governance

Integrity and transparency are the principles that have inspired Eni in designing its corporate governance system[1], a key pillar of the Company's business model. The governance system, flanking our business strategy, is intended to support the relationship of trust between Eni and its stakeholders and to help achieve our business goals, creating sustainable value for the long term. Eni is committed to building a corporate governance system founded on excellence in our open dialogue with the market and all our stakeholders.
Ongoing, transparent communication with stakeholders is an essential tool for understanding their needs. It is part of our efforts to ensure the effective exercise of shareholder rights. With this in mind, between 2013 and 2014, Eni's Chairman held a cycle of meetings with institutional investors and leading proxy advisors in Europe and the United States to foster a comprehensive understanding of the Company's governance system, including in relation to the various regulatory systems.
In its corporate and governance decisions, such as the adoption of the recommendations of the Corporate Governance Code of Italian listed companies, the Eni Board of Directors ensures the transparency of its actions, which must be explained and documented in a timely manner to enable easy comprehension and evaluation.

The Eni corporate governance structure

Eni's Corporate Governance structure is based on the traditional Italian model, which – without prejudice to the role of the Shareholders' Meeting – assigns the management of the Company to the Board of Directors, supervisory functions to the Board of Statutory Auditors and statutory auditing to the Audit Firm.
Eni's Board of Directors and Board of Statutory Auditors, and their respective Chairmen, are elected by the Shareholders' Meeting using a slate voting mechanism. Three directors and two statutory auditors, including the Chairman of the Board of Statutory Auditors, are elected by non-controlling shareholders, thereby giving minority shareholders a larger number of representatives than that provided for under law. The number of independent directors provided for in the Eni By-laws is also greater than the number required by law.
In May 2014, the end of the terms of the corporate boards led to a major renewal of the Board of Directors and the Board of Statutory Auditors. In deciding the composition of the Board of Directors, the Shareholders' Meeting was able to take account of the guidance provided to investors by the previous Board with regard to diversity, professionalism, management experience and international representation. The outcome was a balanced and diversified Board of Directors, one that also exceeds statutory mandates on gender diversity.
Following the election, the number of independent directors on the Board of Directors (7[2] of the 9 serving directors, of whom 8 are non-executive directors) was still greater than the number provided for in the By-laws and in the Corporate Governance Code, and exceeded the average for Italian listed companies.
The Board of Directors appointed a Chief Executive Officer and established four internal committees with advisory and recommendation functions: the Control and Risk Committee[3], the Compensation Committee[4], the Nomination Committee and, from May 9, 2014, the

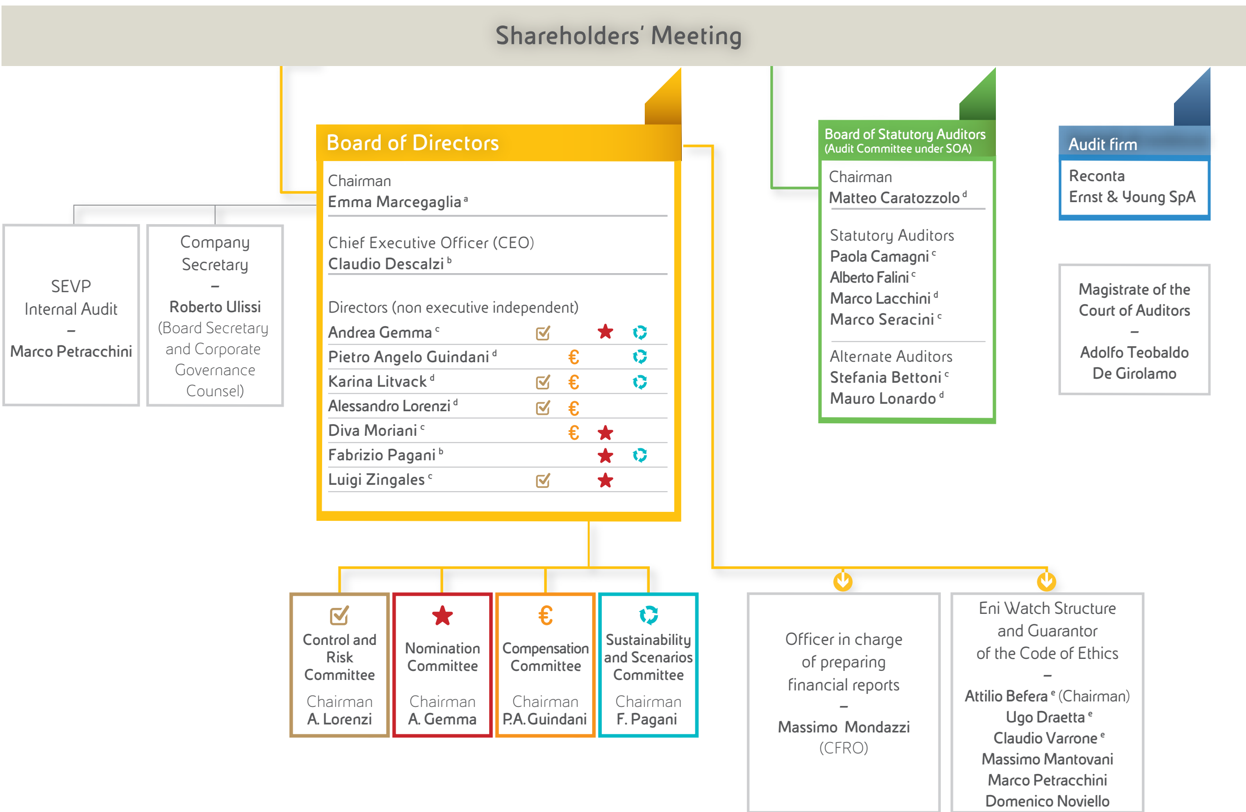
(1) For more detailed information on the Eni corporate governance system, please see the Report on corporate governance and ownership structure, which is published on the Company's website in the Governance section.

(2) Independence as defined by applicable law, to which the Eni By-laws refer. Under the Corporate Governance Code, 6 of the 9 serving directors are independent.

(3) As regards the composition of the Control and Risk Committee, Eni requires that at least two members shall have appropriate experience with accounting, financial or risk management issues, exceeding the requirements of the Corporate Governance Code, which recommends only one such member.

(4) The rules of the Compensation Committee require that at least one member shall have adequate expertise and experience in finance or compensation policies. These qualifications are assessed by the Board of Directors at the time of appointment.

Sustainability and Scenarios Committee, which replaced the Oil-Gas Energy Committee. All the committees report on the main issues they address at each meeting of the Board of Directors. More specifically, the Board of Directors created the Sustainability and Scenarios Committee to strengthen the attention devoted to sustainability issues.
The Board of Directors has also given the Chairman a major role in internal controls, with specific regard to the Internal Audit unit. The Chairman proposes the appointment and remuneration of its head and the resources available to it, and also directly manages relations with the unit on behalf of the Board of Directors (without prejudice to the unit's functional reporting to the Control and Risk Committee and the Chief Executive Officer, as the director responsible for the internal control and risk management system).
Finally, the Board of Directors, acting on a recommendation of the Chairman, appointed a Secretary, who was also designated the Corporate Governance Counsel, charged with providing assistance and advice to the Board of Directors and the directors, reporting annually to the Board of Directors on the functioning of Eni's corporate governance system. In view of this role, the Secretary must meet appropriate independence requirements and reports to the Board of Directors itself and, on its behalf, to the Chairman.
Until May 8, 2014 the members of the (i) Board of Directors were: Giuseppe Recchi (Chairman), Paolo Scaroni (Chief Executive Officer), Carlo Cesare Gatto, Alessandro Lorenzi, Paolo Marchioni, Roberto Petri, Alessandro Profumo, Mario Resca and Francesco Taranto; the members of the (ii) Board of Statutory Auditors were: Ugo Marinelli (Chairman), Francesco Bilotti (who replaced Roberto Ferranti on September 5, 2013), Paolo Fumagalli, Renato Righetti and Giorgio Silva.
The following chart summarises the Company's corporate governance arrangements at December 31, 2014:



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

Decision making

The Board of Directors entrusts the management of the Company to the Chief Executive Officer, while retaining key strategic, operational and organizational powers for itself, especially as regards governance, sustainability[5], internal control and risk management. Among the Board of Directors' most important duties is the appointment of people to key management and control positions in the Company, such as the officer responsible for preparing financial reporting documents, the head of Internal Audit, the members of the Watch Structure and the Guarantor of the Eni Code of Ethics. In performing these duties, the Board of Directors may draw on the support of the Nomination Committee.
In order for the Board of Directors to perform its duties as effectively as possible, the directors must be in a position to assess the decisions they are called upon to make, possessing appropriate expertise and information. The current members of the Board of Directors, who have a diversified range of skills and experience, including on the international stage, are well qualified to conduct comprehensive assessments of the variety of issues they face from multiple perspectives. The directors also receive timely, complete briefings on the issues on the agenda of the meetings of the Board of Directors. To ensure this operates smoothly, Board meetings are governed by specific procedures that establish deadlines for providing members with documentation, and the Chairman ensures that each director can contribute effectively to Board discussions.
On an annual basis, the Board of Directors, with the support of an external advisor and the oversight of the Nomination Committee, conducts a self-assessment (the Board Review), for which benchmarking against national and international best practices is an essential element. Following the Board Review, the Board of Directors develops an action plan, if necessary, to improve the operation of the Board and its committees.
For a number of years now, Eni has supported the Board of Directors and the Board of Statutory Auditors with an induction programme[6], which involves the presentation of the activities and organization of Eni by top management. The Board of Directors has chosen to focus greater attention on a number of strategic risk and crisis management issues in view of the international environment in which the Company operates. The Board of Directors has also decided to participate in the pilot phase of the "UN Global Compact LEAD Board Programme"[7], which is dedicated to training directors in sustainability issues, having played an active role in developing the programme itself. With the support of an international facilitator who is an expert in sustainability, integrated reporting and management, the Board of Directors devoted an initial session to "The Materiality of Sustainability", in order to enhance awareness of the importance of sustainability for an enterprises' strategy and business[8].

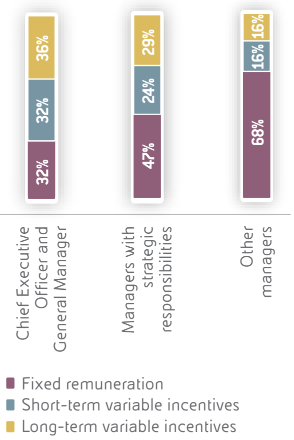
(5) More specifically, the Board of Directors has reserved for itself decisions concerning the establishment of sustainability policies, the results of which are reported together with financial results in an integrated manner in the Annual Report, as well as the examination and approval of reports covering areas not included in the integrated reporting framework.

(6) In continuity with previous initiatives, in 2014 induction efforts continued with the boards of the subsidiaries, focusing on companies headquartered in the United Kingdom, France and the Netherlands.

(7) Eni is a member of the Lead Group Global Compact UN.

(8) The key themes of the session were: What sustainability is; The business imperatives for sustainability; Strategic focus on sustainability initiatives; Sustainability in strategy and business model.

Pay-mix



Remuneration policy

Eni's remuneration policy for its Directors and top management is established in accordance with the recommendations of the Corporate Governance Code and best practices in the field. The Policy seeks to retain with high-level professionals and skilled managers and to align the interests of management with the priority objective of creating value for shareholders over the medium/long-term.
For this purpose, the remuneration of Eni's top management is established on the basis of the position and the responsibilities assigned, with due consideration given to market benchmarks for similar positions in companies similar to Eni in dimension and complexity. Remuneration is composed of a balanced mix of fixed and variable elements.

Under Eni remuneration policy, considerable importance is given to the variable component, which is linked to the achievement of preset performance and financial targets, business development and operational objectives, also considering the long-term sustainability of the results, in line with the Company's Strategic Plan.
The variable remuneration of Eni's executive officers having a greater influence on the business performance is characterized by a significant percentage of long-term incentive components, to be paid at the end of a three-year vesting period to reflect the long-term nature of the business.
With regard to sustainability issues, the CEO objectives set for the year 2015, are focused on environmental matters (such as GHG emissions) as well as on human capital aspects, such as injury frequency rates.
The objectives of the Chief Officers of Eni business segments and other Managers with strategic responsibilities are assigned on the base of the role and the responsibilities assigned also in terms of health and safety, environmental protection, relations with stakeholders. The remuneration policy is described in the first section of the "Remuneration Report", available on the Company's website (www.eni.com) and is presented, on an annual basis, for an advisory vote at the Shareholders Meeting[9].

The internal control and risk management system

Eni has adopted an integrated and comprehensive internal control and risk management system based on reporting tools and flows that, involving all Eni personnel, reach all the way up to the Company's top management. The members of the Board, as well as the members of the other corporate bodies and all Eni personnel, are required to comply with Eni's Code of Ethics (as part of the Company's Model 231), which sets out the rules of conduct for the fair and proper management of the Company's business. Eni adopted a regulatory instrument for the integrated governance of the internal control and risk management system, the guidelines of which, approved by the Board, set out the duties, responsibilities and procedures for coordinating between the primary system actors.
An integral part of the Eni internal control system is the internal control system for financial reporting, the objective of which is to provide reasonable certainty of the reliability of financial reporting and the ability of the financial report preparation process to generate such reporting in compliance with generally accepted international accounting standards.
Eni's CEO and Chief Financial and Risk Management Officer (CFRO) are responsible for planning, establishing and maintaining the internal control system for financial reporting. The CFRO also serves as the officer in charge of preparing financial reports, who must satisfy specific professional requirements set out in the Eni By-laws.

(9) More specifically, Eni confirmed the high level of votes in favour registered in 2014, as well as in 2013, in the field of its remuneration policy. In fact, 96.2% of the share capital represented at the meeting voted in favour (broadly unchanged from 2013).