Eni worldwide presence

		E&P	G&P	R&M & C
Europe	Austria		●	●
	Belgium		●	●
	Croatia	●		
	Cyprus	●		
	Czech Republic			●
	Denmark			●
	France		●	●
	Germany		●	●
	Greece		●	●
	Greenland	●		
	Hungary		●	●
	Ireland	●		
	Italy	●	●	●
	Luxembourg		●	
	Montenegro	●		
	Norway	●		
	Poland			●
	Portugal	●		
	Romania			●
	Slovakia		●	●
	Slovenia		●	
	Spain		●	●
	Sweden			●
	Switzerland		●	●
	the Netherlands		●	●
	the United Kingdom	●	●	●
	Turkey		●	●
	Ukraine	●		
Africa	Algeria	●		
	Angola	●		
	Congo	●		
	Egypt	●	●	
	Gabon	●		●
	Ghana	●		●
	Ivory Coast	●		
	Kenya	●		
	Liberia	●		
	Libya	●	●	
	Morocco	●		
	Mozambique	●		
	Nigeria	●		
	South Africa	●		
	Tunisia	●	●	●
Asia and Oceania	Australia	●		
	China	●	●	●
	India	●	●	●
	Indonesia	●		
	Iraq	●		
	Japan		●	
	Jordan		●	
	Kazakhstan	●		
	Kuwait		●	
	Malaysia		●	
	Myanmar	●		
	Oman		●	
	Pakistan	●		
	Russia	●	●	●
	Saudi Arabia			●
	Singapore		●	●
	South Korea		●	
	Taiwan		●	
	the United Arab Emirates		●	
	Timor Leste	●		
	Turkmenistan	●		
	Vietnam	●		
America	Argentina	●	●	
	Canada	●		
	Ecuador	●		●
	Mexico	●		
	Puerto Rico		●	
	the United States	●	●	●
	Trinidad & Tobago	●		
	Venezuela	●		●

Eni's activities

Eni's portfolio of conventional oil assets with a low break-even price reference as well as the quality of the resource base with options for anticipated monetization represent the competitive advantages of Eni's upstream business.

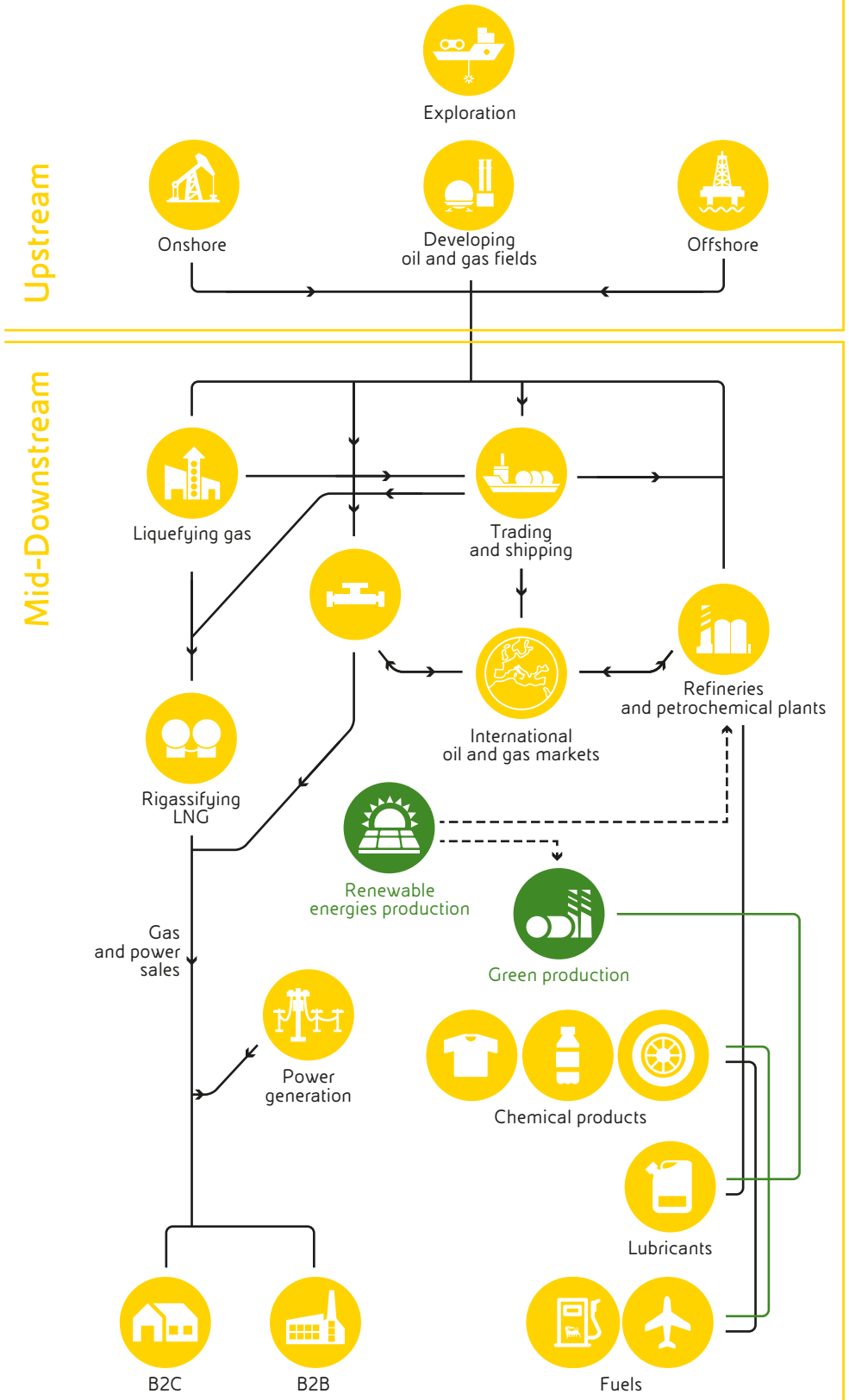
The large presence in the gas and LNG markets and know how in the refining business enable the company to catch joint opportunities and projects in the hydrocarbon value chain.

Eni's fundamentals, such as the high portion of gas reserves and the opportunity to grow in the renewable sources segment, leveraging on synergies with Eni's industrial plants, will sustain the path of the business model to a low carbon scenario.

Eni's strategies, resource allocation processes and conduct of day-by-day operations underpin the delivery of sustainable value to our shareholders and, more generally, to all of our stakeholders, respecting the countries where the company operates and the people who work for and with Eni.

Our way of doing business, based on operating excellence, focus on health, safety and environment, is committed to preventing and mitigating operational risks.

Eni engages in oil and natural gas exploration, field development and production, mainly in Italy, Algeria, Angola, Congo, Egypt, Ghana, Libya, Mozambique, Nigeria, Norway, Kazakhstan, the UK, the United States and Venezuela, overall in 44 countries.



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

Integrated Annual Report 2016

Integrated Annual Report

Integrated Annual Report

Eni's 2016 integrated annual report is prepared in accordance with principles included in the "International Framework", published by International Integrated Reporting Council (IIRC). It is aimed at representing financial and sustainability performance, underlining the existing connections between competitive environment, group strategy, business model, integrated risk management and a stringent corporate governance system.

Disclaimer

This annual report contains certain forward-looking statements in particular under the section "Outlook" regarding capital expenditures, development and management of oil and gas resources, dividends, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sale growth, new markets, and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management's ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document.
"Eni" means the parent company Eni SpA and its consolidated subsidiaries.

Ordinary Shareholders' Meeting of April 13, 2017.
The extract of the notice convening the meeting was published on March 1, 2017

Letter to shareholders

Since the beginning of the oil downturn in 2014, Eni's strategy has been refocused on three pillars: a successful exploration with low unit costs and a fast time to market; the deployment of the dual exploration model through the disposal of these successes anticipating the conversion in cash of resources as to reconcile organic growth and a robust balance sheet; a continuous focus on the cost base to adapt the business model to a low commodity price scenario both in upstream and in downstream businesses.

The outstanding industrial and financial results delivered in 2016 and strengthened growth and value prospects have proven the effectiveness of this strategy, launched in 2014, anticipating the extraordinary declining trend in Brent prices.
First of all, in delivering our strategy, we strengthened the E&P segment, the main driver for growth and value generation.
In the last three years, hydrocarbon production increased by 15% (up by 240 kboe/d) exclusively organically, notwithstanding capex reduction. In 2017, Eni will continue to grow, reaching an all-time high output of about 1.84 million barrels of oil equivalent per day, adopting an even stricter capital discipline.
In 2016 once again, Eni reaffirmed its exploration leadership in the industry with 1.1 bln boe of additional resources, discovered mainly in Egypt.
Additions to the Company's resources backlog were 3.4 bln boe in the last three years, at a cost of 1 $/boe.
Against the backdrop a weak commodity environment, we have redefined the role of exploration on near-field plays, to ensure fast production support and quick conversion of resources into economic returns.
We achieved extraordinary results with the gas discoveries of the Great Nooros area onshore and of Zohr, offshore Egypt, made in 2015-2016 and in 2015 respectively, as well as the oil discoveries of the Block Marine XII in Congo (2014-2015). These accomplishments owed to the application of our distinctive technologies to mature prospects, also in some cases relinquished by other operators.
All of these discoveries are characterized by an excellent time-to-market, due to their proximity to our existing facilities: (i) the Nooros field was started-up just 13 months after the discovery; (ii) the super- giant Zohr gas field is expected to start-up in less than 30 months; (iii) the first of the Congo discoveries, Nenè Marine, achieved first oil in less than 15 months.
These results reflect Eni's priority to convert exploration successes rapidly into economic value by starting production quickly whilst looking to sell down stakes (dual exploration model) with a view of anticipating reserves monetization.
The effectiveness of our dual exploration model has been proved by the sale of a 40% stake in Zohr with expected cash in of approximately €2 billion, net of the reimbursement of expenditures incurred by Eni in 2016 and a reduced capex exposure while retaining a high growth rate. In the last three years, we significantly reduced the break-even of our project portfolio, this achievement was driven by competitive discovery costs, a design to cost approach in exploration which has focused conventional prospects in proximity of existing producing facilities leading to fast time-to-market and cost synergies, as well as efficient development activities and field operations.
Our new model to develop reserves foresees a strong integration between exploration phases and field start-ups, leveraging on technology and phased approach to minimize technical and economic risks. We will leverage on insourcing and solid monitoring of critical phases, such as engineering, commissioning and hook-up.
In 2016 we reached the best ever performance in Eni's history in terms of reserve replacement ratio at 193%, with an average rate of 150% in the 2014-2016 three-year period due to exploration success, progresses in the development activities and accelerated final investment decisions.
Also considering the 40% sale of Zohr, in 2016 the pro-forma reserve replacement ratio remains very robust at 139%, confirming the value of Eni's dual exploration model, which does not jeopardize our future growth plans.
In the context of sluggish gas consumption in Europe, 100 billion

Emma Marcegaglia
Chairman

Claudio Descalzi
Chief Executive Officer and General Manager

cubic meters lower than the pre-crisis level and weak refining margins, we have substantially completed the restructuring of the R&M and Chemicals segment and in the G&P segment we have launched all the actions to achieve the structural break-even by 2017. In 2016, these segments generated approximately €3 billion of operating cash flow compared to a deficit of €0.4 billion in 2013, funding cash outflows for capex and mitigating lower Brent prices. This turnaround leveraged on gas contract renegotiations, with approximately 70% of our supply portfolio indexed to hub, plant optimizations, widespread efficiency actions, as well as the de-risking of the portfolio exposure to the commodity volatility through trading activities and the reduction of the relative weight of basic commodities at the benefit of green production and value-added products.

In the 2013-2016 period, we disposed a number of interests in exploration licenses, our shareholdings in Snam and Galp and other non-core assets. Furthermore, we reduced Eni's interest in Saipem, which has been deconsolidated. All these disposals, contributed proceeds of €20 billion, including also the pro-forma effects of the Zohr disposal.

Finally, the transformation of our model from a divisional organization to a fully-integrated company, resulted in more streamlined decision making processes and cost savings of €770 million on an annual basis compared to the 2014 budgeted level. Since 2014, Eni reduced capex by 37%, opex by 25% and G&A costs by 37%. These savings coupled with a 15% increase in production and the results of the restructuring at our mid-downstream businesses have lowered the Brent price at which we achieve cash neutrality for capex from $127 to less than $50. These actions help explain how in the three-year period 2014-2016 we generated cash flows of €35 billion, substantially in line with the 2011-2013 level (€37 billion), despite a plunge of more than 50% in crude oil prices.

At the end of 2016, leverage was 0.28, lower than the threshold of 0.3, decreasing by further 4 points when factoring the pro-forma effect of Zohr disposal. In 2016, leverage benefitted from the robust cash flow from operations of €7.7 billion and the disposals, mainly the closing of Saipem transaction with net proceeds of €5.2 billion, determining a reduction in net borrowings of €2 billion, funding €9.2 billion of capex and €2.88 billion of dividend payments.

A normalized measure of the cash flow from operating activities was €8.3 billion, calculated by excluding the negative effect of the Val d'Agri shutdown (€0.2 billion), a reclassification of certain receivables for investing activities to trading receivables (€0.3 billion), while including changes in working capital due to the sale of a 40% interest in Zohr (€0.1 billion).

This normalized cash flow funded approximatly 95% of 2016 capex, which reduced from €9.2 billion to €8.7 billion when deducting the expected reimbursement of past capex related to the divestment of a 40% interest in the Zohr project (€0.5 billion), despite a weak price scenario.

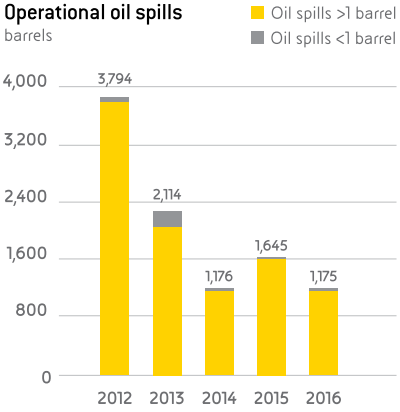
Eni's performance in terms of corporate social responsibility fit with the excellent operating and financial results.

Our way of doing business, based on operating excellence, the constant focus on health and safety of people working in Eni, on local communities development, on climate and environmental issues as well as well's risk management, are distinctive drivers of our business model.

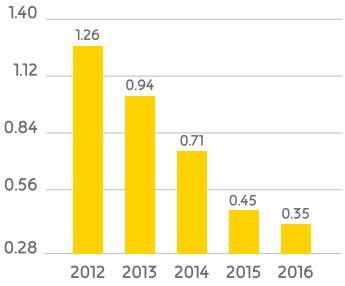
Among 2016 milestones, is worth mentioning the agreement on the Gela industrial reconversion, proving our capability to combine economically sustainable business initiatives with local communities development and the safeguard of the environment, as well as continuing progress on HSE performances, at the top of the industry.

In safety, we continued to report excellent performances.
In 2016, total recordable injury rate was 0.35, down by 21% from 2015 confirming our commitment to target a zero level of injuries.
GHG emissions further reduced by 3.6% from 2015 and most importantly emissions relating to upstream activities.
The unitary emission of CO_2 per ton of oil equivalent produced, declined by 8.8%, in line with the targeted 43% reduction to 2025 compared to 2014. This will be recordable by leveraging on already selected flaring down projects, reduction of emissions from methane and energy efficiency projects.
Compared to 2015, the use of fresh water declined by 16% and oil-spills prevention activities enabled oil spills due to operations reduction (down by 27%) as well as due to sabotages (down by 20%). Furthermore, our zero blow-out and well accidents track record continued for a thirteenth consecutive year.

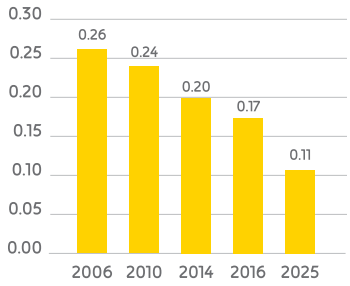
Operational oil spills
barrels



Total Recordable Injury Rate
(Total recordable injuries/worked hours) x 1,000,000



Upstream GHG Emissions
tCO_2eq/toe



Looking ahead, to the prospects of the oil industry, we expect a gradual rebalancing in the oil market and a consequent recovery in the long-term Brent price to $70, also supported by the recent OPEC agreement e the cooperation of certain non-OPEC countries.
The future of the energy sector will depend also on the ability of the oil majors to contribute to the no longer deferrable need to reduce GHG emissions.
Thus, the strategy was defined taking into account two time horizons: i) in the short-term, we expect a robust recovery in profitability and in cash flow generation, by solidifying the achievements of the last three years and by implementing the actions defined in the plan period; ii) in the long-term, we expect our business model to get ready for the low-carbon scenario, ratified by the Paris agreements.
The impact of launched and planned actions for the short to medium term, aiming to reduce operations' carbon footprint and renewable energies development, will ensure Eni's sustainability in the current scenario. This has been confirmed by the awards made to Eni by independent institutes, among which the inclusion of Eni in the A list of CDP, the only example among oil majors.
For the 2017-2020 period, we are planning €31.6 billion of capital expenditure, net of the capex reimbursement associated with the disposal program as part of our dual exploration model.
The planned capex will be directed for 86% to the upstream and will be 8% lower than the previous plan.
The reduction in capex is reflective of our capital discipline and the higher scale of the portfolio management.
While lowering capital expenditure, the average annual growth rate of hydrocarbon production is expected at 3%, post portfolio, higher than the 2.3% rate projected in the previous plan.
The planned start-ups of the four-year plan – mainly Zohr in Egypt, OCTP in Ghana, Jangrik in Indonesia, the East Hub field of Block 15/06 in Angola, already started up on February 8, 2017, five months earlier than scheduled – and a number of upgradings in core areas, ramp-ups and production optimizations will deliver an overall contribution of about 850 kboe/d by the end of the plan period.
The exploration will continue to be focused on near-field projects and on the appraisal of the last discoveries, while confirming our interest for conventional plays with high equity/materiality for the implementation of the dual exploration model. Our target is to discover 2 to 3 billion boe of new resources in the plan period.
Planned actions in the E&P segment, together with opex control and optimization of the financial exposure to National Oil Companies, will drive profitable growth leveraging on the start-up of high quality projects and cash flow maximization.
In the Gas&Power segment, on the back of a complex scenario, a new round of realignment of long-term gas supply contracts to the market, reduction of logistic costs as well as the focus on high added-value segments (LNG, trading and retail markets) will underpin profitability and cash generation.
Our target is to reach the structural break-even by 2017, with a cumulative cash flow from operations for the four years 2017-2020 of approximately €2.6 billion.
In the Refining&Marketing segment, we expect to finalize plants optimization and green reconversions especially with the start-up of the Gela plant, to further improve efficiency in logistic and to

enhance conversion capacity in order to target a break-even margin of approximately 3 $/bl within 2018. In Marketing activity, profitability will be underpinned by product and service innovation, service quality and efficiencies.

We confirm the target of a cumulative cash flow from operations in the plan period of €3.3 billion, in spite of a weaker refinery environment compared to the previous plan.

In the Chemicals segment, we intend to develop valuable products (specialties and green chemistry) and to increase the international presence of Versalis through the start-up of joint ventures in Asia and by entering new markets leveraging on technology.

We aim to stabilize profitability ensuring the full coverage of capex with funds from operations.

Overall, planned actions on the base of results reached in the 2014-2016 three-year plan, will allow a strong cash generation and to confirm our Brent price target to cover capex and dividends. In 2017 we confirm cash neutrality at 60 $/bbl and below 60 $/bbl in the three years 2018-2020.

The execution of a robust disposal programme of €5-7 billion, excluding the Zohr deal already defined in 2016, concentrated in the first year of the plan period and relating mainly to the dilution of Eni's interests in exploration assets, will make available further financial resources.

Beyond the plan period, Eni acknowledges that the main challenge the energy sector is facing is represented by the balance between the maximization of access to energy and the fight against climate change that necessarily involves changing the energy mix, reducing the carbon footprint.

Eni's response to this challenge is the integrated strategy combining financial strength with social and environmental sustainability, structured in:

i) a cooperation and development model of Eni's countries of operations, by which Eni is committed to produce power for the local market, to spread access to energy and diversify the energy mix;

ii) the operational model aiming at minimizing risks and social and environmental impacts of activities; in particular, Eni reduced in last ten years by 75% gas flared in its upstream activities and targets to zero gas flaring by 2025;

iii) a clear and defined strategy for decarbonization.

This strategy targets a 43% reduction of CO_2 emission per ton of oil equivalent produced by 2025 and a portfolio of projects with a low potential of CO_2 emissions. In particular, gas projects represent 58% of Eni's assets portfolio; gas is expected to be the transition fuel for power generation and transport supply. Eni aims also to develop renewable sources in its countries of operations.

The plan 2017-2020 includes investments in renewables, mainly in photovoltaic sources, of more than €0.55 billion, targeting an installed capacity by 2020 of 463 MWp in Italy and other partner Countries.

Considering the incidence of gas in Eni's reserves portfolio and the break-even reduction in development projects, we believe that by adopting strict price scenarios for GHG emissions, the company is not exposed to the risk of stranded reserves.

All in all, we believe that the Company has accomplished a solid competitive position leveraging on competences and exploration successes, a reduction in the full-cycle cost of the barrel produced consistently with a weakened trading environment, mid-downstream sustainability and, in the long-term, the ability to adapt to decarbonization.

At the end of our mandate, we are returning to you a company with a renewed strategy, more efficient and capable of structurally creating value in the emerging energy scenario.

In light of these results, the Board of Directors will propose to the Annual Shareholders' Meeting the distribution of final dividend of €0.80 per share, of which €0.40 already paid as interim dividend in September 2016.

Going forward, we remain committed to a progressive distribution policy in line with our plans of underlying earnings and cash flow growth and the scenario evolution.

These goals and achievements owe greatly to the commitment, motivation and the capacity to adapt shown by Eni's women and men in this three-year period, during which the Company has faced and won big challenges laying the foundation for future growth.

February 28, 2017

In representation of the Board of Directors

Emma Marcegaglia
Chairman

Claudio Descalzi
Chief Executive Officer and General Manager

Profile of the year

Exploration successes

3.4 bln boe

of discovered resources in 2014-2016

Proved reserves

7.5 bln boe

at year end with a replacement ratio of 193%

Cost optimization

-19%

Capex net of exchange rate effects

-€0.8 bln

G&A

Disposal plan

€2.6 bln

about 40% of 2016-2019 plan

Exploration Continuing strong exploration track record. Discovered 1.1 billion boe of additional resources at a cost of 0.6 $/boe. Additions to the Company's resources backlog were 3.4 billion boe in the last three years, at a cost of 1 $/boe. Promising new prospects to be drilled in future years. Our dual exploration model proved to be successful (sale of 40% of Zohr).

Reserve replacement Organic reserve replacement ratio surged to 193% in 2016, the best ever performance in Eni's history, contributing to a 150% average in the last three years. The 2016 reserve replacement ratio confirmed to be very robust at 139% also considering the 40% sale of Zohr on a pro forma basis. At year end, hydrocarbon proved reserve were 7.49 billion boe with a life index of 11.6 years (10.7 years in 2015).

Cash flow FY normalized cash flow from operations up to €8.3 billion[1] covering the 90% of 2016 capex, reduced to €8.7 billion from €9.2 billion, when excluding the reinbursement related to Zohr disposal (€0.5 billion). All mid-downstream businesses cash positive in the year.

Capex optimization Improved prospects of organic production growth over the next four years notwithstanding a 19% capex reduction y-o-y.

E&P efficiency Opex efficiency above expectations at 6.2 $/boe compared to 7.2 $/boe in 2015.

Leverage Notwithstanding two years of Brent price downturn, Eni confirmed a solid financial structure with a leverage of 0.28, as of December 31, 2016, lower than management target of 0.3. This reflected an excellent cash flow from operations, capex optimization and disposals of assets.

Disposals Defined in the year disposals for a total consideration of €2.6 billion, 40% of the 2016-2019 four-year target announced in March 2016 (€7 billion).

Adjusted results Adjusted operating profit: €2.32 billion, down by €2.2 billion (or -48%) due to the commodity price environment with a negative effect of €3.3 billion, while the four-month and a half shutdown of operations in Val d'Agri and lower non-recurring gains in G&P weighted for €0.6 billion. By contrast, efficiency gains and a reduced cost base, mainly in the E&P segment, improved the performance by €1.7 billion. Adjusted net result: a loss of €0.34 billion.

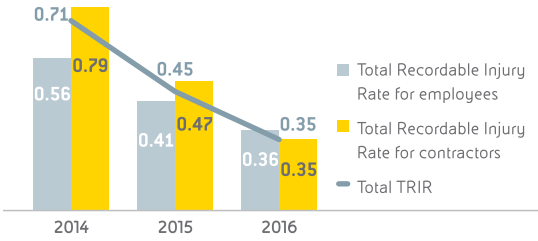
Dividend The Company's robust results and strong fundamentals underpin a dividend distribution of €0.8 per share of which €0.4 per share paid as interim dividend in September 2016. Reaffirmed a progressive remuneration policy going forward in line with an expected improvement in the commodity scenario and in our financial performance.

Hydrocarbons production 2016 hydrocarbon production: 1.76 million boe/d in the year, in line with 2015, in spite of the Val d'Agri shutdown. In 2017, expected production growth to a record of 1.84 million boe/d (up by 4.5%) leveraging on the development of our portfolio of projects.

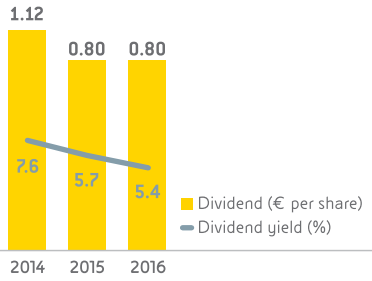
E&P projects Progressed construction activities at our development projects expected to come on stream in 2017 (Jangkrik - Indonesia, OCTP oil - Ghana and Zohr - Egypt). In Februray 2017, started-up the East Hub project in Angola, five months earlier than scheduled. These projects, together with the ramp-up of 2016 new production from Kashagan and Goliat, will strongly contribute to the cash generation in 2017 and following years.
In three years, projects break-even reduced leveraging on the exploration strategy, driven by the target of cost optimization in develop resources in production, effective development model and operating costs reduction.

(1) Normalized figure excluding the negative effect of Val d'Agri shutdown (€0.2 billion), a reclassification of certain receivables for investing activities to trading receivables (€0.3 billion) while including pro-forma effects of Zohr operation on working capital (€0.1 billion).

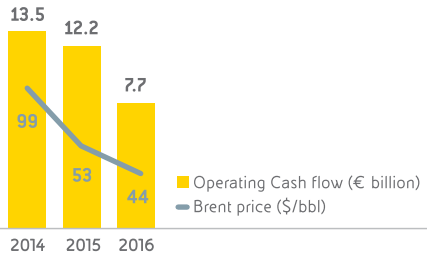
TRIR - Total Recordable Injury Rate
(recordable injuries/worked hours) x 1,000,000



Dividend and dividend yield



Operating Cash flow



Goliat Start-up of Goliat field (Eni operator 65%) in the Barents Sea. Reached the production target of 100 kboe/d (65 kboe/d net to Eni).

Kashagan Restarted Kashagan field with the completion of the replacement of the damaged pipelines. Production capacity is expected to reach 370 kbbl/d in 2017.

Nooros Reached a production plateau of 85.5 kboe/d net to Eni from the Nooros field located in Egypt. This record-setting production level was reached in just 13 months after the discovery in July 2015 and ahead of schedule. With the drilling of additional development wells, the field is expected to reach a maximum production capacity of about 160 kboe/d in 2017. Nooros is an important achievement by Eni's "near-field" exploration strategy, aimed at unlocking the presence of additional exploration potential located in proximity to existing infrastructures.

Zohr Sanctioned by the Egyptian Authorities the development plan of the Zohr discovery, where production start-up is expected by the end of 2017. Completed the drilling of wells and successfully performed the production test, which confirmed the mineral potential of the discovery.

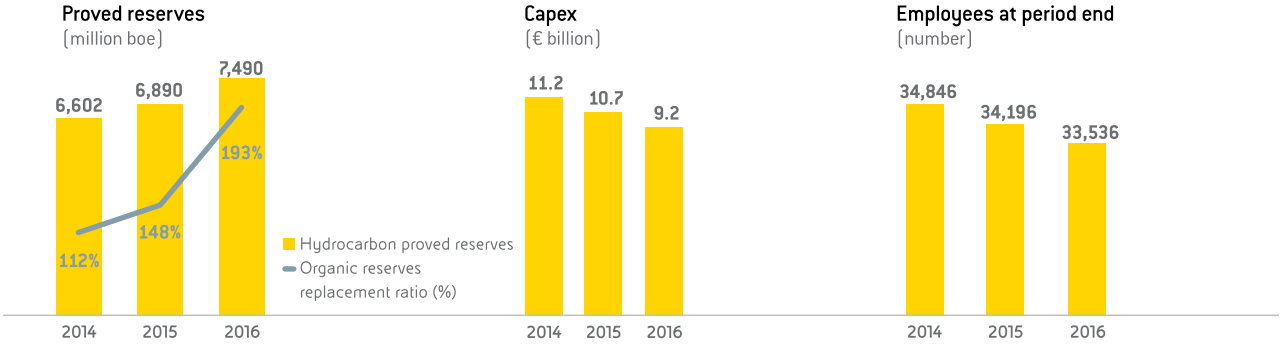
Mozambique Authorities approved the development of the first development phase of Coral, targeting production of 5 tcf of gas. The Area 4 partners (Eni East Africa, joint operation between Eni and CNPC, Galp, Kogas and ENH) and BP signed a binding agreement for the sale, over a 20-year period, of approximately 3.3 million tons of LNG per annum (corresponding to about 5 bcm), which will be produced at the Coral South Floating facility.
In March 2017, ExxonMobil and Eni signed a sale and purchase agreement to acquire a 25% indirect interest in the Area 4 block, offshore Mozambique. The agreed terms include a cash price of approximately $2.8 billion. The completion of the deal is subject to satisfaction of certain conditions precedent, including clearance from Mozambican and other regulatory authorities.

Safety In 2016, Eni launched "Eni in Safety", the new comunication and training program, aimed to publicize among the company's levels the lesson learnt connected to near misses and injuries. This initiative and other investments in safety permits to reduce of 21% the total recordable injury rate of work force (down by 11% for employees and down by 25% for contractors), confirming the positive trend reported in the last years.

Decarbonization strategy Eni's committement in fighting climate change has been recognized by CDP - Carbon Disclosure Project - through its annual assessment, which included Eni, unique among the Oil&Gas majors, in Climate A List 2016. The list includes the companies which are mainly distinguishing in climate change initiatives. The decarbonization strategy is also enhanced in the Oil and Gas Climate Initiative (OGCI), by the investment of $1 billion over the next ten years to develop and accelerate the commercial diffusion of new low-emissions technologies. Eni's strategy for climate change has been recognized by the Transition Pathway Initiative (TPI). This initiative promoted by thirteen major international investors of primary importance, is finalized to include the climatic issues in the investment decisions of the listed companies. TPI has rated Eni at the highest level. Furthermore, Eni was confirmed for the tenth consecutive year in the FTSE4Good index.

Fields development
Planned start-ups, 2016 ramp-ups and production optimization approximately
850 kboe/d
in 2020

Safety
TRIR down by 21%



Decarbonization

Start-up of Project Italia with **220 MWp** of capacity installed by 2022

GHG emissions

GHG down by **9%** per unit of production

down by **43%** vs 2014 at 2025 target

Renewable energies Defined renewable energy projects in Italy and certain Eni's countries of operations. The "Project Italy" targets the development of projects in the area of renewable energy (energy production mainly addressed for own consumption) leveraging on the industrial property areas with a total capacity of about 220 MWp.
Outside Italy, Eni signed agreements for the development of new projects for the production of renewable energy, mainly in Algeria, Tunisia and Ghana.

GHG emissions GHG emissions for 2016 declined by 3.5% compared to 2015. This trend reflected lower emissions from combustion (down by 0.9 million tonnes), reduced methane emissions (down by 0.3 million tonnes) leveraging on initiatives to contain fugitive emissions as well as energy efficiency projects. The trend of GHG emission index compared to operated gross hydrocarbon of the upstream segment remains positive with a reductions of 9%.

Oil spills due to operations Oil spills due to operations higher than one barrel (88% related to E&P segment) declined by 29% compared to 2015, the Refining & Marketing and Chemicals segment reported a significant improvement, down by 69%, the overall volume spilled decreased to 134 barrels in 2016 from 427 barrels in 2015. In Nigeria, activities are underway to replace certain cases covering holes caused by sabotages, which are a potential weakness.

Gela Eni's commitment continued in 2016 on the activities defined in the Memorandum of Understanding signed in 2014, in accordance of the agreements with the Ministry for Economic Development and other Authorities. In April, obtained the permissions from the Authorities, Green Refinery project started, representing a milestone of the Protocol. Gela is the first cross and integrated project in Italy, in which Eni is committed to build a new industrial program in synergy with the local stakeholders.

School-work alternation projects In 2016 Eni signed a memorandum of understanding with the the Ministry of Education and the Ministry of Labour for the realization of initiatives involving Italian students of upper secondary schools, in order to promote the full integration between business and educational institutions.
The Protocol is structured on the institutes of the school-work alternation and first-level apprenticeships.

Financial highlights(*)(**)

		2014	2015	2016
Net sales from operations	(€ million)	98,218	72,286	**55,762**
Operating profit (loss)		8,965	(3,076)	**2,157**
Adjusted operating profit (loss)[b]		11,223	4,486	**2,315**
Adjusted net profit (loss)[a][b]		3,723	803	**(340)**
Net profit (loss)[a]		1,720	(7,952)	**(1,051)**
Net profit (loss) - discontinued operations[a]		(417)	(826)	**(413)**
Group net profit (loss)[a] (continuing + discontinued operations)		1,303	(8,778)	**(1,464)**
Comprehensive income[a]		6,817	(3,416)	**819**
Net cash flow from operating activities[b]		13,544	12,155	**7,673**
Capital expenditure		11,178	10,741	**9,180**
of which: exploration		*1,030*	*566*	***417***
development of hydrocarbon reserves		*9,021*	*9,341*	***7,770***
Dividends to Eni's shareholders pertaining to the year[c]		4,037	2,880	**2,881**
Cash dividends to Eni's shareholders		4,006	3,457	**2,881**
Total assets at year end		150,366	139,001	**124,545**
Shareholders' equity including non-controlling interests at year end		65,641	57,409	**53,086**
Net borrowings at year end		13,685	16,871	**14,776**
Net capital employed at year end		79,326	74,280	**67,862**
of which: Exploration & Production		*51,061*	*53,968*	***57,910***
Gas & Power		*9,031*	*5,803*	***4,100***
Refining & Marketing and Chemicals		*9,711*	*6,986*	***6,981***
Share price at year end	(€)	14.5	13.8	**15.5**
Weighted average number of shares outstanding	(million)	3,610.4	3,601.1	**3,601.1**
Market capitalization[d]	(€ billion)	52	50	**56**

(*) Pertaining to continuing operations. Following the divestment of Saipem in January 2016, the results of the segment have been classified as discontinued operations based on the guidelines of IFRS 5. The comparative reporting periods have been restated consistently.
(**) Effective January 1, 2016, management modified on voluntary basis the criterion to recognize exploration expenses adopting the accounting of the successful-effort-method (SEM). Accordingly, the comparative amounts disclosed for the FY 2016 have been restated. The retrospective application of the SEM has required adjustment of the opening balance of the retained earnings and other comparative amounts as of January 1, 2014. Specifically, the opening balance of the carrying amount of property, plant and equipment was increased by €3,524 million, intangible assets by €860 million and the retained earnings by €3,001 million. Other adjustments related to deferred tax liabilities and other minor line items. Concerning the FY 2015, the adoption of SEM determined a reduction of operating profit of €815 million. More information is disclosed in the notes of the consolidated financial statement of the 2016 Annual Report on Form 20-F.
(a) Attributable to Eni's shareholders.
(b) Non-GAAP measures. Results of comparative periods are calculated on a standalone basis, i.e. by excluding the results of Saipem earned from both third parties and the Group's continuing operations, therefore determining its deconsolidation.
(c) The amount of dividends for the year 2016 is based on the Board's proposal.
(d) Number of outstanding shares by reference price at year end.

Summary financial data

		2014	2015	2016
Net profit (loss) - continuing operations				
- per share[a]	(€)	*0.48*	*(2.21)*	***(0.29)***
- per ADR[a][b]	($)	*1.27*	*(4.90)*	***(0.65)***
Adjusted net profit (loss) - continuing operations				
- per share[a]	(€)	*1.16*	*0.37*	***(0.09)***
- per ADR[a][b]	($)	*3.08*	*0.82*	***(0.20)***
Cash flow - continuing operations				
- per share[a]	(€)	*4.01*	*3.58*	***2.13***
- per ADR[a][b]	($)	*10.66*	*7.95*	***4.72***
Adjusted Return on average capital employed (ROACE)	(%)	5.8	1.8	**0.2**
Leverage		21	29	**28**
Coverage		7.7	(2.4)	**2.4**
Current ratio		1.5	1.4	**1.4**
Debt coverage		105.7	76.3	**51.9**
Dividends pertaining to the year	(€ per share)	1.12	0.80	**0.80**
Total Share Return (TSR)	(%)	(11.9)	1.1	**19.2**
Pay-out		310	(33)	**(197)**
Dividend yield[c]	(%)	7.6	5.7	**5.4**

(a) Fully diluted. Ratio of net profit/cash flow and average number of shares outstanding in the period. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by Reuters (WMR) for the period presented.
(b) One American Depositary Receipt (ADR) is equal to two Eni ordinary shares.
(c) Ratio of dividend for the period and the average price of Eni shares as recorded in December.

Operating and sustainability data[a]

		2014	2015	2016
Employees at year end	(number)	34,846	34,196	**33,536**
of which: women		*8,076*	*7,960*	***7,700***
outside Italy		*13,639*	*13,316*	***12,626***
Local employees outside Italy	(%)	86	85	**85**
Female managers (senior managers and managers)	(%)	23	24	**24**
Pay gap (women vs men)	(%)	97	97	**97**
TRIR (Total Recordable Injury Rate)	(recordable injuries/worked hours) x 1,000,000	0.71	0.45	**0.35**
of which: employees		*0.56*	*0.41*	***0.36***
contractors		*0.79*	*0.47*	***0.35***
Fatality index (employees and contractors)	(Fatal injuries per one hundred millions of worked hours)	1.03	1.46	**0.72**
Near miss[b]	(number)	1,729	1,489	**1,644**
Training expenditures	(€ million)	39.1	29.1	**26.6**
Training hours	(thousand hours)	1,213	1,099	**939**
of which: e-learning		*120*	*183*	***197***
Total volume of oil spills (> 1 barrel)	(barrels)	15,562	16,481	**5,648**
of which: due to sabotage and terrorism		*14,401*	*14,847*	**4,489**
operational		*1,161*	*1,634*	**1,159**
Direct GHG emissions	(mmtonnes CO_2eq)	42.02	41.56	**40.10**
of which: CO_2 equivalent from combustion and process		*30.92*	*31.49*	***30.60***
CO_2 equivalent from flaring		*5.73*	*5.51*	***5.40***
CO_2 equivalent from non-combusted methane and fugitive emissions		*3.48*	*2.77*	***2.42***
CO_2 equivalent from venting		*1.89*	*1.80*	***1.67***
Total water withdrawals	(mmcm)	1,874	1,805	**1,851**
of which: sea water		*1,704*	*1,634*	***1,710***
fresh water		*160*	*157*	***130***
salt/salty water from subsoil or surface		*10*	*13*	***12***
R&D expenditure[c]	(€ million)	174	176	**161**
of which: new energy				***51***
First patent filing applications	(number)	64	33	**40**
of which: filed on renewable sources		*29*	*16*	***12***
Number of suppliers used	(number)	13,145	11,380	**10,041**
Total procurement	(€ million)	24,068	20,350	**13,249**
of which: local procurement		*15,183*	*13,412*	***10,390***
Interventions on the territory based on agreements, conventions and PSAs (Community investment)	(€ million)	65	75	**67**

Exploration & Production

Employees at year end	(number)	12,777	12,821	**12,494**
TRIR (Total Recordable Injury Rate)	(recordable injuries/worked hours) x 1,000,000	0.56	0.34	**0.34**
of which: employees		*0.20*	*0.22*	***0.34***
contractors		*0.68*	*0.39*	***0.34***
Net proved reserves of hydrocarbons	(mmboe)	6,602	6,890	**7,490**
Average reserve life index	(years)	11.3	10.7	**11.6**
Hydrocarbon production[d]	(kboe/d)	1,598	1,760	**1,759**
Organic reserve replacement ratio		112	148	**193**
Profit per boe[e][f]	($/boe)	14.5	7.4	**2.7**
Opex per boe[e]		8.4	7.2	**6.2**
Cash flow per boe		30.1	20.9	**12.9**
Finding & Development cost per boe[f]		21.5	19.3	**13.2**
Direct GHG emissions	(mmtonnes CO_2eq)	23.4	22.8	**20.4**
CO_2 emissions/100% operated hydrocarbon gross production[g]	(tonnes CO_2eq/toe)	0.201	0.182	**0.166**
% produced water re-injected	(%)	56	56	**58**
Volumes of hydrocarbon sent to flaring	(mmcm)	1,767	1,989	**1,950**
of which: sent to flaring process		*1,678*	*1,564*	***1,530***
Oil spills due to operations (> 1 barrel)	(barrels)	936	1,177	**1,025**
Interventions on the territory based on agreements, conventions and PSAs (Community investment)	(€ million)	63	72	**63**

(a) Pertaining to continuing operations.
(b) Incidental events which do not transform in damages or injuries.
(c) Net of general and administrative costs.
(d) Includes Eni's share in joint ventures and equity-accounted entities.
(e) Related to consolidated subsidiaries.
(f) Three-year average.
(g) Hydrocarbon production from fields fully operated by Eni (Eni's interest 100%) amounting to 122 mln toe, 125 mln toe and 117 mln toe in 2016, 2015 and 2014, respectively.

Operating and sustainability data[a]

Gas & Power		2014	2015	2016
Employees at year end	(number)	4,561	4,484	**4,261**
TRIR (Total Recordable Injury Rate)	(recordable injuries/worked hours) x 1,000,000	0.82	0.89	**0.28**
of which: employees		*0.87*	*0.91*	***0.27***
contractors		*0.70*	*0.81*	***0.31***
Worldwide gas sales	(bcm)	89.17	90.88	**88.93**
- in Italy		*34.04*	*38.44*	***38.43***
- outside Italy		*55.13*	*52.44*	***50.50***
Customers in Italy	(million)	7.9	7.9	**7.8**
Direct GHG emissions	(mmtonnes CO_2eq)	10.12	10.57	**11.22**
GHG emissions/kWheq (EniPower)	(gCO_2eq/kWheq)	409	409	**398**
Installed capacity power plants	(GW)	5.3	4.9	**4.7**
Electricity produced	(TWh)	19.55	20.69	**21.78**
Electricity sold		33.58	34.88	**37.05**
Customer satisfaction rate[h]	(scale from 0 to 100)	81.4	85.6	**86.2**

Refining & Marketing and Chemicals				
Employees at year end	(number)	11,884	10,995	**10,858**
TRIR (Total Recordable Injury Rate)	(recordable injuries/worked hours) x 1,000,000	1.51	1.07	**0.38**
of which: employees		*1.60*	*0.97*	***0.44***
contractors		*1.40*	*1.17*	***0.32***
Oil spills due to operations (> 1 barrel)	(barrels)	225	427	**134**
Direct GHG emissions	(mmtonnes CO_2eq)	8.45	8.19	**8.50**
SO_x emissions (sulphur oxide)	(ktonnes SO_2eq)	6.84	6.17	**4.35**
Refinery throughputs on own account	(mmtonnes)	25.03	26.41	**24.52**
Retail market share in Italy	(%)	25.5	24.5	**24.3**
Retail sales of petroleum products in Europe	(mmtonnes)	9.21	8.89	**8.59**
Service stations in Europe at year end	(number)	6,220	5,846	**5,622**
Average throughput of service stations in Europe	(kliters)	1,725	1,754	**1,742**
Balanced capacity of refineries	(kbbl/d)	617	548	**548**
Capacity of biorefineries	(ktonnes/year)	360	360	**360**
Production of biofuels	(ktonnes)	105	179	**191**
GHG emissions/refining throughputs (traditional refineries)[i]	(tonnes CO_2eq/kt)	287	237	**272**
Production of petrochemical products	(ktonnes)	5,283	5,700	**5,646**
Sales of petrochemical products		3,463	3,801	**3,759**
Average plant utilization rate	(%)	71	73	**72**

(h) The average evaluation reflects results of customers interviews based on clarity, courtesy and waiting time.
(i) 2014 data includes Livorno, Sannazzaro, Taranto and Gela; 2015 data refers to Livorno, Sannazzaro and Taranto.

Materiality and stakeholder engagement

Eni's materiality definition process

Materiality is the result of the identification, evaluation and prioritization of the relevant sustainability issues that impact significantly the company's ability to create value in the short, medium and long-term.

The materiality process is based on the analysis of three steps:

- CEO's guidelines for preparation of the four-year strategic plan;
- the potential ESG risks, identified by the internal risk assessment;
- the evaluation of the main requests promoted by the stakeholders on sustainability issues.

The combination of the results of the three previous assessments allowed to identify the 2016 relevant issues:

- integrity in business management (transparency, anti-corruption);
- safety of the people and asset integrity;
- human rights and equal opportunities for all people;
- combating climate change (GHG reduction, energy efficiency, renewable energies) and reduction of environmental impact (protection of water resources, biodiversity, oil spill prevention);
- local development/local content and promotion of access to energy;
- technological innovation.

Engagement procedures for stakeholder engagement

Eni's people

Survey on company's climate extended to all Eni's people and start-up of a coherent plan of communication and improvement, constantly supervised. Training programmes and on-the-job training. Welfare initiatives. Enhancement of excellence and internal know-how through the development of Eni Faculty and the narrative of the direct experiences by Eni's people. Communication plans shared through the company's intranet, internal events and CEO's blog. Dialogue with the European Works Council (EWC) on Eni's policies within the European framework and with the representatives of the European Observatory for Safety and Health at Work. Renewal of two framework agreements with the Italian labor unions ("International industrial relations and Corporate Social Responsibilities" and "European Observatory on Health, Safety and Environment with Trade unions").

Suppliers

Activity of market intelligence, qualification, management and development of supply chain, through check and monitoring of the supplier's skills on economic, financial, technical, organizational and sustainable aspects, compliance on HSE system and quality. Support on development of supplier's skills relating to the deficiencies raised from the assessment activities.

Universities and research centers

Four-year renewal of Eni-MIT agreement. Three-year renewal of the agreement with Politecnico of Turin. Signed the agreement with INSTM (Consorzio Interuniversitario Nazionale per la Scienza e Tecnologia dei Materiali).

Financial community

Launch of the strategic plan in London, Milan and Road Show in Europe, North America and Asia. Conference call on quarterly results. Participation in thematic conferences organized by brokers. Investor day in New York. Launch of the Environment Social Governance in Paris. Corporate Governance Road-Shows. Engagement with investors and Proxy Advisors relating to the Shareholders Meeting.

Local communities

Emission of Annex C: "Grievance mechanism" at the MSG "Responsible and sustainable company". Development of local system of sustainability management in 5 Countries: the UK, Venezuela, Turkmenistan, Algeria, Iraq. Consultation activity of the local community in the field of resettlement and livelihood restoration in Mozambique, Kazakhstan and Ghana. Public consultation in permitting processes in Myanmar, Mozambique, Ghana, Egypt. Work tables for project, management and realization of social projects (i.e.: sectorial committee in Pakistan, technical and management committee of Hinda project in Congo, local committee in Ecuador, committee addressed to the development of Green River Project in Nigeria). Publication of the local Sustainability Report in Gela. Information workshop in Basilicata territorial themes and training project in educational area.

Domestic institutions, European and international institutions, international organizations

Participation in the main multi-stakeholder tables promoted by Italian Government (MAECI, MSE, CIDU) on human rights and Anti-Corruption initiatives. Regular meetings with political and institutional members, national, European, of diplomatic representations in Italy and International organizations. Active participation in service conferences, technical tables, intergovernmental commissions on climate and energy issues.

National and international NGOs

Dialogue and discussions with main Italian and International NGOs on sustainable issues for Oil&Gas industry. Dialogue with NGOs based in Bruxelles on institutional dossier relating to climate change.

The United Nations system

Participation in the main discussions with United Nations and Companies (Private Sector Forum, Annual Forum on Business and Human Rights). Subscription of the initiatives organized in the field of Global Compact LEAD (Leader Summit, LEAD Symposium on Breakthrough Innovation). Participation in the work groups on human rights and fight against corruption in the Global Compact.

Customers and consumers

Dialogue with the Customers' Associations (AdC) with focus on service quality addressed to customers, energy efficiency, sustainability and reliability of Eni services and products. Meetings and workshops finalized to increase customer satisfaction. Signing of new Equal Conciliation Protocol in line with the European ADR (Alternative Dispute Resolution) legislation and definition of a common protocol for prevention and management of not-requested commercial practices. Implementation and empowerment of telephone channels "Filogiallo" dedicated to AdC in order to help the management of possible problems with gas and energy services.

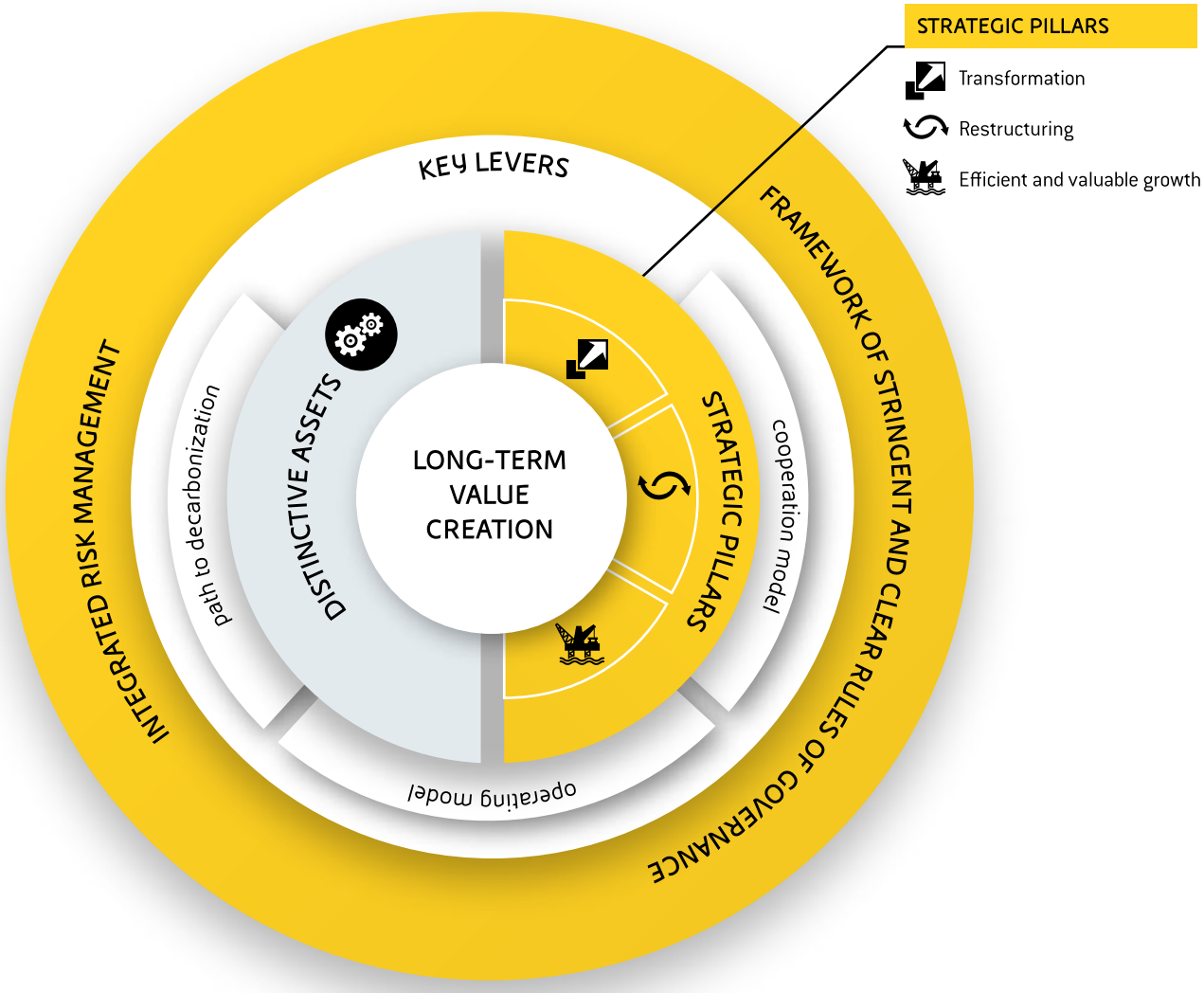
Other sustainability organizations

Participation in OGCI (Oil & Gas Climate Initiative) as founder member, at the anti-corruption Working Group of B20/G20 and at work groups of WBCSD, IPIECA and EITI "O&G constituency". Participation in the initiative of IEA/"Big Ideas" on "African development and Access to Energy".

Business model

Eni's business model targets long-term value creation by delivering on profitability and growth, efficiency, operational excellence and handling operational risks of its businesses.
Eni identifies as main challenge of the energy industry the balance between the maximization of the access to energy and the fight against the climate change, which necessarily involves a change in the energy mix, through the reduction of carbon footprint.
The answer of Eni to this challenge is the integrated strategy that combines financial strength with social and environmental sustainability, articulated on the following critical success factors: i) the cooperation and development model relating to the Countries in which Eni operates. Eni's commitment is addressed to the energy production for domestic market, the diffusion of the access to energy and diversification of the energy mix; ii) the operating model able to minimize risks and the social and environmental impacts of the activities; iii) a clear and defined strategy of decarbonization.

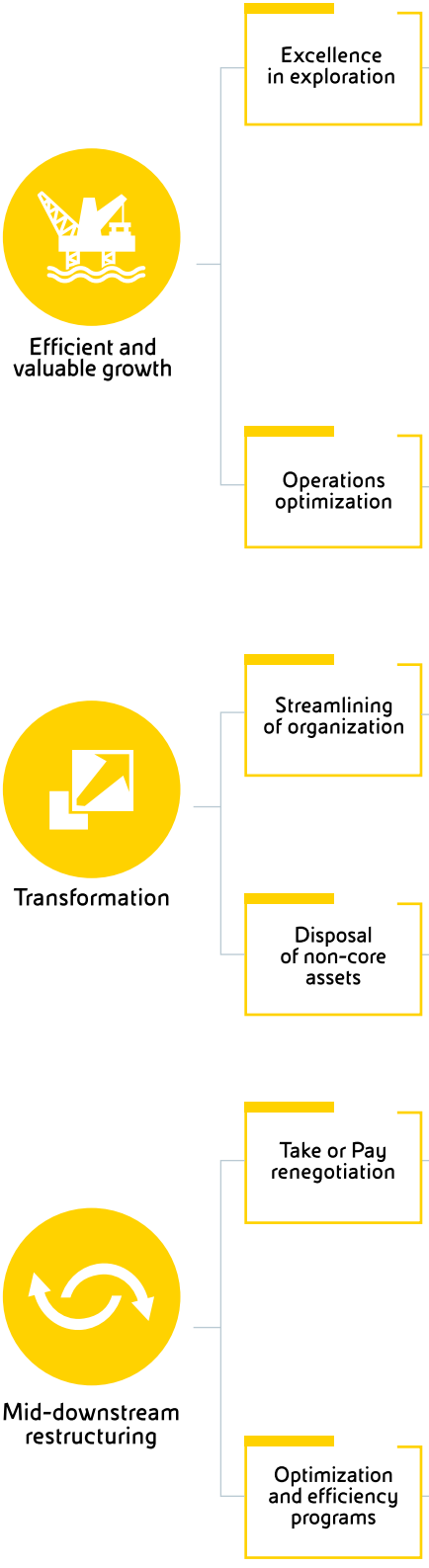
The environmental conservation and relationships with local communities, the fight against the climate change, the preservation of health and safety of people working in Eni and with Eni, the respect of human rights, ethics and transparency represent the fundamental values which address the use of Eni's distinctive assets.
In the following page, the table provides details about our distinctive assets, analyzed on the basis of financial, operational, environmental, technological, human, social and relational dimensions, in order to identify the related quantitative parameters (KPIs). These KPIs allow a continuous monitoring of the target achievement and the identification of the intervention areas by pursuing the strategic guidelines that allow, in an increasingly complex scenario, to optimize and anticipate the value creation.
The benefits for the company and stakeholders are highlighted as result of the use of our assets and their related connections.



Dimension	Distinctive assets for value creation	Main KPIs	Value creation for Eni	Value creation for Eni's stakeholders
ECONOMIC AND FINANCIAL	- Financial structure - Liquidity reserves	- Cash flow from operations - Leverage - Dividend per share - Dividend yield - Opex per boe (E&P) - Adjusted operating profit - Net profit - F&D cost (3 year average) (E&P) - Capital expenditure - Future net cash flows	- Going concern - Lower cost of capital - Leverage optimization - M&A opportunities - Mitigation of market volatility - Credit rating	- Yields - Share price appreciation - Social and economic growth - Satellite activities
OPERATING PERFORMANCE	- Hydrocarbon reserves (oil and gas) - Efficiency in exploration - Reduced time to market - Developed and productive assets - Retail G&P portfolio - Refineries and bio-refineries - Chemical plants - Green plants - Integrated risk management	- Discovered resources on yearly basis and cumulated - Unit Exploration cost per boe (E&P) - Organic RRR - Break-even of new upstream projects - Time to market - Break-even SERM - Total biofuels production - Installed renewable energy power (MWp)	- Profitability - Growth in hydrocarbon reserves - Enlarging asset portfolio - Increase assets value - Reduction of operational risk - Reputation - Energy and operational efficiency	- Availability of energy sources and green products - Energy for local market - Satellite activities - Reduction of emissions and responsible use of resources - Employment
ENVIRONMENTAL AND CLIMATE	- Hydrocarbon reserves (oil and gas) - Air - Water - Biodiversity and ecosystems - Soil	- Reserves by type - Direct GHG emissions (tons CO_2eq) - Gas flaring - Upstream GHG emission index - Investments in energy efficiency - Avoided emissions due to renewable energy - Oil spill from operations - Water withdrawal	- Growth in hydrocarbon reserves - Opex reduction - Higher energy efficiency - Operating risks mitigation - Reputation - License to operate - Stable relationship with stakeholders	- Reduction of GHG emissions - Reduction of gas flared - Reduction of oil spill - Mitigation of blow-out risk - Biodiversity preservation - Green products - Containment of water consumption - Energy efficiency
INNOVATION AND RESEARCH	- Technologies and intellectual properties - Corporate internal procedures - Corporate governance system - Control and management system - Knowledge management - ICT (Green Data Center)	- Investments in R&D by type (of which: new energy) - Number of R&D partnership - Tangible value generated by R&D activity - Number of patents in renewable energies	- Competitive advantage - Risk mitigation - Transparency - Productivity - License to operate - Stakeholders' Acceptability - Increase of energy and operational efficiency	- Reduction of environmental and social impacts - Transfer of best available technologies and know-how to host Countries - Contribution to fight against corruption in host Countries - Green products
PEOPLE AND SAFETY	- Health and safety of people - Know-how and skills - Experience - Engagement - Diversity (gender, seniority, geographical) - Eni's thinking - Asset integrity	- Number of total employees by gender and type - Local employees by category - TRIR (Employees and Contractors) - Investments and spending in asset integrity - Frequency of incidents by sectors (including blow-out)	- Productivity - Efficiency - Competitiveness - Innovation - Risk mitigation - Reputation - Talent attraction - Job enhancement - Career advance	- Create employment and preserve jobs - Wellness of Eni's people and local communities - Increase and transfer of know-how
SOCIAL, HUMAN RIGHTS AND TRANSPARENCY	- Relationship with stakeholders (institutions, governments, communities, associations, customers, suppliers, industrial partners, NGOs, universities, labor unions) - Eni brand	- % procurement on the local market by Country - Community investments - N. of people trained/training hours on human rights - Total payments to Governments	- Operational & Social license - Reduction in time to market - Reduction in Country risk - Market share - Alignment to international best practices - Reputation - Competitive advantage - Customers retention - Suppliers reliability	- Local socio-economic development - Customers and suppliers satisfaction - Share of expertise with territories and communities - Satisfaction and incentive of people - Promoting respect for workers' rights - Contribution to fight against corruption in host Countries

Scenario and Performance

An international environment characterized by oversupply and low prices, the ongoing transformations in the European mid-downstream businesses and the process of decarbonization in the energy system, represent the main challenges faced by the oil companies. The surplus in supply and the downward dynamic on prices continue to require a strategy of capex rationalization, addressed to projects with lower break-even and initiatives finalized to cost reduction. To achieve the target of limiting global temperature increase, natural gas will play a central role as main full alternative to carbon.



Transition towards a low-carbon energy mix

Companies operating in the energy sector have to face with challenges arisen from COP21 such as climate change and gradual decarbonization process. In this context, natural gas represents an opportunity for a strategic repositioning, due to gas low carbon intensity and the integration with renewable sources in order to produce electricity. To achieve these targets the promotion of policies aimed to replace coal in electricity generation will be crucial.

First signs of rebalancing

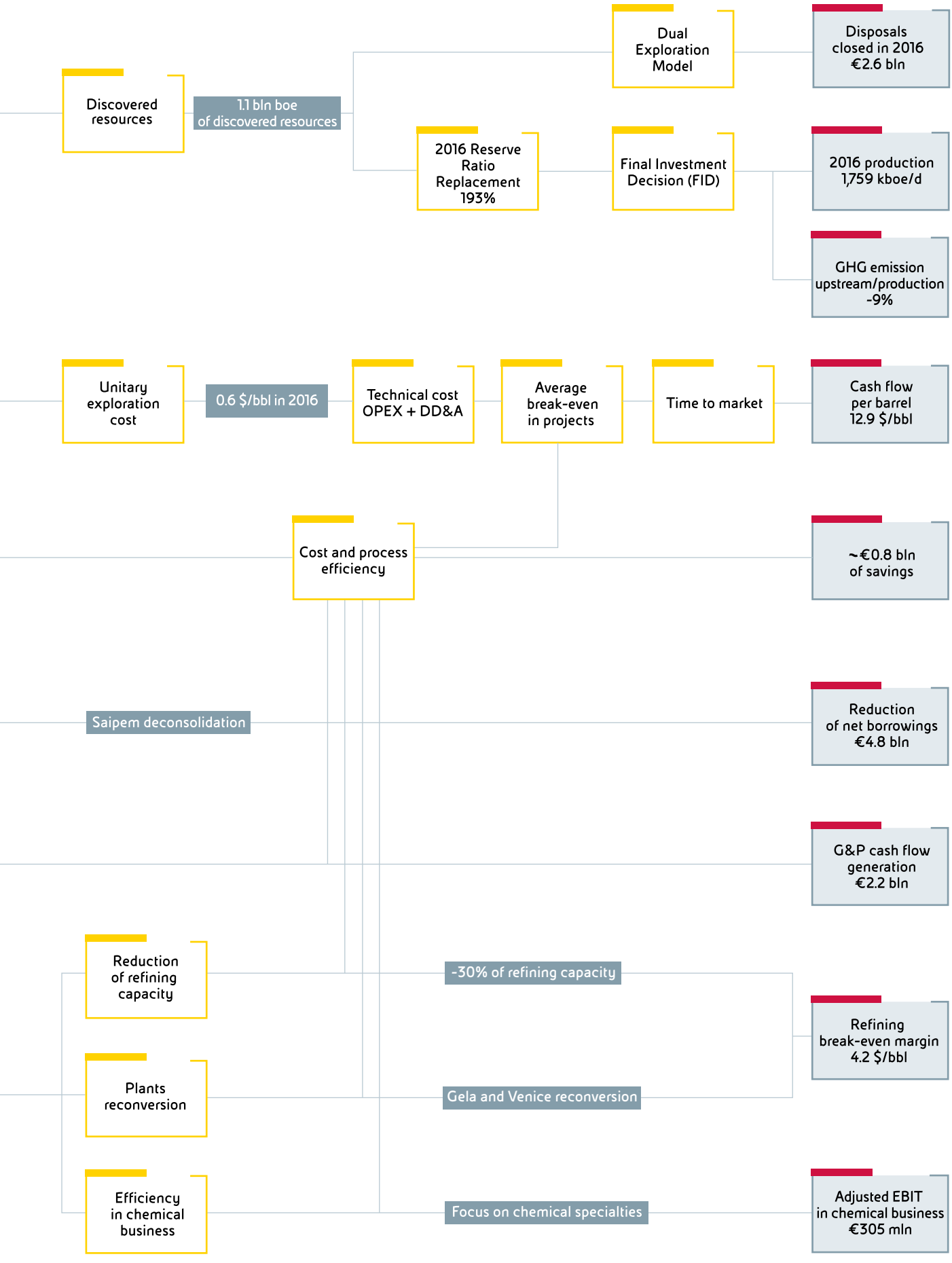
In 2016, the decline in non-OPEC production, particularly in the USA, and the robust increase in demand were offset by growth in OPEC production which has slowed the absorption of surplus in the world oil balance. Only at the end of the year, the return of a market control policy, led to a historic agreement between OPEC and non-OPEC in order to support the price, with a cut in production expected for the first half of 2017. The year closes with an average Brent price of 44 $/bbl, moving from the minimum of 31 $/bbl reported in January to 54 $/bbl in December.

The future productions affected by price recovery

The oil industry suffers two consecutive years of cutting investment, with consequent reduction in exploration activities and sanctioning of new projects. Although in 2017 is expected a recovery in activities, the additional productions might not be adequate to satisfy the robust growth in demand. In the long-term oil supply must constantly provide the replacement of fields natural decline. The oil companies need a stable increase in prices to accelerate activities and investments in order to recover productions.

The ongoing transformation of European mid-downstream businesses

In the European refining industry persists a strong competitive pressure by players located in the Middle East, the USA and Russia (main diesel supplier in Europe) and Asia, which present competitive advantages in terms of costs of procurement and efficiency. Despite the capacity rationalization realized in recent years, Europe remains in a situation of structural fuel surplus in a context characterized by a more independent position of the United States, which traditionally represented a final market for European gas streams.
In 2016, gas price trend is confirmed descendent due to the persistence of global oversupply.
Against the backdrop of a slight recovery in demand, the supply of gas remains abundant and increasing compared to the previous year.


Discovered resources
1.1 bln boe of discovered resources
Dual Exploration Model
Disposals closed in 2016 €2.6 bln
2016 Reserve Ratio Replacement 193%
Final Investment Decision (FID)
2016 production 1,759 kboe/d
GHG emission upstream/production -9%
Unitary exploration cost
0.6 $/bbl in 2016
Technical cost OPEX + DD&A
Average break-even in projects
Time to market
Cash flow per barrel 12.9 $/bbl
Cost and process efficiency
~€0.8 bln of savings
Saipem deconsolidation
Reduction of net borrowings €4.8 bln
G&P cash flow generation €2.2 bln
Reduction of refining capacity
-30% of refining capacity
Plants reconversion
Gela and Venice reconversion
Refining break-even margin 4.2 $/bbl
Efficiency in chemical business
Focus on chemical specialties
Adjusted EBIT in chemical business €305 mln

Strategy

Industrial Plan

At the end of 2016, as a result of the production cut agreement, Brent price returned to rise, recording a value of approximately 55 $/bbl. Eni's industrial plan is incorporating a Brent scenario of 55 $/bbl in 2017 and a gradual recovery in the subsequent years, up to long-term case of 70 $/bbl in 2020, following the progressive rebalancing of the market.

The main goal of Eni's growth strategy is to build a high-margin cash portfolio and will be pursued through the following levers:

the portfolio consolidation through high impact exploration activity on conventional basins, in proximity of existing facilities and not far from the final market
the development of projects with a "design to cost" approach, aimed to accelerate production start-ups and reduce financial exposure
the maximization of value through the integration of our portfolio with gas marketing activities (with a more relevant role played by LNG), the improvement of mid-downstream businesses and the active management of portfolio based on Dual Exploration Model

Leveraging on this business model, Eni intends to pursue in the medium and long-term, a high growth production rate, preserving a financial structure allowing the coverage of capex with operating cash flow, assuming in the 2017-20 period an average price level lower than 45 $/bbl.
Over the next four years, the Company plans to invest €31.6 billion, 8% lower than the previous plan at constant exchange rates, net of capital expenditure associated with our disposal activity to dilute Eni's interest in recent exploration successes. The four-year capex plan is more selective than in the past and is focused on the more profitable projects and accelerated returns in portfolio.
The 2017-20 divestment plan amounts to €5-7 billion, due to the application of "Dual Exploration Model", anticipating monetization of discoveries, as well as further refocusing of activities on the core business.
The combined effect of the industrial actions for the development of the Exploration & Production segment, the optimization of mid-downstream businesses and widespread initiatives of spending review will allow to reduce the Brent break-even level with a cash neutrality (including dividend floor) at 60 $/bbl by 2017 and lower than 60 $/bbl in the three years 2018-2020.

Dividend Policy

Considering Group's transformation process and Eni strategic goals, the Company will propose a dividend of €0.80 per share in 2017.

2017-2020 targets

Capex cash neutrality <an average 45 $/bbl in 2017-20 period

In 2017 organic cash neutrality (capex and dividend) at 60 $/bbl, for 2018-20 period < 60 $/bbl

Capex down by 8% vs previous plan at constant exchange rate	€31.6 bln in the four years
Asset disposal program	€5-7 bln
GHG emissions in upstream	down by 43% within 2025
Zero routine flaring by 2025	
Maintenance of project portfolio with a low CO_2 emission profile	

Upstream

Enhancement and growth of exploration resources:

- focus on the appraisal of recent exploration discoveries, near-field opportunities with a low time to market and quickly monetization as well as on highly material legacy areas (East Mediterranean area, Western and Eastern Africa) and in the deep offshore;
- exploration projects with high interest to implement the Dual Exploration Model.

Increase in cash flow from operations:

- hydrocarbon production growth at 3% on average in the four year plan after disposal, leveraging on the contribution of new projects start-ups and ramp-ups over the plan period with a cash flow per boe higher than the average of our portfolio; control of the decline rate through focused action pf production optimization;
- phased development and design to cost approach to minimize financial exposure and accelerate production start-ups;
- widespread actions to reduce opex, G&A and optimize working capital.

2017-2020 targets

Discovered resources	2-3 bln boe
Hydrocarbon production	up by 3% on yearly basis
Cash flow per barrel increase	average 15$/bbl for 2017-18 period @ Brent 57.5 $/bbl average 20$/bbl for 2019-20 period @ Brent 67.5 $/bbl

Mid-Downstream

G&P

- gas supply portfolio fully aligned to market conditions and logistic costs reduction to target structural break-even by 2017;
- enhancement of customer base;
- refocusing of midstreamer activity through the development and strengthen of the integration with upstream to value and trade equity gas, mainly leveraging on LNG sales and skills on the gas value chain.

R&M and Chemicals

- progressive reduction of break-even margin in refining;
- growth in marketing results leveraging on a marketing strategy to innovate products and services and on efficiency;
- developing green chemical and critical sites reconversion;
- products portfolio differentiation to concentrate on higher margin products (specialties).

2017-2020 targets

Fully alignment of gas supply contracts to market conditions	
Structural break-even by 2017	
Cumulative cash flow from operations	€2.6 bln in the four years
Break-even refining margin	3$/bbl by 2018
Cumulative cash flow from operations in R&M	€3.3 bln in the four years
Completion of Venice bio-refinery and green reconversion of the Gela plant	
Chemical business: stable profitability and cash flow neutrality in the four-year plan	
Cumulative cash flow from operations in the Chemical business	€1.2 bln in the four years

Decarbonization

- plants set up, mainly in the photovoltaic business, near Eni's existing assets and development of new initiatives in Eni's high potential Countries of operations;
- identification of new opportunities in renewable sector through skills improvement and technological upgrade, also leveraging on the collaboration with the Research and Development department.

2017-2020 targets

Capex in renewable energies	€0.55 bln in the four years
Installed capacity of photovoltaic plants	463 MWp

Targets, risks and treatment measures

In the table below, Eni's top risks are presented with regard to the Company's targets. For a detailed description of these risks, or, in addition, for further less relevant uncertainties factors, see the section "Risk factors and uncertainties".

Commodity risk

Company profitability — Target

Main risk events

Prolonged weak macroeconomic growth and crude oil oversupply.

Treatment measures

Revision of capital expenditure plan; disposal plan; reduction of new projects break-even price; widespread efficiency initiatives.

Rif. Risk factors and uncertainties section pages 71-72

Operational risk, accidents

Company profitability and Corporate Reputation — Target

Main risk events

Blow-out risks and other relevant accidents affecting the extractive infrastructures, refineries and petrochemical plants, the transportation of hydrocarbons by sea and land (i.e. fires/explosions, etc.) with impact on results, cash flow, reputation and strategies.

Treatment measures

Geologic "Real time monitoring" of well drilling phases and pre-drill, real time evaluation of geohazards and geopressions risks, specific technological development and emergency management plans; specific HSE audit and plants monitoring; management and continuous monitoring of shipping operation and third operators, vetting activities.

Rif. Risk factors and uncertainties section pages 80-82

Country risk

Company profitability — Target

Main risk events

Political and social instability in the Countries of operations may lead to acts of internal conflicts, civil unrests, violence, sabotage and attacks, with consequent production interruptions and losses as well as interruptions in gas supplies via pipe and people and assets damages.

Treatment measures

Implementation of the security management system with the analysis of the preventive measures specific for site, keeping efficient and long-lasting relationships with producing Countries and local stakeholders even throughout local social development and sustainability projects; diversification of portfolio assets since the exploration phase.

Rif. Risk factors and uncertainties section pages 78-79

Compliance risk

Corporate Reputation — Target

Main risk events

Negative impact on the Company reputation and business perspectives due to the lack in compliance (real or perceived) with the laws and rules, in particular on Anti-Corruption themes, on behalf of management, employees and contractors, with negative effects on profitability, strategies and shareholders return.

Treatment measures

Establishing the Integrated Compliance Department directly reporting to the CEO; continuing training for compliance/ Anti-Corruption and higher management awareness on the culture of company ethic and integrity; the control on the adequacy of the design and correct application of the 231 Model (Watch Structure), continuous updating of the internal procedures (Code of Ethics, MSG, etc.), continuous monitoring of regulatory developments and a corresponding adaptation of the Anti-Corruption Compliance Program, process of analysis and notices treatment, audit activity, continuing control on the management of legal proceedings performed by dedicated organizational structures.

Rif. Risk factors and uncertainties section page 83

Operational risk

Company profitability and Corporate Reputation — Target

Main risk events

Environmental and health proceedings as well as evolution in HSE legislation may trigger contingent liabilities, impact on Company profitability (costs for remediation activities)and on Corporate reputation.

Treatment measures

Integrated system of HSE management. Transversal organizational unit dedicated to legal assistance to HSE matters; monitoring of authorization processes of the remediation projects through a continuous dialogue with the stakeholders and the competent Authorities for the remediation activities; technological development activities with international universities and partnerships with environmental engineering company.

Rif. Risk factors and uncertainties section pages 73-75

Strategic risk

Company profitability and Corporate Reputation — Target

Main risk events

The impact of climate change mainly relating to drivers of trading environment, regulatory framework and technological development, physical risks and reputation.

Treatment measures

Strengthening of the Climate Change issue in the strategic plan, with medium-term targets and capex in line with the 2025 Action Plan; update of the Climate Change program for the definition of a road map for long-term decarbonization; strengthening of gas as a pillar of the low-carbon transition. Development of a business model integrated with renewable energies; sustainable development of green refinery business and specific initiatives of bio-based chemistry.

Rif. Risk factors and uncertainties section pages 80-82

Strategic risk

Relationship with Stakeholders, Local development and Corporate Reputation — Target

Main risk events

Relationships with local and international stakeholders on Oil&Gas industry activities, with impact also in the media.

Treatment measures

Dialogue and transparency towards stakeholders on Eni's businesses and sustainability activities; detailed mapping of stakeholders requests; integration of targets and sustainability projects within the strategic plan and incentive program; participation in conferences and international forums also aimed at spotting any "weak signals" from the context.

Rif. Risk factors and uncertainties section pages 78-79

Strategic risk

Company profitability — Target

Main risk events

Potential differencies between the cost of supply and the minimum off take obligations in take-or-pay long-term gas supply contracts compared to current market conditions.

Treatment measures

Prolonged supply portfolio restructuring process through the renegotiation of price-volume conditions and portfolio balancing through the sale of volumes not intended to commercial segments to the financial markets (physical and liquid financial hub) both in Italy and in Northern Europe.

Rif. Risk factors and uncertainties section pages 79-80

Strategic risk

Company profitability — Target

Main risk events

Unsettled extraordinary disposals.

Treatment measures

Existence of a central organizational structure managing extraordinary portfolio operations; Eni's portfolio analysis, in consideration of Eni's segments of operations. Evaluation of alternative deal structures, further disposal targets through portfolio analysis; management and preservation of a fair amount of strategic liquidity.

Rif. Risk factors and uncertainties section page 85

Counterparty risk

Company profitability — Target

Main risk events

Upstream credit and financing risk partner related to the credit proceeds delay or cost recovery. Mid-downstream business credit risk.

Treatment measures

Finalization of specific agreements on repayment plans of third parties receivables; negotiating, monitoring and soliciting towards the governmental authorities; carry agreements negotiation of; securitization package with in-kind withdrawals; receivables sold to financing institutions; time to bill reduction; strict selection and credit line for retail customers; captive insurance for an effective risk reduction.

Rif. Risk factors and uncertainties section pages 85-86

Evolution in the legislation

Company profitability — Target

Main risk events

Regulatory risk of the Oil, Gas&Power sector.

Treatment measures

Participation in forums, advocacy of Eni interests in a continuous dialogue with the institutions and the regulatory authorities; proactive oversight of legislative and regulatory dynamics.

Rif. Risk factors and uncertainties section pages 76-77

Operating risk

Company profitability — Target

Main risk events

Cyber security and industrial espionage.

Treatment measures

Internal structures and rules dedicated to IT security management and information protection, centralized governance model on Cyber security; units dedicated to prevention, monitoring and management of cyber attacks; operating plans aimed at increasing security of industrial sites, training and awareness initiatives dedicated to Eni's employees.

Rif. Risk factors and uncertainties section page 86

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 better understanding their needs. It is part of our efforts to ensure the effective exercise of shareholder rights.
With this in mind, recognising the need for a deeper dialogue with the market, in 2016 Eni organised a new cycle of corporate governance roadshows involving the Chairman of the Board of Directors with the main institutional investors of Eni to present the Company's governance system and main initiatives in the fields of sustainability and corporate social responsibility. The initiative was much appreciated by the investors, who welcomed the open and constructive dialogue forged with the Company. In particular, the investors applauded the composition of the Board of Directors, including its diversity, the governance measures adopted and the completeness and transparency of the information provided to shareholders and the market as a whole. In addition, during the meetings the investors displayed considerable interest in developments in the governance of risks and the control system, the associated organisational arrangements and the leading role reserved for the Board and the Chairman in the system. Additional corporate governance events were held in early 2017.

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, 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.
Similarly, the current Board conducted its own assessments and presented them to shareholders and the market in the run-up to the next Shareholders' Meeting[2].
Moreover, the number of independent directors on the Board of Directors (7[3] 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[4].
The Board of Directors appointed a Chief Executive Officer and established four internal committees with advisory and recommendation functions: the Control and Risk Committee[5], the Compensation Committee[6], the Nomination Committee and the Sustainability and Scenarios Committee.
The committees report, through their Chairmen, 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, which are considered an integral part of the decisions of the Board, incorporated in the Company's business model.

(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) For more information, please see the next section and the Report on corporate governance and ownership structure 2016.

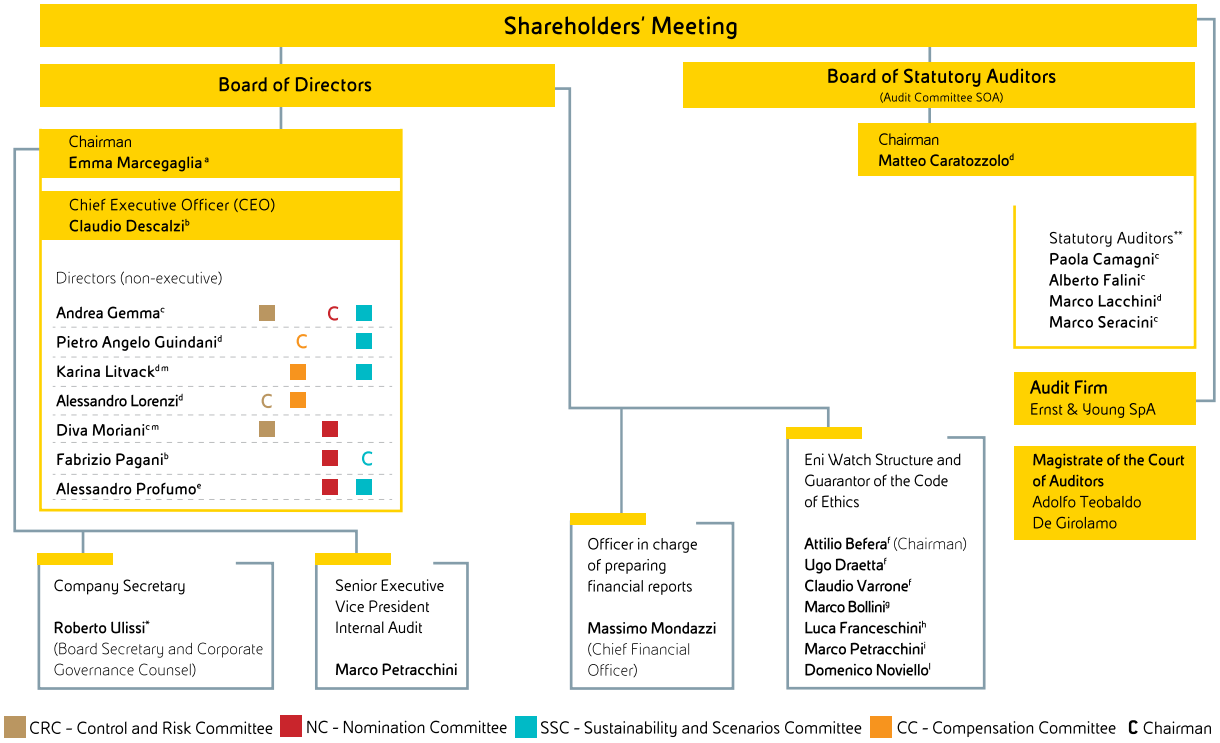
(3) Independence as defined by applicable law, to which the Eni By-laws refer. Under the Corporate Governance Code, 6 of the 9 serving directors are independent.

(4) Under law and the Corporate Governance Code, the number of independent Directors was unchanged even after the appointment by the Board of a Director on July 29, 2015, in replacement of a resigning Director appointed by the Shareholders' Meeting (see the chart at the end of the section).

(5) 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.

(6) 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.

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). The Chairman is also involved in the appointment of the primary Eni officers responsible for internal controls and risk management, including the Head of Integrated Risk Management and the Head of Integrated Compliance, which report directly to the Chief Executive Officer, including in his capacity as the officer responsible for Eni's 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 periodically to the Board of Directors on the functioning of Eni's corporate governance system.
The report enables the periodic monitoring of the governance model adopted by the Company, designed on the basis of the most prominent studies in this field, the choices of our peers and the corporate governance innovations incorporated in the corporate governance codes of other countries and in the principles issued by leading international bodies, identifying any areas for additional improvement in the Eni system. In view of this role, the Secretary, who reports to the Board of Directors itself and, on its behalf, to the Chairman, must also meet appropriate independence and other requirements.
The following chart summarises the Company's corporate governance structure at December 31, 2016:



a - Member appointed from the majority list, non-executive and independent pursuant to law.
b - Member appointed from the majority list.
c - Member appointed from the majority list and independent pursuant to law and Corporate Governance Code.
d - Member appointed from the minority list and independent pursuant to law and Corporate Governance Code.
e - He is independent pursuant to law and Corporate Governance Code, being co-opted by the Board on July 29, 2015, in the place of the Director Luigi Zingales who had resigned from the Board on July 2, 2015, and confirmed as Director by the Shareholders' Meeting on May 12, 2016.
f - External member.
g - Senior Executive Vice President Legal Affairs.
h - Executive Vice President Integrated Compliance.
i - Senior Executive Vice President Internal Audit.
l - Executive Vice President Labour Law and Dispute.
m - On July 28, 2016, the Eni Board of Directors approved the rotation of Director Karina Litvack out of the Control and Risk Committee with another Director selected by the Board itself on September 15, 2016 in the person of Director Diva Moriani. Moriani left the Compensation Committee effective as of December 22, 2016.
* Also Senior Executive Vice President Corporate Affairs and Governance.
** The following are Alternate Auditors:
Stefania Bettoni - Member appointed from the majority list.
Mauro Lonardo - Member appointed from the minority list.

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[7], internal control and risk management.
In recent years, the Council has devoted special attention to the Company's organisational arrangements, with a number of important measures being taken with regard to the internal control and risk management system. More specifically, during the year the Board decided that the Integrated Risk Management function would report directly to the Chief Executive Officer and created an Integrated Compliance unit, also reporting to the Chief Executive Officer, separate from the Legal Department.
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 in charge of preparing financial reports, 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. The same documentation is provided to the Statutory Auditors.
In addition to meeting to perform the duties assigned to the Board of Statutory Auditors by Italian law, including in its capacity as the "Internal Control and Audit Committee", and by US law in its capacity as the "Audit Committee", the Statutory Auditors also participate in the meetings of the Board of Directors and the Control and Risk Committee to ensure the timely exchange of key information for the performance of their respective duties within the Company's internal control and risk management system.
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 and an examination of Board dynamics are essential elements. Following the Board Review, the Board of Directors develops an action plan, if necessary, to improve the operation of the Board and its committees. In addition, in determining the procedures for the performance of the Board Review, the Eni Board also assesses whether to perform a peer review of the Directors, in which each director expresses his or her view of the contribution made by the other Directors to the work of the Board. The peer review, which has been conducted three times in recent years, most recently in May 2015, is an important innovation among Italian listed companies.
The current Board has also improved the Board Review process: Board dynamics were analysed and compared with international best practice in order to assess the "team effectiveness" of the Board. In particular, the peer review conducted in 2015 involved all the Directors in making individual commitments, which were reassessed by all of them and by each individual Director both in 2016 and in 2017 in order to improve team dynamics even further.
In addition, bearing in mind the outcome of the self-assessment, the Board, subject to assessment by the Nomination Committee and prior to election of the Board itself, provided the shareholders with guidance on the managers and professionals it felt should be present on the Board.
For a number of years now, Eni has supported the Board of Directors and the Board of Statutory Auditors with an induction programme, which involves the presentation of the activities and organization of Eni by top management.
More specifically, during the term, in continuity with previous initiatives, additional training sessions were held on corporate topics (such as corporate governance, compliance, internal control and risk management) and business issues (in particular, exploration and drilling), with visits to operating sites in Italy and abroad. More specifically, during the year a study session was organised to review US law and a Board meeting was held at an operating site.

(7) 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.

In addition, in the area of sustainability, the Board participated in the "UN Global Compact LEAD Board Programme[8]", devoted to training Directors in the issues addressed in that area, completing the initiative in 2015[9].

Remuneration Policy

Eni's Remuneration Policy for its Directors and top management is established in accordance with the Governance model adopted by the Company and the recommendations of the Corporate Governance Code. 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, also on a per-share basis, 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, driven by proper deferral periods and/or at least three-year vesting period to reflect the long-term nature of the business and the related risk profiles.
With regard to sustainability issues, the CEO objectives set for the year 2017, are focused on environmental matters as well as on human capital aspects.
The objectives of the Chief Officers of Eni business segments and other Managers with strategic responsibilities are assigned on the base of those assigned to top management focused on stakeholders' perspectives, as well as on individual objectives assigned in relation to the responsibilities inherent the single managerial position, under the provisions of Company's Strategic Plan.
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[10].

The internal control and risk management system[11]

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 top management of the Company and its subsidiaries. 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 an essential 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 Officer (CFO) are responsible for planning, establishing and maintaining the internal control system for financial reporting. The CFO also serves as the officer in charge of preparing financial reports.
A central role in the Company's internal control and risk management system is played by the Board of Statutory Auditors, which in addition to the supervisory and control functions provided for in the Consolidated Law on Financial Intermediation, also monitors the financial reporting process and the effectiveness of the internal control and risk management systems, consistent with the provisions of the Corporate Governance Code, including in its capacity as the "Internal Control and Audit Committee" pursuant to Italian law and as the "Audit Committee" under US law.

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

(9) More specifically, with the support of an international facilitator with expertise in sustainability, integrated reporting and management, in September 2015 the Board participated in the second session of the programme devoted to "The role of the Board", which was dedicated to investigating issues concerning the role of the Board in integrating sustainability into the Company's strategy and management, with a special focus on climate change. The first session of the programme, held in October 2014, regarded "The materiality of sustainability", which sought to strengthen awareness of the importance of sustainability to the Company's strategy and business. The programme was conducted under the supervision of the Sustainability and Scenarios Committee.

(10) In particular, in 2016, 96.76% of voting shareholders, expressed a favorable vote on Eni's remuneration policies, this confirming the large consent registered in 2015.

(11) For more information, please see the Report on corporate governance and ownership structure 2016.