 28, 2010, Eni's Board of Directors approved the basic guidelines for the New Eni Regulatory System, with the goal of rationalising, supplementing and simplifying Eni's regulatory system.

The Guidelines were updated on June 23, 2016 to bring the Regulatory System into line with Eni's new organisational structure, better integrating it with corporate processes and making it easier for the subsidiaries to use.

All of Eni's operational activities can be grouped into a map of processes instrumental to Company activities and integrated with control requirements and principles set out in the compliance and governance models, based upon the By-laws, the Code of Ethics, the Corporate Governance Code, Model 231 Principles, SOA Principles and the CoSO Report.

### Guidelines for the Eni Regulatory System

#### GENERAL OVERVIEW OF THE REGULATORY SYSTEM



The types of instruments that comprise the regulatory system are:

- 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, in order to achieve corporate objectives, having taken due account of risks and opportunities. Policies cut across processes and each focuses on a key element of Company management. Eni Policies apply to Eni SpA and, subject to transposition, all Eni subsidiaries;
- Management System Guidelines (MSG) define the rules common to all Eni units and may regard either processes or compliance/governance (the latter usually approved by the Board of Directors). The individual MSGs issued by Eni SpA apply to subsidiaries, which take steps to ensure their transposition to their organisation, except in cases where there is a need for an exemption<sup>192</sup>. Subsidiaries listed on regulated markets are guaranteed operational independence, which has already been granted by the Board of Directors;
- Procedures define the operational methods to be implemented in executing the activities of the individual companies or functional areas;
- Operating Instructions are an additional level of detail for representing the operating procedures for a specific function, organisational unit or professional area.

### Policies

### Management System Guidelines

### Procedures

### Operating Instructions

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.

[192] Exemptions are allowed only in exceptional circumstances. There are no exemptions allowed for MSGs in compliance areas.

### Governance system and rules for Eni companies decided by the Board

## Management System Guideline “Corporate Governance for Eni companies”

On October 26, 2017, the Board of Directors of Eni SpA, acting upon the proposal of the CEO, having first been examined by the Nomination Committee with regard to those matters in which it has expertise, and by the Board of Statutory Auditors with regard to the matters concerning Boards of Statutory Auditors, and having received the opinion of the Control and Risk Committee, updated the Management System Guideline (“MSG”) “Corporate Governance for Eni companies” approved on May 30, 2013<sup>193</sup> to bring it into line with, among other things, legislative changes, developments in the organisation, equity investments and regulations of Eni and the results of its application and best practice in this field.

### Legal form of Eni subsidiaries

More specifically, the MSG “Corporate Governance for Eni companies”:

- governs the legal form and management and control system of Eni subsidiaries<sup>194</sup>, indicating the size, composition and operating principles for the relative bodies. Specific assessments relating to the risk profile of the company are used in identifying and composing the control body;
- defines strict requirements that the members of the management and control bodies of Eni investees that Eni appoints must meet in order to be given and retain such position<sup>195</sup>. Requirements are verified or evaluated and monitored, including through the submission of statements by the candidates, in order to ensure that the choices made are traceable and transparent. With regard to the members of the control bodies, in addition to the requirements provided for by the law and the By-laws, the MSG also introduces new requirements concerning integrity and independence or the absence of any conflict of interest, thereby confirming and expanding the provisions and recommendations of the Corporate Governance Code applicable to the statutory auditors of listed companies;
- defines roles and responsibilities in the process of designating the members of the administrative and control bodies. 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;
- in order to ensure appropriate flexibility, it establishes: (1) the general causes of exemptions from the MSG, and the associated reporting flows, in the case of impediments caused by the presence of third-party shareholders, local or sectorial regulations or operational factors connected with the system of delegated powers; (2) that any exceptions to the application of the MSG shall be authorised by the Chief Executive Officer of Eni SpA, who shall obtain the opinion of the Heads of the competent functions or, in specific cases, directly by the heads of the competent functions.

### Requirements

### Roles and responsibilities in the designation process and data base

### General causes of exemptions and exceptions. Information flows and authorisation

## Management System Guideline “Internal Control and Risk Management System”

### Board guidelines

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

### Internal implementation rules

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

The Management System Guideline for the internal control and risk management system (ICRMS MSG) represent the regulatory instrument with which the CEO, on April 11, 2013, implemented the Board guidelines. These rules, in incorporating the principles: (i) consolidate and structure within a single document the various elements of the Eni ICRMS; (ii) define the model of relations between Eni SpA

[193] The MSG of May 30, 2013 replaced the previous rules in this field (Circular no. 351 and Circular no. 352 of April 24, 2009).

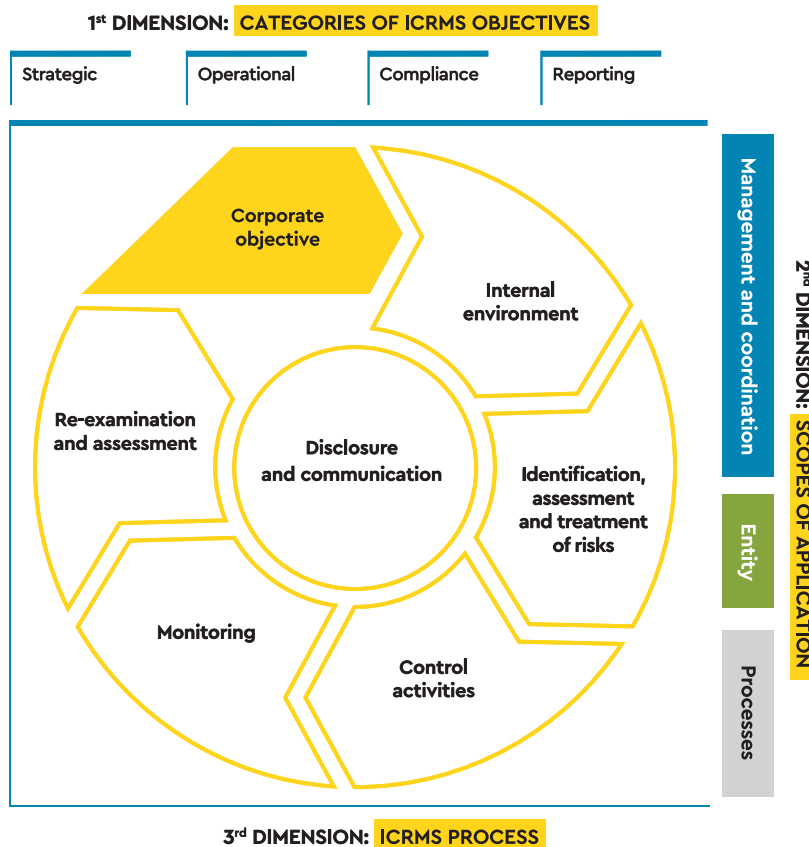
[194] The rules also apply to controlled consortiums, where compatible.

[195] Contract-based joint ventures other than consortiums are subject to specific rules provided for in internal anti-corruption regulations.

and the subsidiaries in this area; and (iii) exploit the opportunities for the rationalisation of reporting flows and the integration of controls and monitoring activities.

The ICRMS MSG is used alongside the instrument issued on December 18, 2012 and most recently updated on July 4, 2016, 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.



- Objectives - The first dimension represents the view of the ICRMS in relation to the objectives and associated risks that the ICRMS is intended to pursue and manage: Strategic, Operational, Compliance and Reporting.
- 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;
- 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.

Objectives

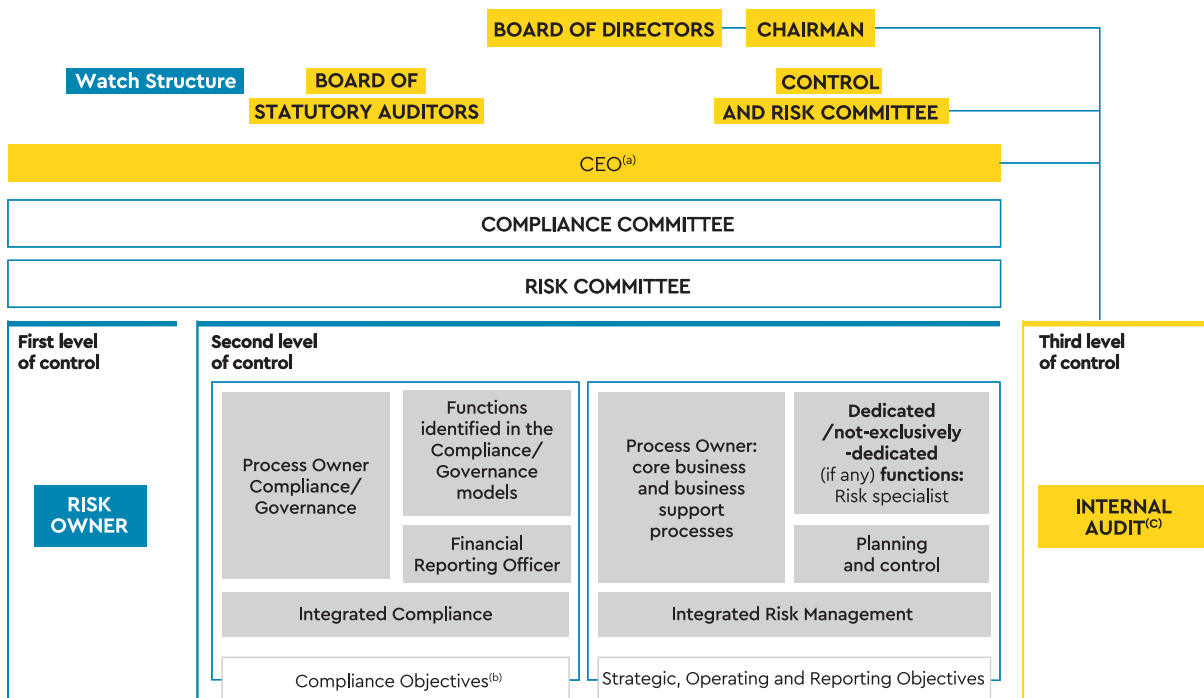
Scope of application

ICRMS Process

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:



(a) Director in charge of the internal control and risk management system.

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

(c) The Senior Executive Vice President Internal Audit reports hierarchically to the Board, and on its behalf, to the Chairman, without prejudice to his functional reporting to the Control and Risk Committee and to 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 Department of Eni SpA, which, on the basis of a centralised model (described in the "Internal Audit" section), performs its controls using a risk-based approach to the overall Eni ICRMS, monitoring Eni SpA and the subsidiaries.



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

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

#### 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.

Eni SpA, as part of its management and coordination of the subsidiaries, issues and disseminates the guidelines (which are mandatory) 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.

#### Application in subsidiaries

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

### THE ROLE OF THE BOARD OF DIRECTORS OF ENI SPA IN THE SUBSIDIARIES

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

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

At its meetings of July 27, 2017, and March 15, 2018, having consulted with the Control and Risk Committee, the Board of Directors judged as positive: (i) the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the nature of the Company and its risk profile; and (ii) the adequacy of the powers and resources available to the FRD, as well as the latter's compliance with administrative and accounting procedures he has established<sup>196</sup>.

### Management System Guideline "Internal Audit"

The Management System Guideline "Internal Audit" ("Internal Audit MSG"), prepared by the Head of the Internal Audit Department 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 includes the guidelines for audit activity ("Internal Audit Charter") approved by the Board on December 11, 2014, consistent with the contents of the ICRMS MSG.

[196] For more information, please see the first part of the section "Internal Control and Risk Management System" concerning "Assessment by the Board of Directors" of this Report.

#### 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.

#### Definition of the Audit Plan

More specifically, the MSG regulates:

- 1) the definition of the Audit Plan, prepared by the Head of the Internal Audit Department and approved by the Board<sup>197</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;
- 2) the performance of audits, both scheduled and non-scheduled (i.e. spot audits), by carrying out:
  - preliminary activities to define the objectives and the scope of the audit over the areas potentially at highest risk (“risk-based” approach) and the resources deemed necessary and sufficient to achieve the objectives;
  - verification, for the purpose of assessing the adequacy and effectiveness of controls on the risks relating to processes audited, to identify any issues and to formulate recommendations for improving the effectiveness and efficiency of the processes audited;
  - formalisation and communication of the results in order to confirm, with the structures involved in the audits, any issues that emerged, the recommendations proposed for their elimination, and the timing and content of corrective actions to be taken by the structure that was audited. For each audit a summary assessment is made of the actual design and operation of the ICRMS for the structure being audited (the so-called audit rating), based upon the knowledge gained and evidence acquired during the conduct of the audit and in the professional opinion of the Internal Audit Department. In the event of a spot audit, the rating is assigned based upon the finding of enough factors to support the opinion of the ICRMS;
- 3) the monitoring of corrective actions crafted on the basis of the audits, which is carried out in different ways based upon the problems encompassed in the rating of the ICRMS audited, such as:
  - monitoring of all actions through a periodic statement by the structure that was audited (so-called “follow-up by documentation”);
  - operational check of the effective implementation of the corrective action through a dedicated follow-up (i.e. “on-site follow-up”) for all actions connected with audit reports with more critical summary assessments of the ICRMS and those concerning higher priority issues not included in those above audit reports;
- 4) flows of information on the ICRMS, consisting of the periodic reports prepared by the Internal Audit Department 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:
  - semi-annual reports on the main results of the activities carried out by the Internal Audit Department, submitted simultaneously by the Head of the Internal Audit Department 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 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, as well as the outcome of reports received, 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.

#### Performance of audits

#### Monitoring of corrective actions

#### Information flows

[197] For more information, please see the section “Internal Audit” of this Report.

The Internal Audit MSG also governs other activities for which the Internal Audit Department is responsible, such as the handling of whistleblowing reports (including anonymous ones) received by Eni, pursuant to the relative regulations<sup>198</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 Department, which provides for the performance of an internal quality review at least every three years and an external quality review at least every five years.

#### Other activities

## Management System Guideline “Integrated Risk Management”

The Management System Guideline “Integrated Risk Management”<sup>199</sup> details the various phases and activities of the Integrated Risk Management (IRM) process, 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 business risks, including over the medium and long-term, can be effectively identified, measured, managed, monitored, represented and, where possible, translated into opportunities and competitive advantages. It uses a top-down, risk-based approach that starts with helping prepare Eni’s Strategic Plan and continuing with implementation through periodic risk assessment & treatment and risk monitoring cycles and analysis of the specific risk profiles of the more significant operations in order to support the authorisation process of the Eni Board of Directors.

#### Rules of the integrated risk management process

This model for the integrated management of corporate risks forms an integral part of the Internal Control and Risk Management System (ICRMS) and has been prepared to be consistent with international principles and best practices<sup>200</sup>.

The model is composed of the following elements:

- 1) Risk Governance: this represents the basic system from the point of view of the roles, responsibilities, and reporting flows for the management of the Company’s main risks; the model establishes roles and responsibilities for three distinct levels of control of these risks, consistent with the provisions of the ICRMS;
- 2) Process: this represents all the activities by which the various actors identify, measure, manage and monitor the main risks that could influence whether Eni achieves its objectives;
- 3) Reporting: this identifies and represents the results of risk assessment and monitoring, highlighting the most important risks, evaluating them in terms of probability and potential impact and identifying the associated risk treatment plans and analysing trends during the year. Reporting can also include the results of special assessments of specific issues (e.g. “What-if analysis”, country risk, reputational risk, etc.).

#### The elements of the integrated risk management model

More specifically:

- 1) With regard to Risk Governance, the following have been established:
  - a) the Risk Committee, chaired by the CEO and composed of the top management of Eni SpA, including the Head of Internal Audit. It provides advice to the CEO on the main risks to which Eni is exposed. In particular, it examines and expresses opinions, at the request of the latter, concerning the main results of the Integrated Risk Management process. 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 CEO and its Head is appointed by the CEO in consultation with the Chairman of the Board. Among other duties, it:
    - identifies tools/methods for the Integrated Risk Management process to identify, measure, represent and monitor the main risks and the associated plans for managing them;
    - performs Integrated Risk Management sub-processes (“risk management guidelines” risk strategy, risk assessment & treatment, risk monitoring risk reporting and risk culture);

#### Risk Governance

[198] For more information, please see the section “Procedure for whistleblowing reports (including anonymous complaints) received by Eni SpA and subsidiaries in Italy and abroad” of this Report.

[199] Current as at July 4, 2016.

[200] This refers, among others, to the CoSO – Committee of Sponsoring Organisations of the Treadway Commission (2013), Internal Control, Integrated Framework ISO 31000:2009 – Principles and Guidelines on Implementation.

- presents findings of IRM activities to the Risk Committee and, every three months, to the Control and Risk Committee/Board of Statutory Auditors and to the Board of Directors as well as to other control and surveillance bodies where requested;
- identifies, in cooperation with the business areas and functions of Eni, proposals for updating the risk management systems;
- promotes the dissemination of a risk management culture within Eni.

The 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 IRM process

- 2) The IRM process is composed of six sub-processes: (i) risk management policy setting; (ii) risk strategy; (iii) risk assessment & treatment; (iv) risk monitoring; (v) risk reporting and (vi) risk culture.

Specifically, as regards:

- the risk management policy setting sub-process: refers to the power reserved to the Eni SpA Board of Directors to establish the policy on risk management so that the main risks are correctly identified and appropriately measures, managed and monitored, determining the extent of their compatibility with operating the Company in a manner consistent with strategic objectives;
- the risk strategy sub-process: its purpose is to contribute to the preparation of the Strategic Plan and the management performance plans by developing proposals for risk reduction targets and strategic treatment actions, as well as analysing the plan's underlying risk profile; this sub-process, integrating the IRM process with Strategic Planning, assists the Eni Board in assessing the acceptability of underlying risks of the plans that are brought to its attention;
- the risk assessment & treatment sub-process: includes "periodic action" for performing and ensuring a systematic, integrated analysis of the risk profile associated with the strategic objectives approved by the Eni Board of Directors by identifying, assessing and prioritising the main business risks and the associated treatment actions; there is also "event-based action" to assist management in making decisions using an integrated analysis of the risks posed to Eni's significant operations or portfolio of assets (by country, business, etc.) by assessing the risk/returns of specific initiatives/activities and, if material, the relative impact on the Company's overall risk profile;
- the risk monitoring sub-process: undertaken to provide dynamic information on the evolution of the main risks by analysing specific indicators, as well as to rapidly identify any critical operational issues (in order to take appropriate treatment actions) and to help in discovering any new risks;
- the risk reporting sub-process: for ensuring the adequate and timely delivery of information to the administration and control bodies and to management so as to help improve Eni's risk management by assisting them in making informed decisions;
- the risk culture sub-process: seeks to develop a common language and spread a suitable risk management culture at all organisational levels in order to reinforce the message that

appropriate identification, assessment and management of risks of all kinds can impact the achievement of objectives and on the Company's value. The risk culture sub-process also aims to expand the use of risk management in corporate processes to ensure that the methodologies and, more generally, the risk management and control tools are consistent.

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 "Eni Internal Control System for Financial Reporting")<sup>201</sup>

The internal control system applied to financial reporting aims to provide reasonable certainty about the reliability<sup>202</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.

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 are set out in the Management System Guideline "Eni Internal Control System for Financial Reporting"<sup>203</sup> (hereinafter in this section also "ICSFR MSG") approved by the Board of Directors of Eni on December 11, 2014.

As presented below, the design, implementation and maintenance of the control system for financial reporting are conducted through a structured process that provides for a risk assessment phase, the development of controls for those risks, the assessment of the controls and the reporting process:



The Board has defined the Eni Internal Control System for Financial Reporting

The contents of the ICSFR MSG were defined in accordance with the provisions of Art. 154-bis of the Consolidated Law on Financial Intermediation and with the US Sarbanes-Oxley Act of 2002 (SOA), to which Eni is subject as an issuer listed on the New York Stock Exchange (NYSE) and were analysed in the light of the new framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (CoSO) in May 2013, which, while 5 components of the internal control system remained unchanged<sup>204</sup>, developed 17 principles whose correct implementation is essential to ensure its effectiveness.

Legal framework and CoSO Report

The 17 principles of the CoSO Report regard in particular: (i) structural elements of the internal control system established with the ICSFR MSG; (ii) control activities contained in other Eni regulatory instruments (such as for example, Policies, the Compliance and Process MSG, and Procedures) and refer to best practices already adopted by Eni.

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

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

[203] This MSG updates and replaces the previous Management System Guideline in this area adopted by the Board of Directors on May 30, 2012. The new version of the ICSFR MSG has only been amended to align it with the changes in the organizational structure and ensure consistency with information flows, explicating the role of the Control and Risk Committee in examining the report of the Chief Financial Officer/Financial Reporting Officer (CFO/FRO) to the Board of Directors on the status of the internal control system for financial reporting.

[204] Represented by the control environment, risk assessment, control activities, information and communication and monitoring.

### Applicability to the subsidiaries

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

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

### Risk Assessment

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

- the companies that fall within the scope of the control system applied to the financial reporting process are identified both on the basis of the contribution of the various entities to certain aggregates of the consolidated financial statements (total assets, total financial debt, net revenues, income before tax), and considering the existence of processes that contain specific risks that – if they were to materialise – could jeopardise the reliability and accuracy of financial reporting (such as fraud-related risks)<sup>205</sup>;
- for companies falling within the scope of the control system applied to the financial reporting process, material processes are subsequently identified, analysing the quantitative factors (processes that contribute to items of the financial statements in amounts exceeding a given percentage of income before tax) and qualitative factors (e.g., the complexity of the accounting treatment of the account; measurement and estimation processes; new or significant changes in business conditions);
- the risks associated with material processes and activities, i.e. potential events that – if they were to materialise – could jeopardise attainment of the control objectives with regard to financial reporting (e.g., financial statement assertions) are identified;
- the identified risks are assessed in terms of their potential impact and probability of occurrence, on the basis of quantitative and qualitative parameters and assuming the absence of a control system (inherent risk). In particular, with reference to fraud risks<sup>206</sup> at Eni, a dedicated risk assessment is conducted using a specific methodology for "anti-fraud programmes and controls" referred to in the MSG.

### Control system

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

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

#### Controls at entity level

- the controls implemented at the entity level are organised into a checklist developed in accordance with the model adopted in the CoSO Report, which is based on five components (the control environment, risk assessment, control activities, information and communication, monitoring). Of particular importance are the controls relating to the specification of the timetable for preparing and disseminating financial results ("semi-annual and annual financial statements circular" and the associated calendars); the existence of appropriate organisational structures and a regulatory framework adequately designed to ensure the achievement of financial reporting objectives (these controls include, for example, the review and updating by specialised Company units of the Group's regulations concerning financial reporting and the Group's chart of accounts); training in accounting standards and the internal control system applied to financial reporting; and, finally, activities concerning the information system for managing the consolidation process (Mastro);

#### 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

[205] 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. 15 (already Art. 36) of the Consob Market Regulations apply.

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

defining a general context that promotes the correct execution and control of operational activities (such as, for example, the segregation of incompatible tasks and general computer controls, which include all controls designed to ensure the correct operation of IT systems). In particular, among the specific controls, the Company procedures identify the so-called “key controls”, the absence or non-functioning of which can give rise to the risk of errors/fraud that impact the financial statements and that cannot be identified by other controls.

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

For this purpose, the following activities have been defined: on-going monitoring activities – carried out by the management responsible for the relevant processes/activities – and separate evaluations – performed by the Internal Audit Department, which uses agreed audit procedures on the basis of a plan transmitted by the Chief Financial and Risk Management Officer/Financial Reporting Officer (CFO/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 Department, on the basis of the annual Audit Plan approved by the Board of Directors and prepared using a “top-down, risk-based” approach, carries out compliance, financial and operational audits.

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

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

The results of the monitoring activities are included in a periodic report on the state of the control system applied to financial reporting. This reporting is conducted using computerised tools that enable the traceability of information on the adequacy of the design and functioning of the controls.

On the basis of this reporting activity, the CFO/FRO drafts a report on the adequacy and actual implementation of the control system applied to financial reporting.

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

At its meetings of February 28, 2017, July 27, 2017, and most recently of March 15, 2018, the Board of Directors having consulted with the Control and Risk Committee, judged as positive: (i) the adequacy and effectiveness of the Internal Control and Risk Management System in relation to the nature of the Company and its risk profile; and (ii) the adequacy of the powers and resources available to the FRO, as well as the latter’s compliance with administrative and accounting procedures he has established<sup>207</sup>.

Finally, the activity of the CFO/FRO is supported within Eni by various people whose roles and responsibilities are defined in the aforementioned MSG.

In particular, the control activities involve all levels of Eni’s organisational structure, from the operational business managers and unit managers to the Executives and the CEO. In this organisational

Evaluation of controls  
(monitoring)

Reporting

FRO/CFO’s report

Assessment by the Board  
of Directors

Line monitoring

[207] For more information, please see the first part of the section “Internal Control and Risk Management System” concerning “Assessment by the Board of Directors” of this Report.

context, a particularly important role in the internal control system is carried out by the person who performs line monitoring (the so-called “tester”), who assesses the design and operation of the specific and pervasive controls, providing information for reports on monitoring activities and any deficiencies encountered, in order to ensure the timely identification of any necessary corrective actions.

## Model 231

### Legislative Decree no. 231/2001

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>208</sup>, legal entities, including corporations, may be held liable – and consequently fined or subject to prohibitions – in relation to certain crimes committed or attempted in Italy or abroad in the interest or for the benefit of the Company. Companies may nonetheless adopt an appropriate organisational, management and control model (the compliance model or, hereinafter, Model 231) to prevent such offences.

### Eni Model 231

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

### Responsibility for updating

The CEO, who is already in charge of implementing Model 231, is also responsible for updating it. The CEO is supported in performing this duty by the Technical Committee 231<sup>209</sup>.

Following approval by the CEO:

- any amendments and/or additions that do not regard the general principles of Model 231 or that regard solely the document “Sensitive Activities and Specific Control Standards of Model 231” take effect immediately and are submitted to the Board of Directors for ratification at the first subsequent meeting, subject to notification of the Board of Statutory Auditors. In any event, the Board of Directors retains the power to propose additional amendments or additions;
- updates of Model 231 that regard the general principles are approved with a resolution of the Board of Directors, subject to notification of the Board of Statutory Auditors.

The Technical Committee 231, subject to notification of the Watch Structure, may make merely formal amendments of Model 231 and the document “Sensitive Activities and Specific Control Standards of Model 231” independently.

The so-called “general part” of Model 231 (i.e. the section setting out the architecture and governance principles of the compliance model)<sup>210</sup> was updated most recently with a resolution of the Board of Directors at its meeting of November 23, 2017, taking account of the experience acquired, developments in case law and legal interpretation as well as the evolution of Legislative Decree no. 231/2001 and organisational changes at Eni. The most recently approved changes to the general part are intended to show that, in line with the new compliance model, foreign subsidiaries, unlike the Italian subsidiaries, are no longer required to establish formal Model 231 arrangements but rather to implement comparable compliance models adapted to the specific features of the local legislative context to manage and control activities at risk of exposure to corporate administrative liability.

[208] The current scope of application of Legislative Decree no. 231/2001 comprises: (i) offenses against the public administration and the public faith; (ii) corporate offences; (iii) crimes associated with the subversion of the democratic order and terrorist financing; (iv) offenses against individual personhood; (v) market abuse (“abuse of inside information” and “market manipulation”); (vi) crimes against the person; (vii) transnational crimes; (viii) manslaughter and serious negligent personal injury in violation of workplace health and safety regulations; (ix) the handling of stolen goods, money laundering or the use of money, goods or benefits of illegal origin as well as self laundering; (x) computer crimes and the illegal processing of data; (xi) organised crime; (xii) crimes against industry and commerce; (xiii) copyright violation; (xiv) inducement to withhold statements or to make false statements to judicial authorities; (xv) environmental crimes; (xvi) bribery between private parties; (xvii) undeclared labour; (xviii) illicit brokering and exploitation of labour.

[209] The Technical Committee 231 is composed of units from the Legal Affairs, Human Resources and Organization, Internal Audit and Integrated Compliance Departments.

[210] 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.



With regard to the so-called “special part”, the new version of the document “Sensitive Activities and Specific Control Standards of Model 231”, which specifies sensitive activities for the purposes of Legislative Decree no. 231/2001 and sets out the associated control measures, was approved on July 28, 2017 by the CEO of Eni SpA. The new version reflects the regulatory changes introduced by Law no. 199/2016 concerning “gangmaster activities”.

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 as an integral part of Model 231

Eni SpA promotes the adoption and effective implementation by all subsidiaries of appropriate system to prevent the risk of corporate liability arising in connection with criminal offences.

The MSG on the “Compliance model concerning corporate responsibility for the Italian subsidiaries of Eni - WS composition”, 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 Italian subsidiaries and for selecting their members; (ii) the guidelines to be followed by each Watch Structure in performing its duties.

The Management System Guideline (MSG) “Compliance model concerning corporate responsibility for the foreign subsidiaries of Eni” defines the compliance model for dealing with the corporate responsibility of the foreign subsidiaries of Eni SpA, structured as a function of the risk exposure of the companies. For supervision with regard to corporate liability for high-risk foreign subsidiaries, the rules provide for the appointment of a Compliance Supervisory Body in the place of the Watch Structure. High- and medium-risk foreign subsidiaries shall appoint a Local Compliance Committee, composed of members of the foreign subsidiary’s management.

Model 231 applied to the foreign subsidiaries

Unlike the previous model, this new compliance structure enables a more effective risk-based focus on the categories of criminal offenses provided for under Italian Legislative Decree no. 231/2001 that are theoretically relevant in the context of the operations of the foreign subsidiaries and addresses the most significant risks of corporate liability deriving from applicable legislation in the various countries in which the companies operate.

The representatives designated by Eni on the corporate bodies of associates, consortia and joint ventures promote the adoption of systems to prevent the risk of corporate liability arising in connection with criminal offenses that are consistent with the measures adopted by the Eni Group companies, within their respective spheres of responsibility.

The Board of Directors plays a fundamental role with regard to Model 231 issues since it has reserved to itself the power to approve the general part of the Model 231 and the above-mentioned MSG on the Compliance model concerning corporate liability for the Italian subsidiaries, and to establish and appoint the members of the Watch Structure of Eni SpA, 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 Eni’s Board

The Eni Watch Structure ensures the preservation and facilitates the distribution, which may be done using internal regulatory instruments, to the relevant Company units of information on sensitive activities and control standards approved by the CEO during Model 231 updates.

The role of the Watch Structure

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.

The disciplinary system

In 2017, Eni continued to provide e-learning training on aspects of the Code of Ethics and on Model 231 issues, for low-level employees-newly hired employees, young graduates, managers and top managers, with the degree of further training diversified by roles and positions.

Training on 231

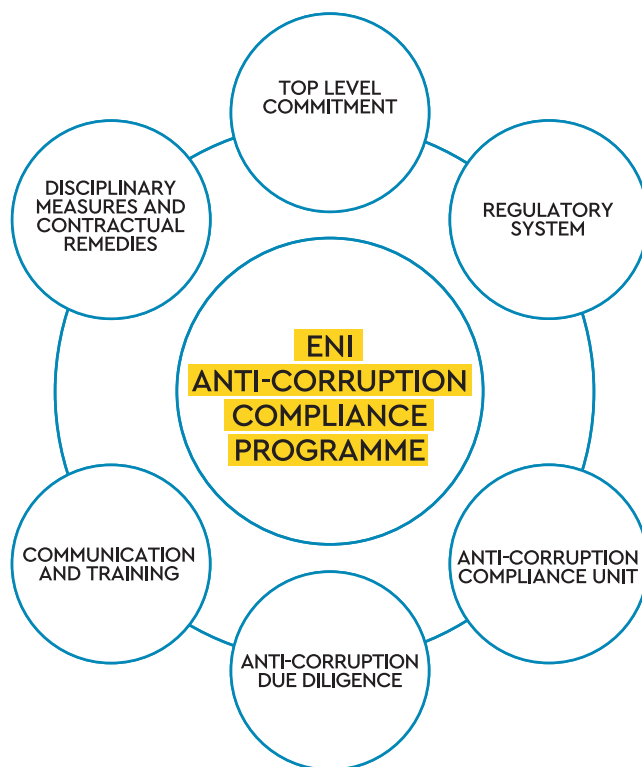
In 2017, a web seminar on Model 231 and the Code of Ethics was delivered to compliance managers, 231 focal points and all personnel staffing Watch Structures at Eni’s Italian and foreign subsidiaries.

**Rules and controls for preventing corruption**

**Anti-Corruption Compliance Programme**

In accordance with the principle of “zero tolerance” of corruption expressed in the Code of Ethics, Eni has sought to manage other risks which may be encountered by the Company in its business activities by implementing a comprehensive system of rules and controls to prevent corruption-related crimes (the Anti-Corruption Compliance Programme).

**Key elements of Eni Anti-Corruption Compliance Programme**



The Eni Anti-Corruption Compliance Programme is characterised by its dynamism and constant attention to evolving national and international legislation and best practice. It was developed in accordance with the applicable anti-corruption legislation and with international conventions, including the United Nations Convention Against Corruption, the US Foreign Corrupt Practices Act and the UK Bribery Act.

**Internal rules and mandatory adoption for subsidiaries**

The primary internal rules are currently represented by the Anti-Corruption MSG and additional detailed regulatory instruments that constitute the reference framework for identifying the risk areas and control instruments that the Company provides personnel to prevent and counteract the risk of corruption. All the subsidiaries of Eni, in Italy and abroad, adopt both the Anti-Corruption MSG and all the other anti-corruption regulatory instruments through a resolution of their Board of Directors.

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.

**Anti-Corruption compliance unit**

To ensure that its Anti-Corruption Compliance Programme is effective, in 2010 Eni created a dedicated organisational unit that is charged with providing specialist anti-corruption assistance to Eni and its subsidiaries in Italy and abroad. In 2016, this unit merged into the new “Integrated Compliance” Department, reporting directly to the Chief Executive Officer of Eni SpA, in order to guarantee the separation of legal compliance activities from the staff responsible for defending the Company.

With regard to the activities carried out by the anti-corruption unit, specialised anti-corruption assistance activities continued in 2017 in relation to the activities of Eni SpA and its subsidiaries, with particular reference to the verification of the reliability of partners (“anti-corruption due diligence”), the management of any critical issues/red flags that may have emerged and the preparation of the related contractual safeguards in areas at risk of corruption. In particular, the Anti-Corruption MSG establishes that the results of the due diligence process, including any observations of the anti-corruption unit, shall be brought to the attention of the person or body authorising the related transaction, including the Board of Directors, by the manager responsible for due diligence.

#### Anti-corruption due diligence

Furthermore, the anti-corruption unit is responsible for maintaining an adequate flow of information to Eni’s supervisory bodies, drafting a semi-annual report on its activities for submission to the Watch Structure, the Board of Statutory Auditors, the Control and Risk Committee and the Chief Financial Officer of Eni SpA.

#### Reporting to control bodies

The anti-corruption training programme for Eni personnel includes both online courses (e-learning) and training events in the classroom (workshops). These workshops are held by the anti-corruption unit, taking account of the Corruption Perception Index prepared annually by Transparency International and the presence of Eni in the individual areas. The workshops offer a general overview of the anti-corruption laws applicable to Eni, the risks that could derive from their violation by individuals and entities and the Anti-Corruption Compliance Programme that Eni has adopted and implemented to deal with these risks, using an interactive and engaging format based on case studies, with multiple choice questions to test the level of understanding of the topics covered.

#### Training

#### ANTI-CORRUPTION TRAINING PROGRAMME

#### NUMBER OF PERSONNEL TRAINED IN 2017

E-learning for managers	493
E-learning for other personnel	1,857
General workshops	1,434
Job specific training	1,539

To verify the effectiveness of classroom training, questionnaires are completed by the individual participants in order to evaluate the training, with a view to continuous improvement, a basic principle of Eni’s Anti-Corruption Compliance Programme.

The anti-corruption unit also carries out a series of messaging activities and periodic updating on anti-corruption issues, including through anti-corruption newsletters addressed to anti-corruption focal points and the compliance officers in the business areas, the organisation of anti-corruption round tables for compliance officers, which accompany the Compliance Flashes<sup>211</sup> of the Integrated Compliance Department, periodically addressed to the Company’s top management.

#### Communication activities

Eni continues to gain experience in the area of anti-corruption through its on-going participation in international conferences and working groups that represent, for Eni, an instrument for growth and for promoting and disseminating its values. In this connection, in 2017 Eni participated in the following international working groups: PACI, Global Compact of the United Nations, ABC Benchmarking Group, OECD and O&G ABC Compliance Attorney Group.

#### Participation in conferences and working groups

In 2013, a global assessment was performed by an independent legal 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 practice.

(211) These are information briefs drawn from freely accessible sources concerning integrity and, more generally, compliance issues (including any anti-corruption issues) that may be of interest to Eni in view of the themes addressed or geographical areas to which they refer.

#### Certification ISO 37001:2016

Finally, on January 10, 2017, Eni SpA successfully completed the verification process carried out by a leading certification company in Italy of its Anti-Corruption Compliance Programme to evaluate whether the programme meets the requirements of ISO 37001:2016 "Antibribery Management Systems", the first international standard for anti-corruption management systems. Eni SpA was the first Italian company to receive such certification. Finally, in December 2017, the certifying entity performed the surveillance audit provided for under the ISO standard to verify the operation of the Anti-Corruption Compliance Programme, using interviews with the units involved and an examination by the auditors of a sample of documentation. The surveillance audit was completed successfully.

### 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 April 4, 2017, 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).

#### Whistleblowing reports

The reports governed by the rules may be submitted by anyone, including Eni employees and third parties (i.e. external persons with some relationship with Eni such as business partners, customers, suppliers, the Eni audit firm, consultants, associates and, in general, all other stakeholders).

The complaints may regard: (i) non-compliance with external laws and regulations or internal Eni regulations of 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 or similar legislation governing corporate liability, as well as instances of active or passive corruption or the violation of anti-corruption regulations; (ii) the violation of rules and principles set out in the Code of Ethics.

#### Appropriate checks

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 Department manages the process for the Eni Group.

#### Whistleblowing Team

Specifically, the investigative process requires that all whistleblowing reports be brought to the attention of the "Whistleblowing Team"<sup>212</sup>, which divides them into two categories on the basis of their content<sup>213</sup> (reporting pertaining to the "Internal Control and Risk Management System" and "Other Issues") and checks the facts alleged and whether they can be verified. If verified, the Team asks: (i) the Internal Audit Department to conduct an assessment of reports pertaining to the "Internal Control and Risk Management System"; and (ii) the competent Watch Structures, as guarantors of the Code of Ethics, to assess reports pertaining to "Other Issues"<sup>214</sup>.

#### Whistleblowing Committee

Assessments involving reports on the "Internal Control and Risk Management System" are maintained in "report files", which can be judged "founded", "unfounded" or "unfounded with action". The proposed classification is submitted to the Whistleblowing Team and the Whistleblowing Committee<sup>215</sup>. They may require further investigation or may approve their inclusion in the periodic report submitted to the Board of Statutory Auditors, in its capacity as the "Audit Committee" under US law.

(212) The Team is an internal inter-departmental body, composed of the Heads of: (i) Integrated Compliance; (ii) Legal Affairs; (iii) Internal Audit; (iv) Human Resources and Organization; and (v) Accounting and Financial Statements of Eni SpA.

(213) The Internal Audit Department forwards notices received that are not identified as "whistleblowing reports" of relevance to the whistleblowing procedure to the relevant company units for processing under the provisions of applicable regulations.

(214) On November 23, 2017 Eni SpA's Board of Directors approved the new version of the Code of Ethics, which establishes that the Watch Structure of Eni SpA shall act as the Guarantor of the Code of Ethics for all Group companies. As a result, as from 2018, all Other Issues reports will be evaluated by the Watch Structure of Eni SpA in its capacity as the Guarantor of the Eni Code of Ethics.

(215) The Committee is an internal inter-departmental body composed of the Heads of: i) Integrated Compliance; ii) Legal Affairs; iii) Internal Audit; and iv) Human Resources and Organization. The Head of the Accounting and Financial Statements is included in the Committee when reports involve his subject area.

The latter may either approve the files as classified or, if it deems it necessary, ask the Internal Audit Department to conduct further investigation.

The Internal Audit Department also reports on its investigations and provides periodic reporting to the Chairman of the Board of Directors, the CEO, the Board of Statutory Auditors, the audit firm, the members of the Whistleblowing Committee and Team, as well as to the Eni SpA Watch Structure and the heads of competent units, the top management and control bodies of the Eni subsidiaries for reports involving them, in line with the Eni regulations governing this area.

While examining the periodic reports received, the Eni Board of Statutory Auditors also assesses, including in its capacity as the “Audit Committee” under US law, whether to forward reported 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

## Litigation Management Regulations

The “Litigation Management” regulations were last updated on November 18, 2013. They govern the process of the communication and internal dissemination of news concerning developments in significant litigation or administrative proceedings<sup>216</sup> involving Eni SpA and/or its subsidiaries and requires that a team of Eni top managers (“TeamPEG”)<sup>217</sup>, each in his area of expertise, oversee the coordination of the necessary actions – while observing the legal and operational autonomy of the subsidiaries and their control and supervisory bodies – including for the purposes of a proper exercise of management and coordination functions by Eni SpA, where applicable.

Purpose of regulations and TeamPEG

Subsidiaries also promptly notify the team of significant legal events and any whistleblowing reports, including anonymous reports, which, regardless of whether or not action has been brought by law enforcement authorities, relate to certain legal circumstances indicated in the procedure.

The measures governed by the regulation contribute to the effectiveness of the internal control and risk management system, in part to ensure consistency in the action of Eni SpA and its subsidiaries in response to significant legal events.

## Management System Guideline “Transactions involving the interests of Directors and Statutory Auditors and transactions with related parties”<sup>218</sup>

On April 4, 2017, the Board of Directors, having received a favourable and unanimous opinion of the Control and Risk Committee, approved a few changes in the Management System Guideline (MSG) “Transactions involving the interests of Directors and Statutory Auditors and transactions with related parties”, first adopted in implementation of Consob regulations on November 18, 2010<sup>219</sup>.

Eni's procedure

The changes are aimed at bringing the system further into line with the benchmarks and best practices in the field. More specifically, in addition to a number of formal modifications: (i) the materiality thresholds were revised, with greater detail depending on the type of transaction and the related party involved; (ii) cumulative low-value transactions with the same related party were disciplined; (iii) the scope of the semi-annual reporting was extended, with the reports also being transmitted in advance to the Control and Risk Committee.

[216] 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.

[217] The Team is composed of the Senior Executive Vice President Legal Affairs, the Chief Services & Stakeholder Relations Officer, the Executive Vice President External Communication, the Senior Executive Vice President Corporate Affairs and Governance and the Senior Executive Vice President Internal Audit.

[218] The MSG “Transactions involving the interests of Directors and Statutory Auditors and transactions with related parties” is available in the Governance section of the Company's website.

[219] The first version of the MSG of November 18, 2010 had repealed and replaced the previous company rules in this area, which had been approved on February 12, 2009.

#### Consob regulation and Eni's choices

At its meeting of January 18, 2018<sup>220</sup>, the Board of Directors, taking account of the information gathered on the issue and obtaining a favourable opinion from the Control and Risk Committee, the Board judged as positive the adequacy of the design of the MSG.

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.

#### Independent Directors

In general, the independent Directors on the Control and Risk Committee or the Compensation Committee (Remuneration Committee since March 15, 2018) – in the case of certain remuneration issues – play a central role in all significant transactions with related parties. Specifically, for transactions of lesser importance, the procedures require that the relevant committee express a reasoned, non-binding opinion on the Company's interest in completing the transaction and the economic benefits and substantive fairness of the underlying terms.

#### Exempt transactions

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.

#### Multiple low-value transactions

In order to strengthen the anti-avoidance mechanisms of the rules, improving the system beyond the requirements set out in the Consob Regulation, the MSG governs multiple low-value transactions with the same related party, establishing that all transactions whose cumulative value, however small the value of the individual operations, exceeds the specified threshold shall be subject to the procedures established for transactions of lesser importance (regardless of whether they were carried out for a single purpose), without prejudice to the possible application of other exemptions provided for in the MSG<sup>221</sup>.

#### 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.

#### Disclosure to the public

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.

#### Internal processes

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.

#### Transactions with parties of interest to Directors and Statutory Auditors

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.

[220] At its meeting of January 19, 2012, the Board of Directors conducted the first annual review of the MSG, as required by the document itself, in advance of the three-year deadline set by Consob. The Board consequently modified the first version of the MSG procedure in a number of areas with a view to facilitate application of the procedures. The MSG and the subsequent amendments received the unanimous, favourable opinion of the former Internal Control Committee of Eni, composed entirely of independent Directors under the provisions of the Corporate Governance Code and in accordance with the Consob Regulation.

At its meetings of January 17, 2013, January 16, 2014, January 20, 2015, January 19, 2016, and March 17, 2017, the Board of Directors, subject to obtaining a favourable opinion from the Control and Risk Committee, conducted an annual review of the MSG and, taking account of the information received, decided no amendments of the MSG were necessary, although during the most recent review it did note the advisability of certain updates of the MSG and the associated annexes. These updates, described briefly above, were implemented with a resolution of the Board of Directors on April 4, 2017, after first obtaining a unanimous favourable opinion of the Control and Risk Committee.

[221] The rules governing multiple low-value transactions will be applied as from the date the information systems for the monitoring are implemented.

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. As noted earlier, the database is currently being updated in order to permit controls of multiple low-value transactions and further improve monitoring and reporting of the transactions to the corporate bodies.

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, who are not exempt from the provisions of the MSG, and prepare a semi-annual aggregate report on all transactions with related parties and parties of interest (exempt and non-exempt) carried out during the reporting period. The MSG also establishes that the semi-annual reporting to the Board of Directors and Board of Statutory Auditors shall be transmitted in advance to the Control and Risk Committee as well.

The Board of Statutory Auditors monitors the compliance of Eni's procedures with the principles set out by Consob concerning related parties<sup>222</sup>, as well as whether their conformity based upon information received and reports to the Shareholders' Meetings on its activities.

Numerous training and information meetings have been held since 2015, coordinated by Corporate Affairs and Governance, involving all the departments of Eni and its unlisted subsidiaries most affected by the relevant legislation. These activities were accompanied by a session of ongoing training for the Board of Directors and the Board of Statutory Auditors, which reviewed the main aspects of the applicable regulations and the associated responsibilities of the corporate bodies and their members.

In 2017 a new training programme to further raise awareness among the Eni personnel most directly affected by the application of the regulations, with special attention being devoted to the changes introduced with the new MSG has been put in place.

In June 2017, traditional training sessions were supplemented with a webinar enabling real-time interaction among the participants. The competent unit of the Corporate Affairs and Governance Department illustrated the rules and examining the new aspects in greater depth. The webinar was targeted first at the people responsible for disseminating and facilitating the application of the rules within the various Eni departments, before expanding to cover the personnel most directly affected by the rules. A recording of the session and the accompanying documentation was made available on internal web portals and upon request to enable deferred use of the materials. Additional training is planned for 2018.

## "Market Abuse" regulations

### HANDLING OF CORPORATE INFORMATION AND INSIDE INFORMATION IN PARTICULAR

Eni recognises that information is a strategic business asset and as such must be managed so as to safeguard the interests of the Company, its shareholders and the market. Therefore, in order to ensure that all Eni personnel are aware of the value of this information and the consequences of mismanaging such information, including by highlighting the penalties associated with violation of the regulations, on October 29, 2012, the Board of Directors, acting on a proposal from the CEO and after

#### Periodic reporting

#### Monitoring role of the Board of Statutory Auditors

#### Training

#### Internal rules approved by the Board

[222] 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 chapter of the "Internal Control and Risk Management System" section of this Report is dedicated.

consultation with the Control and Risk Committee, approved the Management System Guideline for Market Abuse (hereinafter also “Market Abuse MSG”)<sup>223</sup>.

#### Purposes of the regulation

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.

#### The new European market abuse rules

On July 3, 2016, the new European market abuse rules – namely the Market Abuse Regulation, or “MAR” (Regulation (EU) no. 596/2014) and the implementing delegated acts of the European Commission – became directly applicable in the Member States. They replace and supplement those regulatory measures for incompatible aspects<sup>224</sup>.

With regard to national secondary regulations, since April 29, 2017 the amendments to the Issuers Regulation and the Markets Regulation introduced with Consob resolution no. 19925 of March 22, 2017 have been in force. The changes were made to align national secondary regulations with the new European legislation governing market abuse. Moreover, in October 2017 Consob guidelines were issued with recommendations in this area, especially as regards the handling of inside information.

The new regulations made it necessary to amend the MSG and led to the issue of implementing rules in order to ensure that the Company and its subsidiaries – including those directly impacted by the European regulations – were immediately in compliance and the Internal Control and Risk Management System optimised.

#### Information and training programmes and operating instructions

### INTERNAL MANAGEMENT AND MARKET DISCLOSURE OF INSIDE INFORMATION

Pending the issue of the new MSG, the competent corporate functions continued to carry out information and training programmes for Eni Personnel and for its subsidiaries, including the corporate bodies, on the new legislative provisions and the associated requirements. In particular, they distributed operating instructions to the corporate functions most affected to strengthen the relevant control arrangements, organised training sessions on the treatment of corporate and inside information and reassessed the risks associated with market abuse from the general standpoint of compliance risk.

At the same time, in order to optimise and enhance the operation of the tools supporting the implementation of the MAR rules:

- (i) a procedural flow was upgraded to comply with the recommendations in the Consob guidelines to classify information as “inside information” (pursuant to Art. 7 of the MAR) and accurately identify the roles and responsibilities connected with this classification;
- (ii) the quantitative criteria supporting the assessment of specific types of transaction were confirmed and applied, without prejudice to the qualitative assessment connected with classifying the individual pieces of information;
- (iii) the recommendations of the Consob guidelines were also applied to the flow of authorisations that results from classifying information as inside information, if – following receipt of special authorisation – the delay procedure has been initiated and to ensure that all the regulatory and substantive conditions for its application have been satisfied;

[223] The Market Abuse MSG does not include provisions on matters regulated by the so-called REMIT Regulation (EU Regulation no. 1227/2011) nor rules on “market manipulation”.

[224] European law on market abuse includes Directive no. 2014/57/EU on criminal sanctions for market abuse (MADII), which has not yet been transposed into Italian law. Moreover, with the 2016-2017 European Delegation Law (Law no. 163/2017), the Government has been empowered to adopt one or more legislative decrees for the transposition of MAR into Italian law.



- (iv) a revision was made to the information flow connected with the preparation of press releases that, while following the principles previously established, regulates the notification of Consob – as provided for in current regulations – of any use of the delay procedure following communication of inside information to the public;
- (v) safeguards, including organisational protections, were introduced to ensure that information, particularly inside information, remains confidential. The rules governing the list of persons with access to inside information were brought into line with the Consob guidelines, including the creation of the “relevant information list”;
- (vi) documentation standards were updated in support of procedural flow mentioned above and the standard contract clauses that ensure compliance with the new MSG in dealings with counterparts and third parties were reviewed;
- (vii) a “managers’ transactions” database (previously “internal dealing”) was created to maintain the list of persons required to apply the regulations (pursuant to Art. 19 of the MAR);
- (viii) finally, taking account of the provisions of the Consob guidelines, in the Corporate Affairs and Governance Department has been implemented a number of organisational changes to centralise activities supporting market abuse compliance and the coordination of activities in this area with other Company functions.

### LIST OF PERSONS WITH ACCESS TO INSIDE INFORMATION

The list of persons with access to Eni inside information (Art. 18 of the MAR) has been brought into line with the new legislation, carefully following the regulatory and interpretive recommendations of ESMA. Eni has opted to create a “permanent” section of the list for the Eni personnel who meet the strictest regulatory requirements. Changes were also made to the methods and deadlines for the entry in and any subsequent cancellation from the list as well as the procedures for notifying the person involved of such entry or cancellation and of the reasons for the action, citing the specific rules of conduct and associated penalties and emphasising that any data and information received, even subsequent to cancellation from the list, must be kept confidential; these changes apply to Eni’s subsidiaries as well since they are no longer directly required to establish and maintain their own lists. The list of persons with access to inside information of Eni is an IT tool that meets regulatory requirements and – to ensure continuous improvement – underwent assessment in the closing months of 2017 to improve its operation even further.

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The list

### MARKET DISCLOSURE OF DOCUMENTS AND INSIDE INFORMATION

More specifically, in order to disclose inside information to the public as soon as possible of (Art. 17 of MAR), Eni has maintained its internal process for issuing press releases with price sensitive information and the publication of press releases with price sensitive information required by the regulations and, upon publication, their concomitant publication on the Eni website.

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Price-sensitive press releases

The internal procedure also establishes the requirements for public disclosure of inside information (transparency, fairness and non-manipulative intent, materiality, clarity, completeness, traceability, consistency, equal access to information and informational symmetry and timeliness) and the rules for acquiring data and information from subsidiaries that is necessary to provide accurate and timely information to the Board of Directors and to the market on events and circumstances that may give rise to inside information.

In addition, the 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 synchronisation 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.

#### Information on the new internal dealing rules

### MANAGERS' TRANSACTIONS (FORMERLY INTERNAL DEALING)

The new rules pursuant to Art. 19 of the MAR have been provided to the persons involved in a disclosure that indicates: (i) relevant persons (which, for Eni SpA, are the directors, statutory auditors, magistrate of the Court of Auditors, senior officers that report to the CEO and the Chairman and, in any case, members of the Management Committee) and persons closely associated with them; (ii) transactions involving shares and debt instruments issued by Eni and other financial instruments linked to them; (iii) 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) 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.

#### Black-out periods

New black-out period rules have also been communicated. They prohibit relevant persons from carrying out transactions during certain periods of the year (coinciding with the 30 days that precede the public release of an accounting document), the calendar for which is continually updated, with reminders sent to relevant persons. These rules were voluntarily extended by Eni to certain parties for the significant activities performed in connection with the preparation of financial reports and strategic plans in those periods.

## Audit firm<sup>225</sup>

#### Engagement and terms of office

The statutory auditing of Eni's financial statements is entrusted, pursuant to law, to EY SpA (already Ernst & Young SpA), whose engagement for the financial years 2010-2018 was approved by the Shareholders' Meeting, acting on a reasoned proposal of the Board of Statutory Auditors, on April 29, 2010<sup>226</sup>.

#### US regulations

In addition to the obligations set forth in national audit regulations, Eni's listing on the New York Stock Exchange requires that the audit firm issues a report on the Annual Report on Form 20-F, in compliance with the auditing principles generally accepted in the United States, as well as an assessment of the effectiveness of the internal control system applied to financial reporting, which governs the preparation of the consolidated financial statements.

#### Audit of financial statements of subsidiaries

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.

In carrying out its work, the audit firm has access to the information, data (both documentation and digital information), archives and property of the Company and its subsidiaries.

[225] The audit firm expresses its opinion on this Report pursuant to Art. 123-bis, paragraph 4, of the Consolidated Law on Financial Intermediation.

[226] With the approval of the financial statements for 2018 by the Shareholders' Meeting that will be called in 2019, the audit engagement for the 2010-2018 period will expire. In order to ensure that the transition from the current audit firm to its successor is conducted in a manner appropriate to the size and complexity of the Eni Group, the Board of Statutory Auditors, acting as the Internal Control and Financial Auditing Committee, has agreed a proposal from the competent corporate units to move forward the selection procedure for the award of the external audit engagement for the 2019-2027 period and, following the assessment process, at its meeting of February 15, 2018, voted to recommend that the Eni Shareholders' Meeting pursuant to Art. 16 of Regulation (EU) no. 537/2014, award the engagement for 2019-2027 to either PwC or KPMG, informing the Shareholders' Meeting to be called for May 10, 2018 of its reasoned preference for the offer submitted by PwC, which received the highest technical score and offered the most attractive financial terms.

General principles are set 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 to the Company and the SEC.

In order to preserve the independence of the audit firms, a monitoring system for “non-audit” work has been created where, in general, the audit firm and its network are not awarded engagements 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.

#### Internal rules on the auditing of financial statements

## Control of the Court of Auditors

The financial management of Eni is subject to the control of the Court of Auditors (“Corte dei Conti”)<sup>227</sup> in order to preserve the integrity of the public finances. This work is performed by the magistrate of the Court of Auditors Adolfo Teobaldo De Girolamo, on the basis of the resolution approved on December 22, 2014 by the President’s Council of the Court of Auditors. The magistrate of the Court of Auditors attends the meetings of the Board of Directors, the Board of Statutory Auditors and the Control and Risk Committee.

## Relations with shareholders and the market

In compliance with its Code of Ethics and the adopted Corporate Governance Code, Eni has maintained an open and on-going dialogue with institutional investors, retail shareholders and the market, so as to ensure the dissemination of complete, accurate and timely information on its activities, without prejudice to the need to preserve the confidentiality that certain information may require.

Disclosures concerning periodic reports, the four-year strategic plan, major events and transactions are disseminated through press releases, meetings and conference calls with institutional investors, financial analysts and the press, and are promptly made available to the general public, including by way of publication on the Company’s website.

In particular, presentations by top management to the financial markets concerning the quarterly and annual results and the four-year strategic plan are transmitted live on the Company’s website, informing retail shareholders, enabling them to participate in the most significant market events in real time.

Recordings of these events, press releases and the associated presentations and transcripts are permanently available on the Company’s website.

In response to the need to extend the dialogue with investors beyond the traditional strategic presentation in London, and continuing the initiatives begun in 2016<sup>228</sup>, an Investor Day was held in Milan (March 2017) at which the Chief Executive Officer discussed Eni’s Integrated Model, with a focus on new projects.

The “Eni on the Stock Markets” pages in the “Investors” section of Eni’s website [www.eni.com](http://www.eni.com) are constantly updated with information on dividends, share price and the major stock market indexes.

The website also contains, among other things, documents relating to the Shareholders’ Meeting, including the minutes of meetings and to the corporate governance system of Eni. The Shareholders’ Meeting documentation is provided free of charge to anyone who may request it, including through the Company’s website.

#### Relations with shareholders and the markets

[227] Pursuant to Art. 12 of Law no. 259 of March 21, 1958.

[228] ESG presentation in Paris (September 2016), in which the Chief Executive Officer discussed the Eni Integrated Model for creating long-term value to SRIs and the Investor Day in New York (December 2016).

A section of the website is dedicated to Eni's Corporate Governance arrangements, and the governance model is illustrated with a summary graphic as well as with additional detailed pages. The website also provides easy access to a considerable amount of other documentation, including this Report, previous reports and the documents referred to in the reports.

Once again in 2017, Eni was at the top in the area of digital corporate communications in the Webranking classification prepared by Comprend 2017 Italy and Europe.

In addition, in 2017 Eni was confirmed in the FTSE4Good index and was recognised by CDP<sup>229</sup> as a global leader, with A- score in the independent evaluation of actions and strategies adopted in response to climate change.

A section on the Company's website is dedicated to shareholders. This section includes a Shareholder's Guide and a simple and short interactive video of the Shareholders' Meeting approving the financial statements.

Responding to the need to enhance its dialogue with the market, Eni organised a new series of Corporate Governance Roadshows led by the Chairman of the Board with the leading institutional investors<sup>230</sup>. In recent years, Eni also intensified dialogue with proxy advisors and investors on its remuneration policy.

**Specific Eni units handle relations with institutional investors, shareholders and the media**

Specific Eni units handle relations with institutional investors, shareholders and the media.

As provided for in the Corporate Governance Code, relations with institutional investors and financial analysts are managed by the head of the Investor Relations function; the relevant information is available on the Eni website in the "Investors" section and may also be requested by e-mail at [investor.relations@eni.com](mailto:investor.relations@eni.com).

Relations with other shareholders are managed by the Corporate Secretariat. The relevant information is available on the Eni website in "Governance" section 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 abroad: 80011223456).

Relations with the media are managed by the Head of the External Communication Department; the relevant information is available on the Eni website in the "Media" section and may also be requested by e-mail at [ufficio.stampa@eni.com](mailto:ufficio.stampa@eni.com).

The following tables show the structure and meetings of the Board of Directors, the committees and the Board of Statutory Auditors.

[229] Referring to the international non-profit and point of reference for investors when it comes to evaluating and measuring the performance of listed companies with regard to the environment and strategies on climate change.

[230] For more information, please refer to the section "Eni's Corporate Governance initiatives" in this Report.

**Board of Directors and Board Committees** (in charge until April 13, 2017)

Members*	Board of Directors				Control and Risk Committee		Remuneration Committee**		Nomination Committee		Sustainability and Scenarios Committee	
	Year of first appointment	Slate <sup>1</sup>	Executive/Non Executive	Independence <sup>2</sup>	Meetings attendance	Position <sup>3</sup>	Meetings attendance	Position <sup>3</sup>	Meetings attendance	Position <sup>3</sup>	Meetings attendance	Position <sup>3</sup>
<b>Chairman</b>												
Emma Marcegaglia	2014	M	Non-Executive	CLFI	4/4	-	-	-	-	-	-	-
<b>Chief Executive Officer</b>												
Claudio Descalzi	2014	M	Executive	-	4/4	-	-	-	-	-	-	-
<b>Directors</b>												
Andrea Gemma	2014	M	Non-Executive	CLFI-CGC	4/4	M	5/5	-	C	2/2	M	3/3
Pietro Guindani	2014	m	Non-Executive	CLFI-CGC	4/4	-	-	C	4/4	-	M	3/3
Karina Litvack	2014	m	Non-Executive	CLFI-CGC	4/4	-	-	M	4/4	-	M	3/3
Alessandro Lorenzi	2011	m	Non-Executive	CLFI-CGC	4/4	C	5/5	M	4/4	-	-	-
Diva Moriani	2014	M	Non-Executive	CLFI-CGC	4/4	M	5/5	-	M	2/2	-	-
Fabrizio Pagani	2014	M	Non-Executive	-	4/4	-	-	-	M	2/2	C	3/3
Alessandro Profumo			Non-Executive	CLFI-CGC	4/4	-	-	-	M	2/2	M	2/3
<b>No. of meetings in 2017</b>					<b>4</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>3</b>			
<b>Average length of meetings</b>					<b>3h 22m</b>	<b>3h</b>	<b>2h 49m</b>	<b>1h</b>	<b>1h 40m</b>			
<b>Average attendance rate</b>					<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>93%</b>			

(\*) Appointed by the Shareholders' Meeting of May 8, 2014 for a three-year term, until the Shareholders' Meeting of April 13, 2017, called to approve the 2016 financial statements.

Alessandro Profumo was appointed by the Eni Board of Directors on July 29, 2015, in replacement of Luigi Zingales, who submitted his resignation from the Board on July 2, 2015, and was reappointed by the Shareholders' Meeting on May 12, 2016, until the Shareholders' Meeting of April 13, 2017, called to approve the 2016 financial statements. Mr Profumo was appointed for the first time to the Eni Board by the Shareholders' Meeting of May 5, 2011 and served until the end of the term, on the date of the Shareholders' Meeting of May 8, 2014.

(\*\*) Compensation Committee until March 15, 2018.

(1) For definitions of "majority" (M) and "minority" (m) slates, please refer to the sections "Composition" and "Appointment" in the chapter "Board of Directors" of this Report.

(2) Satisfies the independence requirements under the Consolidated Law on Financial Intermediation (legislative decree no. 58/1998 o CLFI) and/or the Corporate Governance Code (CGC).

(3) "C" Committee Chairman; "M": Committee member.

**Board of Directors and Board Committees** (in charge since April 13, 2017)

Members*	Board of Directors					Control and Risk Committee		Remuneration Committee**		Nomination Committee		Sustainability and Scenarios Committee	
	Year of first appointment	Slate <sup>1</sup>	Executive / Non-Executive	Independence <sup>2</sup>	No. of other positions held <sup>2</sup>	Meetings attendance	Position <sup>4</sup>	Meetings attendance	Position <sup>4</sup>	Meetings attendance	Position <sup>4</sup>	Meetings attendance	Position <sup>4</sup>
<b>Chairman</b>													
Emma Marcegaglia	2014	M	Non-Executive	CLFI	1	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	3	9/9	M	9/9	C	6/6	M	6/8	-
Pietro Guindani	2014	m	Non-Executive	CLFI-CGC	1	9/9	-	-	M	5/6	-	C	9/9
Karina Litvack	2014	m	Non-Executive	CLFI-CGC	-	9/9	M	9/9	-	-	-	M	8/9
Alessandro Lorenzi	2011	m	Non-Executive	CLFI-CGC	1	9/9	C	9/9	M	6/6	-	-	-
Diva Moriani	2014	M	Non-Executive	CLFI-CGC	3	9/9	M	9/9	M	6/6	C	8/8	-
Fabrizio Pagani	2014	M	Non-Executive	-	-	9/9	-	-	-	M	8/8	M	8/9
Domenico Livio Trombone	2017	M	Non-Executive	CLFI-CGC	5	9/9	-	-	-	M	8/8	M	9/9
<b>No. of meetings in 2017</b>						<b>9</b>	<b>9</b>	<b>6</b>	<b>8</b>	<b>9</b>			
<b>Average length of meetings</b>						<b>3h 20m</b>	<b>3h</b>	<b>2h 25m</b>	<b>1h 2m</b>	<b>3h 6min</b>			
<b>Average attendance rate</b>						<b>100%</b>	<b>100%</b>	<b>96%</b>	<b>93.7%</b>	<b>94.4%</b>			

(\*) Appointed by the Shareholders' Meeting of April 13, 2017 for a three-year term, ending on the date of the Shareholders' Meeting called to approve the 2019 financial statements.

(\*\*) Compensation Committee until March 15, 2018.

(1) For definitions of "majority" (M) and "minority" (m) slates, please refer to the sections "Composition" and "Appointment" in the chapter "Board of Directors" of this Report. The minimum holding required to submit a slate for the election of the Board of Directors was equal (in 2017) to 0.5% of the share capital.

(2) Satisfies the independence requirements under the Consolidated Law on Financial Intermediation (legislative decree no. 58/1998 o CLFI) and/or the Corporate Governance Code (CGC).

(3) Positions as director and statutory auditor held in other companies listed in regulated markets, 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 April 13, 2017. 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 on the Eni website ([www.eni.com](http://www.eni.com)).

(4) "C": Committee Chairman; "M": Committee member.

**Board of Statutory Auditors** (in charge until April 13, 2017)

Members*	Year of first appointment	Independence pursuant to Corporate Governance Code	Slate	Attendance at BoSA meetings	Attendance at BoD meetings
<b>Chairman</b>					
Matteo Caratozzolo	2014	X	Minority	8/8	4/4
<b>Standing Statutory Auditors</b>					
Paola Camagni	2014	X	Majority	8/8	4/4
Alberto Falini	2014	X	Majority	7/8	4/4
Marco Lacchini	2014	X	Minority	8/8	4/4
Marco Seracini	2014	X	Majority	8/8	4/4
<b>Number of meetings in 2017</b>				<b>8</b>	<b>4</b>
<b>Average length of meetings</b>				<b>3h 24m</b>	<b>3h 22m</b>
<b>Average attendance rate</b>				<b>97.5%</b>	<b>100%</b>

[\*] Appointed by the Shareholders' Meeting on May 8, 2014 for a three-year term ending on the date of April 3, 2017, when the Shareholders' Meeting was called to approve the 2016 financial statements.

**Board of Statutory Auditors** (in charge since April 13, 2017)

Members*	Year of first appointment	Independence pursuant to Corporate Governance Code	Slate <sup>1</sup>	Attendance at BoSA meetings	Attendance at BoD meetings	No. of positions held in listed companies <sup>2</sup>
<b>Chairman</b>						
Rosalba Casiraghi	2017	X	Minority	13/13	9/9	2
<b>Standing Statutory Auditors</b>						
Enrico Maria Bignami	2017	X	Minority	12/13	9/9	4
Paola Camagni	2014	X	Majority	13/13	9/9	2
Andrea Parolini	2017	X	Majority	12/13	8/9	1
Marco Seracini	2014	X	Majority	13/13	9/9	1
<b>Number of meetings in 2017</b>				<b>13</b>	<b>9</b>	
<b>Average length of meetings</b>				<b>3h 42m</b>	<b>3h 20m</b>	
<b>Average attendance rate</b>				<b>97%</b>	<b>97.8%</b>	

[\*] Appointed by the Shareholders' Meeting on April 13, 2017 for a three-year term ending on the date of the Shareholders' Meeting called to approve the 2019 financial statements. On April 13, 2017, the Shareholders' Meeting appointed the alternate Statutory Auditors Stefania Bettoni and Claudia Mezzabotta.

[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 2017) to 0.5% of share capital.

[2] The list is current as of the date of approval of this Report. The main positions held by Statutory Auditors are listed in the section "Composition and appointment" of the chapter "Board of Statutory Auditors" in this Report, in the context of the information on the personal and professional qualifications of the standing Statutory Auditors, as well as in the Governance 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' Regulations is published on Consob website, pursuant to Art. 144-quinquiesdecies of the Issuers' Regulations, where applicable.

Eni SpA

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Capital Stock as of December 31, 2017: € 4,005,358,876.00 fully paid

Tax identification number 00484960588

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Piazza Ezio Vanoni, 1 - San Donato Milanese (Milan) - Italy

**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)

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)

Eni in 2017 - Summary Annual Review (in English)

Eni For 2017 - Sustainability Report (in Italian and English)

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**Layout and supervision**

K-Change - Rome

**Printing**

Tipografia Facciotti - Rome - Italy

