



Eni Shareholders' Meeting

13 May 2020

Message from the Chairman Emma Marcegaglia

Dear Shareholders,

this year, due to the health emergency, our annual meeting cannot take place in the usual form, in person.

As you know, pursuant to the regulations issued to contain the spread of the pandemic, your participation in the Shareholders' Meeting can only take place through the shareholders' representative designated by the Company, to whom you may confer proxies and sub-proxies.

However, we have made sure for you to exercise your participation rights to the maximum extent possible, in the context of this difficult situation.

Therefore, unlike in previous years, the answers to the questions you will submit will be posted on the Company's website before the Shareholders' Meeting, in time for you to read them and decide, in a fully informed manner, the voting instructions to be given to the designated representative.

We have also given each shareholder the opportunity to share in advance the resolution proposals he intends to submit to the Shareholders' Meeting, publishing them on the Company's website, so that the other shareholders can evaluate them and decide whether, or not, to vote for them, should the proposing shareholder decide to confirm the proposal in the instructions he will give to the designated representative.

This year, through the designated representative, you will be called upon to resolve, among other things, on the 2019 financial statements, the distribution of profits, the appointment of corporate bodies and the Report on remuneration policy and remuneration paid.

In particular, this year, for the first time, your vote on the remuneration policy will be binding and no longer merely advisory as in previous years.

1. The scenario

As usual, I would like to make some preliminary thoughts on the economic and energy scenario.

As we all know, we are experiencing an unprecedented crisis, a time of strong discontinuity and great uncertainty; the reference scenarios, which are essential for a company like ours, are suffering the very strong impacts of the COVID-19 pandemic globally.

In recent years, in order to keep adapting to a volatile and constantly changing scenario, Eni has taken a transformation journey, proposed by the CEO and supported by the entire Board of Directors.

The integrated strategy that has been implemented, along with a strengthened governance, now make Eni a resilient and financially sound company, capable of dealing with the difficult and severe situation we are faced with.

Thanks to the deep restructuring, that has been underway for some time now, Eni will be able to ensure the generation of value and sustainability of the business in the long term.

1.1. The macroeconomic scenario

The economic scenario, in which we are operating today, is bleaker and more uncertain than ever.

The development of the pandemic has drastically changed the global context in the first few months of 2020. After the slowdown in the world economy in 2019, we had seen an improvement and the first signs of optimism at the beginning of 2020, with the temporary US-China trade truce, the gradual recovery of international trade and an improvement in the output of the manufacturing industry. Today, with the coronavirus pandemic, we are unfortunately experiencing a situation very similar to the Great Depression of the '30s. The world economy is in a recession, estimated at - 3% or even worse. This is a different crisis. Usually, crises occur on the demand side. Now, because of the lockdown and of the restrictions on social activities, we are in the midst of a dual crisis, on both the supply and the demand side, a dual shock which is obviously affecting the social life of individuals, all the economic activities, and the services' sector in particular, which globally absorbs a large part of employment and accounts for a substantial share of GDP.

The crisis and the recession affect the whole world: the US, for instance, has lost 4.8% of its GDP in the first quarter and, according to forecasts, it may lose 5.9% in the course of 2020. China's GDP dropped by 6.8% in the first quarter, which is forecasted to go up by 1% in 2020, whilst we were used to seeing growth rates in China by 6% at least.

The euro area is certainly among the most affected ones. Its GDP is expected to drop by 7.5% and, in this context, Italy is being hit hard. Italy comes from a close to zero growth in 2019 and its GDP drop is estimated at 8 to 9% this year, a crisis that is much more severe than the 2009 financial crisis.

In addition, the spread of coronavirus has increased volatility and instability in the financial markets, eliciting increased risk-aversion and a bearish trend in equities.

To counter this situation, a number of very important initiatives have been put in place, namely the major central banks globally injected enormous liquidity into the markets and cancelled interest rates. To the same end, across the world, different governments have proceeded with expansionary fiscal policies, to support households and businesses at this trying time, as has also been the case in our country.

However, the global dimension of the crisis should encourage us to go the extra mile, especially in Europe and among the euro area countries, where it is essential to converge towards common responses and coordinated actions to support the economy, that is suffering this severe shock.

And the debates we hear regarding the different European instruments such as the

ESM, the SURE, the EIB Funds, as well as the idea of a new instrument, a sort of Recovery Fund, are positive and important elements. Now, it is important to define this Recovery Fund as well as the size, modalities and timing of delivery of such funds in the fastest possible way.

1.2. The energy scenario

As to the energy scenario, the severe impact of the pandemic is reflected not only in the economy, but even more strongly in the energy scenario.

The oil scenario

As to the oil scenario, with an average Brent price around 64\$ per barrel after the end of 2019 and values close to 70\$ per barrel at the start of 2020, the scenario, already characterised by deep uncertainty, was radically changed by the pandemic. The impact of the pandemic on global oil demand is profound in the current year, although it is difficult to appreciate its exact size at the moment. Revisions of growth prospects of oil demand for 2020 are, in fact, constantly showing declining values, and a very sharp drop in consumption is definitely being expected, much sharper than the one seen in 2008 and 2009.

In particular, the second quarter of 2020 will be most affected by the strong lockdown measures taken by governments around the world. In 2021, the oil demand is expected to rebound.

In response to an unprecedented plunge in demand, refineries have opted for massive cuts in processing worldwide, which contributes to increase the supply surplus of crude oil on the markets.

On the supply side of crude oil, the breaking of the OPEC+ agreement in early March created further instability on the markets. The breaking of the alliance between the Cartel and some non-OPEC countries, first and foremost Russia, triggered a serious price war between Russia and Saudi Arabia, which saw crude oil fall well below \$30/b. Although on April 9, at the OPEC+ meeting, a new agreement was reached on record cuts, both in terms of amount and duration, the relief is only

partial in consideration of the growing surplus. The global storage system, i.e. the only outlet in a context of collapsing demand, is close to maximum capacity, generating tension on the logistics system, that brings the current Brent price, on the physical market, to around 20 dollars per barrel, which is certainly a very complex situation.

Finally, the plunge in prices is already forcing many producers to drastically cut costs and investments and to reduce production targets for 2020. Investments are expected to be cut by about 20 to 25 per cent, and this also concerns our company.

The gas scenario

Because of the spread of Coronavirus, an equally critical gas scenario is looming ahead.

In fact, we are being faced with a marked weakening of international markets, due to the effects of the pandemic, in addition to the pre-existing global oversupply pressures. In 2019 a reduction in spot prices by 40% had already been recorded in Europe and Asia and by 20% in the US, as against the previous year.

Today, the extent of the contraction in gas demand has yet to be fully understood, given the high uncertainties about the extent and duration of the lockdown. In particular, a downward adjustment is expected in the growth of gas consumption in China, already slowing down in 2019, and a 5 to 7% reduction in Europe's gas demand is estimated, as compared to 2019.

Despite high uncertainties about demand, it is estimated that gas spot prices may have approached a low last month, ranging between \$1.5/Mbtus and \$ 2/Mbtus in the United States and about \$ 2-3/Mbtus in Europe and Asia, values that stimulate a reduction in LNG supply at the global level. It is also estimated that spot prices in Europe and Asia may remain at this level until the end of the summer period, to gradually recover as of the fall of 2020.

We can also assume that low prices could stimulate gas demand in some countries, such as Japan and South Korea, favouring the shift from coal to gas, which would be positive.

In the United States, on the other hand, the drop in crude oil prices is expected to lead to a reduction in the gas production linked to unconventional oil production which could favour, in the coming months, a recovery in hub price quotations from the current lows.

To date, we can expect the impacts of COVID-19 on gas markets to be limited mostly to 2020 and the early months of 2021. On the other hand, a trend of progressive rebalancing of gas markets is confirmed in the following time horizon, thanks to the strong slowdown of new liquefaction capacity start-ups, combined with a global gas demand that is constantly growing and is further stimulated by the currently low gas prices. Therefore, forecasts of European and Asian spot prices reflect a gradual recovery in 2022-2023.

These are the global macroeconomic oil and gas scenarios, in which our company has to operate.

2. Eni's strategy

I would like to spend a few words on Eni's strategy.

Today Eni, thanks to what we have done, is structurally ready to take advantage of the new opportunities for development and efficiency even at this time of severe crisis.

Already in the past, the company has proven its adaptiveness, flexibility, and ability to respond to the challenges of energy scenarios, leveraging its core values, i.e. the know-how of its people, its proprietary technologies, research, and aptitude for innovation.

In these years, under the leadership of the CEO, the Board of Directors has deeply changed our company, shaping Eni for the next decades. We have gone through two phases of transformation, which are connected with each other. The first phase started in 2014, before the first big plunge in oil price, and turned Eni into an integrated energy company, that is much more resilient, leaner, and less costly. By leveraging our core actions, i.e. exploration and production, we managed to achieve extraordinary results in terms of production levels and cashflow, at the same time as bringing all the downstream activities, making losses in previous years, back to profit-making.

In this first phase we also proceeded with a great strategy of geographic diversification (I'm referring to our strengthening in Norway, the start of operations in Mexico, the important partnerships established in Abu Dhabi and the United Arab Emirates) and also diversified by sector. We strengthened, and invested a lot in, our refining business, in particular with big investments in the Ruwais refinery, while enhancing our financial resilience and the group's ability to generate cash in such a difficult and volatile scenario. Over the last six years, the scenario has been really complex.

The second phase started in 2019: this has been the phase of the long-term plan, the 2050 plan, relying on a very solid strategy, that I would regard as the most transformational strategy ever implemented in the history of our company. In the framework of the 2050 scenario, I wish to emphasise that Eni will remain an industrial integrated energy company. We will keep operating in the entire value chain, that will be fully changed. The new upstream will be a mix of gas and renewables. Our industrial processes will be converted in a sustainable manner and all our products will be fully decarbonised.

Thanks to this strategy, by 2050 we will cut emissions by 80%. This innovative and transformational strategy didn't emerge out of the blue or because of pressure made by public opinion: rather, it was devised a long time ago. It is connected to the first transformation phase, that I have already outlined. It was strongly supported by the Board and it will shape the future of the company.

Now let's move on to corporate governance.

3. Corporate Governance

3.1. The internal audit and risk management system

Underlying the significant transformation of the company, the results achieved and the strong business strategy, there is a really great team, a great CEO, great Board members, and a great management. Yet, there is also a system of corporate governance, meant as a model of management and control, that supports the relationship of trust with all shareholders and stakeholders, ensuring proper risk assessment and helping to create sustainable value in the long term.

Accountability, integrity and transparency are the founding values of this system, as also demonstrated by the new corporate mission.

Over the last six years, the Board has further improved a governance system that was already excellent.

The control system plays a central role in Eni's governance. An internal audit and risk management system - regularly and carefully assessed by the Board of Directors and the Board of Statutory Auditors - has been built, that is aimed at ensuring efficiency and effectiveness of controls and alignment with international best practices.

We do a benchmarking exercise on a regular basis, to check whether we can do better.

In this regard, I wish to point out that not only have we strengthened the internal audit and risk management system as well as the compliance function, but we have also worked hard on the anti-bribery system. And I am pleased to point out that, in January 2017, Eni was the first Italian company to be awarded the certification of compliance with the first international Anti-Bribery Management Systems standard. In the following years, until December 2019, to maintain the certification, the company underwent a number of external audits, all resulting in positive outcomes.

Eni's approach to the control system is integrated, both in terms of risk management - our risk management system is excellent - and of compliance. In particular, Eni is the only industrial company in Italy to have an internal integrated compliance function, separate from the legal function. This was the result of a resolution issued by this Board and was accomplished in 2016, and I would add that last years' results were very good.

The compliance function adopts a risk-based approach for the assessment of compliance risks. It mainly works in a proactive manner and promotes communication and training initiatives aimed at disseminating a compliance culture at all levels of the corporate population.

Compliance is not considered as a burden or a cost to the company, but as an opportunity and a fundamental factor in safeguarding it from risks, allowing it to operate properly in compliance with the regulations, the code of ethics, and keeping focus on risks.

In addition, we also have the Internal Audit function, which since 2014 has reported to the Board through me, ensuring the required independence. They have worked very well so far and I reckon that the function should be maintained.

Let's move on, now, to legal proceedings.

3.1.2 Legal proceedings

The control system has been structured in such a way as to ensure the proper management of judicial investigations concerning the company. In particular, in case of judicial investigations with regard to members of corporate bodies or top management of the Company, the Control and Risk Committee, and sometimes the Chairman of the Board, oversees the legal function, to ensure the utmost objectivity and transparency in control activities.

In this task, the Control and Risk Committee works in close coordination with the other control bodies, i.e. the Board of Statutory Auditors and the Watch Structure, and the relevant corporate functions, ensuring a thorough verification activity of the facts being reviewed by judicial authorities. This, where appropriate, can include external consultants. Both the judicial authorities in Italy and in the United States (where the Company is also listed), both Consob and the U.S. Securities and Exchange Commission (SEC) are kept promptly informed of the findings of investigations and the Company has ongoing discussions with all of these authorities in a spirit of transparency and utmost cooperation.

Now, I would like to provide you with a brief update on individual legal proceedings.

With regard to the proceedings at the trial phase, the proceedings concerning alleged acts of corruption committed by **Saipem in Algeria** were settled at second instance by a judgment handed down in January 2020. The Court of Milan acquitted again Eni, its former Chief Executive Officer and a Company manager on all charges. Saipem and all of the managers involved were also acquitted. The decision of the Milan Court of Appeal confirms the outcome of internal investigations carried out by independent third-parties. Prior to this ruling, the US Department of Justice had already ordered in October 2019 not to take any action against Eni. In April 2020, Eni reached a modest settlement with the U.S. Securities and Exchange Commission (SEC) for some objections on issues regarding the financial statements and tax matters in relation to the Algeria case (which date back to 2010): on that occasion the SEC acknowledged Eni's further acquittal.

With regard to the proceedings pending before the **Court of Potenza** in connection with the spill that occurred in February 2017, the Emergency Safety Procedures agreed upon with the agencies are nearing completion, while the additions to the characterisation plan are being finalised.

More than 85% of the estimated total of 400 tons of spilled oil has been recovered to date within the Oil Centre area and the adjacent industrial area (both basically owned by Eni itself): based on sampling and tests performed, they are the only ones to be contaminated. With regard to the hypothesis that the spill had started in 2012, the scientific investigations conducted in relation to the dating of the spill allow to state with certainty that the leak could have occurred, at the earliest,

a few months before February 2017, but definitely not since 2012. In addition, the Court of Cassation annulled the remand in custody orders issued against Eni executives. The Company is now waiting for the preliminary hearing to be scheduled.

The proceedings relating to the acquisition of the **OPL 245 block in Nigeria** are awaiting discussion, having completed the court hearings phase at the beginning of February 2020. There is still uncertainty as to the timing of the ruling, also because of the lockdown measures.

I would remind you that this case was also subject to verifications by independent external consultants, who carefully examined all the documentation available to the Company and the documentation acquired by the Public Prosecutor's Office following the closure of the investigation, with a work that lasted almost 4 years. Besides, the Board entrusted an independent law firm with the task to establish whether the information received by the Board was correct and the Board's behaviour had been appropriate. In this case, once again, no unlawful conduct by the Company or its managers was established. The Board of Directors, thanks to this in-depth and substantial verification, was therefore able to confirm the utmost confidence in the correct actions of the Company and its Chief Executive Officer. In October 2019, the U.S. Department of Justice ordered that no action be taken against Eni on the OPL 245 case, and very recently, in April 2020, the SEC adopted a similar measure, since it did not deem it appropriate to propose initiatives or actions against Eni.

As to the main ongoing investigations, they concern the awarding of some oil licenses in Congo, the hypothesis of failure to declare a conflict of interest by the Chief Executive Officer and a case of alleged side-tracking.

The proceedings relating to **Congo** involve the Company, pursuant to Law Decree 231, a manager and a female employee. The internal verification, entrusted by the control bodies to independent third parties, i.e. an international law firm and a leading consulting firm, was thorough as usual and covered all the material available to the Company. It has been in progress for about two years and have not detected any evidence of crimes committed by Eni managers or employees in favour of or to the detriment of the Company. The control bodies continue to closely monitor the matter and any further assessments may be made in relation to the future completion of the preliminary investigations. The SEC has recently confirmed, to Eni, the closure of its investigation into the Group's operations in Congo and does not see any reason to propose initiatives or actions against the Company.

In September 2019, the Chief Executive Officer received a notice of investigation for the alleged failure to disclose a conflict of interest relating to the activities of a supplier of Eni's subsidiary in Congo. Also, in this case, the internal audits, immediately entrusted by the control bodies to the same independent third parties working on the above-mentioned hypothesis, were thorough as usual, and covered all the material voluntarily made available to the Company by the person under investigation (in addition to the material already available). At present, these investigations have not found any evidence either of the commission of the alleged offence or of the incorrectness of the statements made by the Chief Executive Officer himself.

With regard to the investigation into the **alleged side-tracking**, started in February 2018 and involving a top executive, the control bodies set out to explore these events, entrusting an external consultant with the internal verification. Furthermore, similarly to what was done for OPL 245, the Board entrusted two trustworthy lawyers with drafting an independent opinion on these matters and identifying the most appropriate initiatives to safeguard the company's reputation.

Following the findings of the work carried out by the advisors, the Board has resolved on a detailed action plan, outlining organisational measures in terms of control and sanctions. In particular, since negligence and shortcomings in internal management had emerged, the responsibility of individuals has been established, which led to the adoption of appropriate disciplinary sanctions.

Later on, within the same inquiry, the Company received a notice of investigation on the hypothesis that it had provided benefits to a former external lawyer, the main person being investigated for obstruction to the investigation. The benefits in question were allegedly derived from trading contracts entered into by ETS (not by Eni) with the involvement of former employees, who were immediately identified, dismissed and reported for fraud. Eni was a claimant in the proceedings and is claiming the protection of its reputation and financial interests with regard to the persons involved in various ways.

Following a seizure of documents at the company's headquarters, which took place last January, with the investigation being extended to a number of other employees, the control bodies immediately started a verification of the material in question, by appointing an independent external consultant. These verifications did not give, at this stage, any documentary evidence against the employees under investigation.

No evidence emerged of any involvement by the Company pursuant to Law 231.

As for the investigations that are still in progress, Eni continues cooperating, with utmost transparency, with the Public Prosecutor's Office and Consob, which are interested in the matters according to their competence, also providing them with the documentation collected during the audits, as well as the results of such verifications.

Let's move on to governance.

3.2. Governance of strategies

Eni's governance structure is concerned not only with judicial matters, compliance and anti-bribery issues but also strategic and, in particular, long-term themes. In fact, in 2014 the Board, in order to increasingly work on long term strategies, set up a Sustainability and Scenarios Committee, thus proving to what extent sustainability had been integrated in the strategy, which was a remarkable innovation in the sector.

This decision anticipated the recommendations of the Corporate Governance Code and, in 2017, the Board established an Advisory Board, to monitor long-term trends in the energy, geopolitical,

technological innovation and energy transition scenarios, involving some of the leading international experts in the different sectors.

This contributed to making Eni's governance one of the most advanced in the international debate on climate change. Within the "Climate Governance" initiative of the World Economic Forum, Eni has thus been identified as one of the main interlocutors for the energy sector and recognised as a model of best practice for the effectiveness of its "climate governance" and for its commitment to reporting.

3.3. Adaptation of the corporate governance system

A last point on governance: we think we have a good governance system, but we are always keen to know whether our system is adequate to the company's needs. We also keep looking at what our peers are doing to check whether we can do better. On this subject, we have never confined ourselves to mere compliance with the rules, rather we have adopted a proactive approach.

Since 2018 the Board has begun to explore two possible innovations, which seemed important in the light of international experience: the staggered board and the one-tier administration and control system.

At last year's meeting, I informed you that the Board intended to begin discussing with the market and the institutions about these possible innovations.

We therefore opened a debate with our main investors, the institutions and the proxy advisors. We asked everyone to comment first on the current governance of Eni and then on the two possible developments I mentioned.

From the responses received, we gathered important feedback: our investors already consider the current system of governance to be adequate and are very satisfied with the company, the strategic path we have taken and the results we have achieved.

In particular, they were open to and interested in the two innovations, i.e. the staggered board and the one-tier system, that could lead the company to align with international models. The one-tier system is in fact the most recognised and the most efficient system in the international scenario, adopted also by Eni's peers: it integrates controls into the management, makes them more rational and more proactive, and performs them mainly ex ante.

We are fully aware that, if we decide to implement this system, many aspects must be taken into account: for example, the size of the Board may need to be increased, considering the requirement to set up the Management Control Committee within it. The duties of this committee will have to be specifically defined.

With respect to the basic model defined by the law, it will be necessary to ensure continuity with the legal control functions currently assigned to the Board of Statutory Auditors.

I wish to be very clear about this: changing the system must not in any way lead to a lowering of the level of controls. On the contrary, we want controls to be more efficient and effective, integrating them into company management, so that they become an essential component of it.

The appointment of Management Control Committee members by this Shareholders' Meeting will help to strengthen its independence.

We leave this analysis to the next Board of Directors' meeting: if the Board agrees, it may submit a proposal for an amendment to the Articles of Association to a future Shareholders' Meeting.

Conclusions

I shall conclude by saying that, during these years, the Board of Directors has worked with the CEO with great passion and a great sense of responsibility to transform the company and ensure lasting and sustainable growth, creating value for all the stakeholders.

The work done enabled us to gain the trust of investors and we hope that the Company can continue on the path it has taken and complete the energy transition process, while maintaining the profitability of its business.

In conclusion, I would like, first and foremost, to thank all of you, the shareholders, who have accompanied us in this journey and who, I am sure, will continue being satisfied, if you keep trusting the Company and its management.

I wish to thank all the people working with Eni, the real strength of the company: with their passion, know-how, and ability to work with determination in the hardest times, they are great assets for this company, and these are identity values. Being aware of these values, I really wish to thank those whom, in these years, I had the chance to know and appreciate.

I would like to thank all the Directors for their professionalism and dedication, as well as the sense of responsibility they have shown during this and the previous term of office.

Thanks to your work, this company was transformed and has become much stronger.

I wish to extend my thanks to the Board of Statutory Auditors for having exercised a supervisory role - that was also preventive and not merely a post-event supervision - from a modern perspective of integration of controls into the management.

Finally, on behalf of the entire Board of Directors, I would like to express my most sincere thanks and appreciation to the Chief Executive Officer, Claudio Descalzi, for the work he has done and the results achieved, for his great strategic vision and for the passion he has been able to convey in these very difficult times.

Claudio Descalzi's stay at the helm of Eni is a reassuring sign to all investors that our journey will continue successfully.

The new Board has the task to work with the CEO to guide the company through the current difficult situation and to implement the short and long-term strategy, that we have defined and has received the full appreciation of investors.

I extend my best wishes to the next Board of Directors, being confident that it will do an extraordinary job even in these very difficult times.