

**MODEL 231231**

*Approved by the Versalis SpA Board of Directors on 30 September 2019*

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## SECTION 1

### MODEL 231

#### 1.1. Introduction

This Organisation, Management and Control Model (hereinafter “**Model 231**”) has been adopted by Versalis SpA. (hereinafter the “**Company**”) in order to prevent any offences<sup>1</sup> from being committed in its interests or to its advantage by:

- individuals holding representative, administrative or management positions within the company or any of its business units that have financial and functional autonomy, as well as persons who manage or control the company itself, even in a *de facto* capacity (members of the senior management);
- individuals managed or supervised by any of the aforementioned individuals (subordinates);

In particular, Model 231 is also adopted as an exemption pursuant to the Italian regulation on the “*liability of entities for administrative offences dependent on crime*” contained in Legislative Decree 8 June 2001 no. 231 (hereinafter, the “**Legislative Decree no. 231 of 2001**”), which provides that companies can adopt organizational, management and control models suitable for the prevention of criminal acts. The guiding principles of Model 231 can be found in the guidelines prepared by Confindustria, to which the Company adheres.

#### 1.2. Versalis SpA Model 231

At the meeting held on 22 June 2004, the Company’s Board of Directors resolved to adopt its own organization, management and control model pursuant to Legislative Decree no. 231 of 2001. Subsequently, as a result of the legislative changes that took place in the field of application of Legislative Decree no. 231 of 2001 and the outcome of specific projects, the updates of Model 231 were approved, which took into account, in addition to the regulatory evolution<sup>2</sup>, also the corporate organizational changes of the Company.

In particular, the following was taken into account in the update of Model 231:

- corporate organizational changes of the Company;
- evolution of legal practice and theory;
- considerations deriving from the application of Model 231, including the experiences in relation to criminal dispute;
- the procedures of Italian companies with regard to models;
- the results of the supervisory activities and the results of the internal audit activities;

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<sup>1</sup> The aim of Model 231 is to prevent the commission of “liable crimes”, i.e. crimes whose commission is relevant for the direct punishability of the organisation pursuant to L.D. 231/2001 and related laws.

<sup>2</sup> [The updates to the Model 231 centred around the regulatory innovations listed in the document “*Sensitive Activities and specific control standards of Model 231*”.]

- of the evolution of the regulatory framework, of the innovations introduced regarding the protection of savings and the principles expressed by the regulations concerning the *Sarbanes-Oxley Act*, the *Foreign Corrupt Practices Act* and the *UK Bribery Act*.

Model 231 of the Company is divided into the following chapters:

1. "Model 231";
2. "Risk analysis method";
3. "Supervisory Board", with the appointment and assignment of roles and powers and the definition of information flows to and from the structure;
4. "Recipients and Scope of Model 231" with the identification of recipients of Model 231 and its disclosure to company staff and third parties, as well as the adoption of contractual clauses in terms of relations with third parties;
5. "Disciplinary system", containing the definition of penalties imposed in the event of violation of Model 231;
6. "Control mechanisms", with the identification of general transparency standards;
7. "Rules for updating Model 231", with the provision of the program to implement the innovations in regards to new laws, significant changes to the organizational structure or business sectors of the Company, significant violations of the Model 231 and/or outcomes of controls on its effectiveness or public domain experience in the sector.

The Eni Code of Ethics is an integral and substantial part of the Company's Model 231.

For the purposes of the provisions of this Model 231, they constitute the so - called "General Principles of Model 231":

- i. Model 231 (section 1);
- ii. risk analysis method (section 2).
- iii. Supervisory Board (section 3);
- iv. disciplinary system (section 5);
- v. general standards of transparency (paragraph 6.2);
- vi. Rules for updating Model 231 (section 7);
- vii. Eni Code of Ethics.

## SECTION 2 RISK ANALYSIS METHOD

### 2.1. Risk analysis and internal control system

The identification of company activities where the risk of commission of predicate offences of the liability of the entities pursuant to Legislative Decree no. 231 of 2001 (hereinafter, the “**Sensitive Activities**”) is carried out by means of a precise analysis of the company processes and the possible methods of commission attributable to the types of predicate offence relevant to the Company.

For each Sensitive Activity, the contact person for the specific company process (“Key Officer”)<sup>3</sup>, existing operational and management methods and any control processes already in place are identified.

A comparative analysis is carried out between the internal control system and the principles and content of Model 231 (particularly as regards control mechanisms).

According to the *Internal Control-Integrated Framework (CoSoIC-IF)*<sup>4</sup>, issued by the *Committee of Sponsoring Organizations (CoSO)*, the internal control system can be defined as a collection of mechanisms, procedures and tools made available by the company management to ensure objectives are achieved as regards the efficiency of company operations, the reliability of financial information, compliance with laws and regulations and protection of company assets.

The components of the internal control system, according to the CoSO Report, *Internal Control – Integrated Framework*, are:

#### Control environment:

Reflects the attitudes and actions of Top Management with regard to internal control within the organization. The control environment includes the following elements:

- integrity and ethical values;
- philosophy and management style of the Management;
- organisational structure;
- assignment of authority and responsibility;
- staff policies and practices;
- staff skills.

#### Risk Assessment:

Definition of the processes of identification and management of the key risks which could compromise the possibility to achieve the company objectives.

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<sup>3</sup> The term “Key Officer” means the subject who, depending on their assigned duties, is part of the process attributable to a Sensitive Activity and, in this quality, has the most useful information possible for the assessment of the internal control system inherent to him/her, with particular reference (i) to the operating procedures for process management and (ii) to the internal regulations and the regulatory and organizational tools that govern it.

<sup>4</sup> *Committee of Sponsoring Organizations of the Treadway Commission (1992), internal control integrated framework, AICPA, www.coso.org, updated May 2013.*

Information and communication:

Definition of an information system (computer system, reporting flows, system of process/activity indicators) used by the company management and the operating staff to perform their assigned tasks.

Control activities:

Definition of company rules to ensure the structured management of risks and company processes and ensure that the set objectives are achieved.

Monitoring:

The process that checks the quality and results of the internal controls over time.

The above-mentioned components of the internal control system are taken as a reference for the analysis of the risk of committing the crimes referred to in L.D. 231/2001.

In particular, the analysis activity is focused on (i) identifying the Sensitive Activities existing in the Company in which the risk of commission of the crimes envisaged by Legislative Decree n. 231 of 2001 and whose potential commission modalities have been preliminarily identified, (ii) identifying the control standards suitable to prevent their commission.

The aim of the activity is to ensure the maintenance and updating of the system of identification, mapping and classification of the corporate activities at significant risk even for the purpose of supervisory activities.

## **SECTION 3**

### **THE SUPERVISORY BOARD**

#### **3.1. Company Supervisory Board**

##### **3.1.1. Collegiality**

The Supervisory Board of the Company (hereinafter the “**Supervisory Board**”) defines and carries out the activities of competence according to the rule of collegiality and is equipped, pursuant to article 6, paragraph 1, lett. b) of Legislative Decree no. 231 of 2001 of “*autonomous powers of initiative and control*”. The Supervisory Board regulates its operation by means of specific regulation, resolving on the point at the first useful session. The regulation is approved by the Supervisory Board and communicated to the President of the Company’s Board of Directors and the CEO.

The autonomy and independence of the Supervisory Board are guaranteed by its recognised position within the company organisational structure, by the Supervisory Board’s necessary requirements of independence, honourability and professionalism of its members, as well as the operational line of reporting to corporate top management that they must follow.

In order to support the definition and performance of the activities under its responsibility and to ensure optimum compliance with the requirement of professionalism, continuity of action and legality, the Supervisory Board relies on Company resources, as well as, when necessary, external specialised resources and/or specialised companies affiliated with Eni SpA through framework agreements.

##### **3.1.2. Composition and Appointment**

The Supervisory Board is collegial and consists of three members, one of whom acts as Chairman.

The composition of the Supervisory Board is defined on the basis of what is indicated by the regulatory instruments issued by Eni SpA and incorporated by the Company.

The appointment of the Supervisory Board, also in the event of replacement or integration, is approved by the Board of Directors, upon proposal of the Chief Executive Officer in agreement with the Chairman.

The Supervisory Board has a three-year mandate. Each member may be confirmed in office for not more than three consecutive mandates.

The following shall render the members of the Supervisory Board ineligible or result in removal:

- (i) conflicts of interest, even potential ones, with the Company, with Eni SpA or with a company directly or indirectly controlled by it, which compromise its independence;
- (ii) direct or indirect ownership of shares in an amount which could be used to exercise considerable influence over the Company, over Eni SpA or by a company directly or indirectly controlled by the latter;
- (iii) entering into insolvency procedures (meaning for this purpose the performance of the duties of executive Director covered, up to three years prior to the appointment as a member of the Supervisory Board, in companies subject to bankruptcy, compulsory administrative liquidation or equivalent procedures) and the recourse of the other circumstances indicated in Article 2382 of the Civil Code;
- (iv) (unless otherwise established by the BoD), public employment relationship with central or local administrations in the three years preceding the appointment as member of the Supervisory Board;
- (v) conviction proceedings, even in the event that these have not been formalized, or application of the penalty at the request of the parties (so-called plea bargain) in Italy or abroad, for violations of administrative responsibilities pursuant to Legislative Decree 231/2001;
- (vi) conviction proceedings, even in the event that these have not been formalised, or a “plea bargaining” sentence, for a sanction entailing permanent or temporary disqualification from holding public office, or temporary disqualification from holding a management position;
- (vii) family, marriage or kinship relations up to the fourth degree with members of the Board of Directors of the Company, of Eni SpA or by a company directly or indirectly controlled by the latter, persons holding offices of representation, administration or direction within the Company or one of its organisational structures with financial and functional autonomy, as well as persons who – even on a *de facto* basis – are responsible for the management and control of the Company, Statutory Auditors of the Company and auditing firms.

Furthermore, they cannot play the role of external members of the Supervisory Board, and, if appointed, they lose their office, those who are related to the Company, to Eni SpA or to a company directly or indirectly controlled by it, or to the directors of the aforementioned companies, as well as the spouse, relatives and the like within the fourth degree of the directors of the same companies, by an independent or subordinate employment relationship or by other relationships of a patrimonial or professional nature that compromise their independence, made without prejudice to any appointments in controlling company bodies in group companies.

The following constitute a reason for replacement and consequent integration of the composition of the Supervisory Board:

- (with reference to internal members) the assignment of duties, roles and/or responsibilities within the corporate organizational structure not compatible



with the Supervisory Board's requirements of "autonomy and independence" and/or "continuity of action";

- the termination or rejection of the Supervisory Board member in light of personal, professional reasons or in any case inherent to the corporate role.

Where any of the aforementioned reasons for replacement, ineligibility and/or forfeiture should be at the expense of a member, the latter must immediately notify the other members of the Supervisory Board by written notice and will automatically be removed from office. The Supervisory Board communicates the news to the Chairman and to the Chief Executive Officer, for the formulation of the replacement proposal to the Board of Directors pursuant to this paragraph.

In the event of reasons for replacement, ineligibility and/or forfeiture of members of the Supervisory Board, this will not lead to the forfeiture of the entire body, even if it concerns the majority of the members in office, except in every case: (i) the obligation to provide for their replacement as soon as possible, pursuant to the provisions of this paragraph and (ii) (in the event that the aforementioned reasons for replacement or integration or ineligibility and/or forfeiture should concern all the members of the Supervisory Board) the continuing *ad interim* and up to the integration of the components with the necessary requisites, of the component that, lastly, has given notice of the cause of replacement or integration or ineligibility and/or forfeiture.

Notwithstanding the foregoing, the Board of Directors, after consultation with the Board of Auditors, may order the suspension or revocation of the office of a member of the Supervisory Board in case of:

- omitted or insufficient supervision attested - even incidentally - in one sentence of judgement (even if not final) issued by a criminal judge pursuant to Legislative decree n. 231 of 2001 against the Company or another body in which this member holds, or has held, the position of Supervisory Board, or certified, even incidentally, in a provision for the application of the sanction at the request of the parties (so-called settlement) issued against the Company;
- serious breach of the functions of the Supervisory Board.

### **3.1.3. Functions, powers and budget of the Supervisory Board**

The tasks of the Supervisory Board are defined as follows:

- (i) supervision over the effectiveness of Model 231 and monitoring of activities around the implementation and updating of Model 231;
- (ii) examination of the adequacy of Model 231, i.e. its actual (and not merely formal) ability to prevent unlawful conduct pursuant to Legislative Decree no. 231 of 2001;
- (iii) analysis of the maintenance over time, of the requirements of solidity and functionality of Model 231;

- (iv) promotion of the necessary update, in a dynamic sense, of Model 231;
- (v) approval of the annual programme of supervision activities for the structures and functions of the Company (hereinafter the “**Supervisory Programme**”), in accordance with the principles and content of Model 231 and the plan of verifications and controls set out in the internal control system; to coordinate implementation of the Supervisory Programme and implementation of scheduled and unscheduled control interventions; evaluation of the activities carried out and relative reports; preparation of directives for corporate functions;
- (vi) provision for the relevant information flows with the company departments and with the supervisory bodies of the companies directly or indirectly controlled by the Company;
- (vii) any other task assigned by law or by Model 231.

In carrying out the tasks assigned, the Supervisory Board has unrestricted access to company information for its own investigation, analysis and control activities performed directly through other internal company functions

Where necessary, in order to complete supervisory activities, the Supervisory Board, can use external support: (i) from the Eni SpA Internal Audit Department and/or (ii) from other specialist professionals and/or companies who have signed a framework agreement with ENI.

All company functions, employees and/or members of company bodies, when so requested by the Supervisory Board, or in the case of relevant events or circumstances, are required to provide the information requested to allow the Supervisory Board to perform its activities.

The Supervisory Board can organize meetings, also periodically, with the managers of the Company’s corporate functions, to be informed about matters, events or circumstances relevant to the performance of the activities under the competence of the Board itself and to exchange data and assessments related to them.

The Supervisory Board is endowed with:

- the right to stipulate, modify and/or terminate - also through the related company units - professional assignments to third parties in possession of the specific skills necessary for the best execution of the task, possibly using consultants and/or professionals selected by the group procurement functions based on specific framework agreements;
- the availability of financial resources for the performance of the activities of its own relevance. On an annual basis the Supervisory Board provides the CEO with the estimate of costs to be borne in the performance of its activities. Against such estimate, a budget is defined for the Supervisory Board’s activities. In the event that costs incurred exceed those set out in the budget, the additional amounts required are communicated to the Company President and CEO.

## 3.2. Reporting

### **3.2.1. Information flows of the Supervisory Board towards Eni senior management or other Company Structures**

The Supervisory Board reports on the implementation of Model 231, in the event of any critical aspects, and communicates the results of the activities carried out in the performance of the assigned tasks. The following operational line of reporting are provided:

- (i) continuous reporting to the CEO, who inform the Board of Directors through an information notice on implementation of powers conferred;
- (ii) six-monthly, to the Board of Directors and the Board of Statutory Auditors; in this regard, a six-monthly report is prepared relating to the activity carried out , with evidence of the results of the supervisory activities carried out and of any legislative innovations regarding the administrative liability of entities registered in the period; on this occasion, convened by the Board of Directors and/or by the Board of Statutory Auditors, the Supervisory Board explains the aforementioned matters to the aforementioned Bodies and any further matters of common interest;
- (iii) immediate reporting, in the event that particularly significant or relevant facts are identified, to the Board of Statutory Auditors, after notification to the President and the CEO.

Without prejudice to this, when the conditions are met, the information flows described below are activated which are intended to make common, among the companies of the group, any possible starting points for improvement deriving from the application experiences of consolidated organizational models. In this regard, the Supervisory Board of the Company in the form of the Supervisory Board of Eni SpA of the:

- (a) relevant facts it has become aware of as a result of the supervisory activities carried out, and
- (b) disciplinary sanctions applied,

that have provided evidence of the opportunity to modify/integrate the present Model 231.

Furthermore, the Supervisory Board of the Company is obliged to provide information in response to requests from the Supervisory Board of Eni SpA, as well as of the occurrence of events or circumstances regarding the scope of the relevant activities of the supervisory board of Eni SpA.

A copy of the report is also sent to one of the CEO, CSRO, CFO, business line manager or staff area manager of Eni SpA, to which the company may report organizationally, according to the normal communication flows in place between the Company and the relevant structures of Eni.

In any case, the Supervisory Board of the Company sends a declaration that provides information on the planning and execution of the supervisory activities of its relevance to the Supervisory Board of Eni SpA by the first of February and the first of August of each year. This report also highlights any significant critical issues that

have arisen for the purposes of the correct and effective planning and execution of the activities and any corrective actions taken, without prejudice, in this regard, to the exclusive responsibility of the Company, its management and the control and supervisory bodies established by it, which shall provide evaluations in regard and take any action required.

The Supervisory Board of the Company detects without delay any request for information received from the supervisory board of Eni SpA, also informing it of any significant circumstance it has learned, that is relevant for the purposes of carrying out the activities for which the supervisory board of Eni SpA is responsible.

### **3.2.2. Information flows towards the Supervisory Board: mandatory information**

The Supervisory Board must be informed by the persons bound to comply with Model 231 relating to events which could imply the responsibility of the Company pursuant to L.D. 231/2001. In this respect:

- the Planning, Administration and Control Manager meets the Supervisory Board, on at least a six-monthly basis, to provide information and updates on matters within its competence that are relevant for the purposes of the monitoring/supervision activities of the Board itself;
- the Quality, Health, Safety and Environment Manager reports periodically to the Supervisory Board, on at least a six-monthly basis, on the data and indicators collected in terms of health, safety at work and the environment pursuant to the current regulatory instruments;
- the responsible HR Business Partner reports periodically to the Supervisory Board with regard to disciplinary actions taken as a result of preliminary investigations carried out following the receipt of reports, even anonymous (whistleblowing) or arising from auditing activities, as well as any further disciplinary sanction imposed in relation to unlawful conduct relevant to the purposes of Model 231;
- the Chief Executive Officer sends to the Supervisory Board, on a continuous or at least quarterly basis, the communications sent to Eni's Judicial Events Supervision Team, along with the Audit reports prepared by Eni's Internal Audit department.

Each manager or employee must report behaviour that is not in line with *principles* and contents of Model 231, contacting the Supervisory Board.

The consultants, collaborators and business partners, with regard to their activities carried out in relation to the Company, report directly to the Supervisory Board.

The Supervisory Board evaluates the reports received and the actions to be taken.

Reports in good faith are safeguarded against any form of retaliation, discrimination or penalisation and in any case the confidentiality

of the person making the report will be ensured, without prejudice to legal obligations and the protection of the rights of the Company or of persons accused wrongly or in bad faith.

“Dedicated information channels” are established to facilitate the flow of information and communication. More specifically, all information flows should be sent to: odv.versalis@eni.com.

The possibility remains for the Supervisory Board to establish at any time, also periodically, information channels dedicated to dealing with significant issues with the heads of the relevant departments and business units.

### **3.3. Collection and conservation of information**

All information and reports provided for in Model 231 are kept by the Supervisory Board in a specific paper and/or IT file, which is also maintained with the support of the competent functions of Eni’s Integrated Compliance Department. Without prejudice to legitimate orders given by the Authorities, the data and information kept in the archive are made available to persons outside the Supervisory Board only with the prior authorisation of the Board itself.

## **SECTION 4 RECIPIENTS AND SCOPE OF MODEL 231**

### **4.1. Introduction**

The principles and contents of Model 231 are widely disseminated both inside and outside the Company.

The Company's Supervisory Board monitors the initiatives aimed at promoting communication and training on the Model 231.

The adoption of the Model 231, and the related updates, are communicated by the Company's Chief Executive Officer to the top manager of Eni SpA, to which the Company reports organizationally, according to the normal flow of communication between the Company and Eni's competent structures.

### **4.2. Recipients of Model 231**

The principles and content of Model 231 apply to the members of the company bodies, the Company's management and employees and all individuals working towards the goals of the Company in Italy and abroad (hereinafter, the "**Recipients**").

### **4.3. Training and communication**

Staff communication and training are important requirements for the implementation of Model 231. The Company is committed to facilitating and promoting knowledge of Model 231 among the management and employees, with the level of detail varying according to position and role, as well as encouraging them to participate in understanding the principles and content in greater detail.

#### **4.3.1. Communication to members of the company bodies**

With the resolution that provides for the adoption of the Model 231 (and its related updates), each member of the deliberating social body also undertakes to personally comply with the provisions contained therein. The directors who - also due to the replacement or renewal of offices - did not participate in the decision regarding the adoption of the Model 231 (and its related updates) sign a declaration of knowledge and compliance to the principles and contents thereof. The declaration is filed and kept by the Supervisory Board.

#### **4.3.2. Training and communication to executives and department managers**

Model 231 is communicated by the competent corporate functions to all executives (with roles and/or in service in the Company) and managers of organizational units.

The principles and contents of L.D. 231/2001 and Model 231 are also disseminated in training courses. Participation in the courses is mandatory. The Supervisory Board monitors the planning and execution of the courses.

#### **4.3.3. Training and communication for middle managers, employees and workers (not unit managers)**

Model 231 is affixed on the company notice boards and communicated to all employees. In addition, targeted training initiatives are defined for middle managers, employees and workers (not unit managers), without prejudice in any case to the mandatory participation in training initiatives relating to the Eni Code of Ethics.

#### **4.3.4. Training and communication using computer tools**

Model 231 is made available to all employees on the company intranet site and it is also available to all users – not just employees – on the Company website. The targeted training and information initiatives may also be delivered remotely using computer resources.

#### **4.4. Communication to third parties**

In accordance with the provisions already set out for the Eni Code of Ethics, the principles and content of Model 231 are communicated to all individuals with whom the Company has contractual relations. The undertaking to comply with the law and the reference principles of Model 231 by third parties holding contractual relations with the Company is set forth in specific contract clauses and must be accepted by the contracting party.

In this regard, clauses are standardized with a corporate regulatory tool which, depending on the activity regulated by the contract, bind the counterparties to compliance with the Model 231, also providing for specific contractual remedies (such as the right of resolution and/or the right to suspend execution of the contract and/or penal clauses) for the case of default.



## **SECTION 5 DISCIPLINARY SYSTEM**

### **5.1. Operation of the disciplinary system**

The definition of sanctions that are commensurate to the breach and applicable in the case of breach of Model 231 aims to contribute to: (i) the effectiveness of Model 231 and (ii) the effectiveness of the control action of the Supervisory Board.

In this respect, a disciplinary system has been established to sanction the failure to comply with the provisions of Model 231, with reference both to top management and persons subject to the management of others. The application of the disciplinary system is autonomous of the progress and outcome of any proceedings launched by the relevant judicial authorities.

The Supervisory Board reports to the competent departments the news of violation of Model 231 and monitors, together with the HR Manager Business Partner, the application of disciplinary sanctions.

### **5.2. Breach of Model 231**

In accordance with legal requirements, the following constitute, by way of example, breaches of Model 231:

- (i) actions or behaviour that fail to comply with the provisions of Model 231 and/or Eni Code of Ethics, or the omission of the actions or behaviour required by Model 231 and/or Eni Code of Ethics when performing Sensitive Activities;
- (ii) actions or behaviour that do not comply with the provisions of Model 231 and/or Eni Code of Ethics, or the omission of actions or conduct prescribed by Model 231 and/or the Eni Code of Ethics, in the performance of activities related to Sensitive Activities, or non-compliance with the information obligations towards the Supervisory Board set forth in the 231 Model, which:
  - (a) expose the Company to a situation where there is an objective risk that one of the crimes included in L.D. 231/2001 may be committed and/or
  - (b) unambiguously aim to commit one or more crimes listed in L.D. 231/2001 and/or
  - (c) determines the application of sanctions laid down in L.D. 231/2001 to the Company.
- (iii) with particular reference to company regulations on complaints, including anonymous complaints (whistleblowing);
  - (a) actions or behaviour that violate measures in place to protect complainants;
  - (b) acts of retaliation or discrimination, either direct or indirect, against the complainant for reasons associated either directly or indirectly with the complaint;

- (c) false complaints that are lodged in bad faith or as a result of serious negligence.

It should be noted that, in all cases, failure to comply with the Model 231 violates the compliance with the relevant reference regulatory instruments in which the control measures set forth in the document "*Sensitive Activities and specific control standards of Model 231*" are implemented.

### **5.3. Measures towards middle managers, office workers and factory workers**

Subsequent to a report of a violation of Model 231 communicated by the Supervisory Board, the verification of alleged illicit behaviour by Eni employees, pursuant to the current internal regulatory instruments:

- (i) in the event that, following the ascertainment of breach of contract, the violation of the Model 231 or of the Code of Ethics is ascertained, the disciplinary sanction provided for by the applicable contract is identified in accordance with the aforementioned regulatory instruments and imposed by the HR Manager Business Partner and imposed on the person who committed the violation;
- (ii) the sanction issued is proportionate to the severity of the breach. The following will be taken into account: whether or not the offence was intentional and the extent of blame; the general conduct of the employee, with particular regard to the existence or absence of previous disciplinary issues; the level of responsibility and autonomy of the employee responsible for the offence; the seriousness of the consequences of the offence, i.e. the level of risk to which the Company may reasonably have been exposed, in accordance with L.D. 231/2001, following the unlawful conduct; any other relevant circumstances surrounding the offence.

Disciplinary sanctions are those provided for by the collective agreement applied to the employment relationship of the employee concerned, as well as those deriving from the application of the general legal provisions concerning withdrawal (with or without notice) from the employment contract.

The HR Manager Business Partner will communicate sanctions issued, or dismissal proceedings with grounds, to the Supervisory Board.

All legal and procedural and contractual requirements regarding the issuing of a disciplinary sanction are also adhered to.

Labour relations with employees providing their services abroad, also on secondment, are governed according to the provisions of the Rome Convention of 19 June 1980 on the applicable law of contractual obligations implemented by Law no. 975 of 18 December 1984, in the contracting State, and, beyond that sphere, by the provisions which may be applicable to the specific case.

### **5.4. Measures towards executives**

Upon receiving notification by the Supervisory Board of breach of Model 231, if the breach has been committed by one or more executives

and is ascertained pursuant to paragraph 5.3 above. lett. (i), the Company adopts the provisions of the law and of the applicable contract in regards to the person responsible for the unlawful conduct, taking into account the criteria set out in paragraph 5.3. lett. (ii). If the breach of Model 231 violates the relationship of trust, the sanction applied is dismissal for just cause.

#### **5.5. Measures towards Directors**

The Supervisory Board informs the, Board of Statutory Auditors, President of the Board of Directors and the CEO of a breach of Model 231 by one or more members of the Board of Directors. The Board of Directors, with the abstention of the person involved, proceeds with the necessary investigations and, having heard the Board of Statutory Auditors, takes the appropriate measures which could include the precautionary removal of powers and calling a Shareholders' Meeting to arrange a replacement.

#### **5.6. Measures towards Auditors**

The Supervisory Board informs the President, Board of Statutory Auditors and Board of Directors of a breach of Model 231 by one or more Statutory Auditors. The Board of Statutory Auditors, with the abstention of the person involved, proceeds with the necessary investigations and, having heard the Board of Directors, takes the appropriate measures.

## CHAPTER 6 CONTROL MECHANISMS

### 6.1. Control mechanisms structure

The mechanisms designed to prevent the risk of crimes being committed as set out in L.D. 231/2001 stand alongside the Eni Code of Ethics, which is an essential general principle of Model 231. The mechanisms are split into two levels of control:

- 1) **general standards regarding transparency of activities**, which must always be applied in all Sensitive Activities taken into consideration by Model 231;
- 2) **specific control standards** including specific provisions designed to regulate particular aspects of the Sensitive Activities; these must be contained in the relevant company procedures. These procedures include Model 231 among their applicable regulations.

### 6.2. General standards of transparency

The general standards of transparency of Sensitive Activities pursuant to Model 231 are:

- a) **Segregation of activities:** there must be segregation of activities between those responsible for implementation, control and authorisation<sup>5</sup>;
- b) **Norms:** there must be company regulations that at least provide general reference principles for the regulation of Sensitive Activities;
- c) **Powers of signature and powers of authorization:** formalized rules must exist for the exercise of powers of signature and internal authorization powers also suitable for guaranteeing that granting of the aforementioned powers complies with the assigned organizational responsibilities;
- d) **Traceability:** individuals, functions involved and/or IT systems used must be able to identify and trace the sources, IT elements and checks involved in forming and implementing Company decisions, as well as the ways in which financial resources are used.

The general transparency standards are implemented by the competent functions in the internal regulatory instruments referring to Sensitive Activities. These regulatory instruments are communicated and disseminated by the competent functions in compliance with the laws and

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<sup>5</sup> The following qualification is applied to the standard:

- the principle of segregation must exist in consideration of the Sensitive Activity within the context of the specific process in question;
- segregation involves the presence of coded, complex and structured systems in which each phase is coherently identified and governed in the management, with consequent limitation of practical discretion, with all decisions being traceable.

applicable contracts and bind the management and employees of the Company to their compliance.

### **6.3. Sensitive activities and specific control standards**

The document “*Sensitive Activities and specific control standards of the Model 231*” approved by the Board of Directors, on the occasion of the approval of the first version of the Model 231 and by the Chief Executive Officer, when subsequently updated in the manner indicated in the following Section<sup>7</sup>, provides for specific provisions aimed at regulating the specific aspects of the Sensitive Activities and the related control mechanisms adopted by the Company, taking into account all the elements useful for the best characterization of the controls in the light of their organizational and business specificities.

This document: (i) is kept by the Supervisory Board, (ii) is communicated by the Supervisory Board to the first reports of the President and the Chief Executive Officer. The specific control standards are implemented by the competent functions in the internal regulatory instruments referable to the Sensitive Activities; the Company’s Supervisory Board also promotes their knowledge and dissemination to the structures and organizations concerned, including through internal regulatory instruments.

The tools that make up the corporate regulatory system are communicated and disseminated by the competent corporate functions in compliance with applicable laws and contracts and bind the management and employees of the Company to their compliance.

## SECTION 7 RULES FOR UPDATING MODEL 231

### 7.1. Introduction

In view of the complexity of the organisational structure of the Company, updates to Model 231 are incorporated through an update transposition programme.

### 7.2. Transposition Programme provision criteria

There is a need to prepare the transposition programme (i.e. the proposals to modify and/or supplement the Model 231 and/or the document “*Sensitive Activities and specific control standards of Model 231*” with evidence of any improvement actions identified) in occasion of: a) legislative developments regarding regulations around the responsibility of bodies for administrative offences resulting from a crime, (b) periodic review of Model 231, including in relation to significant changes to the organisational structure or areas of activity of the Company, (c) significant breaches of Model 231, and/or outcome of checks on the effectiveness of Model 231 or of public experiences in the sector.

The task of updating Model 231 is assigned to the CEO, who is already responsible for implementing it, in accordance with the methodology and principles set out in Model 231. Specifically:

- the Supervisory Board reports to the CEO any information of which it is aware that requires the updates and/or corrective actions of Model 231 consequent to the controls carried out;
- the Chief Executive Officer initiates, without delay, the transposition programme, informing the Board of Directors;
- the transposition programme is implemented and completed with the contribution of relevant company functions and with the support of the Integrated Compliance Department of Eni; the transposition programme identifies the activities necessary to make updates to Model 231, setting out responsibilities, timings and methods of execution. The relevant company functions take particular care in identifying the legal and regulatory requirements to assure the proper updating of Model 231, as well as in modifying and/or integrating the Sensitive Activities and control standards.

The results of the implementation program are submitted to the Chief Executive Officer who approves the results and the actions to be taken as far as his authority permits. After approval by the CEO:

- the amendments and/or additions contained in the transposition programme, which do not concern the “General Principles” of the Model 231 or which relate only to the document “*Sensitive Activities and specific control standards of Model 231*”, are immediately effective and are submitted to ratification of the Board of Directors in the first useful meeting, after informing the Board of

Statutory Auditors. However, the Board of Directors has the power to propose further amendments and/or additions;

- the updates to Model 231 concerning the General Principles are approved by resolution of the Board of Directors, after informing the Board of Statutory Auditors.

The Chief Executive Officer, after informing the Supervisory Board, can make purely formal changes to Model 231 and to the document "*Sensitive Activities and specific control standards of Model 231*". Revisions and/or additions are intended purely formal when they have no substantial impact on the foreseen evolution of affected documents and, in particular, whenever they relate to sensitive activities, general standards of transparency and specific control standards, and do not reduce or extend - even partially - their contents and areas of application. By way of example, corrections of misprints and material errors, the updating or correction of references to articles of law and the mere denomination of units and internal functions are included in this case.

The Supervisory Board, also with the support of the competent corporate functions, retains and disseminates to the internal corporate functions the document "*Sensitive Activities and Specific Control Standards of the Model 231*", following the outcome of each update.

The Supervisory Board monitors the progress and results of the transposition programme, as well as implementation of the actions that have been approved.



