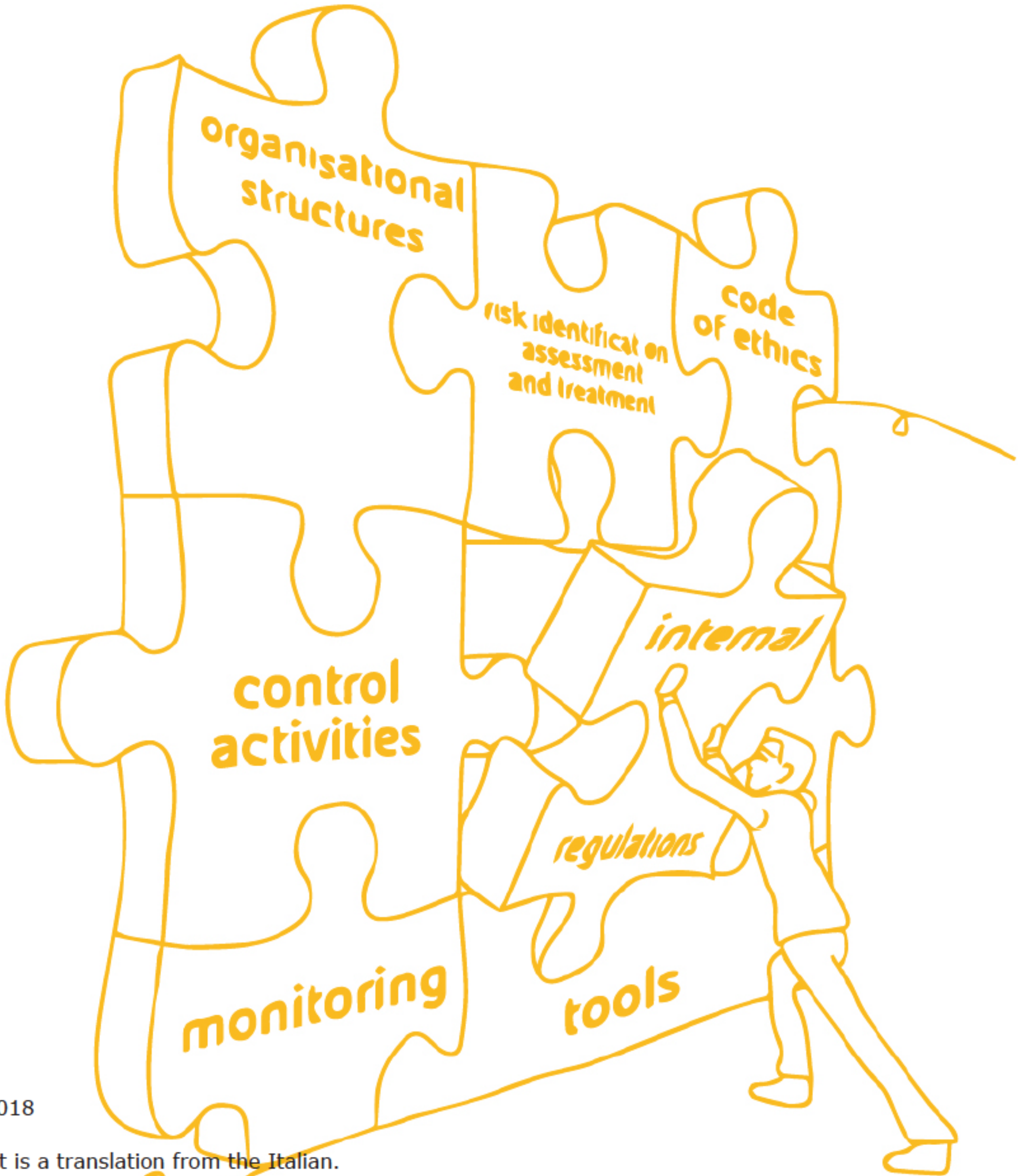
Management System Guideline

Internal Control and Risk Management System



October 26th, 2018

The English text is a translation from the Italian.
For any conflict or discrepancies between the two texts, the Italian document shall prevail.

CEO’s Message

The Internal Control and Risk Management System (hereinafter SCIGR) is considered at Eni to be a fundamental element for allowing healthy and correct business practices in line with company objectives.

*To implement the recommendations of the **Corporate Governance Code** of listed companies, the Eni SpA Board decided to issue SCIGR Fundamental Guidelines, which contain roles and responsibilities, reference principles and implementation criteria mandatory for all Eni companies in terms of SCIGR.*

Eni SpA – for its management and coordination role – is assigned the responsibility of issuing Fundamental Guidelines and the relevant implementation model, which Eni companies much comply with, monitoring their adoption.

Each Eni company is autonomously responsible for the introduction and operation of its own SCIGR.

This Management System Guideline (hereinafter “MSG SCIGR”) illustrates the reference model for implementing and maintaining an adequate and functioning SCIGR in line with what is described in the Fundamental Guidelines and it has been developed with the main objective of an organic and efficient representation of the various SCIGR elements already in existence at Eni in a single document.

*The adoption of this MSG **does not entail responsibilities different from those already required at Eni** but, in line with national and international best practices and considering the specifics of Eni, it provides a fundamental support for implementing a System, which makes it easier to make aware decisions.*

It is fundamental that all Eni personnel, including through the dissemination of a risk management culture, are involved and contribute to a process to continuously strengthen the SCIGR which ensures overall effectiveness and, in order for added value to be created for Eni, is implemented efficiently, avoiding duplications and taking advantage of possible synergies and operation simplification opportunities.

5.1.2. e

Table of contents

ENI INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Eni SpA Board of Directors (hereinafter Eni SpA Board) adopted the Corporate Governance Code for Italian companies with listed shares and decided to issue an internal regulations to completely govern the Internal Control and Risk Management System (hereinafter SCIGR).

For this purpose the Eni SpA Board approved, on a proposal of and after consulting with the Eni SpA Control and Risk Committee, the Fundamental Guidelines on SCIGR (hereinafter Fundamental Guidelines[1]) of Eni SpA and the Subsidiaries (hereinafter, jointly, Eni), which define the reference principles, roles and responsibilities of key figures and implementation criteria.

The Eni SpA Chief Executive Officer[2] (hereinafter CEO of Eni SpA) starts execution of the Fundamental Guidelines, seeing to the planning, creation and management of SCIGR, constantly checking the adequacy and effectiveness.

The SCIGR is the set of rules, procedures and organisational structures aimed at allowing identification, measurement, management and monitoring of the major risks, as well as by the structuring of adequate information flows aimed at guaranteeing the dissemination of information and the coordination among the various actors of SCIGR.

This system is integrated into general organizational and company policy structures and is in line with reference models and national and international relevant *best practices*.

An effective SCIGR contributes to the running of the Company in line with corporate objectives, as defined by the Board, encouraging informed decision-making process and ensuring the safeguarding of company assets, the efficiency and effectiveness of company processes, the reliability of information provided to the corporate bodies and to the market, compliance with laws and regulations, the Eni By-Laws and internal regulations.

[1] The Fundamental Guidelines are contained in chapter 2 of this MSG.
[2] The Board assigned to the CEO the duty of supervising the internal control and risk management system.

The Eni SpA Board shall evaluate the adequacy of the SCIGR every six months compared to the Eni characteristics and undertaken risk profile and compatible with company objectives, as well as its effectiveness.

1. INTRODUCTION

1.1 Purpose of this document

Disseminate and implement the Fundamental Guidelines of the Internal Control and Risk Management System (SCIGR) which consist of reference principles, roles and responsibilities, implementation criteria in terms of architecture, information flows and implementation modalities in companies.

Govern the process related to SCIGR, which starting from the company objectives is split in the following phases: i) Definition and implementation of the internal environment; ii) Identification, assessment and treatment of risks; iii) Definition and implementation of control activities; iv) Monitoring, v) Review and evaluation of the overall system and vi) Information and communication.

1.2 Scope of application

This MSG applies to Eni SpA and to all Eni's direct and indirect, Italian and foreign subsidiaries[3] ("Subsidiaries") subject to implementation as described in the following paragraph. The Fundamental Guidelines contained in chapter 2 of this MSG[4], are mandatory.

[3] It refers to Subsidiaries where the Eni Regulatory System is applied in the terms set out in the related MSG and in any changes and additions to it.
[4] Approved by the Eni SpA Board on a proposal by the Eni SpA Control and Risks Committee.

1.3 Implementation modalities

For Eni SpA, this MSG will apply from the date of issue.

The subsidiaries must ensure that this MSG is applied immediately and, in any case, not later than December 31st, 2018, in accordance with the procedures described in the "Regulatory System" MSG.

Subsidiaries that are listed on a regulated market implement this document, adapting it, where necessary, to the particular characteristics of their own company, consistent with their own business autonomy and taking into account the interest of the minority shareholders.

This MSG cancels and replaces the previous version of the MSG issued by Eni SpA on April 11st , 2013.

2. SCIGR FUNDAMENTAL GUIDELINES[5]

2.1. Reference principles

The SCIGR is based on the following principles:

INTEGRATED MODEL – The SCIGR components are coordinated between each other and interdependent, and the overall system, is in turn integrated in the general organisational, corporate governance, administrative and accounting structure[6]. The SCIGR involves the administrative bodies, control bodies, watch structures, Management and all of personnel with various roles and based on collaboration and coordination logic.

MANAGEMENT AND COORDINATION – For its management and coordination activity for Subsidiaries[7] Eni SpA disseminated Fundamental Guidelines and the relevant implementation model contained in the MSG SCIGR, which the Subsidiaries, must comply with in establishing and maintaining their SCIGR.

CORPORATE INDEPENDENCE OF SUBSIDIARIES – Corporate independence of subsidiaries shall be ensured concerning the establishment and maintenance of an adequate and functioning SCIGR, in compliance with the Eni SpA Management and coordination guidelines.

COMPLIANCE WITH LAWS AND BEST PRACTICES – In order to ensure compliance with laws, Eni shall define, where appropriate, compliance and/or governance MSG in compliance with applicable laws and regulations. The SCIGR is defined in compliance with these MSG (which are an integral part of it) and in line with national and international *best practices*. In this respect, Eni approved the Corporate Governance Code and complies with the CoSO Report[8], which represents the internationally recognized reference framework for the understanding, analysis and integrated evaluation of the SCIGR effectiveness.

MANAGEMENT RESPONSIBILITIES – Management, based on its specific functions and in achieving of related objectives, shall ensure the adequacy of the SCIGR for its activities,

[5] The Fundamental Guidelines, contained in chapter 2, are approved by the Eni SpA Board, on a proposal of and after consulting with the Eni SpA CCR.
[6] Cfr. Eni Corporate Governance Code and listed companies, to which Eni adheres.
[7] See note 3.
[8] CoSO – Committee of Sponsoring Organisations of the Treadway Commission (2013), Internal Control, Integrated Framework

actively participating in its correct functioning. For this purpose, Management, also based on managed risks, shall set up specific control activities and monitoring processes suitable for ensuring the effectiveness and efficiency of the SCIGR over time, and preventing and identifying irregularities and/or fraudulent acts. The general principle whereby all Eni personnel must maintain a conduct in line with the rules and procedures defined in the SCIGR remains valid.

CONSISTENCY WITH COMPANY OBJECTIVES – The SCIGR contributes to run a company aimed at sustainable development, at maximisation of company's value and in line with each company objectives defined by each company's Board, supporting Management to make aware decisions where the major risks are identified, assessed, managed and monitored in relation to their capacity to affect achieving the objectives and impacting the company's value.

PROCESS BASED APPROACH – In general, the SCIGR is based on a process-based logic, regardless of the placement of the relevant operations in the organisation and corporate structure of Eni and of subsidiaries.

RISK BASED APPROACH – The SCIGR includes a risk prevention approach, which through the identification, assessment, management and monitoring process for the major risks, contributes to support informed decision-making process, as well as where possible transforming the major risks into opportunities and competitive advantage. The SCIGR is defined and implemented based on the specific cases and relevance of risks to be mitigated.

IMPORTANCE OF INFORMATION FLOW – Information flows are fundamental for allowing compliance with SCIGR-related responsibilities and thus for pursuing the relevant objectives. Each person shall be provided with the necessary information for fulfilling their responsibilities, including those related to SCIGR.

MAXIMISATION OF EFFICIENCY AND EFFECTIVENESS – The SCIGR is defined aimed at maximising effectiveness and efficiency, including through the reduction of any duplications of activities and coordination between the main roles required by the SCIGR and among the various elements it comprises. Therefore, the SCIGR shall make it possible to monitor adequately the major risks pursuing a balance between costs-benefits, including through possible synergies in defining and implementing controls.

CONTINUOUS IMPROVEMENT AND BEST PRACTICES – Eni pursues continuous improvement of the SCIGR based on the evolution of the specific context, in order to ensure its constant updating in relation to *best practices*, taking into consideration the interests of Eni stakeholders. Eni personnel shall actively participate in continuous improvement by providing indications, suggestions and feedback.

TRACEABILITY – The people involved in the company processes shall ensure, where required by laws or internal regulations, each as pertinent, traceability of risk and control identification, assessment, management and monitoring activities and the relevant documentation, ensuring over time their identification, reconstruction from sources and information elements supporting the activities. Moreover, all documents shall be kept and filed, including not only according to the applicable legislation in force, using, whenever available, dedicated information systems.

SEGREGATION OF DUTIES – The SCIGR requires the segregation of duties and responsibilities, between functions and within them, to avoid the concentration of incompatible activities. The application of the principle derives from the nature of the business operated, from the degree and sort of associated risk, in order to avoid any organisational inefficiency, especially in case of lean organisational structures.

CONFIDENTIALITY - Compliance with confidentiality obligations is guaranteed for the protection of the commercial interests of the Subsidiaries.

TRANSPARENCY - People involved in company processes operate in such a way as to guarantee maximum transparency in carrying out their activities and in ensuring complete and truthful information.

2.2 Eni SCIGR roles and responsibilities

The Eni SCIGR includes the following main roles and relevant responsibilities:

BOARD OF DIRECTORS of Eni SpA (hereinafter Eni SpA Board), subject to approval by the Eni SpA Control and Risk Committee:

- on a proposal of the Control and Risk Committee of Eni SpA, after hearing the Chairman of the Board with regard to the internal audit activities, defines the SCIGR Fundamental Guidelines of Eni SpA, of the main Subsidiaries and of the group, so that Eni's major risks[9] are correctly identified, as well as adequately measured, managed and monitored, also determining the degree of compatibility of such risks with management of the company in line with identified strategic objectives. In particular, the Eni SpA Board defines the nature and the level of risk compatible with the strategic objectives of the company, including in its assessments all risks that may be relevant with a view to medium and long-term sustainability of Eni's SpA activities;
- approves the fundamental lines of the Regulatory System, the Policies and, as a rule, the MSGs of compliance and governance;
- examines Eni's major risks submitted at least every three months by CEO of Eni SpA;
- evaluates every six months, with the exception of unexpected events which may require extraordinary examination aimed at verifying the effectiveness of the controls in relation to particular situations, on the basis of the Reports of the Officer in charge of preparing financial reports and CFO of Eni SpA, the Reports of the Control and Risks Committee, the Report on the organizational structure related to the organizational structure of the SCIGR[10], the Report on risks, the Report on compliance with limits on financial risk[11] and the Integrated Compliance Report[12], the adequacy of the SCIGR

[9] Strategic, operational, compliance and reporting risks.
[10] This Report is subject to an annual evaluation, except for changes that require a six-monthly update (see below roles and responsibilities of the Control and Risks Committee).
[11] This Report is subject to an annually evaluation.
[12] This Report is subject to an annually evaluation.

with respect to the characteristics of Eni, the risk profile assumed and consistent with the company's objectives as well as its effectiveness[13];

- approves, at least annually, the work plan (hereinafter "Audit Plan") prepared by the Head of the Eni SpA Internal Audit function, after hearing the Chairman of the Eni SpA Board, the CEO of Eni SpA and the Board of Statutory Auditors, also as "Audit Committee" for the purposes of US legislation;
- describes, in the Corporate Governance Report, the main features of the SCIGR and the methods of coordination among the subjects involved, expressing its evaluation on its adequacy;
- assesses, after hearing the Eni SpA Board of Statutory Auditors, the findings reported by the external auditors in any suggestions letter and in the report on the main issues resulting from the auditing and/or any different reports from Statutory Auditors provided for by the laws or by the Corporate Governance Code.

Furthermore, the Eni SpA Board:

- provides for the appointment and the removal of members of Eni SpA Watch Structure (hereinafter Eni SpA WS), in compliance with the provisions of Model 231, establishing the remuneration of its members;
- acting upon a proposal of the CEO of Eni SpA, in agreement with the Chairman, after hearing the Nomination Committee, and the Board of Statutory Auditors, appoints and removes the Officer in charge of preparing financial reports and, upon examination and assessment by the Control and Risk Committee of the Reports prepared by the Officer in charge of preparing financial reports and CFO of Eni SpA, ensures that the Officer has adequate powers and resources for the performance of its statutory duties, as well as for the effective respect of administrative and accounting procedures prepared by the same;
- approves the guidelines for internal audit activities, on a proposal of the Chairman of Eni SpA Board prepared in agreement with the CEO of Eni SpA and after consulting

[13] On that occasion, as a rule, assesses 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.

with the Control and Risk Committee of Eni SpA. Additionally, the Eni SpA Board, on a proposal of the Chairman of the Eni SpA Board, formulated in agreement with the CEO of Eni SpA, having received the favourable opinion of the Control and Risks Committee, and after consulting with the Eni SpA Board of Statutory Auditors : i) appoints and dismisses the Head of the Eni SpA Internal Audit function, after examination of the proposal by the Nomination Committee; ii) ensures that it has adequate resources to perform its duties and iii) defines its fixed and variable remuneration structure in line with the company's remuneration policies;

- receives, on an annual basis, the Integrated Compliance Report from the CEO with the support of the Integrated Compliance function; this report includes an assessment[14] by the Head of the Integrated Compliance function regarding the adequacy of the design of the Management System Guidelines with regard to the Compliance Areas overseen by them.

CHAIRMAN OF THE BOARD of Eni SpA, without prejudice to the other duties required by law, the Eni By-Laws and the corporate governance system:

- evaluates and shares the proposals made by the CEO of Eni SpA related to:
    - the composition, and its changes and integrations, of the Eni SpA WS;
    - the appointment and removal of the Eni SpA Officer in charge of preparing financial reports of Eni SpA, to be submitted to the Eni SpA Board, as well as the Head of the Integrated Risk Management function and the Head of the Integrated Compliance function;
- submits to the Eni SpA Board, in agreement with the CEO of Eni SpA, the proposal for the appointment and removal of the Eni SpA Head of the Internal Audit function, the proposal for defining the fixed and variable remuneration structure of the same in line with the company's remuneration policies, as well as the proposal regarding the adequacy of the resources assigned to the same Manager for the performance of his responsibilities;

[14] This assessment is drawn up on the basis of the information acquired through the process of certification of adequacy of the design of the MSG (reference: MSG Regulatory System), signed by the Process Owner also taking into consideration any outcomes of the activities regarding the Integrated Compliance process.

- in agreement with the CEO of Eni SpA, proposes to the Eni SpA Board the guidelines for the internal audit activity and, having consulted with the CEO of Eni SpA, approves the internal regulations ("Management System Guideline") regarding internal audit activities; is also heard in the approval process of SCIGR Fundamental Guidelines, by the Board, with regard to the internal audit activities;
- evaluates and shares, in agreement with the CEO of Eni SpA, the Audit Plan prepared by the Head of the Internal Audit function of Eni SpA;
- receives, at the same time as the CEO of Eni SpA, Eni SpA Control and Risk Committee and Eni SpA Board of Statutory Auditors, the results of the audit activity (hereafter "Internal Audit Reports") performed by the Eni SpA Internal Audit function, as well as periodic reports containing adequate information on the activity of the Eni SpA Internal Audit function on the procedures used to manage risks as well as compliance with the plans defined to limit them; the reports also contain the evaluation of the suitability of the SCIGR;
- receives, at the same time as the CEO of Eni SpA, the Eni SpA Control and Risk Committee and the Eni SpA Board of Statutory Auditors, reports on any particularly significant events prepared by the Eni SpA Internal Audit function;
- may ask the Eni SpA Internal Audit function to perform audits on specific operational areas (so called Spot Audit) and on the compliance with rules and internal regulations when performing company operations, giving simultaneous communication to the CEO of Eni SpA, to the Chairman of the Control and Risk Committee of Eni SpA and to the Chairman of the Eni SpA Board of Statutory Auditors;
- is informed, at the same time as the Chairman of the Control and Risk Committee of Eni SpA and the Chairman of the Eni SpA Board of Statutory Auditors, if the CEO of Eni SpA requests the Internal Audit function of Eni SpA to perform Spot Audit;
- receives from the Eni SpA WS, at the same time as the CEO of Eni SpA, the Control and Risk Committee of Eni SpA and the Board of Statutory Auditors of Eni SpA, a half-yearly report on the activity performed with indication of the outcome of supervisory activities performed and any changes in legislation on administrative responsibility of entities occurred during the period. Where facts of particular materiality or significance

are uncovered, it receives from the WS of Eni SpA, at the same time as the CEO, immediate notice, subsequently transmitted to the Control and Risk Committee of Eni SpA and the Eni SpA Board of Statutory Auditors;

- may ask the CEO of Eni SpA, also based on the request of one or more directors, that managers of Eni SpA and of the subsidiaries, managers of company relevant functions based on the issue to be addressed, attend board meetings to provide appropriate information on items on the agenda;
- receives, at the same time as the CEO of Eni SpA, from the Officer in charge of preparing financial reports, whenever deemed appropriate by the same, an extraordinary evaluation of the state of the Eni's Internal Control System over financial reporting, with respect to specific deficiencies.

CONTROL AND RISK COMMITTEE of Eni SpA (hereinafter Eni SpA CCR), supports the Eni SpA Board, with adequate investigative activity, in the evaluations and decisions related to the SCIGR, as well as those related to approval of periodic financial reports. Specifically in assisting the Eni SpA Board[15]:

- makes proposals regarding the definition/updating of SCIGR Fundamental Guidelines;
- issues a preventive opinion on the key guidelines of the Regulatory System and regulatory instruments to be approved by the Board (including, as a rule, the compliance and/or governance MSG), on their amendment or updating and carries out further tasks provided for by the key guidelines of the Regulatory System;
- examines the major company's risks submitted to the Eni SpA Board and expresses opinions on specific aspects related to their identification;
- examines, on an annual basis, the Integrated Compliance Report, which includes an assessment16 by the Head of the Integrated Compliance function regarding the adequacy of the design of the Management System Guidelines with regard to the Compliance Areas overseen by them. It also examines, on a half-yearly basis, unless

[15] For a complete description of the duties assigned to the CCR, see the Regulation approved by the Board.
[16] This assessment is drawn up on the basis of the information acquired through the process of certification of adequacy of the design of the MSG (reference: MSG Regulatory System), signed by the Process Owner also taking into consideration any outcomes of the activities regarding the Integrated Compliance process.

extraordinary events suggest a different frequency, the update of the Integrated Compliance Report prepared by the Integrated Compliance function according to the results of the activities related to the Integrated Compliance process regarding the six months of reference and any relevant facts that occurred in the period, supporting the half year evaluations by the CCR for the Board on the adequacy and effectiveness of Eni's SCIGR;

- issues, based on the testing and assessment of the Reports prepared by the Officer in charge of preparing financial reports and CFO of Eni SpA, a preventive opinion on the adequacy of the powers and resources of the Officer in charge of preparing financial reports of Eni SpA for the performance of its statutory duties, as well as for the effective respect of the administrative and accounting procedures, so that the Board can perform the statutory supervisory duties as foreseen by the law on the matter;
- evaluates, together with the Officer in charge of preparing financial reports of Eni SpA and after consultation with the external auditors and the Eni SpA Board of Statutory Auditors, the correct application of the accounting standards and their consistency for the purpose of preparing the consolidated financial statements;
- issues a favourable opinion on the proposals regarding the appointment and removal of the Head of the Internal Audit function and on the definition of the fixed and variable remuneration structure of the same, in accordance with the remuneration policies of the company, as well as on the adequacy of the resources assigned to him for the performance of his responsibilities;
- issues prior approval, on the Audit Plan prepared, at least annually, by the Head of Eni SpA Internal Audit function;
- examines Internal Audit Reports, as well as periodic reports on evaluation of the SCIGR, and those of particular relevance prepared by the Head of the Eni SpA Internal Audit function;
- monitors the independence, adequacy, effectiveness and efficiency of the Eni SpA Internal Audit function and supervises its activities, so that they are performed assuring maintenance of the necessary independence conditions and with the due objectivity, competence and professional diligence in compliance with the Eni SpA

Code of Ethics and international standards for the professional performance of internal auditing;

- may request the Eni SpA Internal Audit function to perform Spot Audits informing the Chairman of the Eni SpA Board of Statutory Auditors at the same time;
- examines and evaluates the communications and information received from the Eni SpA Board of Statutory Auditors and its members regarding the SCIGR;
- examines and evaluates the information on the SCIGR, including within the framework of periodic meeting with the structures assigned by the company and investigations and tests performed by third parties;
- oversees the activities of the Legal Affairs function in case of judicial inquiries and proceedings, carried out in Italy and/or abroad, in relation to 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, for crimes against the Public Administration and/or corporate crimes and/or environmental crimes, related to their mandate and their scope of responsibility;
- receives from the WS of Eni SpA together with the Chairman of the Eni SpA Board, the CEO of Eni SpA and the Board of Statutory Auditors of Eni SpA a half-yearly report on the activities carried out with evidence of the results of the supervisory activity carried out and of any legislative innovations regarding the administrative liability of entities occurred in the period, as well as an immediate disclosure by the same, when proven facts of particular materiality or significance are uncovered;
- issues prior approval on an evaluation of the results reported by the external auditors in any suggestions letter and in the report on the main issues resulting from the auditing and/or any different reports of the statutory auditor provided for by the laws or by the Corporate Governance Code;
- issues prior approval on the description, in the annual Corporate Governance Report, of the main characteristics of the SCIGR and of the methods of coordination among the subjects involved;
- reports to the Eni SpA Board, at least every six months, during approval of the annual and half-year financial report, on the activity performed as well as the adequacy and

effectiveness of the SCIGR[17], including the organizational structure of the system subject to assessment on an annual basis, except for changes that require a six-monthly update;

- supports, with an adequate preliminary investigation, the assessments and decisions of the Eni SpA Board relating to the management of risks deriving from prejudicial facts that the Board has become aware of.

CEO of Eni SpA supervises the SCIGR as the director in charge of establishing and maintaining its effectiveness. In particular:

- ensures the identification, evaluation, management and monitoring of the major risks, taking into account the activities performed by Eni, and submits them at least every three months for examination to the Eni SpA Board;
- implements the Fundamental Guidelines on the SCIGR defined by the Eni SpA Board, taking care of the design, realization and management of the SCIGR, constantly verifying its adequacy and effectiveness;
- adapts this system to changing operational conditions and changes in the legislative and regulatory framework;
- submits, in agreement with the Chairman of the Eni SpA Board, the proposal related to the appointment of the external members of the WS for the appointment by Eni SpA Board;
- submits, in agreement with the Chairman of the Eni SpA Board, the proposal related to the appointment and removal of the Officer in charge of preparing financial reports of Eni SpA;
- evaluates and shares the proposal made by the Chairman of the Eni SpA Board related to the appointment and removal of the Head of Eni SpA Internal Audit function and the proposal of his fixed and variable remuneration structure in line with company remuneration policies, as well as on the adequacy of the resources assigned to him for the performance of his responsibilities;

[17] The opinion expressed by the CCR on the SCIGR takes into account the same reports, examined by the Eni SpA Board for the purposes of assessments on the SCIGR, reported in the paragraph relating to the duties of the Eni SpA Board.

- appoints, after consulting with the Chairman of Eni SpA Board, the Head of the Integrated Risk Management function and the Head of the Integrated Compliance function;
- evaluates and shares the proposal made by the Chairman of the Eni SpA Board concerning the guidelines for internal audit activities; evaluates the Management System Guideline Internal Audit in view of the approval by the Chairman of the Eni SpA Board;
- evaluates and shares with the Chairman of the Eni SpA Board, at least annually, the Audit Plan prepared by the Head of Eni SpA Internal Audit Function;
- may ask the Eni SpA Internal Audit Function to perform Spot Audits informing the Chairman of the Eni SpA Board, the Chairman of Eni SpA CCR and the Chairman of the Eni SpA Board of Statutory Auditors at the same time;
- is informed at the same time as the Chairman of Eni SpA CCR and the Chairman of the Board of Statutory Auditor of Eni SpA, if the Chairman of Eni SpA Board requests the Eni SpA Internal Audit function to perform Spot Audits;
- receives, at the same time as the Chairman of the Eni SpA Board, Chairman of the Eni SpA CCR and Chairman of the Eni SpA Board of Statutory Auditors, the Eni SpA Internal Audit Reports, as well as periodic reports containing adequate information on the activity of the Eni SpA Internal Audit function, on the modalities used to manage risks as well as the compliance with the plans defined to limit them and including the evaluation of the suitability of the SCIGR; at the same time, he receives, together with the Chairman of the Eni SpA Board, the Eni SpA CCR and the Eni SpA Board of Statutory Auditors, reports on events of particular significance prepared by Eni SpA Internal Audit function;
- receives from the WS of Eni SpA continuous information, reported to the Eni SpA Board as part of the disclosure on the exercise of the powers granted to him, as well as, together with the Chairman of the Eni SpA Board, the Eni SpA CCR and the Board of Statutory Auditors of Eni SpA a half-yearly report on the activities carried out with evidence of the results of the supervisory activity carried out and of any legislative innovations regarding the administrative liability of entities occurred in the period, as

well as an immediate disclosure by the same, when proven facts of particular materiality or significance are uncovered;

- evaluates and shares the half-year and annual evaluation of the Officer in charge of preparing financial reports prepared by the same. Receives, together with the Chairman of the Eni SpA Board, from the Officer in charge of preparing financial reports, whenever he deems it appropriate, an extraordinary evaluation on the status of the Eni control system over financial reporting, with reference to specific shortcomings;
- receives, on an annual basis, the Integrated Compliance Report. Submits it to the Eni SpA Board, which includes an assessment[18] by the Head of the Integrated Compliance function regarding the adequacy of the design of the Management System Guidelines with regard to the Compliance Areas overseen by them. In addition, every six months, unless extraordinary events suggest a different frequency, it also receives the update of the Integrated Compliance Report prepared by the Integrated Compliance function based on the results of the activities concerning the Integrated Compliance process regarding the six months of reference and any relevant facts that occurred in the period;
- promptly reports to the CCR (or Eni SpA Board) any problems and critical points occurred while performing his activity or which he has been informed of, so that the Eni SpA CCR (or Eni SpA Board) can undertake the appropriate initiatives.

BOARD OF STATUTORY AUDITORS of Eni SpA (hereinafter the Eni SpA BoA), performs the duties assigned to it by law, and by the Corporate Governance Code; in particular Eni SpA BOA monitors the effectiveness of the SCIGR, also acting as Internal Control and Audit Committee pursuant to the Sarbanes Oxley Act. For this purpose, it receives the information flow necessary for performing its duties. As part of this information flow, receives, on an annual basis, the Integrated Compliance Report, as well as, every six months, unless extraordinary events suggest a different frequency, the update of this Report.

[18] This assessment is drawn up on the basis of the information acquired through the process of certification of adequacy of the design of the MSG (reference: MSG Regulatory System), signed by the Process Owner also taking into consideration any outcomes of the activities regarding the Integrated Compliance process.

The Eni SpA BoA also:

- expresses a favourable opinion on the appointment and dismissal of the Officer in charge of preparing financial reports;
- is heard during the process of appointment and removal of the Head of the Internal Audit function, as well as regarding the definition of the fixed and variable remuneration structure and the approval process of the internal audit budget, ensuring that the Head of the Internal Audit function is equipped with adequate resources assigned to him for the performance of his responsibilities;
- expresses an opinion regarding the appointment of the external members of Eni SpA WS.

WATCH STRUCTURE of Eni SpA performs supervisory and monitoring activities as required by Model 231. The Eni SpA WS reports on the implementation of the Model 231, on any critical aspect that arise and communicates the results of the activities carried out during the performing of the duties assigned to the CEO of Eni SpA, who informs the Eni SpA Board as part of his duties, the Chairman of Eni SpA Board, the Eni SpA CCR and the BoA of Eni SpA in accordance with the provisions of Model 231. The WS of Eni SpA, within the limits established by the Model 231, with regard to the matters of its competence, receives on an annual basis the Integrated Compliance Report and, on a six-monthly basis, unless extraordinary events suggest a different frequency, an update of this report prepared by the Integrated Compliance function, on the basis of the results of the activities concerning the Integrated Compliance process regarding the six months of reference and any relevant facts that occurred in the period.

OFFICER IN CHARGE OF PREPARING FINANCIAL REPORTS AND CFO of Eni SpA (hereinafter Officer in Charge and CFO of Eni SpA) is responsible for Eni control system over financial reporting and for this purpose prepares the administrative-accounting procedures for preparing periodic accounting documents and all other financial disclosures for Eni SpA and the group. The Eni SpA Officer in charge and CFO of Eni SpA expresses, in agreement with the CEO of Eni SpA, the half-year and annual evaluation, informing the Eni SpA Board, after examination by the Eni SpA CCR and indicating any shortcomings found and significant weak points; in this case are also informed the Eni SpA BoA and external auditors. The aforesaid communications include the relevant corrective action plan aimed at eliminating the shortcomings or weak points. In order to report specific deficiencies, he informs, as often as necessary, the Chairman and the CEO of Eni SpA of an extraordinary evaluation of Eni's control system over financial reporting. The Officer in Charge and CFO of Eni SpA also issues statements on accounting information, including interim reports, which certify the correspondence of the company's documents disclosed to the market with the applicable international accounting standards and the results of books and records of account.

RISK COMMITTEE of Eni SpA, chaired by the CEO of Eni SpA, provides consultancy to the CEO regarding the major risks; specifically, it examines and expresses opinions, upon request from the CEO of Eni SpA in relation to the main results of the integrated risk management process. It also receives information on the Compliance Areas, the Integrated Compliance Plan and, on an annual basis, the Integrated Compliance Report that includes an assessment[19] of the Head of the Integrated Compliance function regarding the adequacy of the design of the Management System Guidelines relating to the Compliance Areas, overseen by them. In addition, every six months, unless extraordinary events suggest a different frequency, it also receives the update of the Integrated Compliance Report prepared by the Integrated Compliance function based on the results of the activities concerning the Integrated Compliance process regarding the six months of reference and any relevant facts that occurred in the period.

COMPLIANCE COMMITTEE of Eni SpA, among its assigned duties, approves the Compliance Areas and identifies the Compliance Area Managers and, where appropriate, submits the CEO any proposal to appoint the Compliance and/or governance Process Owner. Furthermore, receives, on an annual basis for information purposes, the Integrated Compliance Report that includes an assessment[20] of the Head of the Integrated Compliance function regarding the adequacy of the design of the Management System Guidelines relating to the Compliance Areas overseen by them. In addition, every six months, unless extraordinary events suggest a different frequency, it also receives the

[19] This assessment is drawn up on the basis of the information acquired through the process of certification of adequacy of the design of the MSG (reference: MSG Regulatory System), signed by the Process Owner also taking into consideration any outcomes of the activities regarding the Integrated Compliance process.
[20] This assessment is drawn up on the basis of the information acquired through the process of certification of adequacy of the design of the MSG (reference: MSG Regulatory System), signed by the Process Owner also taking into consideration any outcomes of the activities regarding the Integrated Compliance process.

update of the Integrated Compliance Report prepared by the Integrated Compliance function based on the results of the activities concerning the Integrated Compliance process regarding the six months of reference and any relevant facts that occurred in the period.

INTEGRATED COMPLIANCE FUNCTION of Eni SpA, has the duty of oversight the relevant Compliance Areas and, in general, has a role of coordination within the Integrated Compliance process. The Head of the Integrated Compliance function is appointed by the CEO after hearing the Chairman of the Eni SpA Board and submits to Compliance Committee, to the Risk Committee, the CEO, the CCR, the BoA and the WS of Eni SpA, on an annual basis, the Integrated Compliance Report, including an assessment[21] of the Head of the Integrated Compliance function regarding the adequacy of the design of the Management System Guideline relative to the Compliance Areas overseen by them. It also submits, on a six-monthly basis, to the CEO, the CCR, the BoA, the WS, the Risk Committee and the Compliance Committee, unless extraordinary events suggest a different frequency, an update of the Integrated Compliance Report prepared by the Integrated Compliance function based on the results of the activities concerning the Integrated Compliance process regarding the six months of reference and any relevant facts that occurred in the period.

INTEGRATED RISK MANAGEMENT FUNCTION of Eni SpA, ensures Integrated Risk Management activities and the presentation of results on the main risks and related treatment plans to the Risk Committee and, at least quarterly, to Eni SpA CCR and to the CEO, who submits them to the Eni SpA Board, as well as, where requested, to the other control and supervisory bodies. It promotes the dissemination of the Risk Management culture at Eni, also through the identification, in connection with the business lines and the support functions of Eni, of initiatives that update the systems in place that manage the main risks. The Head of the Integrated Risk Management function is appointed by the CEO after hearing the Chairman of the Eni SpA Board and reports directly to the CEO on the results of the Integrated Risk Management process.

[21] This assessment is drawn up on the basis of the information acquired through the process of certification of adequacy of the design of the MSG (reference: MSG Regulatory System), signed by the Process Owner also taking into consideration any outcomes of the activities regarding the Integrated Compliance process.

MANAGEMENT OF ENI SPA AND/OR SUBSIDIARIES is responsible, for their area of responsibility, for the adequacy and effective functioning of the SCIGR.

RISK OWNER OF ENI SPA OR SUBSIDIARIES identifies, assesses and manages risks they are responsible for and identifies and implements specific risk treatment measures for such risks. The Risk Owner monitors the major risks, adequacy and effectiveness of controls to supervise them, using, where existent, functions with specifically identified duties considering the specific case and significance of the risk (c.d. Risk Specialist).

PROCESS OWNER OF ENI SPA, for management and coordination activities performed by Eni SpA for the Subsidiaries, ensures the adequacy of the guidelines for the process it is responsible for.

BOARD OR EQUIVALENT BODY OF SUBSIDIARIES adopts this MSG SCIGR according to the procedures defined by the MSG Regulatory System and is responsible for guaranteeing an adequate and effective SCIGR in the company and in its Subsidiaries.

CHIEF EXECUTIVE OFFICER OR EQUIVALENT FIGURE IN THE SUBSIDIARIES takes care of the establishment and maintenance of an adequate and effective SCIGR and implements the MSG SCIGR[22].

The **INTERNAL AUDIT FUNCTION** of Eni SpA is in charge of independently verifying that overall the SCIGR of Eni is operating and adequate.

The Head of the Internal Audit function reports hierarchically to the Board and, on its behalf to the Chairman of the Eni SpA Board without prejudice to the functional dependence from the Eni SpA CCR and the CEO of Eni SpA, as a director appointed by the Eni SpA Board for the establishment and maintenance of an effective SCIGR. In addition, the Head of the Eni SpA Internal Audit function reports to the BoA of Eni SpA, also as "Audit Committee" for the purpose of US legislation.

Specifically, the Internal Audit function:

[22] The Board assigns the appointment to handle the establishment and maintenance of an adequate and effective SCIGR to the appointed director with powers for business; if two or more directors are present with powers for business the board assigns the appointment to one of these directors; if there are no directors with powers for business, the Board assigns however this appointment to one of the directors.

- verifies, both continuously and in relation to specific needs and in compliance with international professional standards for the professional practice of the internal auditing activity, the overall effective functioning and suitability of the SCIGR, through: i) an audit plan approved by the Eni SpA Board based on a structured analysis and ranking of the main company risk and ii) the performance of specific unplanned audits;
- is not responsible for any operational area;
- has direct access to all information useful for performing its duties;
- for the audit plan, it verifies the reliability of the information systems included the accounting data systems;
- ensures the management of whistleblowing reports received, in line with Eni internal regulations on the subject[23];
- ensures the Independent Monitoring activities envisaged by the control system over financial reporting, as well as the supervisory activities on behalf of the Eni SpA WS and those provided for by the Compliance Model on Corporate Responsibility for foreign subsidiaries[24];
- prepares periodic reports containing adequate information on its activity, as well as the procedures used to conduct risk management and on compliance with plans defined to limit them. The periodic reports contain an evaluation on the suitability of the SCIGR;
- promptly prepares reports on particularly significant events;
- transmits the reports as per the previous points to the Chairman of the Eni SpA Board, the CEO of Eni SpA, (in his role as Director in charge of the SCIGR), the Eni SpA CCR and the BoA. A copy of the reports containing the evaluation on the suitability of the SCIGR are also sent to the CFO, in his role as the Officer in Charge of preparing financial reports.

[23] Attachment E of the MSG Anti-corruption.
[24] In compliance with MSG "Compliance Model for Corporate Responsibility for Eni's Foreign Subsidiaries".

For more information on the objectives, scope, activities, roles and responsibilities of the Eni SpA Internal Audit function see the Internal Audit Charter[25].

[25] Included in the MSG Internal Audit.

2.3 Implementation Criteria

Eni SCIGR Architecture

The Eni SCIGR is composed of a set of rules, procedures and organisational structures aimed at allowing identification, measurement, management and monitoring of major risks and the implementation of controls for achieving the following company objectives:

- safeguarding company assets;
- effectiveness and efficiency of company processes;
- reliability of the information provided to the company bodies and to the market;
- compliance with laws and regulations, By-Laws and the internal regulations.

The SCIGR is organised into the following three internal control levels:

- **First control level**

  identifies, assesses, manages and monitors pertinent risks and identifies and implements specific risk treatment.

- **Second control level**

  monitors major risks in order to ensure their effective and efficient treatment, as well as monitor the adequacy and effectiveness of controls to mitigate major risks. It also provides support to the first level to define and implement adequate management systems for major risks and the relevant controls.

- **Third control level**

  provides independent and objective assurance on the adequacy and operating effectiveness of the first and second control level and in general overall on the Eni SCIGR.

The organisation of the First and Second control level is in line with the size, complexity, specific risk profile and regulatory context where each company works.

The compliance and/or governance MSG, adopted by Eni SpA and the Subsidiaries in relation to compliance to laws or regulations applied to them, define the structure of control levels and identify the functions and/or bodies, which perform the duties related.

The **Third** control level is assured by the Eni SpA Internal Audit Function which, based on a central model[26], performs risk based audits on the overall Eni SCIGR, through monitoring interventions on Eni SpA and the Subsidiaries.

Information Flows

In order to allow Management and the management and control bodies performing their roles in terms of SCIGR, specific information flows have been defined between the control levels and the pertinent management and control bodies, coordinated and adequate in terms of contents and timing.

All of the flows supporting the SCIGR evaluations by the Board go towards the Eni SpA CCR, which performs an adequate inquiry activity and reports the results directly to the Eni SpA Board, as part of its periodic reports and/or by releasing specific opinions. These flows are also transmitted to the Eni SpA BoA for performance of the duties it is assigned by law concerning the SCIGR.

Implementation modalities in Subsidiaries

It is the responsibility of the Board or equivalent body of each Eni Subsidiary to establish and maintain its own SCIGR.

As part of its management and coordination activities for the Subsidiaries, Eni SpA issues and disseminates the Fundamental Guidelines[27], which are mandatory, and the relevant implementation model contained in the MSG SCIGR, which the Subsidiaries must comply with, and establishes an adequate monitoring activity of the relevant adoption within the deadlines required by the Eni Regulatory System.

Without prejudice to the Eni SCIGR reference principles and anything else contained in this paragraph, the Subsidiaries, in compliance with the autonomy and independence which characterises their work and their bodies and/or functions, including by law, shall adopt the most opportune procedures for implementing the SCIGR in line with the dimension, complexity, specific risk profile and the regulatory context where they work.

[26] Eni SpA Internal Audit function audits are not performed on listed companies with their own internal audit monitoring.
[27] The Fundamental Guidelines, contained in chapter 2, are approved by the Eni SpA Board, on a proposal of and after consulting with the Eni SpA CCR.

To comply with the Fundamental Guidelines and the relevant implementation model, contained in the MSG SCIGR, each Subsidiary, inter alia, shall define adequate information flows between the various control levels and to its management and control bodies, to which personnel from Eni SpA or other Subsidiaries must comply with who are assigned with operational assignment at the company.

3. SCIGR FRAMEWORK

3.1. The framework structure

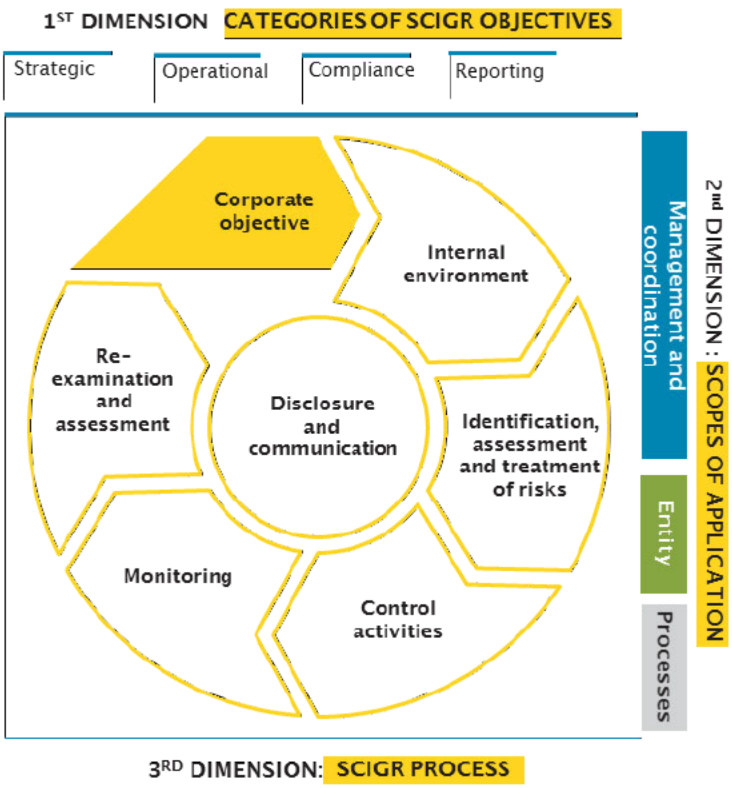
The Eni SCIGR is all the rules, procedures and organizational structures aimed at allowing healthy and correct business practices in line with company objectives defined by the Board, by means of an adequate process for identifying, measuring, managing and monitoring major risks.

Specifically, the Eni SCIGR:

- **involves all of the bodies and resources at all organisation levels,** from the Board to Management and all Eni personnel, each for its own responsibilities and areas of competence;
- promotes **achievement of company objectives;**
- is defined based on the **characteristics** of Eni, in terms of the business model and strategies, portfolio of activities and geographic presence and company structure;
- is **organised based on the specific nature** of the individual company and/or process, in relation to the applicable regulatory framework, dimension and organisational structure, skills and number of people involved.

The figure below shows the Eni SCIGR reference framework which is broken down into 3 dimensions: i) strategic, operations compliance and reporting **objectives of SCIGR** (*I dimension*), ii) **area of application**, management and coordination, entity and processes (*II dimension*), iii) **SCIGR process** (*III dimension*).

SCIGR Framework



There is a close interrelation between the three dimensions. The SCIGR process applies to each category of objectives, and to each area (management and coordination, company and process). Each objective influences the SCIGR process phases in the various ranges of application (for example control activities are defined and implemented to pursue the effectiveness and efficiency objectives of activities related to a specific process).

Each company shall structure its SCIGR based on the objectives defined by the company, in line with its dimension, complexity, specific risk profile and regulatory context where it works, organising the SCIGR based on specific processes present in the company and in compliance with the management and coordination policies defined by Eni SpA.

The **I dimension** represents the view of the SCIGR based on the objectives and correlated risks, which the SCIGR intends to monitor:

- **Strategic Objectives** are set by the Board in the Strategic Plan, in order to guide company management in the long term. Based on the strategic objectives Management structures operations, compliance and reporting objectives for the various levels of the organisation and corporate structure;
- **Operations Objectives** regard the effectiveness and efficiency of company activities (optimisation of production including through the use of new technologies, increase in market share, etc.);
- **Compliance Objectives** regard compliance with laws and regulations, which are applicable to the company. Compliance objectives include objectives of financial disclosure reliability;
- **Reporting Objectives** regard the reliability and punctuality of reporting. They can be related to both financial and non-financial reports and reports distributed inside and outside Eni. External reporting objectives meet regulatory needs (in that case, they are part of the **compliance** objectives) or of Eni stakeholders, while internal reporting objectives support the company management and thus Management in making decisions.

Safeguarding company assets is part of the categories of operations and reporting objectives.

The descriptions found in this MSG apply to all the aforesaid objectives, unless otherwise required by compliance or governance MSG, adopted by Eni SpA and the Subsidiaries in relation to adaptation to laws or regulations applicable to them, which are an integral part of the Eni SCIGR.

The **II dimension** refers to the area of application used as a basis for structuring the SCIGR:

- **Management and coordination** which Eni SpA, as parent company, exercises for the Subsidiaries including in reference to the SCIGR;
- **Entity**, Eni SpA and the Subsidiaries, based on their legal and managerial autonomy, shall establish an adequate and functioning SCIGR under their own responsibility;

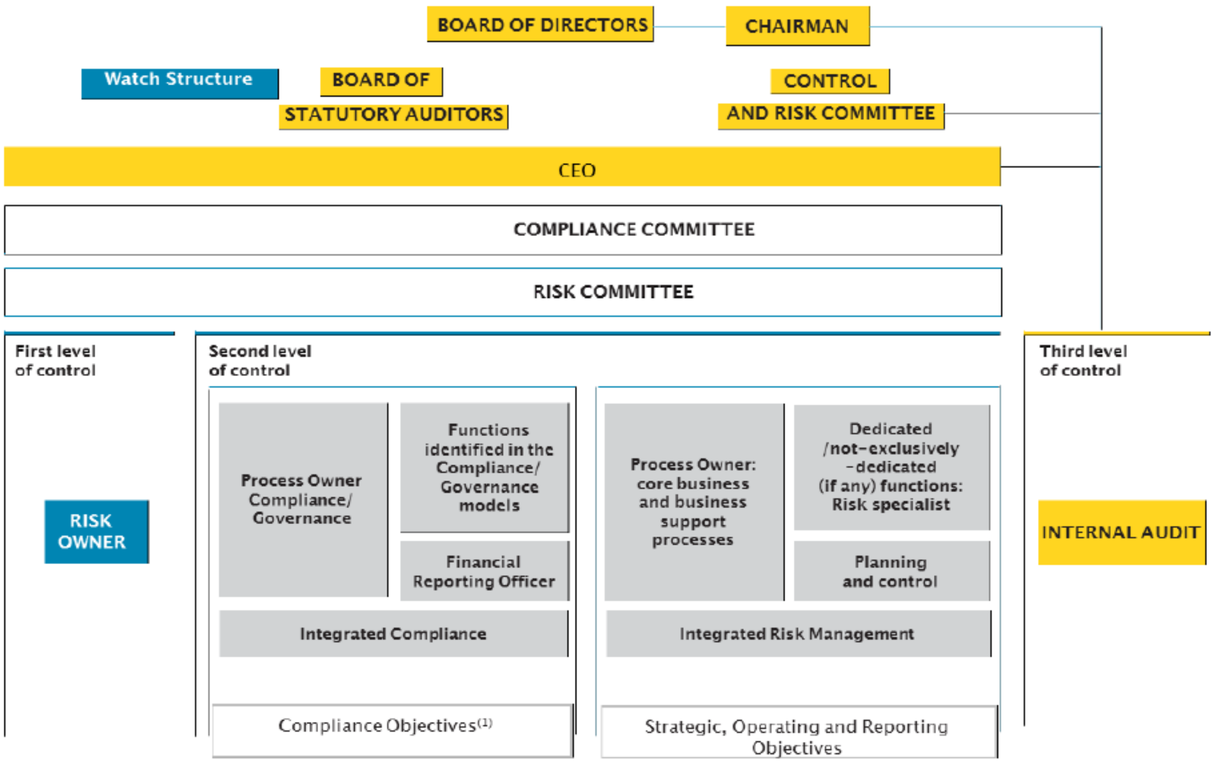
- **Processes** adopted by Eni, used as a basis to organise the SCIGR including based on the nature and objectives of the single process.

The **III dimension** is represented by the SCIGR process and the single phases, which compose it. Based on the company objectives, the following SCIGR process phases are developed: i) definition and implementation of the *Internal environment;* ii) *Identification, assessment and treatment of risks*; *iii*) definition and implementation of *Control activities;* iv) *Monitoring,* v) *Review and evaluation* of the entire system and *vi) Information and communication*. The process is:

- **continuous**, aimed at improving the SCIGR overall and able to influence the definition and achievement of company objectives;
- **integrated** in company activities and in the organisational and governance structure;
- **interactive**, in that the single phases, despite being in logical sequence, can be influenced by the development of each of the other phases so that the value generated by the process is not just the sum of the value generated by the single phases;
- **performed by personnel**, through the activities (and relevant information flow) set up to pursue company objectives;
- **evaluated every six months,** with the exception of unexpected events, which may require extraordinary examination, to ensure its overall adequacy and operation.

The SCIGR players act according to a three level control model as shown in the figure below.

SCIGR Framework



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

Management is responsible for its area of responsibility, for the adequacy and effective functioning of the SCIGR and performs its role on two control levels.

For the **first control level** the Risk Owner is responsible, where pertinent, for the identification, assessment, management and monitoring of risks, as well as the definition, implementation and monitoring over time of the adequacy and effectiveness of the controls set up to monitor them in compliance with the principles contained in the reference process MSG and in the applicable compliance and/or governance MSGs.

The **second control level** monitors major risks and the adequacy and effectiveness of the controls set up to monitor them, supporting the definition and implementation of adequate risk management systems and controls.

For second level control activities, specific roles are assigned to:

- Process Owner (for management and coordination activities of Eni Regulatory System[28]);
- Integrated Risk Management function of Eni SpA as part of the Integrated Risk Management process;
- Integrated Compliance function and other functions responsible for the Compliance Area within the Integrated Compliance process;
- Planning and Control functions;

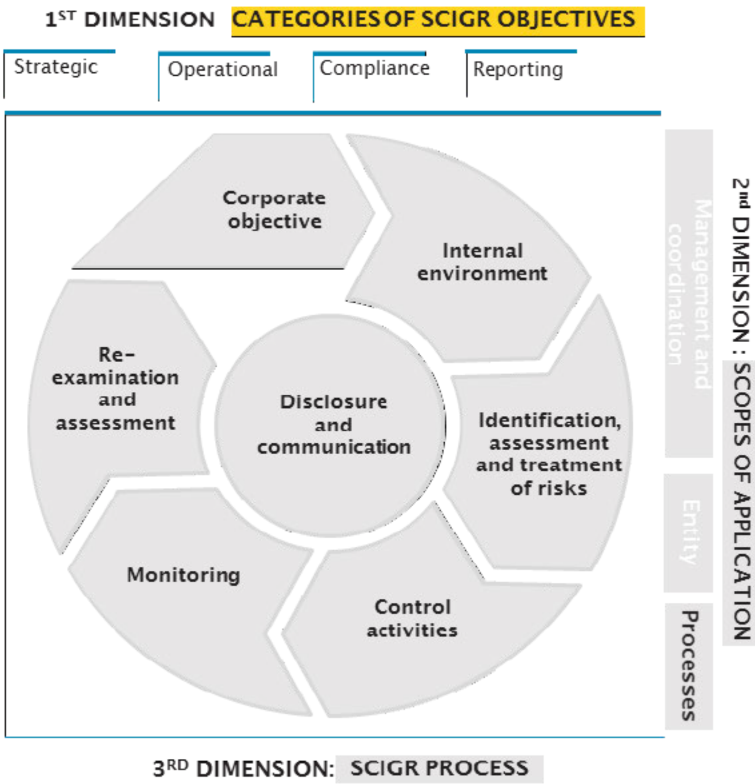
in addition, based on the case and the significance of the risk, dedicated or non-dedicated functions may be identified with duties related to second level activities (so-called *Risk Specialist*)[29].

The SCIGR and the organisation of the first two levels[30] are structured based on the dimension, complexity, specific risk profile and regulatory context where in company works.

The compliance and/or governance MSG, adopted by Eni SpA and the Subsidiaries in relation to adjustment to laws or regulations applied to them, define the structure of control levels and identify the functions and/or bodies, which perform the duties related.

[28] The process owner is responsible for ensuring the adequacy of the design of the MSG of his competence, as well as of the related compliance and governance rules.
[29] Committees established to support the CEO such as the Risk Committee, Compliance Committee, etc. are also part of the second control level.
[30] For the third level see paragraph 2.3.

3.2. SCIGR Objectives (I dimension)



Management defines operations, compliance and reporting objectives of the company in line with strategic objectives defined by the Eni SpA Board and in line with the mission of the company. These objectives defined in this manner reflect the choices Management intends to use to create and preserve value for all reference stakeholders.

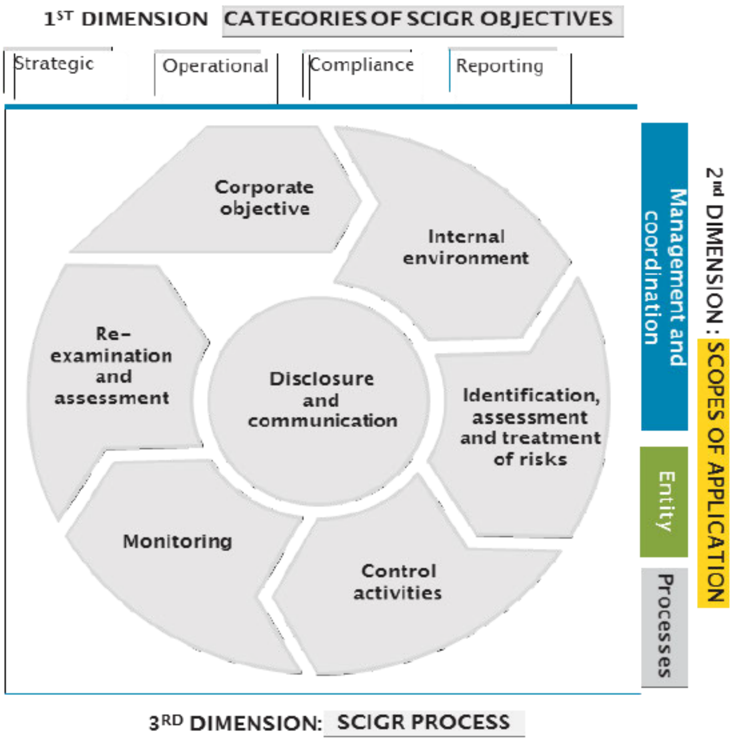
The definition of the objectives is a fundamental prerequisite of the Eni SCIGR and represents a key component of the management process, which starts from a strategic plan. The organisation of objectives, in the various business areas, companies, processes and/or functions is fundamental for the correct identification, assessment and management of risks.

Company objectives are specific, attainable, measureable, adequate and concrete and are communicated to all levels of the organisation. It is fundamental that attainment of the objectives is measured.

SCIGR Framework

The framework of the Eni SCIGR groups the SCIGR objectives into four categories: strategic objectives, operations objectives, compliance objectives and reporting objectives. These categories of objectives, separate but partly overlapping (a certain objective may fall into more than one category), have the aim of making it possible to examine the different aspects of risks taking into consideration interrelations between them at the same time.

3.3. Area of application (II dimension)



The second dimension of the SCIGR is represented by the areas of application used to structure the system:

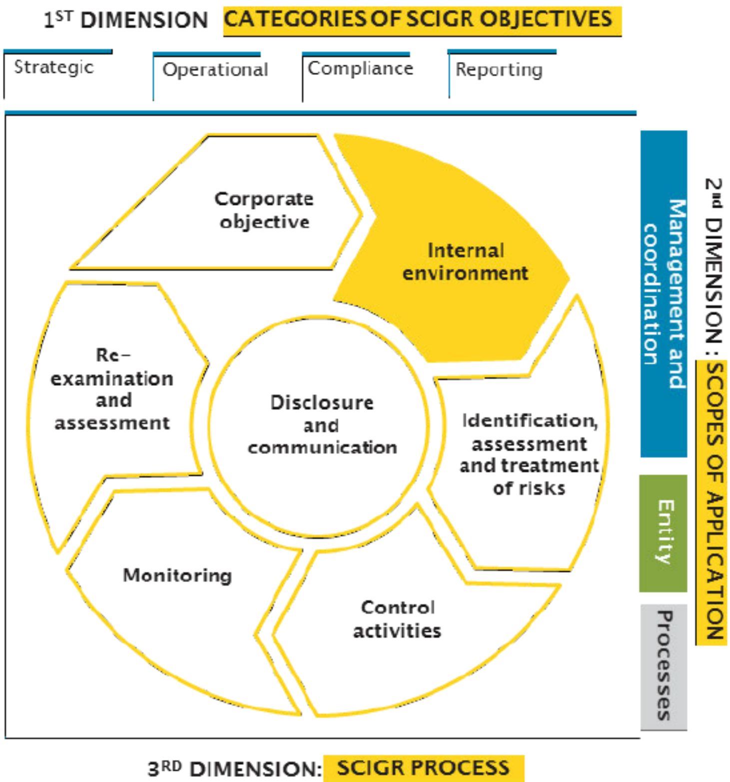
- **Management and coordination –** For the SCIGR, Eni SpA, as parent company defines some rules, procedures and organisational structures for its management and coordination activity for Subsidiaries. The purpose of this is to promote the pursuit of Eni's corporate objectives using an approach aimed at overall uniformity and maximisation of common characteristics including through synergies without prejudice to the principle of correct corporate and business management of the Subsidiary, pursuant to the law on the management and coordination of companies. This approach calls for common and coordinated actions for issues common to Eni companies, adequate information flow from the Subsidiaries to Eni SpA as well as the performance of opportune monitoring activity. The monitoring is aimed at Eni Subsidiary compliance with directives provided related to SCIGR and does not include checking that the SCIGR of each Eni subsidiary is adequate and functioning as a whole.

- **Entity –** The Chief Executive Officer or equivalent figure of each Eni company[31], shall establish an adequate and functioning SCIGR under its own responsibility, in compliance with this MSG and management and coordination policies of Eni SpA, in line with the dimension, complexity, specific risk profile and regulatory context where it works. The SCIGR of each company is an integral part of the Eni SCIGR.
- **Processes** – Eni adopts a **process-based approach**, therefore the SCIGR is also organised based on the nature and objectives of the single process, regardless of the position of the relevant operations within a single Eni company, in order to ensure uniform risk treatment by the different Eni companies which monitor the same risks, to maximise the efficiency of controls and to promote the dissemination of best practices.

[31] Within Eni SpA, those who act as legal representatives, ensure the development, implementation and maintenance of an effective and efficient SCIGR within their area of competence.

3.4. SCIGR Process (III dimension)

3.4.1. Internal environment



The phase entails the definition and implementation of the internal environment, which represents the foundation of the SCIGR and is composed of all the different elements, uniform with each other, which contribute in an integrated manner to determine the environment where Eni personnel work, orienting the activity for the assigned responsibilities, and promoting making decisions aimed at achieving company objectives.

Elements, which compose the Eni SCIGR internal environment, are:

- Board of Directors – the internal environment and company culture are strongly influenced by the Board. The Board identifies, upon indication of the company functions, the expectations of the stakeholders and regulatory requirements to comply with, and based on these defines the objectives the company must pursue and thus where it focusses its supervision. The Board appoints the Chief Executive Officer, or equivalent figure, of the company to manage the activities aimed at pursuing defined objectives, supported by an adequate and functioning SCIGR.

The experience, independence and ethical integrity of the Board members, their level of commitment and supervision in running the company, their strictness in controlling activities as well as the adequacy of actions are significant factors of the internal environment. Therefor the Board represents a critical element for the effectiveness of the SCIGR.

- Ethical principles and conduct standards – the commitment to integrity and ethical values are reflected in all company activities. The Eni Code of Ethics and in general Model 231 of which the Code of Ethics is an integral part, set out the ethical principles and conduct standards defined based on applicable regulations taking into consideration the interests of Eni stakeholders.

  Management promotes behaviour by all Eni personnel in compliance with the Eni ethical principles and conduct standards by communicating and disseminating them to all levels of the organisation, as well as the adoption of conduct always in line with such principles and standards. Specifically, the ethical principles and conduct standards: i) are communicated to Eni personnel and others with whom they have contact; ii) are the subject matter of training initiatives for Eni personnel.

  Eni undertakes opportune corrective actions against conduct ascertained in violation of the defined ethical principles and conduct standards.

- Internal Regulations – these are all of the principles and rules, which guide the performance of activities aimed at pursuing company objectives, management of risks associated with them, control activities and monitoring. Specifically, Management:
  - disseminates principles based on the performance of activities and conduct rules to comply with for performing the same activities;
  - promotes managerial and operating best practices and their continuous improvement;

- guarantee uniformity and standardisation in managing and monitoring process activities and relevant risks;
- defines reference rules aimed at assuring compliance with laws, rules and regulations.

All of these elements are created in the regulatory framework of each company and more in general in the Eni **Regulatory System**.

- Risk management culture – Management adopts a preventive and effective approach for risk management, in line with the **degree of compatibility determined by the Board** of Eni SpA, in order to promote the creation of long-term value for Eni. Management considers risk as an integral part of company activities, from planning until management of operations. Management, in coordination with the Eni SpA Integrated Risk Management function and Eni SpA Integrated Compliance Function or other functions and/or bodies identified by the compliance and/or governance MSG, adopted by Eni SpA and the Subsidiaries in relation to the compliance with applicable laws and regulations, promotes the dissemination of a risk management and compliance culture, including the identification of initiatives that develop the current management systems for major risks.
- Assignment of roles, responsibilities and powers – without prejudice to the duties that the corporate governance system assigns to the Eni bodies and in line with them, the roles and responsibilities related to the planning, performance and control of company activities are assigned, assuring, at the same time, the necessary information flow in compliance with defined hierarchical lines.

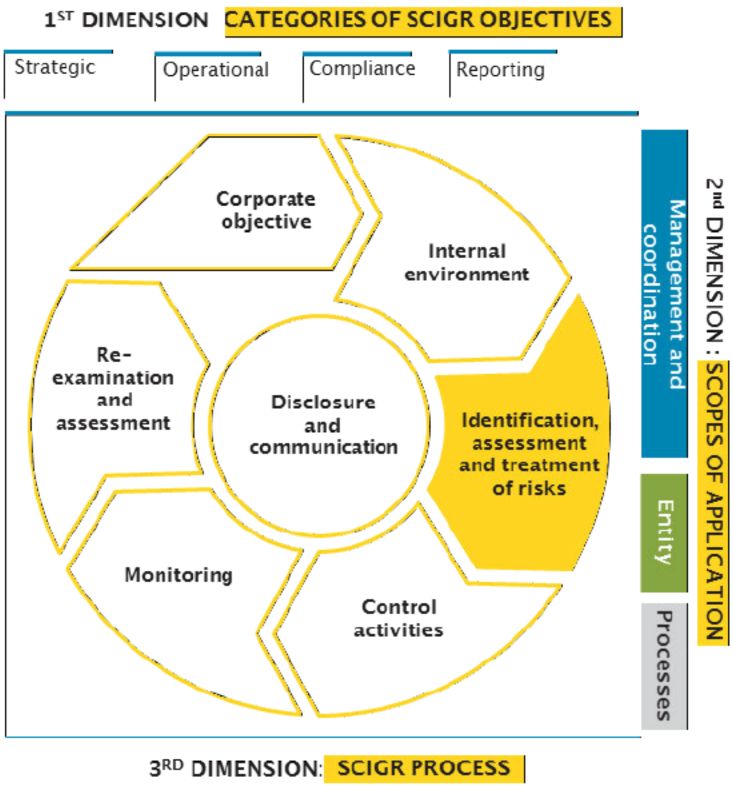
  Roles and responsibilities are defined for the **organisational system**, which also entails the assignment of **delegations of powers** necessary for achieving company objectives.
- Personnel skills – the valorisation of Eni personnel, monitoring and development of skills are fundamental, in general, for achieving company objectives and, specifically for the purposes of the SCIGR. For this purpose, Management, with the support of the pertinent company functions, assures the presence of personnel with skills adequate for meeting company needs, through:

- a transparent and documented **recruitment programme**, based on defined processes and methods and applied equally;
- **training initiatives** for the professional and managerial development of Eni personnel;
- survey of work behaviour, results, professional knowledge, experience and potential of personnel using **assessment systems** appropriate for orienting management and development based on company needs;
- **remuneration systems** aimed at encouraging personnel in line with the assigned levels of responsibility, reference context and acquired professional skills.

The aforesaid elements of the internal environment are integrated in the adopted general organisational and company policy structure. The Regulatory System of Eni SpA and of each Subsidiary govern the characteristics of these elements as well as the procedures for implementing them.

The elements of the internal environment are defined based on company objectives and all the elements which comprise it evolve according to a continuous improvement process, influenced by the various phases of the SCIGR and in particular by the review and evaluation activities of the system.

3.4.2 Risk identification, assessment and treatment



The phase consists in the identification, assessment and analysis of risks for the purposes of defining the best risk treatment actions. These activities are under the responsibility of the Risk Owner, who uses the support of the Planning and Control functions, Eni RMI function, Risk Specialists, where available and the Integrated Compliance functions of Eni SpA.

Risk identification is aimed at identifying and describing the major risks which may affect achievement of the company objectives, broken down into business areas, company, organisational functions, function areas and by processes, where necessary.

The assessment and analysis of risks is aimed at determining the entity of identified risks, which may affect achievement of the objectives and provide information useful for establishing if and with what strategies and modalities it is necessary to start risk treatment. Risk assessment is performed:

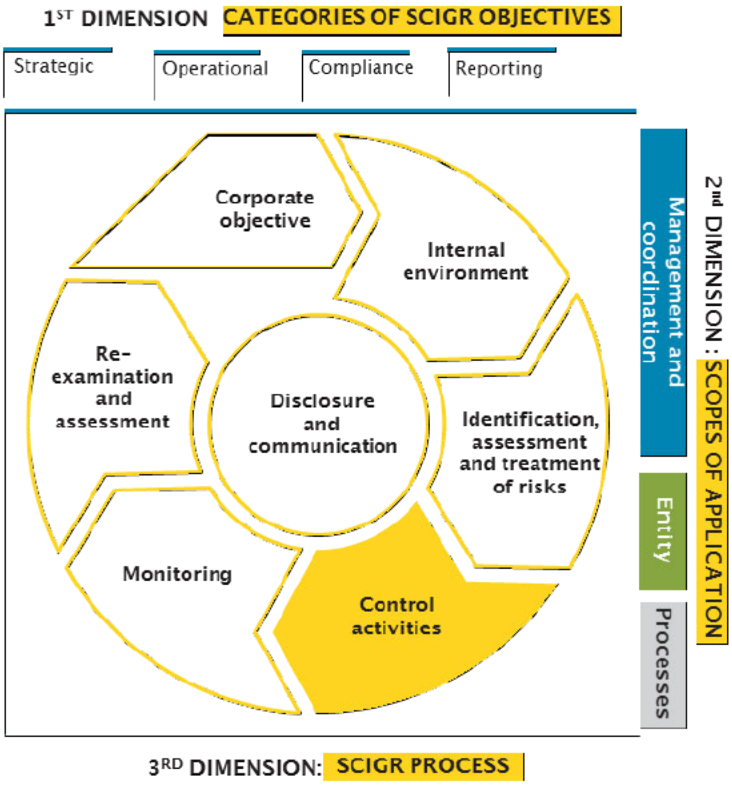
- at **inherent** level, i.e. without actions aimed at mitigating the risk, and at **residual** level considering risk treatment set up to mitigate the risk;
- considering the **impact** or the consequences resulting from occurrence of the risk as well as the **likelihood** that the risk occurs.

In terms of the major risks, correlation analyses are performed for their overall measurement. In general, an **integrated measurement of major risk**, which the company is exposed to, must be assured.

The definition of risk treatment actions involves the identification, based also on a cost-benefits analysis and degree of compatibility defined by the Eni SpA Board, of which risk treatment strategy it wants to undertake against the identified risk from the following: avoid, accept, reduce or share the risk.

The results of the risk identification, assessment and treatment phase allow the Risk Owner to identify the major risks it is responsible for. These risks are used for preparing risk reports aimed at focussing Management's attention in an integrated logic, on areas of high priority risks, existing mitigation activities and on possible risk treatment strategies and priorities to adopt.

3.4.3. Control activities



Control activities are aimed at checking that risk treatment is implemented. Control activities are **integrated in operating activities** totally or partly and are implemented at all organisational levels. They include a set of various operations, such as approvals, authorisations, checks, comparisons, test of operating performance, controls on IT systems, controls to safeguard company assets, separation of duties, etc.

It is **Management's responsibility**, to evaluate the need to establish control activities and define the most suitable performance modalities within the area of its responsibility.

Specifically, the Process Owner, within management and coordination activities performed by Eni SpA for the Subsidiaries, defines the control principles for management of major risks in the specific MSG. The *Risk Owner* identifies, assesses and manages pertinent risks in relation to which it designs and implements specific control activities in order to obtain a reasonable assurance that the risks are mitigated. The *Process Owner* and *Risk Owner* take into account the results of Management's monitoring, as defined in par. 3.4.4, as well as the independent monitoring performed by the Eni SpA Internal Audit Function to evaluate the effectiveness of the controls and identification of any improvement actions to activate.

The control activities must be **adequate** in terms of **design** and be **effectively operating**.

The control activities are defined in relation to the **significance and the type of risk** to mitigate. Generally, control activities are correlated to the complexity and the nature of the managed activities and the specific characteristics of the organisational and/or corporate structure.

For this reason, the control activities are **integrated** in the company processes and defined in order to **mitigate**, where possible, **various risks with the same control activity, avoiding duplications** of controls on the same activities, guaranteeing effectiveness at the same time.

The reliability of the control activity depends on the manner used to implement it, as well as its closeness to the risk in terms of logic and timing: the more the control activity is automated and preventive, the greater is its effectiveness. The choice of a **mix between, preventive and subsequent, manual and automated control activities** is based on a cost benefit analysis. Specifically, without prejudice to ensuring the effectiveness of the control activities, the automated controls are given priority, as they tend to be more reliable, usable, traceable and faster. To ensure the reliability of technologies within company processes, which also include automated controls, the Risk Owner includes adequate monitoring on the operation of electronic controls, with the support of the pertinent ICT functions.

The **segregation of duties and responsibilities** in implemented in relation to the nature of the business, the degree and sort of associated risk, in order to avoid any organisational inefficiency, especially in case of lean organisational structures. If segregation cannot be implemented suitable controls must be defined and implemented aimed at reducing the risk generated from the lack of segregation to an acceptable level.

For risks to be mitigated the controls must be implemented and all Eni personnel shall guarantee their operation, in terms of their responsibility. To this end, all Eni personnel shall promptly intervene to undertake all the necessary corrective actions aimed at making the controls operative if they find a malfunction or inadequate effectiveness.

Q&A – Control activity

How can one understand when it is necessary to set up a control?

Setting up a control should be evaluated when a risk has been detected within the activity, which needs to be mitigated.

The control is defined and implemented in order to ensure that the risk mitigation action is implemented. Thus, to identify the control to implement it is necessary to:

- identify and assess the risk present in the specific activity;
- identify the risk treatment necessary to mitigate the identified risk;
- identify the control and the relevant implementation modalities to assure that the required risk treatment is adequate and operating.

How is a control activity defined?

An adequate definition of the control activities requires identification of:

- what needs to be controlled;
- the purposes for which the control needs to be performed (i.e. the risk to mitigate);
- the person responsible for performing the control;
- the most efficient operational modalities for performing the control with an appropriate degree of detail (e.g. data and/or information and support IT systems);
- the frequency at which the control needs to be performed (e.g. per event, daily, monthly, etc.);
- modalities for ensuring traceability of the control activity.

Why is a preventive control more effective than a detective control?

A preventive control is preferable since it is designed to prevent an error and/or a fraud at the time the activity is set up. A detective control is designed to identify an error and/or a fraud after the activity is set up; in this case, it is essential that actions are undertaken to correct the error, but even if in some cases, the negative consequences of the error and/or fraud cannot always be eliminated.

How are the controls structured at different organisational levels?

The controls which are performed at more than one level of the company organisational structure are controls which cover many more risks, these include analysis of performance compared to the budget or analysis of variances (for example variations in purchase prices, percentage variations of orders and margin variation); in the event of deviations the necessary actions to undertake are identified.

The controls performed at a lower level of the organisational structure are controls aimed at monitoring a single risk, for example controls aimed at checking the correct drafting of single contracts.

How can one understand if a control is effective?

To evaluate if a control is effective it is necessary to understand how much the control is able to mitigate the risk it is associated to. Specifically, it is necessary to verify the produced effect in terms of reduction of the potential impact and likelihood that the at risk event will occur.

Therefore, to verify the correct functioning of a control it is necessary to verify:

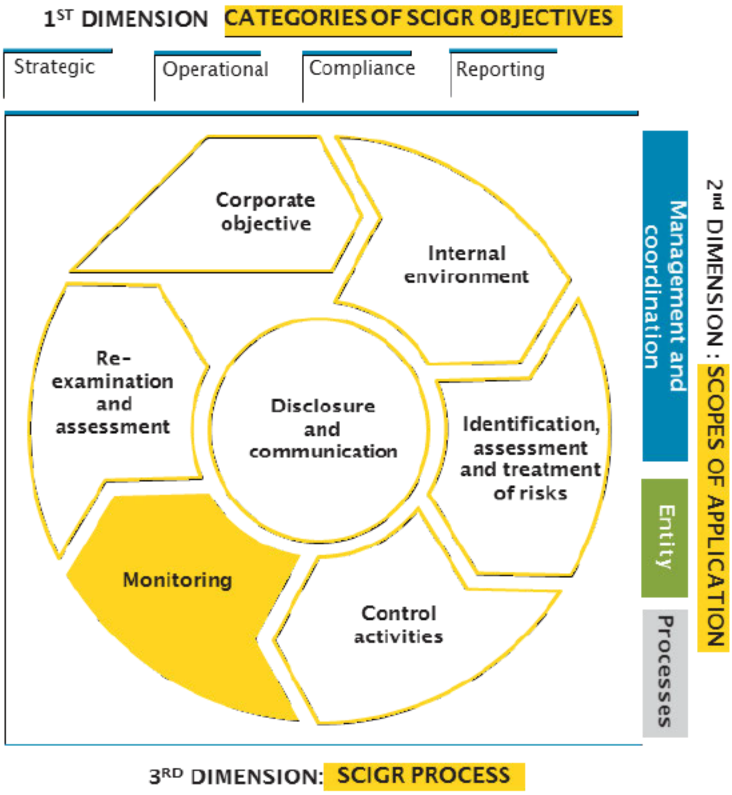
- the specific case and the significance of the risk to be mitigated with the control;
- the procedures used to perform the control;
- the reliability of the information the control is based on;
- the frequency at which the control is performed;
- the completeness of the period covered by the control;
- the expertise and experience of the personnel performing the control (if manual);
- the reliability of the system used to perform the control (if automated).

How can one understand if a control is efficient?

To evaluate the efficiency of controls it is opportune to calculate the cost (not just in terms of necessary resources, but also the impact on the speed of decision making processes and time-to-market) necessary to perform the control and compare it with its benefits (in terms of mitigation of the risk or reduction of the potential impact and likelihood of the risk occurring. Generally, if the cost resulting from performance of the control is less than the benefits resulting from reduction of the risks, the control can be considered efficient. However, it is always necessary to work for a continuous improvement of controls including reducing, as much as possible, the control cost of controls, without jeopardising effectiveness (for example avoiding duplication of controls, using the same control for more than one risk, etc.).

If, instead, the benefits expected from the control are lower than the cost of the control, alternative solutions need to be found such as identification of different control performance modalities (automated controls instead of manual ones) or different controls, using, where possible, the same control to cover various risks.

3.4.4. Monitoring



The SCIGR is subject to changes based on factors inside and outside the company. Controls and/or risk treatment, which were effective in the past, may turn out to be insufficient and no longer applied and/or applicable.

Monitoring is aimed at ensuring that the SCIGR is adequate and functioning over time. Monitoring is all the activities aimed at verifying that the overall SCIGR and in the single phases, is effectively designed and operating; it entails a continuous supervision activity and/or evaluations of a specific nature performed periodically. The area and frequency of monitoring activities depends on the significance of the risks and effectiveness of risk treatment and controls set up to mitigate them.

The results of monitoring are fundamental for the purposes of Review and evaluation of the SCIGR. If the results of the monitoring show potential or real inadequacy of the SCIGR, ineffective functioning or the need to improve it to better monitor risks, these results need to be promptly communicated to the people responsible for identifying and creating the necessary corrective actions. Management identifies the common corrective actions and coordinates, where two or more areas are involved, assuring promotion of the experience within the various Eni companies. Specifically, corrective actions are set up in a pervasive manner even where areas of improvement have not been found, but the risk of occurrence can be recognised.

Monitoring is divided into: i) Management monitoring (*ongoing evaluations*) and ii) independent monitoring (*separate evaluations*).

Management Monitoring

This is all the activities aimed at verifying over time *i)* the correct identification and evolution of risks *ii)* the correct treatment of risks, as well as the adequacy and functioning of controls set up to mitigate them.

The monitoring is performed by Management and, specifically, by the Process Owner (who, for management and coordination of the Eni Regulatory System, ensures the adequacy of the process design, including the control principles, by creating and updating the MSG), the Risk Owner and Risk Specialist, if available, of the Planning and Control functions, Integrated Risk Management function of Eni SpA and Integrated Compliance function of Eni SpA, as well as by functions and/or bodies identified by the compliance and/or governance MSGs, adopted by Eni SpA and the Subsidiaries in relation to the adaptation of applicable laws or regulations[32].

Monitoring can be performed continuously or with specific periodic evaluations. Monitoring is **integrated in the operating activity**, it is performed based on the type of risks to monitor and their significance and with a **frequency** which is higher: i) the greater the internal and/or external occurring changes, ii) the fewer the controls set up to monitor the risks and/or iii) the greater the improvement areas found by the monitoring activity. The

[32] Committees established to support the CEO such as the Risk Committee, Compliance Committee, etc. are also part of this control level.

contents, frequency and modalities of monitoring activities are expressly defined within the framework of company regulations, which govern the activities and controls.

Where possible Management ensures that monitoring is performed in a **structured manner and according to uniform criteria** and by personnel in possession of sufficient expertise and professional experience to understand the elements subject to monitoring and the implications of the information resulting from the monitoring; in addition, Management assures that **monitoring performed for different purposes is implemented**, where possible, **in an integrated manner**.

Monitoring is documented in order to ensure its traceability, as well as the repeatability of the data.

Independent monitoring by the Eni SpA Internal Audit function

The Eni SpA Internal Audit function performs independent monitoring activity by verifying the overall adequacy and functioning of the Eni SCIGR and/or specific company processes, including the effectiveness and actual operation of monitoring performed by Management. For more information on the objectives, scope, activities, roles and responsibilities of the Eni SpA Internal Audit function see the Internal Audit Charter, included in the Internal Audit MSG.

The Eni SpA Internal Audit function provides the Eni SpA CEO, the Chairman of the Eni SpA Board, administration, control and supervisory bodies and Management with checks, analyses, evaluations and recommendations on the design and functioning of the Eni SCIGR in order to promote its effectiveness and efficiency.

The audits are performed by the Internal Audit function of Eni SpA based on an **Annual Audit Plan** defined taking into account the significance and coverage criteria of major Eni risks (so-called "top-down, risk based"). The Head of the Eni SpA Internal Audit function activates other unplanned audit activities when requested by the Eni SpA Board, the Chairman of the Eni SpA Board, the CEO of Eni SpA, the Eni SpA CCR, the CS of Eni SpA, the Eni SpA WS, the persons reporting directly to the Eni SpA CEO, the CEO of subsidiaries with strategic relevance, or based on his specific evaluations of opportunity.

The results of each audit are reported in **Internal Audit Reports** that contain the following: i) summary evaluation of the Internal Control and Risk Management System referred to the audited areas/processes, ii) description of the identified findings and limitations encountered, as well as iii) the issued recommendations, based on which, Management prepares a corrective actions plan.

The summary evaluation, reported in the Internal Audit Reports by the audit team, as is based on the knowledge and evidence acquired during the audit and on their professional judgment, may be affected by the inherent limitations related thereto; Management, in order to have a a complete picture of SCIGR, as regards to its own competence integrate that evaluation with the results of its own monitoring activity.

The Eni SpA Internal Audit function also performs supervisory activity on behalf of the Eni SpA WS and the supervisory activities foreseen by the Compliance Model regarding corporate responsibilities for foreign subsidiaries of Eni. If the audits involve processes and/or sub-processes of Italian subsidiaries, these audits can be considered as an integration, but not a replacement, of the compliance activities that the Watch Structure of the Subsidiary must perform based on Model 231 of the company.

In performing the monitoring required by compliance and/or governance MSG, adopted by Eni SpA and the Subsidiaries in relation to adaptation to applicable laws and regulations, the Eni SpA Internal Audit function ensures that it is integrated, where possible, in the internal audit activities required by the plan with the aim of obtaining possible synergies, avoiding duplications and making the performed activities more efficient.

The Eni SpA Internal Audit function monitors the implementation of corrective actions, defined according to incremental intervention modalities and in line with the critical points in the summary evaluation.

Q&A – Monitoring

What modalities can be used to perform Management monitoring?

Management monitoring can be performed by **directly verifying the control**. The audit techniques, listed in increasing order of reliability are:

- information requests to the person responsible for the control or other people in possession of such information. The request alone is not enough for providing evidence of the operating effectiveness of the control. For this reason, this technique shall not be utilized alone and it shall be associated with one or more of the techniques described below;
- observation of control execution: consists of observing how the control activity is performed. This test technique does not allow for, on its own, the assessment of control operating effectiveness and therefore must be done together with another technique;
- inspection: collection and examination of elements that document the control performed following the established procedures;
- repeating the control: repeating all the steps for the control on a sample of the transactions.

Management monitoring can be performed **indirectly** by checks performed during normal business activity (e.g. management control and quality control) aimed at finding information (e.g. performance indicators and reports on exceptions) potentially able to identify a shortcoming in control activity operation.

How are the best monitoring modalities selected?

The modalities for performing monitoring in terms of monitoring frequency and technique to adopt are defined based on the elements indicated below:

- significance of the risk subject to control;
- the nature of the transactions subject to control (e.g. evaluation and estimates);

- the nature of the control (e.g. preventative/detective, manual/automated) and their frequency (e.g. annual controls);
- complexity of the control performance modalities;
- lack of objectivity for the control;
- competence of the personnel that carries out the control or monitors it;
- changes to the volume or nature of the transactions;
- level at which correct functioning of the control the control relies on other controls (e.g. general computer controls);
- results of previous controls or monitoring;
- existence or lack of elements of the internal environment connected to the control and results of relevant evaluations;
- possible synergies with other monitoring activities.

What evaluations need to be performed in the event of malfunction of the controls?

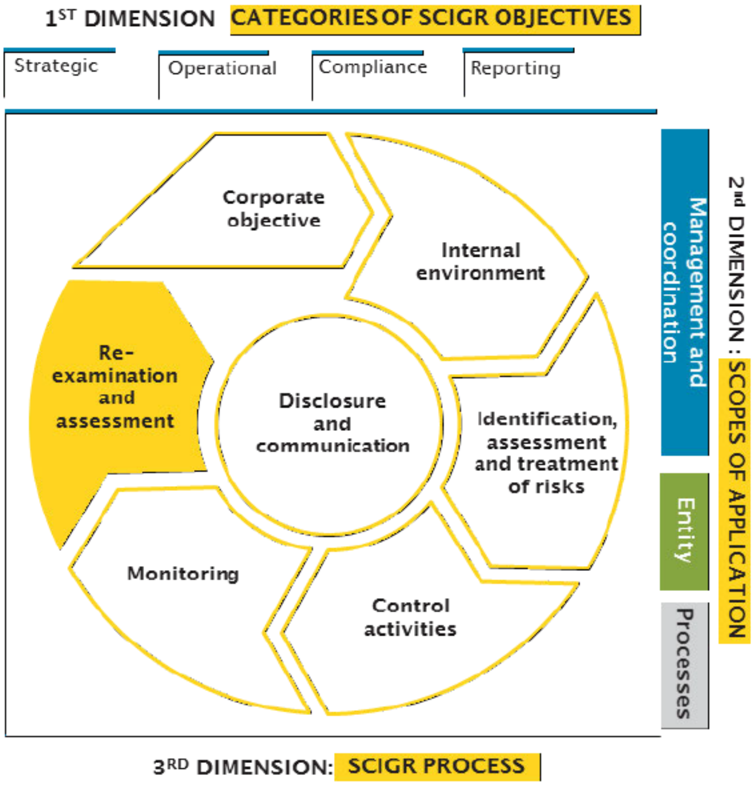
If monitoring reveals improvement areas for controls Management must identify the actions to undertake in the situation where these areas were identified. However, Management must evaluate whether to extend the corrective actions to all areas, which could have the same problems.

What types of corrective actions may be undertaken if SCIGR improvement areas are identified?

Corrective actions must be defined taking into account the results of monitoring and/or any other information received on control malfunctioning. Corrective action must be defined based on the principle of a balance between effectiveness and efficiency. The corrective actions, which may be adopted, are for example organisational changes, changes or implementation of IT systems, changes or formalisation of internal regulations, introduction of controls, etc.

For a corrective action to be considered complete Management must ensure not only the definition of a new control and/or change of an existing one (adequacy of the design) but also its operating effectiveness.

3.4.5. Review and evaluation



Review and evaluation, which completes the SCIGR process, involves a structured analysis of the evidence from the monitoring activity performed on the SCIGR (including those from external sources, including the external auditors) for the purposes of evaluating its adequacy and functioning and possible improvement initiatives.

For Eni SpA it consists of a **review** and **evaluation** of the SCIGR by Management, where pertinent, in order to guarantee its continuous improvement and to provide the Eni SpA Board with the elements necessary for expressing an **evaluation** on the overall adequacy and effectiveness of the Eni SCIGR.

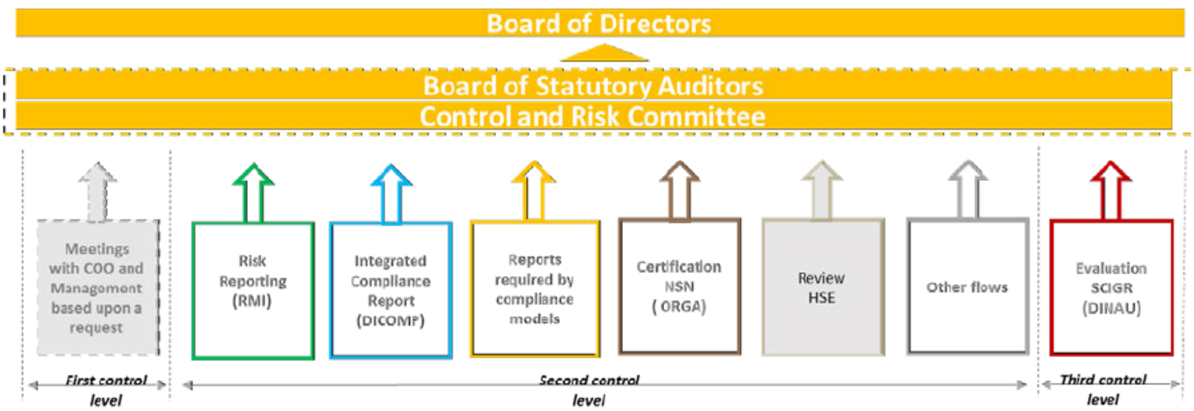
On a six-monthly basis, with the exception of extraordinary events, which indicate a different frequency, the Eni SpA Board, subject to approval of the Eni SpA CCR, evaluates

SCIGR Framework

the overall adequacy of the Eni SCIGR, compared to the Eni characteristics and undertaken risk profile and compatible with company objectives, as well as its effectiveness.

The Eni SpA Board's evaluation model is based on specific information flows and reporting by Management, organised into various levels and structured to provide the Eni SpA Board, at the appropriate times, evaluation elements necessary for effectively expressing a periodic evaluation on the adequacy and effectiveness of the Eni SCIGR.

All of the flows supporting the SCIGR evaluations by the Eni SpA Board go towards the Eni SpA CCR, which performs an adequate inquiry activity and reports the results directly to the Eni SpA Board, as part of its periodic reports and/or by releasing specific opinions accompanied by the received documentation. These flows are also transmitted to the Eni SpA BoA for performance of the duties it is assigned by law concerning the SCIGR.



The information flows addressed to the Eni SpA CCR for the purposes of performing an adequate investigation activity of the results reports directly to the Eni SpA Board, are ensured by three control levels:

- First control level
  - meetings with the Heads of the Business Areas and Management, based upon a request from Eni SpA CCR and/or BoA, where: i) a description is provided of the main actions undertaken for the results of the Management monitoring activities and/or, where existing, independent monitoring by the Eni SpA Internal Audit

function, the status of their implementation and any other identified improvement initiatives of the SCIGR; ii) information is provided on specific SCIGR aspects referred to pertinent activities if requested.

- Second control level
  - reports required by compliance and/or governance MSG, adopted by Eni SpA in relation to adaptation to applicable laws or regulations;
  - Integrated Compliance Reports;
  - reporting on risks by Integrated Risk Management;
  - certification of adequacy expressed by the various Process Owners;
  - review of the HSE model;
  - other flows defined within the framework of the process MSG.
- Third control level
  - overall evaluation of the SCIGR by the Eni SpA Internal Audit function.

The flows are aligned by time compared to the evaluation times of the SCIGR by the Eni SpA Board and in line with the contents. For this purpose, the Eni SpA Internal Audit function, for its role regarding SCIGR matters, provides support to the management and control bodies regarding the analysis and summarised representation of the main SCIGR aspects shown in these flows, in time to permit their periodic evaluations.

This evaluation process on the adequacy and effectiveness of the SCIGR is mainly based on the results of monitoring performed by: i) the Eni SpA Internal Audit function on the Eni SCIGR as a whole; ii) the Integrated Compliance function and other functions responsible for the Compliance Areas; iii) the Integrated Risk Management function; iv) the Management in their respective areas of responsibility; v) the functions and/or bodies identified by compliance and/or governance MSG, adopted by Eni SpA in relation to adaptation to applicable laws or regulations.

In addition, for the same purpose and upon request of the Eni SpA CCR and BoA, meetings are held with the Heads of the Business Areas and Management for specific examination of the functioning of the SCIGR in their respective areas of responsibility.

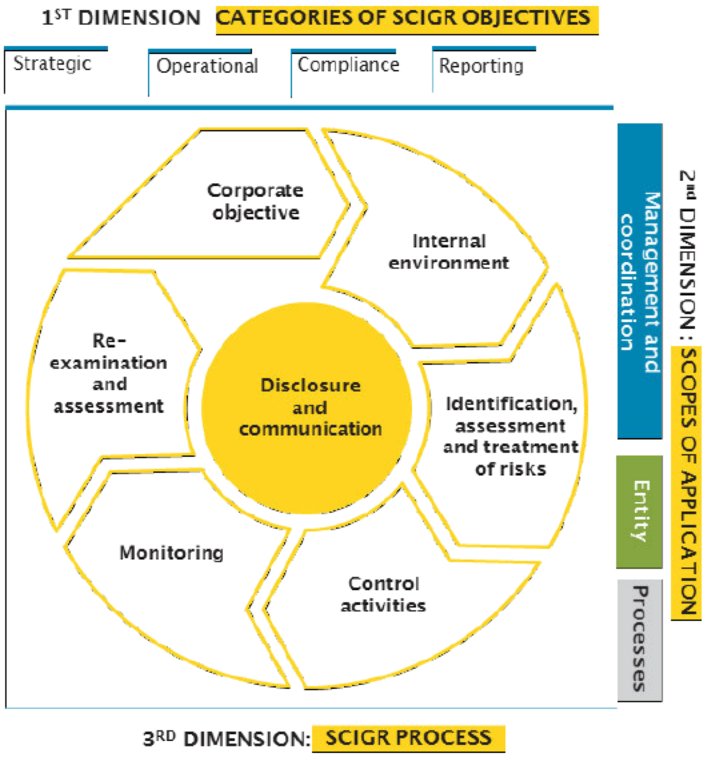
The information flow shows, where present, the main areas of improvement regarding the pertinent SCIGR and the actions undertaken and/or to undertake, with indication of the manager and relevant implementation times.

The activation modalities and times of these flows are included in the reference MSGs.

For the Subsidiaries, Management performs the **review and evaluation** of the SCIGR, where responsible, which consists of an analysis of the evidence resulting from Management monitoring activities and/or independent monitoring by the Eni SpA Internal Audit function, where existing, in order to: i) check the main actions undertaken and their implementation status, and ii) identify any other improvement initiatives of the SCIGR.

The CEO, or equivalent figure, of the subsidiary reports to his Board, or equivalent body, for the disclosure on exercising of granted powers regarding the SCIGR and the status of the adoption and implementation of the MSGs, as required by the Regulatory System MSG.

3.4.6. Information and Communication



Information flow is fundamental for allowing compliance with SCIGR-related responsibilities and thus for pursuing the relevant objectives. The **information** received, used or sent must be pertinent, in relation to the specific use, clear, timely, accurate, accessible, true and complete, and where possible, defined using uniform language.

The IT systems, considered as personnel, processes and technologies, support the collection of internal and external information and the relevant processing in order to provide the information necessary for responsibilities to be met. Priority must be given to the use of integrated technologies not only to ensure adequate information, but also to provide information, which is also more accessible and timely.

Each person is provided the information (**communication**) necessary for fulfilling their responsibilities as well as information significant for correct functioning and adequacy of the SCIGR.

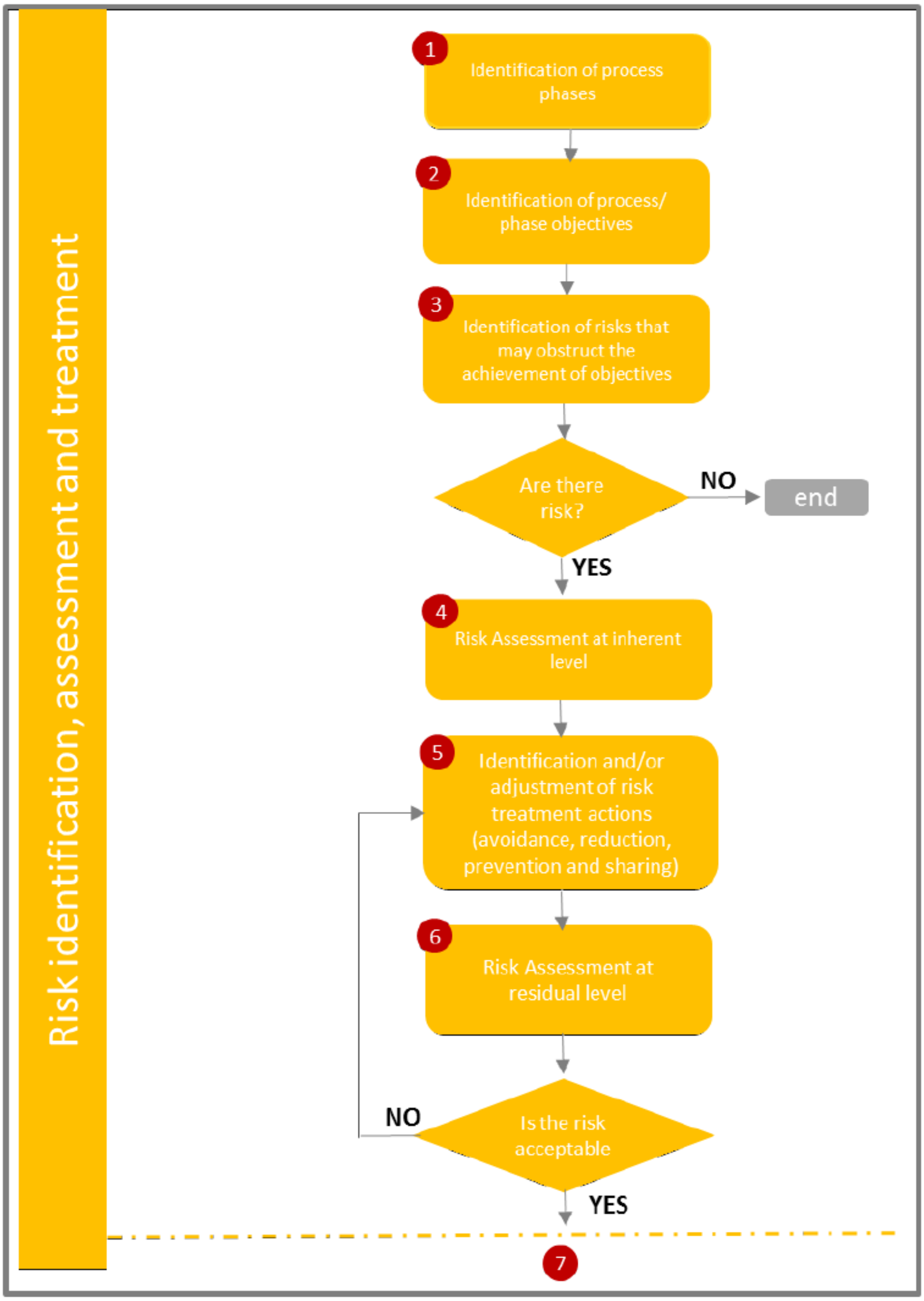
4. OPERATIONAL STEPS FOR SCIGR IMPLEMENTATION, MONITORING AND REVIEW

The following figure shows the operational steps which Management sets up for implementation, monitoring and review of the SCIGR so that it is adequate and functioning over time.

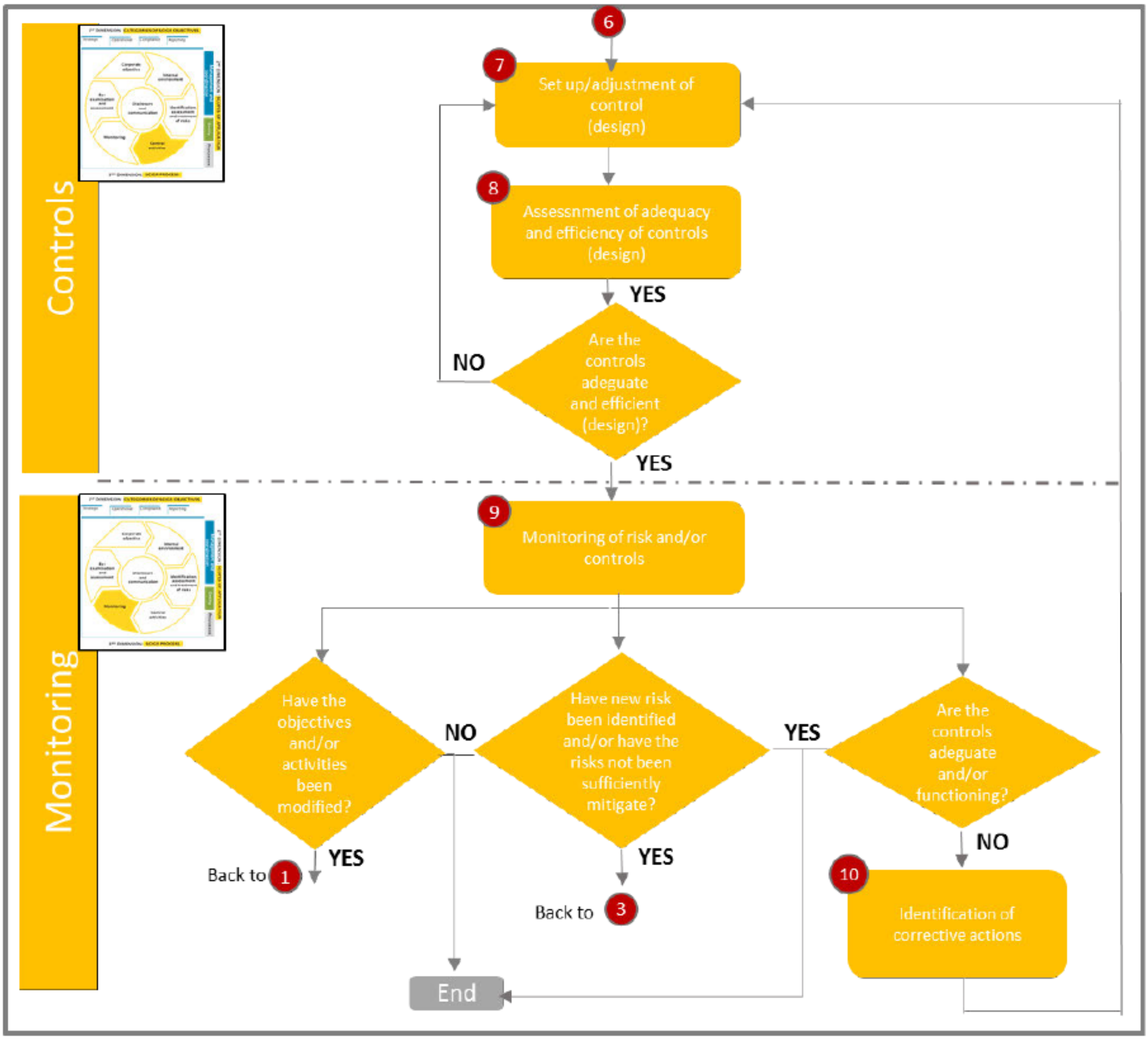
These operational steps are an integral part of normal company activities; however it is opportune that they be implemented for events, which may have an impact on the level of SCIGR adequacy and functioning, for example:

- changes in applicable regulations;
- introduction and/or changes in technologies and/or IT systems;
- significant acquisitions or disposals;
- change of the business model, activity and/or products;
- company reorganisations;
- significant changes in top management;
- events which have direct impacts on the company, supply chain and/or business partners.

Operational Steps for SCIGR Implementation, Monitoring and Review



Operational Steps for SCIGR Implementation, Monitoring and Review



5. DEFINITIONS, ABBREVIATIONS AND ACRONYMS

For the purposes of this MSG definitions are as follows:

TRANSPARENCY (of the information): the disclosure that has the characteristics of clarity and completeness such as to induce informed investment decisions by investors. The information is considered clear if it facilitates the understanding of complex aspects of the business reality, without however becoming excessive and superfluous;

AREA: all business lines and business support functions of Eni SpA as well as Versalis and Eni Gas e Luce;

RELIABILITY: (of the information): the information that has the characteristics of correctness and compliance with generally accepted accounting principles and has the requirements required by the laws and regulations applied;

COMPLIANCE: compliance with specific local and/or international provisions and regulations, issued by the legislator, by sector authorities, by certification bodies, as well as by internal company regulatory instruments;

CONTROLS: identifies control activities and components of the internal environment;

AUTOMATED CONTROLS: the specific controls effected by the information system in carrying out certain actions; contrasts with manual controls (e.g. automated reconciliations, pre-defined data lists, data coherence controls);

MANUAL CONTROLS: controls carried out manually or using office applications (as opposed to automated controls);

PREVENTIVE CONTROLS: controls designed to prevent undesired event or result (as opposed to subsequent controls);

SUBSEQUENT CONTROLS: controls designed to identify ex post undesired events or results (as opposed to preventive controls);

RISK MANAGEMENT: intended as all the coordinated activities, methods and resources set up to allow the identification, assessment and analysis of company risks, adoption of risk treatment and related monitoring and reporting;

Definitions, abbreviations and acronyms

DEGREE OF COMPATIBILITY: level of compatibility of the major risks, determined by the Eni SpA Board, in relation to management of a company in line with the identified strategic objectives;

RISK IMPACT: result, effect or consequence that the occurrence of an event would determine in a given period (e.g. economic-financial effects such as increases in costs or reduction of revenues, etc.). An event may have several consequences, which may be positive or negative compared to the predicted or predictable situation. The consequences can be expressed quantitatively or qualitatively;

MODEL 231: Organisation, Management and Control Model of Eni SpA (in accordance with Legislative Decree 231 of 2001) approved by the Eni SpA Board or by the Board or equivalent body of the Italian Subsidiary;

ENI PERSONNEL: directors, officers, members of the company bodies, Management and employees of Eni;

ENI'S STRATEGIC PLAN: Eni document, which contains the strategic objectives, drafted by the function responsible for Eni planning and control and approved by the Eni SpA Board;

MAJOR RISKS: potential events, the occurrence of which might influence the achievement of Eni objectives and affect the company's value;

KEY SUBSIDIARIES: subsidiaries identified as such according to the resolution with which the Eni SpA Board exclusively reserved certain subjects;

RISK PROFILE: intended as all of the identified major risks, assessed based on specific criteria (likelihood and impact cluster), prioritised based on level (or scoring) and indicated graphically on a matrix. It can be represented at Eni level and Business Area;

RISK: a potential event the occurrence of which may influence the achievement of company objectives;

INHERENT RISK: represents the level of risk determined not taking into account the existence of effective operation of specific control actions and techniques aimed at eliminating the risk or reducing it;

RESIDUAL RISK: represents the level of risk determined taking into account already existing mitigation actions.