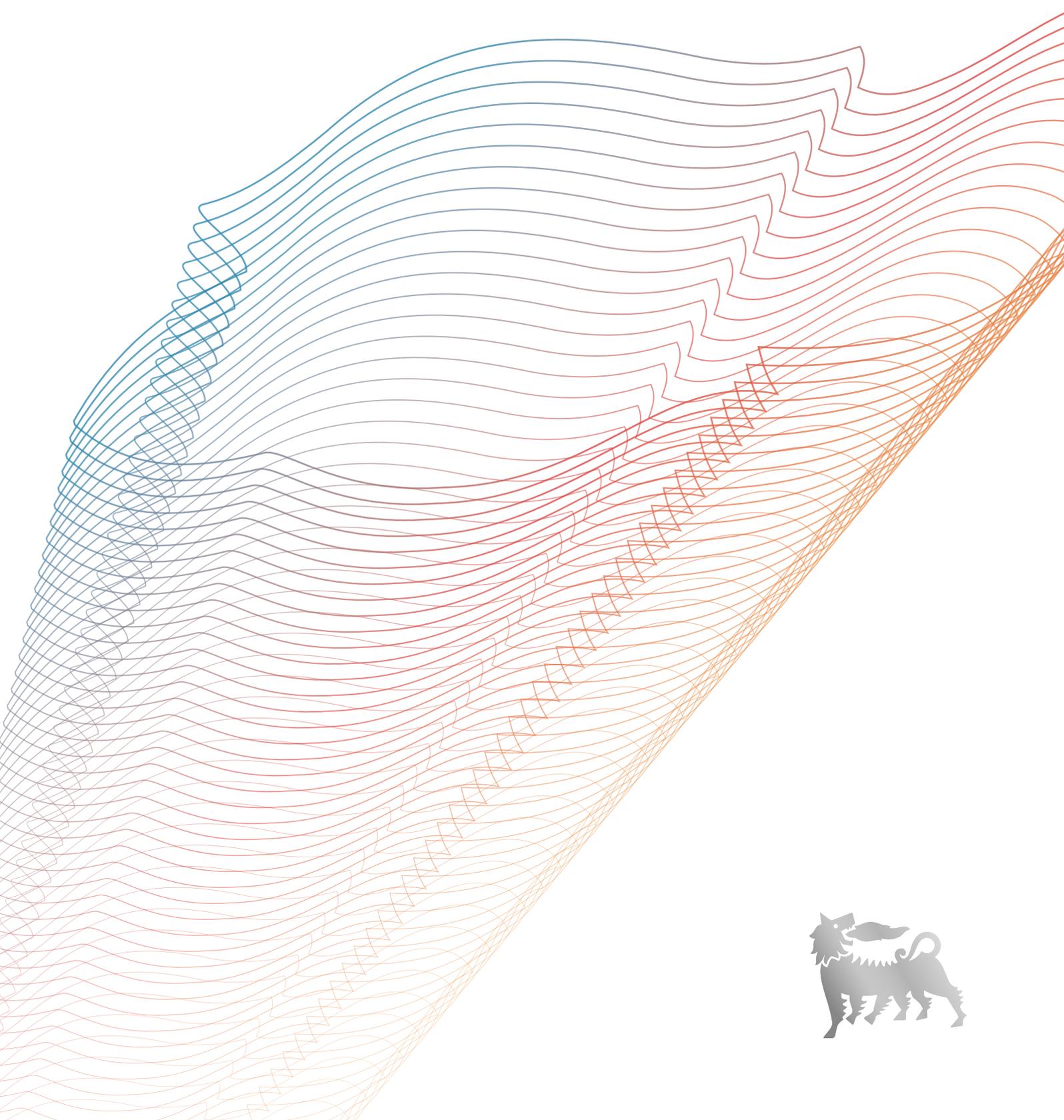


Eni
Annual
Report
2019



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CONSOLIDATED DISCLOSURE OF NON-FINANCIAL INFORMATION

This Annual Report includes the consolidated disclosure of non-financial information (NFI), prepared in accordance with Legislative Decree No. 254/2016, relating to the following topics:

- environment;
- social;
- people;
- human rights;
- anti-corruption.

The disclosure on these topics and KPIs included in this report are defined in accordance with the "Sustainability Reporting Standards" published by the Global Reporting Initiative (GRI Standards).

INTEGRATED ANNUAL REPORT

Eni's 2019 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.



FINANCIAL HIGHLIGHTS

		2019	2018	2017
Sales from operations	(€ million)	69,881	75,822	66,919
Operating profit (loss)		6,432	9,983	8,012
Adjusted operating profit (loss) ^(a)		8,597	11,240	5,803
Adjusted net profit (loss) ^{(a)(b)}		2,876	4,583	2,379
Net profit (loss) ^(b)		148	4,126	3,374
Net cash flow from operating activities		12,392	13,647	10,117
Capital expenditure		8,376	9,119	8,681
of which: exploration		586	463	442
development of hydrocarbon reserves		5,931	6,506	7,236
Dividend to Eni's shareholders pertaining to the year ^(c)		3,089	2,989	2,881
Cash dividend to Eni's shareholders		3,018	2,954	2,880
Total assets at year end		123,440	118,373	114,928
Shareholders' equity including non-controlling interests at year end		47,900	51,073	48,079
Net borrowings at year end before IFRS 16		11,477	8,289	10,916
Net borrowings at year end after IFRS 16		17,125	n.a.	n.a.
Net capital employed at year end		65,025	59,362	58,995
of which: Exploration & Production		53,358	50,358	49,801
Gas & Power		2,744	3,143	3,394
Refining & Marketing and Chemicals		10,387	7,371	7,440
Share price at year end	(€)	13.9	13.8	13.8
Weighted average number of shares outstanding	(million)	3,592.2	3,601.1	3,601.1
Market capitalization ^(d)	(€ billion)	50	50	50

(a) Non-GAAP measures.

(b) Attributable to Eni's shareholders.

(c) The amount of dividend for the year 2019 is based on the Board's proposal.

(d) Number of outstanding shares by reference price at year end.

SUMMARY FINANCIAL DATA

		2019	2018	2017
Net profit (loss)				
- per share ^(a)	(€)	0.04	1.15	0.94
- per ADR ^{(a)(b)}	(\$)	0.09	2.72	2.12
Adjusted net profit (loss)				
- per share ^(a)	(€)	0.80	1.27	0.66
- per ADR ^{(a)(b)}	(\$)	1.79	3.00	1.49
Cash flow				
- per share ^(a)	(€)	3.45	3.79	2.81
- per ADR ^{(a)(b)}	(\$)	7.72	8.95	6.35
Adjusted Return on average capital employed (ROACE)	(%)	5.3	8.5	4.7
Leverage before IFRS 16		24	16	23
Leverage after IFRS 16		36	n.a.	n.a.
Gearing		26	14	18
Coverage		7.3	10.3	6.5
Current ratio		1.2	1.4	1.5
Debt coverage		72.4	164.6	92.7
Net Debt/EBITDA adjusted		100.7	45.2	80.6
Dividend pertaining to the year	(€ per share)	0.86	0.83	0.80
Total Share Return (TSR)	(%)	6.7	4.8	(5.6)
Dividend yield ^(c)		6.3	5.9	5.7

(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.

EMPLOYEES

	(number)	2019	2018	2017
Exploration & Production		11,502	11,645	11,970
Gas & Power		3,015	3,040	4,313
Refining & Marketing and Chemicals		11,291	11,136	10,916
Corporate and other activities		6,245	5,880	5,735
Group		32,053	31,701	32,934

INNOVATION

		2019	2018	2017
R&D expenditure	(€ million)	194	197	185
Digital transformation expenditure		105	86	n.a.
First patent filing application	(number)	34	43	27



HEALTH, SAFETY AND ENVIRONMENT

		2019	2018	2017
TRIR (Total Recordable Injury Rate)	(total recordable injuries/worked hours) x 1,000,000	0.34	0.35	0.33
of which: Exploration & Production		0.33	0.30	0.28
employees		0.18	0.29	0.23
contractors		0.37	0.30	0.30
Gas & Power		0.59	0.56	0.37
employees		0.46	0.34	0.45
contractors		0.84	0.99	0.23
Refining & Marketing and Chemicals		0.27	0.56	0.62
employees		0.24	0.49	0.56
contractors		0.29	0.62	0.69
Corporate and other activities		0.51	0.53	0.41
employees		0.20	0.55	0.21
contractors		1.01	0.48	1.00
Direct GHG emissions (Scope 1)	(mmtonnes CO ₂ eq)	41.20	43.35	43.15
of which: CO ₂ equivalent from combustion and process		32.27	33.89	33.03
CO ₂ equivalent from flaring		6.49	6.26	6.83
CO ₂ equivalent from venting		1.88	2.12	2.15
CO ₂ equivalent from methane fugitive emissions		0.56	1.08	1.14
Direct GHG emissions - Exploration & Production		22.75	24.06	24.02
Direct GHG emissions - Gas & Power		10.47	11.08	11.30
Direct GHG emissions - Refining & Marketing and Chemicals		7.97	8.19	7.82
GHG emissions/100% operated hydrocarbon gross production (upstream)	(tonnes CO ₂ eq/kboe)	19.58	21.44	22.75
Volumes of hydrocarbon sent to flaring	(billion Sm ³)	1.9	1.9	2.3
Total volumes of oil spills (> 1 barrel) ^(a)	(barrels)	7,258	6,687	6,559
of which: due to sabotage		6,222	4,022	3,236
operational		1,036	2,665	3,323
Reinjected production water	(%)	58	60	59
Groundwater treated at TAF plants and used in the production cycle or reinjected (Eni Rewind)	(mmcm)	5.1	4.8	4.2
Groundwater used in the production cycle/reinjected vs. total treated groundwater (Eni Rewind)	(%)	19	21	21
Recovered waste vs. recoverable waste (Eni Rewind)		59	58	48

(a) In line as reported on page 122.

OPERATING DATA

		2019	2018	2017
EXPLORATION & PRODUCTION				
Hydrocarbon production	(kboe/d)	1,871	1,851	1,816
Net proved reserves of hydrocarbons	(mmboe)	7,268	7,153	6,990
Reserve life index	(years)	10.6	10.6	10.5
Organic reserve replacement ratio	(%)	92	100	103
Profit per boe ^(a)	(\$/boe)	5.1	9.3	8.7
Opex per boe ^(b)		6.4	6.8	6.6
Finding & Development cost per boe ^(c)		15.5	10.4	10.4
GAS & POWER				
Worldwide gas sales	(bcm)	73.07	76.71	80.83
of which: Italy		37.85	39.03	37.43
outside Italy		35.22	37.68	43.40
LNG sales		10.1	10.3	8.3
Installed capacity power plants	(GW)	4.7	4.7	4.7
Electricity produced	(TWh)	21.66	21.62	22.42
Electricity sold		39.49	37.07	35.33
REFINING & MARKETING AND CHEMICALS				
Retail sales of petroleum products in Europe	(mmtonnes)	8.25	8.39	8.54
Retail market share in Italy	(%)	23.7	24.0	24.3
Service stations in Europe at year end	(number)	5,411	5,448	5,544
Average throughput of service stations in Europe	(kliters)	1,766	1,776	1,783
Refinery throughputs on own account	(mmtonnes)	22.74	23.23	24.02
Average refineries utilization rate	(%)	88	91	90
Capacity of biorefineries	(ktonnes/year)	660	360	360
Production of biofuels	(ktonnes)	256	219	206
Production of petrochemical products		8,068	9,483	8,955
Average chemical plant utilization rate	(%)	67	76	73

(a) Related to consolidated subsidiaries.

(b) Includes Eni's share in joint ventures and equity-accounted entities.

(c) Three-year average.

Eni Annual Report 2019

Disclaimer

This Annual Report contains certain forward-looking statements in particular under the section "Outlook" regarding capital expenditures, dividends, buy-back programs, allocation of future cash flow from operations, financial structure evolution, future operating performance, targets of production and sale growth 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 oil and gas 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 oil and natural gas pricing; operational problems; general macroeconomic 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. "Eni" means the parent company Eni SpA and its consolidated subsidiaries.

Mission



We are an energy company.

We concretely support a just energy transition,

with the objective of preserving our planet

and promoting an efficient and sustainable access to energy for all.

Our work is based on passion and innovation,

on our unique strengths and skills, on the equal dignity of each person, recognizing diversity as a key value for human development,

on the responsibility, integrity and transparency of our actions.

We believe in the value of long-term partnerships with the Countries and communities where we operate, bringing long-lasting prosperity for all.



The new mission represents more explicitly the Eni's path to face the global challenges, contributing to achieve the SDGs determined by the UN in order to clearly address the actions to be implemented by all the involved players.

THE SUSTAINABLE DEVELOPMENT GOALS Global goals for a sustainable development

The 2030 Agenda for Sustainable Development, presented in September 2015, identifies the 17 Sustainable Development Goals (SDGs) which represent the common targets of sustainable development on the current complex social problems. These goals are an important reference for the international community and Eni in managing activities in those Countries in which it operates.



Activities

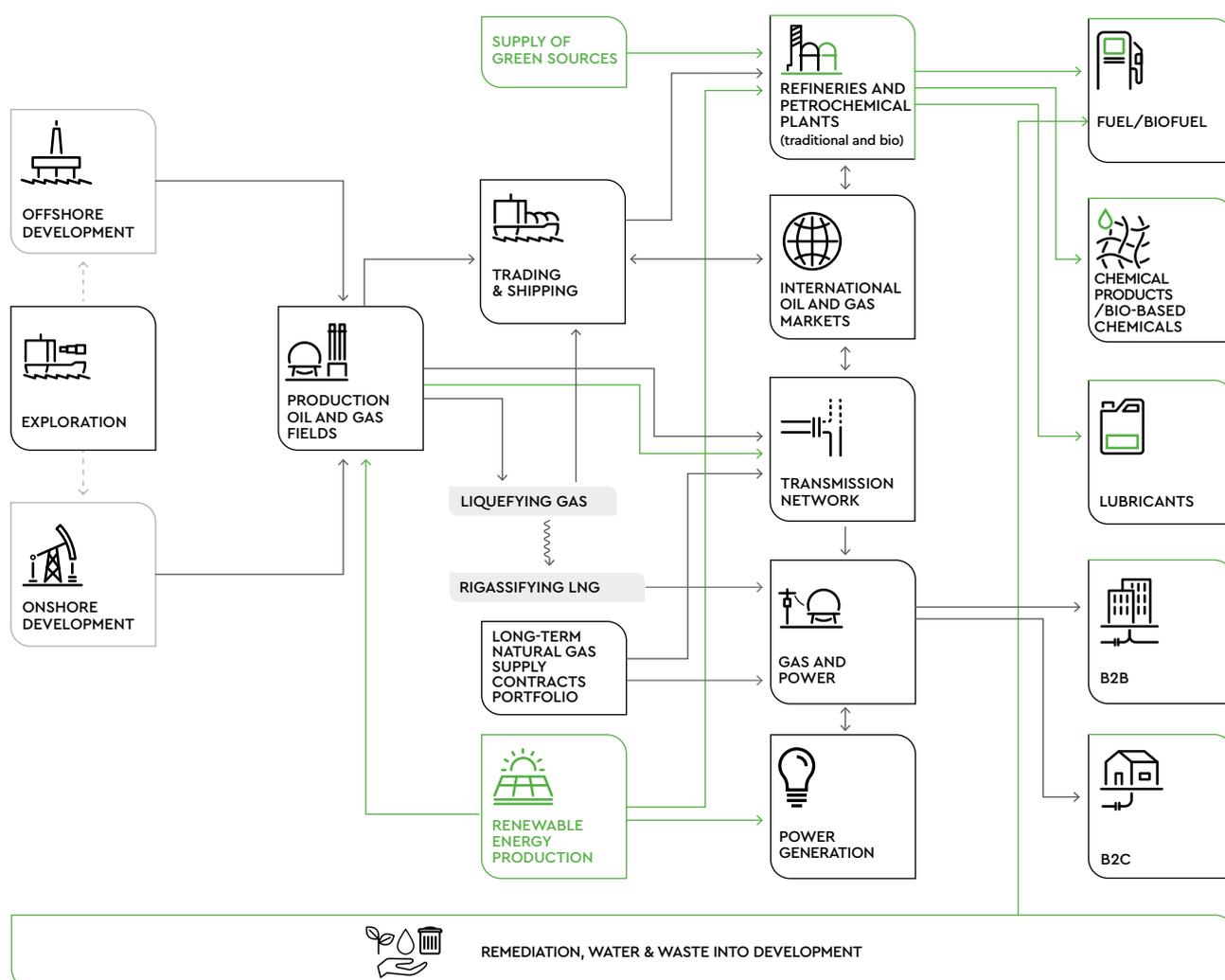
Eni is an energy company, operating in 66 Countries with about 32,000 employees.

Eni engages in oil and natural gas exploration, fields development and production, mainly in Italy, Algeria, Angola, Australia, Congo, Egypt, Ghana, Kazakhstan, Libya, Mexico, Mozambique, Nigeria, Norway, Oman, the United Arab Emirates, the United Kingdom and the United States, for overall 41 Countries.

Eni sells gas, electricity, LNG and oil products in European and extra-European markets, also leveraging on trading activities. Products availability is ensured by oil and gas production in the upstream business, long-term gas supply contracts, CCGT power plants, Eni's refinery system as well as 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.

Eni engages in the renewable energy business through the development of plants for the production of green energy, also reconvertng industrial sites through safety, remediation and environmental restoration.



Operating in
66 Countries

Eni is an integrated energy company looking to the long-term, aiming to play a decisive role in the energy transition to a low carbon future. The main challenge of our industry is to ensure universal access to energy, efficiently and sustainably, combating climate change, maximizing the energy efficiency of its assets and total elimination of flaring and methane leaks, the growth of low carbon sources in its portfolio; zero-emission sources development and the development of circular economy initiatives.

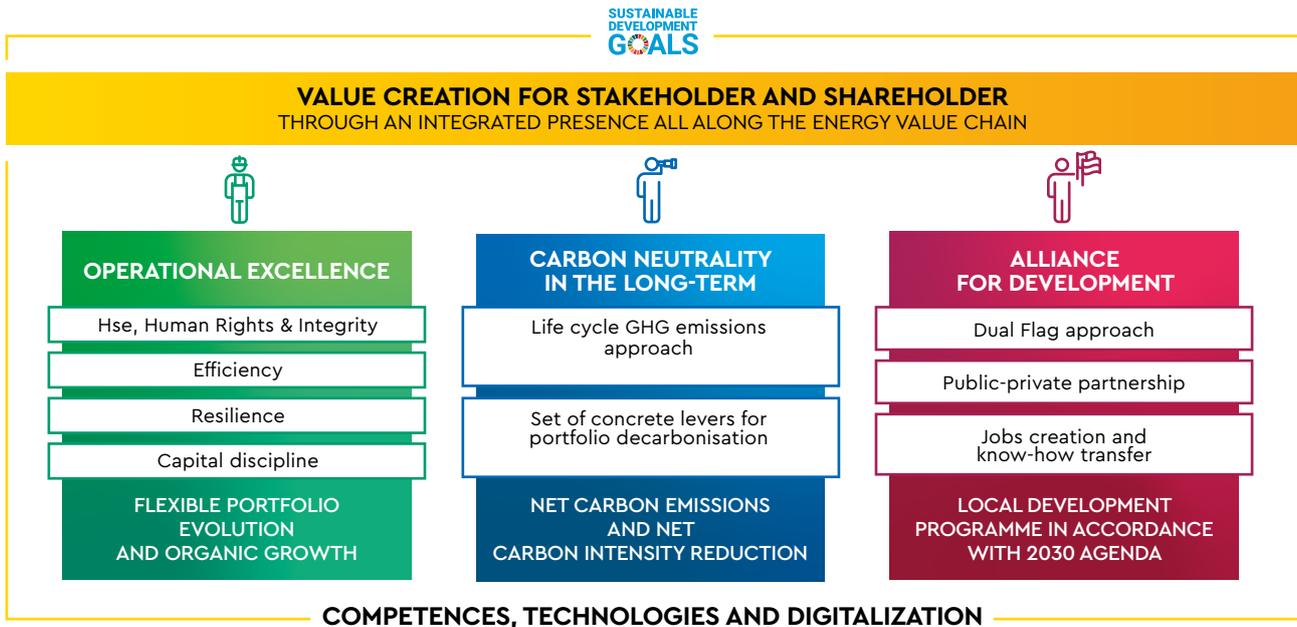
The circular transformation of Eni has been started-up in the downstream businesses, with the first conversion in the world of a traditional refinery in biorefinery, the transformation of waste in energy products, leveraging on proprietary technologies such as the Waste To Fuel and on the realization in the chemical business of new processes and products transforming waste plastics in second raw material. Consolidated skills, technologies, innovation and research geographical differentiation of assets are the levers to strengthen a changing based on the synergies among stakeholders, the industrial symbiosis and the cultural change.

Business model

Eni's business model is focused on **creating value for its stakeholders and shareholders** through a strong **presence along the whole value chain**. Eni, as an integrated energy company, contributes, directly or indirectly, to achieve the **goals of Sustainable Development (SDGs)** of the UN 2030 Agenda, supporting a socially equal energy transition responding through concrete, quick and economically sustainable answers to the challenge of combating climate

change and giving access to the energy resources in an efficient and sustainable way, overall. To manage this effectively, Eni integrates organically its industrial plan with the principles of environmental and social sustainability, enlarging its actions along three directives:

1. **operational excellence,**
2. **carbon neutrality in the long term,**
3. **alliance for development.**



1. Firstly, Eni's business is constantly focused on the **operational excellence**. This is translated into:
 - a continuous commitment to the valorization of people and, in **HSE**, to the safeguard of health and safety and environmental protection;
 - the **efficiency and resilience** of operations, thanks to which Eni has accelerated projects' time-to-market, reducing their break-even;
 - a solid **financial discipline**;
 - the maximum attention to the **integrity** and respect for **human rights**.

The Company will leverage on these drivers to catch the opportunities deriving from the possible evolution of the energy market and technological progress and to **grow organically**.

2. Secondly, Eni's business model envisages a path to decarbonization with the ambition to lead the Company to become **carbon neutral in the long-term**.

In this context, the Company adopts a **life cycle GHG emissions approach** and leverage on a **set of actions including**: maximizing the energy efficiency of its assets; growing low carbon sources in its portfolio (with an increase in gas and bio-fuel share, as well as the production and marketing of bio-methane); growing emission-free sources and developing circular economy initiatives. An important role will also be played by the application of new technologies capturing CO₂ and the development of forestry projects for the forest conservation in accordance with the REDD+ scheme. This approach and these drivers will enable Eni to considerably **reduce its carbon footprint**, both in terms of **net emissions** and **carbon intensity**.

3. Thirdly, Eni's value creation will leverage on the alliances for the **promotion of local development** in its Countries of operation. Eni is not only committed to address the valorization of resources of producing Countries, allocating their gas production to the local market and facilitating access to electricity, but also to promote a wide range of community initiatives: from diversification of local economies, to health projects, education, access to water and hygiene. This distinctive approach, called **Dual Flag**, is based on collaborations with institutions, cooperation agencies and local stakeholders in order to identify certain necessary actions to meet the needs of communities in line with the National Development Plans and the 2030 UN Agenda.

Eni is also committed to **creating employment opportunities and transfers its know-how** and expertise to its local partners involved in operations.

These distinctive factors are reflected in the **Local Development Programs (LDP)** in line with the 2030 UN Agenda and consistent with the National Development Plans to foster an inclusive growth, creating long-term value. Initiatives identified in Eni's Countries of operations leverage on an integrated approach through **public-private partnerships and alliances** with other internationally recognised players engaged in the territory.

Eni's business model is designed on these three levers leveraging on **internal competences**, the **deployment of innovative technologies** and the **digitalization process**.

Responsible and sustainable approach

For Eni, a responsible and sustainable approach is the rationale for creating value in the medium and long term for the company and for all stakeholders. This approach is emphasized in the new corporate Mission, which expressly embodies the transformation path

undertaken by Eni to play a decisive role in the global process of a "just transition" towards a low-carbon future, facilitating access to energy in an efficient and sustainable way for all and contributing to the achievement of the Sustainable Development Goals (SDGs).

	COMMITMENTS	MAIN RESULTS IN 2019	SUSTAINABLE DEVELOPMENT GOALS
 CARBON NEUTRALITY IN THE LONG TERM	COMBATING CLIMATE CHANGE Eni has defined a medium- and long-term plan in order to take full advantage of the opportunities offered by energy transition and to reduce progressively the carbon footprint of its activities	<ul style="list-style-type: none"> -27% of GHG emission intensity index (upstream) vs. 2014 -29% volumes of hydrocarbons sent to process flaring vs. 2014 -81% upstream fugitive methane emissions vs. 2014 [TARGET REACHED]	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS
	PEOPLE Eni is committed to supporting the transition by consolidating and developing skills, enhancing every psychophysical dimension of its people and recognising diversity as a resource	<ul style="list-style-type: none"> 32,053 employees in service as of December, 31 (reported +1.1% vs 2018, adjusted^(a) 2.0% vs. 2018) +3.2 percentage point increase in women hired (32.3% in 2019 vs. 29.1% in 2018) Approx. 1.4 million hours of training (+16.5% vs. 2018) 12,000 professional profiles mapped to date 	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
SAFETY Eni believes that safety in the workplace is an essential value to be shared among employees, contractors and local stakeholders and it is committed to eliminating the occurrence of incidents	<ul style="list-style-type: none"> TRIR^(b) 0.34 TRIR -3% vs. 2018 (-52% vs. 2014) 	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH	
RESPECT FOR THE ENVIRONMENT Eni promotes the efficient use of natural resources and the safeguard of protected areas relevant to biodiversity, identifying potential impacts and mitigation actions and is committed not to carry out hydrocarbon exploration and development activities in UNESCO World Heritage Natural Sites	<ul style="list-style-type: none"> Formalisation of Eni's commitment not to carry out exploration and development activities in UNESCO World Heritage Natural Sites Extension of biodiversity risk mapping to all business lines Eni's adherence to the CEO Water Mandate 89% reuse of freshwater -12% seawater withdrawn vs. 2018 -15% waste from production activities generated vs. 2018 -61% operational oil spills vs. 2018 	3 GOOD HEALTH AND WELL-BEING 6 CLEAN WATER AND SANITATION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 14 LIFE BELOW WATER 15 LIFE ON LAND	
HUMAN RIGHTS Eni is committed to respecting Human Rights in its activities and to promoting their respect among its partners and stakeholders	<ul style="list-style-type: none"> First "Eni for Human Rights" report published Ranked in the top 4% of the 200 companies evaluated by the CHRB^(c) "CEO Guide to Human Rights" of the WBCSD^(d) signed 97% security contracts with Human Rights clauses 100% new suppliers assessed according to social criteria 	1 NO POVERTY 4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	
TRANSPARENCY AND INTEGRITY IN BUSINESS MANAGEMENT Eni carries out its business activities with fairness, correctness, transparency, honesty and integrity in compliance with the law	<ul style="list-style-type: none"> Membership in EITI^(e) since 2005 9 countries where Eni supports EITI's local Multi-Stakeholder Group 27 audits with anti-corruption checks 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	
 ALLIANCE FOR THE PROMOTION OF LOCAL DEVELOPMENT	COOPERATION MODEL The cooperation model integrated into the business model is a distinctive feature of Eni, which aims to support countries in achieving their development goals.	<ul style="list-style-type: none"> €95.3 million invested in local development Partnership signed with UNIDO to contribute to SDG 9 MoUs signed with Angola and Mozambique that combine traditional business with a commitment to diversified and sustainable growth 	1 NO POVERTY 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS
	TECHNOLOGICAL INNOVATION For Eni, research, development and rapid implementation of new technologies are an important strategic lever to drive business transformation.	<ul style="list-style-type: none"> €194 million invested in research and technological development 34 applications for first patent filings, of which 15 concern renewable sources 	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS

(a) Growth with the same consolidation structure, mainly due to the sale of Agip Oil Ecuador.
 (b) Total Recordable Injury Rate.
 (c) Corporate Human Rights Benchmark.
 (d) World Business Council for Sustainable Development.
 (e) Extractive Industries Transparency Initiative.

Letter to shareholders



EMMA MARCEGAGLIA
Chairman



CLAUDIO DESCALZI
Chief Executive Officer
and General Manager

Dear Shareholders,

at the end of our second mandate and at the beginning of a decisive decade for the future of the Oil & Gas industry, we are proud to deliver you a Company with excellent fundamentals, able to generating returns at the top of the industry, thanks to a progressively reduced cash neutrality. Looking forward, our Company will be driven by our decarbonization strategy which will combine the continuing growth of the business in the ever evolving energy market with an expected significant reduction in our carbon footprint thus actively contributing to the ongoing decarbonization path of the mankind and supporting the achievement of the goals of the Paris Agreement.

Notwithstanding an unfavorable trading environment affecting the industry from 2014, Eni has grown organically, while complying with financial discipline. The drivers of this growth have been our successful exploration, where we were able to maximize value by applying our Dual Exploration Model, and a constant reduction in the time-to-market of reserves, delivering a winning streak of production records year by year, with an overall increase of 17% from 2014 to the 1.87 million boe/d plateau of 2019.

We have strengthened our business portfolio by diversifying our geographical presence with a better balance along the value chain thanks to the expansion in the Middle East both in the upstream segment and with the acquisition of a 20% interest in ADNOC Refining, by growing in Egypt and Indonesia and with the entry in Mexico, by developing a global LNG business leveraging on the integration of upstream and G&P activities, as well as by enhancing the production platform in Norway with the Vår Energi transaction and the subsequent acquisition of the ExxonMobil assets by the JV.

We have restructured the gas and refining businesses through efficiency and optimization actions making them not only financially self-sufficient, but also able to steadily contribute to the Group's cash flow generation.

This strategy allowed us to halve our cash neutrality and currently our funds from operations are able to cover all expenses, the capital expenditure and the dividend at a Brent price of 55 \$/barrel under the assumptions of the 2019 budget scenario, compared to 114 \$/barrel of the 2014 baseline.

This result has been achieved without increasing capital expenditure, but actually reducing them, therefore resulting in a 16% reduction in net borrowings below €12 billion, after having distributed in the six-year period dividends for more than €19 billion and having executed the first tranche of Eni's share buy-back for €0.4 billion.

The traditional Oil & Gas business has substantially accelerated its own decarbonization path by reducing the emission intensity by 6% per year compared to the 2014 baseline (down by 27% in the period). This result benefitted from the development of power generation from renewable business, leveraging on the synergies with Eni's portfolio of assets, the bio-reconversion of our refineries, the launch of green chemistry and circular economy projects based on the use of sustainable raw materials and the recycling/reusing of waste (organic and non-organic). Finally we launched certain forestry initiatives designated at conserving and preserving forests, complementary to the low carbon strategy.

PROFILE OF THE YEAR

The first driver of Eni's value creation has been the exploration, a distinctive competence of our Company.

In these years, our exploration granted both the replacement of produced reserves with a competitive discovery cost per boe which is the first step to reduce the break even of upstream projects, and a robust contribution to the cash generation through the deployment of the Dual Exploration Model.

This strategy foresees the fast monetization of the discovered resources through the dilution of participation interests in certain mineral interests, while retaining operatorship, otherwise an asset swap as it has been in the case of our entry in the upstream business in the United Arab Emirates in return for the sale of a 10% stake in the Zohr discovery.

The Dual Exploration Model allowed us to cash in approximately \$11 billion. The most recent example is the transaction finalized at the end of 2019 to divest a 20% interest in the East Sepinggan discovery, offshore Indonesia.

In carrying out exploration activities, Eni has expertly combined initiatives in high-risk/high-reward plays, with near-field exploration, which targets the discovery of additional mineral potential in mature, proven areas, close to existing producing platforms, FPSO units and other infrastructures in order to ensure fast support to production and cash flows. Examples of this approach in 2019 are three discoveries in Egypt and one in Nigeria contextually linked to production, as well as the resumption of exploration activities in the Block 15/06 in Angola to extend the useful life of the FPSOs in production that led to a total of five discoveries, identifying 2 billion/barrels of oil in place. The first discovery, Agogo, started up the production recently.

In these six years we have discovered some 6 billion boe of resources, replacing more than our production, at an average cost of approximately 1.1 \$/boe. In 2019 we discovered 0.8 billion of reserves or resources at near-field prospects (i.e. Egypt, Algeria, Angola, Nigeria, Ghana and Norway) and in frontier basins (Vietnam and Indonesia).

Our portfolio of mineral interests has been renewed by entering new acreage. In 2019 total acreage amounted to about 360,000 square kilometers, of which 36,000 square kilometers entered in 2019.

The reduction of reserves' time-to-market is the other great driver for the upstream value creation. Since 2014 the time-to-market of our projects has been halved to 3.6 years since the discovery and compared to an industry benchmark equal to the double, leveraging on efficient and original development model based on a fast-track approach, by the parallelization of different stages of the project and by applying a phased approach which allow to reduce idle capital, as well as by insourcing critical development phases in order to apply our distinctive industrial competences (such as detailed engineering, construction supervision and commissioning). In 2019 we have started up six new fields, Area 1 offshore Mexico in just eleven months from the FID, Berkine North in Algeria, Baltim SW in Egypt, Nasr phase 2 in UAE, Trestakk in Norway and Agogo in Angola. These start-ups together with the ramp-up of ongoing projects (in particular the Zohr project which reached a production record at 2.7 bcf/d) contributed approximately 250 kboe/d of new production to the plateau of the year. In addition to the 2019 start-ups, in the medium term the production growth will be fostered by five FID of the year relating to the Berkine North phase 2 in Algeria, Balder X in the portfolio of Vår Energi, the gas Dalma structure in the UAE and the upgrading of the LNG Bonny project in Nigeria.

Our production platform has been strengthened by the expansion in the Middle East, the entry into the upstream of Mexico, the development of reserves in Egypt at Zohr and the Great Nooros Area, as well as the reorganization of the presence in Norway thanks to the establishment of the Vår Energi joint venture with local partners, which in its first year of life has finalized the acquisition of ExxonMobil assets, which make Vår Energi the second largest company in the Norwegian upstream segment with an expected potential growth of up to 350 kboe/d in 2023.

These initiatives contributed decisively to the better balancing of the geographical distribution of Eni's portfolio, in line with our strategy.

Our excellent exploration and development phases contributed to reducing the F&D cost which together with opex control allowed to halve the average break even of Eni's ongoing development projects at 23 \$/bbl, thus making them competitive in all the decarbonization scenarios.

We replaced with new organic proved reserves 92% of the production (100% when excluding price effects) thanks to new discoveries and progress in maturing reserves. On an all sources base, the RRR stood at 117%, while the three-year average organic RRR reached 98%.

Our transformation leveraged also on investments in digital transformation initiatives. In particular, in 2019 we invested about €100 million in the digital transformation initiatives focused on people safety, asset integrity, efficiency and effectiveness of internal processes and operations and customer care. Our transformation program almost completed at the Val D'Agri Oil Center contributed to reduce unplanned shutdowns and operational risks, plant energy consumptions and the relating CO₂ emissions from combustion and process.

Mid-downstream businesses were deeply restructured and now are financially sustainable in the long-term. Achieved results are even more considerable, given the structural weaknesses of the wholesale gas scenario, of the refining business and chemical commodities due to oversupply issues and unabated competitive pressures.

In the G&P business we renegotiated our long-term contracts portfolio aligning it with market conditions and we optimized logistics, recovering the entire volumes of gas paid and not withdrawn with a financial benefit of approximately €2 billion. We grew in the LNG business leveraging on the integration with the upstream business, maximizing the value of equity gas and contributing to the acceleration of FIDs phase at gas reserves development projects. Today we have reached a portfolio of contracted volumes of 9.5 million tonnes/year, which will progressively increase in the medium-term in line with the ramp-up/start-up of new equity gas production.

The G&P retail business has become a stable value generator thanks to the selective acquisition of new customers, credit control, greater efficiency of the organizational and commercial structure, development of innovative extra-commodity services, as well as a continued growth in the customers portfolio that reached 9.4 million of POD at the end of 2019. In 2019, in order to increase value for our customers, Eni acquired the subsidiary Evolvere, becoming a leader in the distributed generation of renewable energy from photovoltaic systems in Italy, in line with Eni's mission, aiming to create value through the energy transition.

In the R&M segment, proprietary technologies, market opportunities deriving from the energy transition and selective growth were the drivers of the turnaround. The two structurally non-competitive plants of Venice and Gela have been converted into modern bio-refineries with a refinery capacity of 1 million tonnes/year (expected to entry full operations by 2021). These refineries adopt the Ecofining proprietary technology for the production of diesel with a lower carbon content, with positive effects on the territories. In particular, Gela, started up in August 2019, is designed to treat advanced and unconventional feedstocks, the latter deriving from food production waste. In 2019 we finalized the acquisition of a 20% stake in ADNOC Refining for a total consideration of \$3.24 billion. It is a high-quality refinery complex where Eni intends to maximize value by applying proprietary technologies to increase operational flexibility and energy efficiency. This transaction increases our refinery capacity by 35%, making Eni's portfolio increasingly integrated along the value chain and even more resilient in a volatile economic scenario.

In the oil marketing activity, capex for the upgrading of our service stations, improvement of customer services, efficiency and development of the non-oil segment sustained the solid and constantly growing profitability.

In the Chemical business we have progressively reduced the weight of our commodity businesses exposed to the volatility of the scenario leveraging on technology to enhance the specialties segment, the green and recycled chemical, such as the Versalis ReVive® products, developed in the Versalis research laboratories.

The heart of our strategies is the Company's aim to become even more sustainable, playing a leading role in achieving a socially fair energy transition to preserve the environment and ensuring universal access to energy. Eni's decarbonization path has been accelerated in these six years by leveraging on widespread energy efficiency actions, the development of the renewable energies business, the launch of circular economy projects and the enter in forestry conservation initiatives.

In this period, upstream intensity emission reduced by 27%, from approximately 27 tonnes CO₂ eq/kboe in 2014 to less than 20 tonnes CO₂ eq/kboe in 2019; the volume of hydrocarbon sent to process flaring decreased by 29% and methane fugitive emissions by 81% from 2014. Our selected development projects are consistent with our targets on emissions.

The development of energy generation from renewable sources business is based on a model leveraging on industrial, commercial, logistical and contractual synergies as a result of the integration with the existing assets. In the last two years, 19 units of energy generation from renewable sources (photovoltaic and wind) have been finalized with an installed capacity of 190 MW and a wide geographical diversification: Italy, Algeria, Kazakhstan, Australia, Pakistan and Tunisia. The key factor of our low carbon strategy is the evolution of the Group towards a circular economy which is based on the sustainability of raw materials (biomass and secondary raw materials), the recycling/reusing and recovery of raw materials from waste products and the conversion of assets in bio and low carbon ones. The transformation of Eni in the circular economy starts from the downstream business and proprietary technologies. In 2019 the two major projects of traditional refineries conversion in biorefineries in Venice and Gela, allowed us to reduce our environmental footprint by lowering harmful emissions compared to the traditional cycle (down by 70% referring to the Gela plant). In Gela, we started up the pilot plant for the conversion of organic waste into energy products by applying Eni's proprietary Waste to Fuel technology. In the Chemical business we are realizing new products and processes enhancing plastic waste to be transformed into secondary raw materials or new products directly marketed as for the Versalis Revive® plastic recycled products.

In 2019 Eni launched certain forestry initiatives designated at conserving and preserving forests, complementary to the low carbon strategy, which in the long-term will be one of the driver of our low carbon strategy. The first agreement signed in Zambia with an experienced partner in long-term forest conservation projects, makes Eni an active member in the governance of Luangwa Community Forests Project, with our commitment to purchase carbon credits in accordance to international standards, for the next 20 years, until 2038.

The other pillars of Eni's social and environmental sustainability are the Dual Flag approach and the partnerships value. Eni's distinctive driver to manage the business is the value creation for both the Group and the Countries of operation, believing that long-term relationships and our capacity to access reserves will be strengthened. Examples of our Dual Flag approach are the gas project in Ghana and the recent MoU signed with the Angolan Government for the development of certain sustainable initiatives and improvement of quality of life, targeting 180,000 people, including the construction of a 50 MW photovoltaic plant.

In accordance with our decarbonization strategy and our commitment to the UN SDGs, in this period we have promoted partnerships with private partners and public institutions aiming to share skills, professionalism and relationships making our initiatives more effective. In particular, we are partners of a number of United Nations agencies: for example in 2019 we signed a joint declaration with UNIDO (UN agency for industrial development) to support the growth of youth employment, the agro-food sector and renewable energy in Africa.

MEDIUM/LONG-TERM PLAN

After a period of profound transformation, which has allowed the Group to grow and diversify its activities portfolio, whilst strengthening its financial structure, Eni is now ready for a new phase of evolution of its business model, strongly oriented towards creating value over the long-term that combines economic and financial sustainability with environmental sustainability.

This evolution will be, once again, achieved by leveraging our know-how, proprietary technologies, innovation and the flexibility and resilience of our assets, which will allow us to seize new opportunities for development and efficiency, as well as further improve workplace safety.

The founding principles that inspire and guide the Plan's activities and actions are to:

- actively contribute to the achievement of all 17 UN SDGs, which are at the heart of Eni's mission;
- maximize the integration of the portfolio along the entire value chain, from production to end-customers;
- ensure rigorous financial discipline in investment policies and a solid capital structure for the Group to support cash generation;
- maintain a progressive shareholder remuneration policy.

On the basis of these principles, operational strategies and objectives have been defined for 2035 and 2050, which outline the evolutionary and integrated path of the individual businesses. The speed of evolution and the relative contribution of each business will depend on market trends, technological developments and legislation.

The Eni of the future will therefore be even more sustainable. It will reinforce its role as a global player in the world of energy with renewables and circular economy activities. These nascent businesses will develop strongly and be highly connected to our existing businesses. The production of oil and gas is expected to reach a plateau in 2025 and to decline in the following years mainly for the oil component. The result will be a portfolio that is more balanced and integrated and will be stronger for its adaptability and competitive shareholder remuneration.

The evolution of the business portfolio will have a significant impact on the reduction of the carbon footprint, whose targets are set as of now. We have been the first company giving itself a comprehensive calculation methodology for emissions that includes direct and indirect emissions deriving from the end use of the products, regardless of whether they are produced by us or purchased from third parties. Consequently, targets set for the reduction of our absolute GHG emissions do not have a quantification directly comparable with other methodologies, due to the extent of the detection.

In particular, Eni will pursue a strategy that aims to:

- obtain by 2050 an 80% reduction in scope 1, 2 and 3 net emissions, with reference to the entire life-cycle of the energy products sold (well beyond the 70% threshold defined by the IEA in the SDS scenario in line with the objectives of the Paris Agreement) and a 55% reduction in emission intensity compared to 2018;
- reinforce its role as a global player in the energy market, leveraging on an increasingly balanced and integrated portfolio of activities;
- optimize the flexibility of its business portfolio, so as to respond to external market factors and to position the Company to seize opportunities;
- generate value for its shareholders by maintaining the current progressive remuneration policy.

The following decarbonization targets confirm and build on previously announced ones:

- net-zero carbon footprint by 2030 for scope 1 and 2 emissions from upstream activities;
- net-zero carbon footprint for scope 1 and 2 emissions from the Eni Group by 2040.

ACTION PLAN 2020-2023

Given the uncertainties relating to the macroeconomic and political outlook and the complexity of the interaction between measures to combat climate change and energy demand, we maintain a prudent financial approach in investment decisions. The four-year investment plan, focused on high-value projects with short pay-back period, provides for investments of around €32 billion in 2023 and is characterized by a high level of flexibility with around 60% of investments uncommitted in 2022-2023.

Eni's investment program has been designed to achieve high-returns and resiliency even in a challenging scenario. In particular, the current portfolio of upstream projects in execution has a break-even price of 23 \$/bbl (25 \$/bbl in the previous plan) and an overall IRR of approximately 25%. These projects remain competitive even in a low carbon scenario. Adopting the IEA SDS scenario, which foresees a huge increase in the costs of emitting CO₂ on a global scale, the overall IRR would be reduced by 0.7 percentage points.

In the E&P segment we plan to maximize cash generation leveraging on organic growth, exploration successes and efficiency in development activity and operations. Eni expects a strong cash generation growth with a cumulative organic free cash flow in 2020-2023 of over €25 billion.

The development of our pipeline of Oil & Gas projects will drive a production growth of 3.5% on average in the period 2019-2023 targeting a plateau of 2.2 million boe/d. Continuing production ramp-ups at existing fields and planned start-ups will contribute about 800 kboe/d at 2023. Production start-ups are well geographically diversified and refer to the development of the 15/06 hub in Angola, the start-up of the cluster of discoveries of Area 1, in Mexico, following the early production phase in 2019, the projects in the portfolio of Vår Energi in Norway (Balder X, Johan Castberg and Bredablikk), the production start-up of Coral in Mozambique, Merakes in Indonesia and Nenè phase 2B in Congo as well as the gas structures of Dalma in the UAE.

We have a high visibility on these projects being the greater portion of them already in the development phase. The FID is expected to be made in 2020 for the remaining projects planned to be started in the next four years. Planned investments to promote reserves and production optimization amount to €21 billion. Finally, we plan fourteen relevant FIDs that will ensure flexibility and growth options beyond the plan horizon.

The strategic guidelines of exploration activity are to retain financial discipline in spending and to balance initiatives in near-field/proven areas and high-risk/high-reward frontier exploration plays, which will be implemented on the basis of operatorship and high working interest according to the possible application of the Dual Exploration Model in case of success. The activities will be selected so as to guarantee geographical diversification and will target the promising basins in the Middle East, Mexico, Norway and the Far East. The goal is to discover 2.5 billion boe at a competitive unit cost of 1.5 \$/boe.

The operations will be conducted by focusing on the continuous development and implementation of new technologies for improving drilling performance and reducing blow out risks, on asset integrity and on energy efficiency.

In the G&P segment, value creation in the wholesale gas business will be driven by the de-risking of the wholesale gas and power portfolio and by LNG growth.

The strategic guidelines are the continuing renegotiation of contracts to align gas prices to the market and obtain higher contractual flexibility, optimization of sunk logistic costs and the exploitation/development of the assets and of the portfolio's flexibilities to increase margins. In the LNG business, we intend to grow by building upon the synergic integration with upstream to enhance value of equity reserves and to enter new markets, by targeting a contracted portfolio of 16 MTPA by 2025, of which approximately 70% from equity production, in particular Mozambique, Egypt and Nigeria.

We intend to maximize the value of our G&P retail business through selective growth in the domestic market, continuing improvement of operating efficiency and customer experience, management of the credit risk and focus on non-commodity services leveraging the increasing demand of energy efficiency and distributed generation. We expect to grow our retail customers portfolio to approximately 11 million POD by 2023, an increase of 15% from 2019.

We expect a strong increase in R&M profitability, assuming no changes in the scenario, driven by selective growth initiatives and a continued focus on efficiency, as well as by synergies with the path of decarbonization and transition to the circular economy. The ADNOC Refining expansion plan agreed with the other venture partners will allow us to maximize the return on the investment by leveraging Eni's technology to upgrade the refinery's operational flexibility with reduced cost of feedstock, improvement in energy efficiency and targeted increases in capacity.

The European refining system will be consolidated by restarting the EST plant at the Sannazzaro refinery and other optimizations.

The green processing capacity will target 1 million tonnes/year (by 2021) thanks to the Gela ramp-up and upgrades at the Venice plant, while the mix of green feedstocks will be progressively changed with advanced and second generation feedstocks leveraging Eni's circular initiatives, aiming at cutting to zero use of palm oil feedstock by 2023. In the marketing activity we forecast stable and robust results thanks to actions to preserve volumes sold, in particular in high margin segments, investments in modernization and improvement of efficiency, the evolution of our stations to a service station, as well as the development of smart mobility services and the sale of alternative fuels.

The industrial plan of Versalis is focused on the strategic repositioning of the business. This will be driven by the enhancement of the traditional assets to increase their resilience to the scenario, the shift in the production mix towards greater added value specialties and the acceleration of the green transformation and to circular economy. In this latter area, the Matrica production platform will be optimized, being able to obtain high-value applications for the electronic, cosmetic and bio-herbicide industries, as well as we are planning the start-up of bioethanol production from biomass and the development of circular initiatives for the production of recycled plastics (mechanical and chemical processes).

The short-term decarbonization strategy will progress along the defined guidelines: continuous improvement of energy efficiency in operations, increase the share of gas production on total hydrocarbons, development of renewable sources production capacity, transformation into circular economy of downstream businesses and ramp-up of forestry initiatives. The first milestone of this path, with a necessarily long-term perspective, is the achievement of the net carbon neutrality of the upstream business in relation to equity production volumes by 2030.

In the medium-term we foresee the achievement of zero flaring in 2023, a further reduction in the upstream emission intensity by 38% from 2014, the development of renewable energy projects targeting an installed capacity of 3 GW in 2023, ramping up to 5 GW in 2025, leveraging strategic partnerships, such as the one with Cassa Depositi e Prestiti in Italy, as well as the development of mixed decarbonization/circular economy projects relating to bio-refineries supplied exclusively with 2nd generation feedstocks, the development of the production of recycled plastics and bioethanol, as well as the start up by 2025 of Waste to Fuel units for the treatment of the organic fraction of urban waste produced by six million equivalent inhabitants in Italy with the public-private partnership formula. The development of decarbonization initiatives and circular economy projects will be supported by a capex plan of €4 billion, 65% of which for the increase of renewable generation capacity.

Conclusively, the plan's initiatives aiming at maximizing the value of our asset portfolio will allow Eni to further reduce the cash neutrality and to strengthen the Company's environmental sustainability in line with the UN SDGs.

We wish to thank all of the women and men of the Eni team, for the quality and steadiness of the efforts made in these years. Without their contribution, the Company would not have been able to achieve the results that make us proud of.

On the basis of 2019 results, we are going to propose the payment of a full dividend of €0.86 per share for fiscal year 2019, of which €0.43 per share already paid as interim dividend in September 2019, at the Annual General Shareholders' Meeting convened on May 13, 2020.

Considering the actions envisaged in the plan period, Eni is reaffirming its progressive shareholder remuneration policy and for 2020 is projecting a dividend of €0.89 per share, growing by 3.5%, and a share buyback program of €400 million.

February 27, 2020

In representation of the Board of Directors

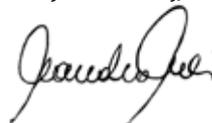
Emma Marcegaglia

Chairman



Claudio Descalzi

Chief Executive Officer and General Manager



Eni at a glance

€8.60 BLN

down by 24% vs. 2018

GROUP ADJUSTED OPERATING PROFIT

€12.1 BLN

down by 4% vs. 2018 following a worsening scenario

ADJUSTED NET CASH FLOW FROM OPERATIONS

55 \$/barrel

2019 CASH NEUTRALITY AT BUDGET SCENARIO

0.34 TRIR

DOWN BY 3% VS. 2018

In 2019, Eni achieved excellent results, enhancing the business portfolio through geographical diversification thanks to the expansion in the Middle East both in the upstream segment and through the purchase of the 20% share in ADNOC Refining, the growth in Egypt and Indonesia, the global development of the LNG business, as well as the upgrading of the production platform in Norway with the Vår Energi transaction and the subsequent purchase of the ExxonMobil assets by the JV. The strategic repositioning of R&M and Versalis in the green business and the circular economy has been set with the start-up of the Gela bio-refinery and the launch of a new line of polymers from mechanical recycling of used plastics.

The traditional Oil & Gas business is now more solid also thanks to the acceleration of the decarbonization path with the reduction of the upstream GHG emission intensity at a 6% rate per year from the 2014 baseline (down by a cumulative 26% in the period), the development of the business of power generation from renewable sources in synergy with asset portfolio, the bio-conversion of refineries, the launch of green chemistry and circular economy projects based on the use of sustainable raw materials, the recycling/reuse of waste (organic and non-organic) and, finally, with the launch of the forestry conservation initiatives, complementary to the low carbon strategy.

These positive results were reported in a challenging operating and trading environment, due to the slowdown in global macroeconomic cycle, the reduction in international trade, as well as the adverse geopolitical developments.

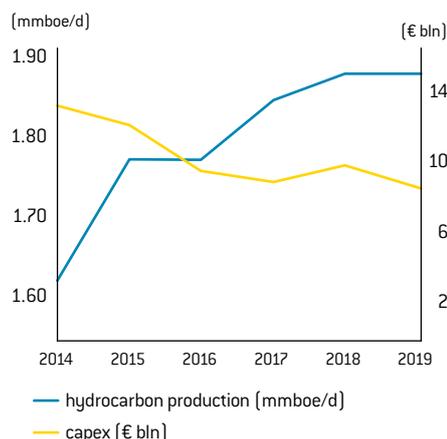
All these factors negatively affected the demand of commodities and the global consumption of fuels and plastic feedstocks, boosting the negative impact of the oil and gas oversupply in the upstream, the competitive pressure from producers with lower cost structure and the overcapacity in the refining and chemical sector.

BRENT DATED (\$/barrel)		SERM (\$/barrel)		AVERAGE EUR/USD EXCHANGE RATE		PSV vs. TTF (€/kmc)	
2019	64.30	2019	4.3	2019	1.119	2019	29
2018	71.04	2018	3.7	2018	1.181	2018	17
2017	54.27	2017	5.0	2017	1.130	2017	28

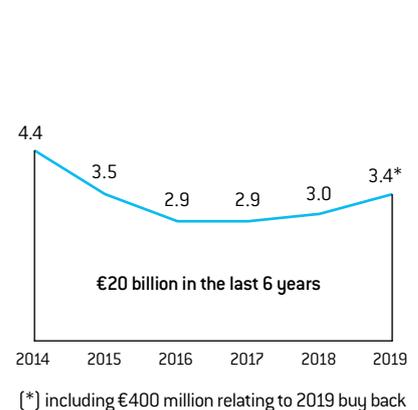
Despite the unfavorable scenario and cash constraints, Eni combined growth and financial discipline, leveraging on successful exploration and lower of reserve's time-to-market. Growth and efficiency actions and reduced capex allowed to reach a cash neutrality, at a Brent price of 55 \$/barrel at 2019 budget scenario, covering expenses, capex and dividends with the cash flow from operations.

Confirmed the Group's financial strength with net borrowings at €11.48 billion (before IFRS 16) financing the 20% acquisition of ADNOC Refining amounting to \$3.2 billion, paying dividends in the year for overall €3 billion and executing the first tranche of the buy-back program (€0.4 billion).

PRODUCTION VS. CAPEX



ENI'S SHAREHOLDERS RETURN (€ bln)



ENI GROUP	2019	2018	2017
Operating profit (loss) (€ million)	6,432	9,983	8,012
Adjusted operating profit (loss) (€ million)	8,597	11,240	5,803
Net cash flow from operating activities (€ million)	12,392	13,647	10,117
TRIR (Total Recordable Injury Rate) (total recordable injuries/worked hours) x 1,000,000	0.34	0.35	0.33
Leverage before IFRS 16	0.24	0.16	0.23

EXPLORATION & PRODUCTION	2019	2018	2017
Adjusted operating profit (loss) (€ million)	8,640	10,850	5,173
Hydrocarbon production (kboe/d)	1,871	1,851	1,816
Opex per boe (\$/boe)	6.4	6.8	6.6
Profit per boe (\$/boe)	5.1	9.3	8.7
GHG emissions/100% operated hydrocarbon gross production (tonnes CO ₂ eq/kboe)	19.58	21.44	22.75

GAS & POWER	2019	2018	2017
Adjusted operating profit (loss) (€ million)	654	543	214
Worldwide gas sales (bcm)	73.07	76.71	80.83
LNG sales (bcm)	10.1	10.3	8.3
GHG emissions/Equivalent produced electricity (Eni Power) (gCO ₂ eq/kWh _{eq})	394	402	395
Retail customers in Italy (million)	7.74	7.74	7.65

REFINING & MARKETING AND CHEMICALS	2019	2018	2017
Adjusted operating profit (loss) (€ million)	(48)	380	991
Retail sales of petroleum products in Europe (mmt tonnes)	8.25	8.39	8.54
Refinery throughputs on own account (mmt tonnes)	22.74	23.23	24.02
GHG emissions/Refinery throughputs (raw and semi-finished materials) (tonnes CO ₂ eq/kt tonnes)	248	253	258
Sales of petrochemical products (kt tonnes)	4,285	4,938	4,646

down by **9%**
vs. 2018

UPSTREAM GHG EMISSION
INTENSITY

7.3 BLN boe

HYDROCARBON
PROVED RESERVES

3.5 \$/barrel

BREAKEVEN REFINING
MARGIN AT BUDGET
SCENARIO

1.87 MLN boe/d

RECORD IN HYDROCARBON
PRODUCTION

117%

ALL SOURCES
REPLACEMENT RATIO

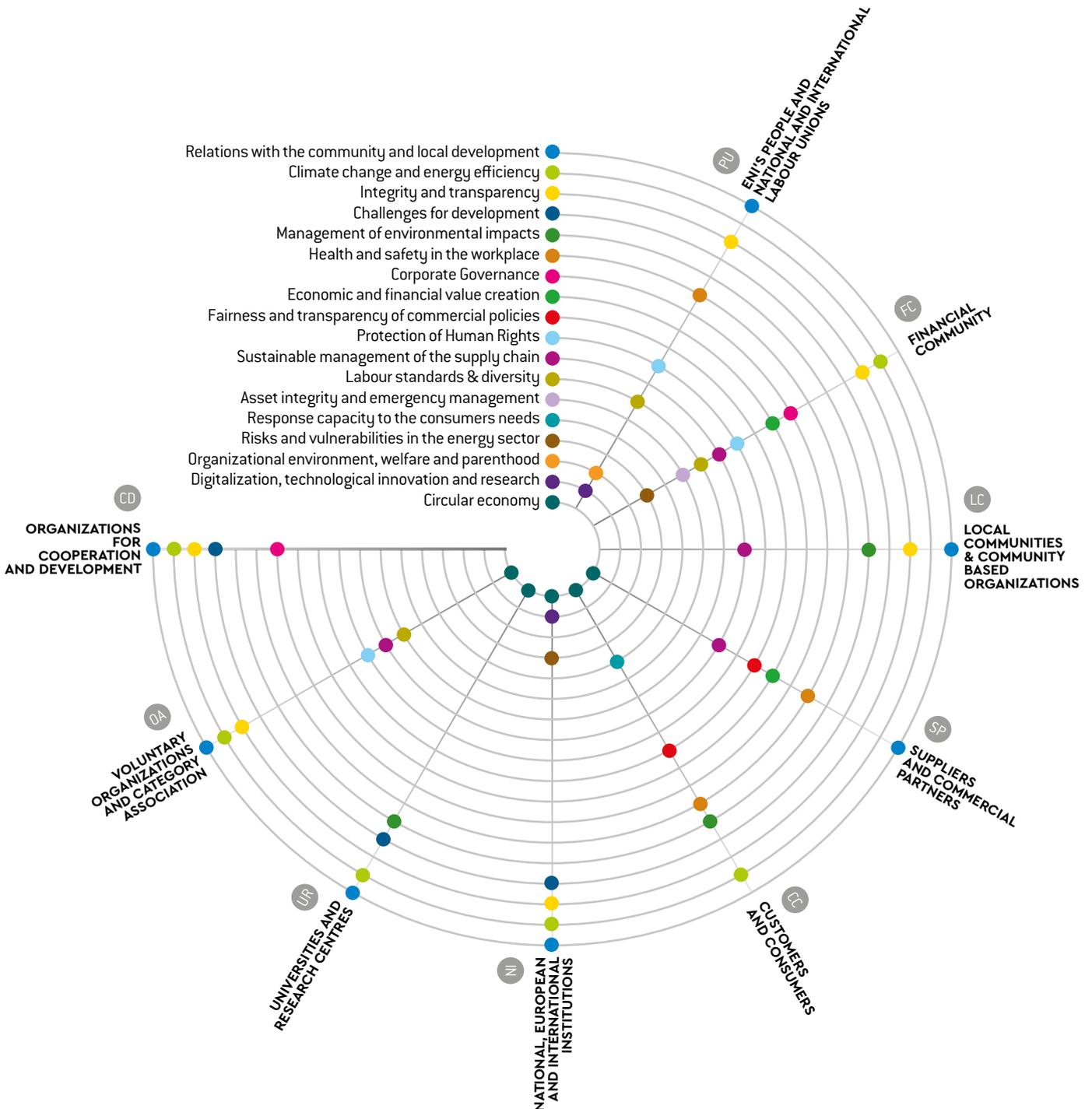
€0.65 BLN

G&P ADJUSTED
OPERATING PROFIT

Stakeholders engagement activities

The relationship with its stakeholders, listening and sharing decisions with people in the countries where it operates are fundamental elements for Eni: knowledge of their point of view and their expectations are the foundation of its commitment to building transparent and lasting relationships based on mutual trust. Eni has operations in 66 countries with very different social, economic and cultural contexts and it believes that dialogue and the direct involvement of stakeholders, are fundamental elements for creating value in the long term, in every phase of its business activities.

Topics arisen from the dialogue with stakeholders



In order to engage in this daily and proactive dialogue with multiple stakeholders at local, national and international level, since 2018, Eni has been using an IT platform called Stakeholder Management System (SMS), which supports the management of its complex network of relationships. The system is in use in 37 countries and tracks over 3,500 stakeholders. The SMS allows to record and view relationships with each stakeholder category, highlighting any critical issues and areas for improvement, the main issues of interest, the potential impacts on Human Rights, also identifying the possible presence of vulnerable groups and areas listed by UNESCO as sites of cultural and/or naturalistic interest (WHS - World Heritage Sites) in the countries where it operates.

Main stakeholder engagement activities during the year

PU ENI'S PEOPLE AND NATIONAL AND INTERNATIONAL TRADE UNIONS

- Professional and training paths on emerging skills related to business strategies and expansion of skills mapping
- Training initiatives to support inclusion and recognition of the value of all kinds of diversity and international initiatives supporting team building and innovation (Hackathon)
- Fourth edition of the climate analysis
- Initiatives for parenthood (smart working and school nursery) and family members with disabilities
- Meeting with national and international trade unions (renewal of the Global Framework Agreement) to discuss the different social and trade union realities of the Countries where it operates

FC FINANCIAL COMMUNITY

- Presentation of the 2019-22 strategic plan, followed by Road-Show of the CEO and top management at the main stock exchanges
- Eni's President Governance Road Show
- Dialogue with the market, in particular on the 2019 remuneration policy, in view of the 2019 Shareholders' Meeting
- Meeting in Abu-Dhabi for investors and financial analysts on the expansion strategy in the Arabian Peninsula
- Meetings on quarterly results
- Participation of top management in thematic conferences organized by banks

LC LOCAL COMMUNITIES AND COMMUNITY BASED ORGANIZATIONS

- Involvement of about 650 communities (including indigenous ones) close to plants
- Consultation of local authorities and communities for new exploration activities and/or the development of new projects as well as for the planning, management and improvement of social projects^(a)
- Mapping of community relations, requests and grievances and definition of local engagement content

SP SUPPLIERS AND COMMERCIAL PARTNERS

- Supplier involvement with Human Rights Assessment
- Communication, feedback and improvement plans
- Participation in IPIECA WG: Forum on O&G Sustainability best practices
- Green Sourcing Project: identification of supply chain levers to reduce environmental impacts
- Discussion of human rights clauses in upstream joint venture contracts

CC CUSTOMERS AND CONSUMERS

- Meetings and workshops with Presidents, Secretaries General and Energy Managers of national and local CA^(b) on issues such as sustainability, circular economy, reclamation and environmental remediation
- Sponsorship of CA initiatives on sustainability and circular economy
- Territorial meetings with the regional CA of the Italian National Council of Consumers and Users
- Survey of national and regional CA representatives on circular economy, sustainability and energy transition

NI NATIONAL, EUROPEAN AND INTERNATIONAL INSTITUTIONS

- Dialogue with the CIDU^(c) and the National Contact Point (Italy) for OECD Guidelines
- Meetings with Italian political representatives and institutions, both central and local, on energy, climate and environmental issues, circular economy and sustainable development
- Active participation in institutional technical round tables, joint committees, WGs and other meetings promoted by Italian Government and Parliament
- Visits by Italian institution delegations, central and local, to Eni industrial plants, sites and research centres

UR UNIVERSITIES AND RESEARCH CENTRES

- Meetings with Universities, Research Centres and third-party companies with which Eni collaborates or interfaces in the development of innovative technologies
- Agreements and collaborations with the Polytechnic of Milan and Turin, the Universities of Bologna, Naples and Pavia, MIT, CNR, INSTM, ENEA and INGV^(d)
- Establishment with the CNR of 4 research centres in Southern Italy for sustainable environmental and economic development in Italy and worldwide
- Collaboration with the Polytechnics of Milan in the organization of the Master's in Energy Innovation and for the development of Impact Assessment Models (the latter also with the University of Milan - Faculty of Agrarian Sciences)

OA VOLUNTEER ORGANIZATIONS AND CATEGORY ASSOCIATIONS

- Membership and participation in OGCI, IPIECA, WBCSD, UN GLOBAL COMPACT, EITI^(e)
- Collaboration with IHRB^(f) and other international human rights institutions
- Conferences, debates, seminars and training initiatives on sustainability issues (energy, circular economy, remediation, corporate social responsibility); implementation of guidelines and sharing of best practices
- Participation in meetings of the association bodies and working tables on strategic issues, monitoring legislative developments
- Meetings with Local Business Associations on the supplier qualification process

CD ORGANIZATIONS FOR COOPERATION AND DEVELOPMENT

- Development of new public-private partnership models
- Dialogue and development of collaborations with United Nations organizations and cooperation agencies (UNIDO; UNESCO; FAO^(g); Halo Trust Foundation)
- Consolidated relations with Faith-Based Organizations (2nd "Vatican Dialogue on Energy Transition and Care for Our Common Home"; Scientific and Organizational Committee of the Mediterranean Frontier of Peace event organized by the Italian Episcopal Conference)

(a) Angola – economic diversification, Iraq – education, Pakistan – access to water, Mozambique – access to energy, Italy/Basilicata - CASF (Agricultural Centre for Experimentation and Training).

(b) Consumers' Association.

(c) Inter-Ministerial Committee on Human Rights.

(d) Massachusetts Institute of Technology; Italian National Research Institute; Italian National Inter-University Consortium for Materials Science and Technology; Italian National

Agency for New Technologies, Energy and Sustainable Economic Development; Italian National Institute of Geophysics and Volcanology.

(e) Oil and Gas Climate Initiative; World Business Council for Sustainable Development; Italian Inter-Ministerial Human Rights Committee; Extractive Industries Transparency Initiative.

(f) Institute for Human Rights and Business.

(g) United Nations Industrial Development Organization; United Nations Educational, Scientific and Cultural Organization; Food and Agriculture Organization.

Strategy

Industrial plan

After a period of profound transformation, which has allowed the Group to grow and diversify its portfolio, whilst strengthening its financial structure, Eni is now ready for a new phase of evolution of its business model, strongly oriented towards creating value over the long-term that combines economic and financial sustainability with environmental sustainability.

This evolution will, once again, be achieved by leveraging our know-how, proprietary technologies, innovation and the flexibility and resilience of our assets, which will allow us to seize new opportunities for development and efficiency, as well as further improve workplace safety.

The founding principles that inspire and guide the Plan's activities and actions are to:

- actively contribute to the achievement of all 17 UN SDGs, which are at the heart of Eni's mission;
- maximize the integration of the portfolio along the entire value chain, from production to end-customers;
- ensure rigorous financial discipline in investment policies and a solid capital structure for the group to support cash generation;
- maintain a progressive shareholder remuneration policy.

On the basis of these principles, operational strategies and objectives have been defined for 2035 and 2050, which outline the evolutionary and integrated path of the individual businesses. The speed of evolution and the relative contribution of each business will depend on market trends, technological developments and legislation.

The evolution of the business portfolio enables Eni to reach the objectives of reducing its carbon footprint, which are considered fixed.

In particular, Eni will pursue a strategy that aims to:

- obtain by 2050 an 80% reduction in net scope 1, 2 and 3 emissions, with reference to the entire life-cycle of the energy products sold and a 55% reduction in emission intensity compared to 2018;
- reinforce its role as a global player in the energy market, leveraging an increasingly balanced and integrated portfolio of activities;
- optimise the flexibility of its business portfolio, so as to respond to external market factors and position the Company to seize opportunities;
- generate value for its shareholders by maintaining the current progressive remuneration policy.

The following decarbonisation targets confirm and build on previously announced ones:

- net-zero carbon footprint by 2030 for scope 1 and 2 emissions from upstream activities;
- net-zero carbon footprint for scope 1 and 2 emissions from the Eni group by 2040.

The Action plan 2020-2023 declines and defines the first steps of Eni's evolution path aiming at value creation through organic and sustainable growth of its activities, consistently with the medium-long term strategies.

The growth will leverage an operating model characterised by the constant commitment to minimizing risks and the centrality of human capital, the environment and safety.



The balanced development of the portfolio of activities will allow a progressive remuneration of the shareholders to guarantee a solid financial structure.

Eni, continuing its tradition and in line with the United Nations SDGs, will continue to promote local development by leveraging its cooperation model (dual flag approach) and public-private partnerships.

The development will be reached promoting access to electricity and water but also by developing projects for health, education and hygiene as well as sharing its know-how.

Upstream

The principal strategic guidelines in the medium/long-term are to:

- maintain a resilient portfolio of conventional assets that is characterised by: low breakeven, accelerated time to market and limited exposure beyond the medium term;
- enhance portfolio flexibility with a confirmed 3.5% production CAGR to 2025, at which point production will plateau followed by a flexible decreasing trend mainly in oil production. The gas share of production is expected to reach 60% by 2030 and around 85% in 2050;
- confirm the previously announced GHG reduction targets.

In line with the medium/long-term strategy, the 2020-2023 action plan has the following objectives:

- An enhanced exploration portfolio that targets the discovery of 2.5 bln boe contributing to geographical diversification by leveraging:
 - operatorship and high working interest in exploration permits in order to take advantage of the "dual exploration model" to monetize discoveries quickly;
 - exploration focus on near-field and proven basins;
 - selected initiatives on frontier basins;
- Cash generation growth with a cumulative organic free cash flow in 2020-2023 of over €25 billion. This objective will be achieved with:
 - production growth at an average annual rate of 3.5% in the period 2019-2023 thanks to the contribution of projects already started or that will start up in the four-year plan;
 - further development of initiatives integrated with Gas & Power for enhancing the value of equity gas;
 - stronger project development model based on phasing and design-to-cost in order to reduce the execution risk and financial exposure;
 - efficiency and operational continuity optimization.
- Digital transformation to further improve workplace safety and asset integrity.

Gas & Power

The main medium/long-term strategic guidelines have the following objectives:

- expansion of retail activities to a customer base of over 20 million by 2050;
- business growth in combination with the expansion of renewables and bio-methane;
- complete transition to bio and renewable products by 2050;
- enhanced offer to customers with supply of new generation services;
- Midstream Gas & Power market access role strengthened to include all non-oil commodities;
- Midstream Gas & Power activities focused on marketing of equity products: natural gas, bio-methane, blue energy and hydrogen;
- Midstream Gas & Power confirmed to manage CCGT power plants, integrated with CO₂ capture and storage capacity.

In line with the medium-long term strategy, the 2020-2023 Action Plan has the following objectives:

- expected growth in retail customers to approximately 11 million by 2023, of which over 4 million in power;
- development of new products and focus on non-commodity services;
- continuation of restructuring of gas supply portfolio and reduction of logistics costs, through optimization actions and contract renegotiation;
- growth of LNG portfolio through development of new markets and integration with upstream to enhance value of equity gas. Portfolio of expected contracted LNG volumes to reach 16 MTPA by 2025;
- maximize Power activity results thanks to the flexibility and efficiency of power generation plants.

These actions will generate a cumulative organic free cash flow equal to €2.1 billion in the period 2020-2023.

Refining & Marketing

The main medium/long-term strategic guidelines are as follows:

- expansion of bio-refining capacity to over 5 million tonnes per year, supplied exclusively with 2nd and 3rd generation "palm-oil free" feedstocks, in target areas such as the Far and Middle East, Europe for bio-jet fuel production and the United States;
- progressive conversion of traditional Italian refining sites through new plants for production of hydrogen, methanol, biomethane and products from recycling of waste materials;
- in the long-term, the Ruwais refinery in the United Arab Emirates will be the only traditional refinery in operation, capitalising on its optimal location and operational efficiency;
- gradual evolution of product mix sold in retail outlets, reaching 100% decarbonised products by 2050;
- increase of additional services offer to improve margins and enhance customer loyalty.

In line with the medium/long-term strategy, the 2020-2023 Action Plan has the following objectives:

- consolidation and integration of traditional refining activities with Ruwais refinery reaching full potential including contribution from trading activities;
- continued diversification through investments in biorefining. Our bioprocessing capacity will be 1 million tonnes by 2023 and palm-oil free;
- development of circular economy initiatives for the production of hydrogen and methanol from the recycling of waste materials and from castor oil, both new feedstocks for biorefining;
- European marketing consolidation favouring high-margin segments and further development of non-oil services in retail;
- increased offer of alternative fuels and development of sustainable mobility.

These actions will make it possible to achieve a cumulative organic free cash flow of € 2.6 billion over the period 2020-2023.

Chemicals

The main medium/long-term strategic guidelines are as follows:

- specialization in the production of high-quality and high-performance polymers;
- development and integration of chemistry from renewables and chemical and mechanical recycling;
- transformation via pyrolysis of non-recyclable plastics into polymers with identical characteristics to those produced by hydrocarbons;
- establishment of integrated platform to maximize synergies with refining in gasification processes involving all types of plasmix.

In line with the medium-long term strategy, the 2020-2023 Action Plan has the following objectives:

- rebalance the ethylene-polyethylene chain integrated with mechanical and chemical recycling and the recovery of cracking efficiency;
- gradual shift of polymers portfolio towards products with greater added value and extension of downstream chain towards compounding to reduce margin volatility;
- development of chemicals from renewables through new processes and products;
- progressive reduction of GHG emissions, increasing energy efficiency and feedstock flexibility;
- international growth in synergy with Eni's other businesses.

These actions will allow for a cumulative organic operating cash flow of €0.4 billion.

Shareholders remuneration

Eni confirms its commitment to a progressive remuneration policy linked to underlying earnings and free cash flow growth. In light of the achieved performance, the expected growth in all businesses and the solid financial structure, Eni intends to increase the 2020 cash dividend by 3.5% to €0.89 per share and to continue to buy-back program for an overall amount of €400 million in 2020.

Focus on decarbonization

Eni's strategy is critical in driving a reduction in the Group's carbon footprint.

Eni has developed a rigorous methodology for the comprehensive measurement of GHG emissions. This method considers scope 1, 2 and 3 emissions, both in absolute and relative terms, related to energy products sold, whether derived from our own or purchased production. This distinctive approach is more comprehensive than current emissions standards and provides an integrated view of emissions.

The results of the industrial strategy lead to a reduction of 80% in absolute emissions by 2050 (well above the 70% threshold indicated by the IEA in their SDS scenario compatible with the targets set by the Paris Agreement) and a reduction of 55% in emissions intensity. The methodology was reviewed, independently, by experts from Imperial College London (via Imperial Consultants) whilst the results of its application were verified by the independent certification company RINA.

The actions underway will contribute to achieving the following results:

- progressive reduction of hydrocarbons production, with rising proportion of gas to oil;
- focus on gas equity marketing combined with projects for the capture and storage of CO₂ and the progressive reduction of non-equity gas sales;
- conversion of European refineries into plants for the production of hydrogen and for the recycling of waste materials;
- primary and secondary forest conservation projects to offset CO₂ emissions exceeding 30 million tons per year by 2050;
- projects to capture CO₂ of over 10 million tons per year by 2050, with a first project under study for the Ravenna hub in Italy, where it will be possible to capture CO₂ from neighbouring industrial sites and gas-powered electricity generation;
- renewables installed capacity exceeding 55 GW by 2050;
- growth of retail clients to over 20 million by 2050.

Eni also confirms its upstream net carbon neutrality target for scope 1 and 2 emissions by 2030 and announces a new net carbon neutrality for scope 1 and 2 emissions for the entire Eni group by 2040.

FOCUS ON RENEWABLES

The main medium/long-term strategic guidelines have the following objectives:

- progressive expansion of installed global capacity to over 55GW by 2050;
- expansion to new areas based on where we have an existing or targeted customer base in order to maximize value from an integrated model;
- further development in areas where Eni already operates.

In line with the medium/long-term strategies, the 2020-23 Action Plan provides for:

- installed capacity of 3GW by 2023 and 5GW by 2025;
- investments of €2.6 billion over the plan period.

Integrated Risk Management

The integrated risk management (IRM) model is aimed at ensuring that management takes risk-informed decisions, with adequate consideration of actual and prospective risks, including medium and long-term ones, within the framework of an organic and comprehensive vision.

The IRM Model is based on a system of methodologies and skills that leverages on principle of the third parties assessments (data quality, objectivity of the detection and quantification of the mitigation actions) in order to improve the effectiveness of the analyses, ensure an adequate support for the main decision making processes (definition of the Strategic Plan and medium and long-term objectives) and guarantee the disclosure to the administration and control structures.

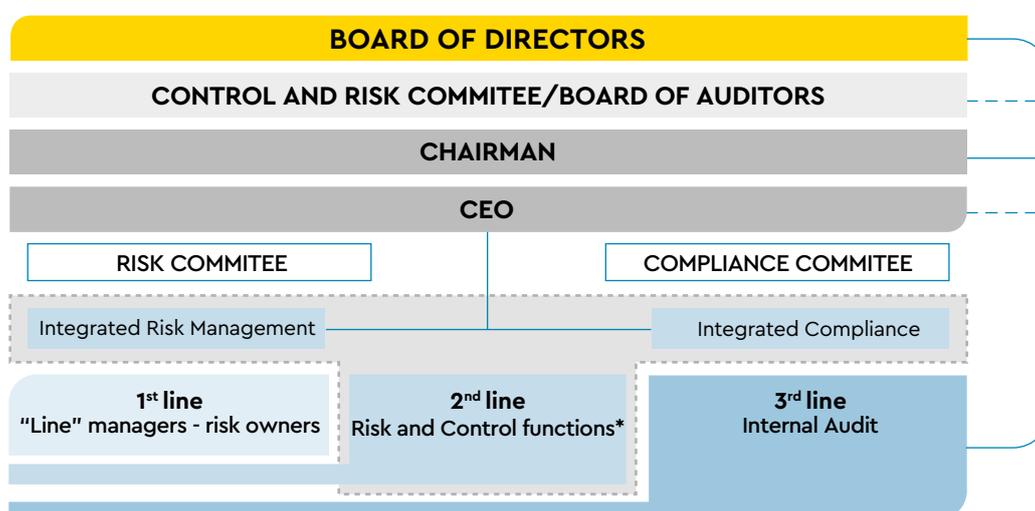
Through the inclusion of industrial risk assessment activities as well as analysis and operational management of contractual risks, the support for decision-making processes has been strengthened by improving awareness of the risk profile, also with a view to the full life cycle of the business activities.

Integrated Risk Management Model

The IRM Model is characterized by a structured approach, based on international best practices and considering the guidelines of the Internal Control and Risk Management System (see page 29), that is structured on three control levels. Risk Governance attributes a central role to the Board of Directors (BoD) which defines the nature and level of risk in line with the strategic targets, including in evaluation process all those risks that could be consistent for the sustainability of the business in the medium-long term. The BoD, with the support of the Control and Risk Committee, outlines the guidelines for risk management, so as to ensure that the main corporate risks are properly identified and adequately assessed, managed and monitored, determining the degree of compatibility

with company management consistent with the strategic targets. For this purpose, Eni's CEO, in particular, through the IRM process, presents every three months a review of the Eni's main risks to the Board of Directors. The analysis is based on the scope of the work and risks specific of each business area and processes aiming at defining an integrated risk management policy; the CEO also ensures the evolution of the IRM process consistently with business dynamics and the regulatory environment. Furthermore, the Risk Committee, chaired by the CEO, holds the role of consulting body for the latter with regards to major risks. For this purpose, the Risk Committee evaluates and expresses opinions, at the instance of CEO, related to the main results of the IRM process.

INTEGRATED RISK MANAGEMENT MODEL



(*) Including Integrated Risk Management function.

Integrated Risk Management Process

The IRM process ensures the detection, consolidation and analysis of all Eni's risks and supports the BoD to verify the compatibility of the risk profile with the strategic targets, also in a medium-long term approach. The IRM supports management in the decision-making process by strengthening awareness of the risk profile and the associated mitigations. The process, regulated by the "Management System Guideline (MSG) Integrated Risk Management" is continuous, dynamic and includes the following sub-processes: (i) risk governance, methodologies and instruments, (ii) risk strategy, (iii) integrated risk management, (iv) risk knowledge, training and communication. The IRM process starts from the contribution to the definition of medium and long-term plans and Eni's Strategic Plan (**risk strategy**) through the identification of proposals for de-risking objectives and strategic treatment actions, as well as the analysis of the risk profile and business opportunities underlying the plan and the long-term development. The **Integrated Risk Management** sub-process includes: periodic risk assessment and monitoring cycles (Integrated Risk Assessment) in order to understand the risks taken on the basis of the strategic and medium-long term targets and the initiatives defined to achieve them; analysis and management of contractual risks (Contract Risk Management) aimed at the best allocation of the contractual responsibilities with the supplier and their adequate management in the operational phase; integrated analysis of existing risks in the Countries of presence or potential interest (Integrated Country Risk - ICR) which represents a reference for risk strategy, risk assessment and project risk analysis activities; support to the decision-making process for the authorization of investment projects and main transactions (Integrated Project Risk Management & M&A). The risks are assessed with quantitative and qualitative tools considering both the likelihood of occurrence and the impacts that would occur in a defined time horizon when the risk occurs. The assessment is expressed following an inherent and a residual level (taking into account the effectiveness of the mitigation actions) and allows to measure the impact with respect to the achievement of the objectives of the Strategic Plan and for the whole life as regards business projects. The risks are represented on the basis of the

likelihood of occurrence and the impact on matrices that allow their comparison and classification by relevance. In 2019, two assessment sessions were performed: the Annual Risk Profile Assessment performed in the first half of the year, involving 95 subsidiaries in 37 Countries and the Interim Top Risk Assessment performed in the second half of the year, relating to the update of the evaluation and treatment of Eni's top risks and the main business risks. A specific focus regarded the analysis of the de-risking effects of the digital transformation, focusing on the main impacted risks and the mitigation mechanisms, as well as identifying the measurement KPIs. The two assessment results were submitted to Eni's Management and Control Bodies in July and December 2019. In addition, three monitoring processes were performed on Eni's top risks. The monitoring of such risks and the relevant treatment plans allow to analyze the risks evolution (through update of appropriate indicators) and the progress in the implementation of specific treatment measures decided by management. The top risks monitoring results were submitted to the Management and Control Bodies in March, July and October 2019. In 2019, in order to improve the process' effectiveness and efficiency and data quality: (i) the risk assessment methodologies were strengthened, through the introduction of new tools for assessing the effectiveness of mitigation and economic and financial impacts; (ii) the implementation of the Integrated Country Risk (ICR) model has been completed; and (iii) a pilot project for the digitization of the ICR has been realized, which will be extended to the main upstream Countries during 2020. The **risk knowledge, training and communication** sub-process is aimed at increasing the diffusion of the culture of risk, at strengthening a common language among the resources that operate in the risk management area across the different Eni businesses as well as sharing information and experiences, through the development of a risk knowledge management system. Eni's top risks portfolio consists of 20 risks classified in: (i) external risks, (ii) strategic risks and, finally, (iii) operational risks (see Targets, risks and treatment measures on the following pages). The risk related to the spread of pandemics and epidemics, with potential impacts on people, health system and business, is increasing, as reported on page 98.

INTEGRATED RISK MANAGEMENT PROCESS



Targets, risks and treatment measures

STRATEGIC RISK

SCENARIO

MAIN RISK EVENTS

Risk of unfavourable fluctuations in **Brent and other commodities prices** compared to planning assumptions.

TREATMENT MEASURES

- Efficiency (capex and costs);
 - Upstream projects portfolio with a low break even price and reduced time-to-market;
 - Hedging/coverage strategy for gas, power and LNG exposures aimed at maximizing the portfolio value;
 - Ramp-up of green refineries, diversification of feedstocks and end markets;
 - Chemical portfolio diversification addressed to specialties and integration with the downstream supply chain;
 - Renewable chemical and recycling.
- Ref. pages 88-89

CLIMATE CHANGE

Climate change referred to the possibility of change in scenario/climatic conditions which may generate physical and connected to energy transition risks (legislative, market, technological and reputational risks) on Eni's businesses in the short, medium and long term.

- Adoption of a new Company's mission based on the UN SDGs and definition of strategic guidelines and targets for the energy transition in the short, medium and long term;
 - Structured governance on climate with a central role of the Board in managing main issues connected with climate change; presence of specific committees; establishment of the Advisory Board and Eni's programs focused on climate change issues;
 - Inclusion of targets related to the energy transition in management incentive plan, consistent with the medium and long term plans;
 - Leadership on climate-related financial disclosures and participation in different initiatives at international level.
- Ref. pages 93-95

EXTERNAL RISK

GEOPOLITICAL

MAIN RISK EVENTS

Impact of geopolitical issues on **strategic actions and business operations**.

TREATMENT MEASURES

- Institutional activities with national and international players in order to overcome crisis situations;
 - Continuous monitoring of the environment, mainly focused on the critical political/institutional developments and regulatory aspects which can potentially affect the business;
 - Enhancement of Eni's presence leveraging on economic and social issues of Countries where Eni operates;
 - Participation in the newly established Eastern Mediterranean Gas Forum.
- Ref. page 88 and page 99

COUNTRY

Political and social instability in Eni's 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. **Global security risk** relates to actions or fraudulent events which may negatively affect people and material and immaterial assets. **Upstream Credit and Financing risk** related to the credit proceeds delay or cost recovery from National Oil Companies (credit) or joint venture partners (financing).

- Geographical diversification of asset portfolio since the exploration phase and business diversification;
 - Reduction of the exposure through the Dual Exploration Model;
 - Keeping efficient and long-lasting relationships with producing Countries and local stakeholders through local and social development and sustainability projects;
 - Implementation of the security management system supported by specific sites and Countries analysis of the preventive measures;
 - Finalization of specific agreements on repayment plans of third parties receivables;
 - Securitization package with in-kind withdrawals and/or utilization of dedicated escrow account;
 - Carry agreement negotiations and offsetting with the NOC's through debt positions in the Country.
- Ref. pages 99-101

OPERATIONAL RISK

ACCIDENTS

MAIN RISK EVENTS

Blow-out risks and other **accidents affecting the upstream assets, refineries and petrochemical plants**, as well as the **transportation of hydrocarbons and derivatives by sea and land** (i.e. fires, explosions, etc.) with damages on people and assets and impact on company profitability and reputation.

TREATMENT MEASURES

- Use of the Well Complexity & Economic Index classification methodology to keep the number of "level 1" wells below 30%; real-time monitoring of the drilling phases of complex wells; finalization of the new in house technologies (Downhole Insulation Packer, Casing Valve and well-head safety valve);
 - Use of standard methodologies for simplified quantitative assessment (Quantitative Risk Assessment), in order to identify the potential risks connected to the upstream assets (BART - Baseline Assessment Risk Tool) and IT systems for the management of Asset Integrity and Maintenance processes (CCMS - Centralized Computing Center Management System);
 - Development of innovative digital tools and big data analytics to improve operational performance and Asset Integrity. In particular, the implementation of the Digital Lighthouse project from Val d'Agri to other upstream and downstream top value assets;
 - Specific technological development and emergency management plans; specific HSE audit and plants monitoring;
 - Involvement of First Parties to strengthen the culture of security in joint-control JV;
 - Management and continuous monitoring of shipping operation through vetting activities on shipping and third operators.
- Ref. pages 92-93

Eni's target →  Company profitability  Corporate Reputation  Relationship with Stakeholders, Local development

EXPOSURE TO LONG-TERM GAS CONTRACTS

Adverse scenario on exposure to long-term gas contracts.

- Renegotiations of long-term gas supply contracts;
 - Continuous control of arbitration management.
- Ref. page 101

RELATIONSHIP WITH STAKEHOLDER

Relationships with international, national and local **stakeholders** on oil&gas industry activities, with impacts also in the media.

- Integration of targets and sustainability projects (i.e. Community Investment) within the Strategic Plan and management incentive program;
 - Focused communication plans, development of dialogue initiatives and discussion with local areas;
 - Initiatives to meet and dialogue with stakeholders and strengthening of presence in critical areas in order to intensify the relationship management with local authorities and territories;
 - Development of measurement instruments, monitoring and prediction of corporate reputation (RepLab) for all stakeholders categories.
- Ref. page 94

EVOLUTION IN LEGISLATION (G&P REGULATORY AND HSE LEGISLATION)

Potential deteriorating **legislative/regulatory, national and international environment in the Gas & Power segment** with impacts to corporate profitability. Potential impacts on business operations and competitiveness as result of **evolution and complexity of HSE legislation**.

- Asset Backed Trading (ABT);
 - Control of legislative and regulatory evolution aimed at business process simplification/mitigation;
 - Recovery/optimization actions on logistical costs through asset backed trading activities and contractual revision on capacity commitment;
 - Constant assessment of the adequacy of the existing HSE models and continuous alignment of them to the regulatory developments, through the HSE control model, which involves the performance of technical audits and checks on regulatory compliance on sites and Certifications of the HSE Management System;
 - Constant assessment of the adequacy of the regulatory framework, through a legislative update process, based on three levels of HSE responsibility and regulated by the MSG HSE.
- Ref. page 102

CYBER SECURITY

Cyber Security & Industrial espionage refers to cyber attacks aimed at compromising information (ICT) and industrial (ICS) systems, as well as the subtraction of Eni's sensitive data.

- Centralized governance model of Cyber Security, with units dedicated to cyber intelligence and prevention, monitoring and management of cyber attacks;
 - Strengthening of Cyber Security Operations infrastructures and services;
 - Constant updating and alignment of the rules dedicated to the information security management and data protection;
 - Operating plans aimed at increasing security of industrial sites (in Italy and abroad), training and awareness initiatives dedicated to Eni's employees;
 - Evolution, in the cyber risk detection and assessment phase, of the current governance model according to a business oriented method.
- Ref. page 104

INVESTIGATIONS AND PROCEEDINGS

Environmental, health and safety proceedings may trigger impacts on company profitability (costs for remediation activities and/or plant implementation), operating activities and corporate reputation. **Involvement in anti-corruption investigations and proceedings.**

- Enhancement of the process of assigning and managing assignments to external professionals through new methods aimed at ensuring transparency and traceability;
 - Continuous monitoring of regulatory developments and constant evaluation of the adequacy of existing presidium and control models;
 - Internal training activities at all levels on the topics of interest;
 - Monitoring of relations with the Public Administration and definition of routes for the management of relevant problems and for the development of the territory;
 - Continuous monitoring of the efficacy and efficiency of reclamation activities;
 - Audit activities on compliance with anti-corruption regulations and 231 Legislative Decree.
- Ref. pages 103-104

Governance

Integrity and transparency are the principles that have inspired Eni in designing its corporate governance system¹, 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 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 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 shareholders' rights.

With this in mind, in 2019 Eni continued to pursue a dialogue with the market on matters of governance, to seize the opportunities deriving from studies and experience at the international level. In particular, through a survey and meetings of the Chairman with Eni's main shareholders and proxy advisors, the possible developments of the Company's governance system were investigated.

Investors expressed considerable appreciation for Eni's governance system, considering it appropriate and efficient, without prejudice to the possibility of introducing other governance solutions in line with international approaches.

The Eni Corporate Governance

Eni Corporate Governance model

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.

Appointment and composition of corporate bodies

Eni's Board of Directors and Board of Statutory Auditors, and their respective Chairmen, are elected by the Shareholders' Meeting. To ensure the presence of Directors and Statutory Auditors selected by non-controlling shareholders a slate voting mechanism is used. Eni's Board of Directors and Board of Statutory Auditors, whose term runs from April 2017 until the Shareholders' Meeting called to approve the 2019 financial statements, are made up of 9 and 5 members, respectively. Three directors and two standing 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. 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. The composition of the Board of Directors and of the Board of Statutory Auditors is also more diversified in gender terms, in accordance with the provisions of applicable law and the By-laws. [The Board prepared new shareholders' advice with a view to its renewal].

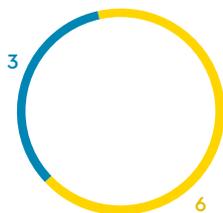
Moreover, the number of independent directors on the Board of Directors (7² of the 9 serving directors, of whom 8 are non-executive directors) remains greater than the number provided for in the By-laws and in the Corporate Governance Code.

The structure of the Board of Directors

The Board of Directors appointed a Chief Executive Officer and established four internal committees with advisory and recommendation functions: the Control and Risk Committee³,

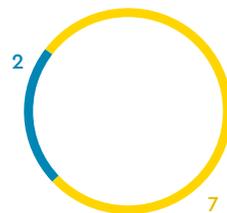
COMPOSITION OF THE BOARD OF DIRECTORS

Slate



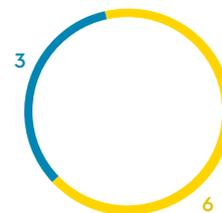
● majority
● minority

Independence^(a)



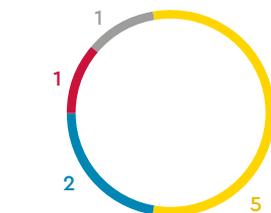
● independent
● non independent

Gender diversity



● male
● female

Age^(b)



● 40-50 years
● 51-60 years
● 61-70 years
● 71-80 years

[a] Independence as defined by applicable law.

[b] Figures at December 31, 2019.

[1] For more detailed information on the Eni Corporate Governance system, please see the Corporate Governance and Shareholding Structure Report, which is published on the Company's website in the Governance section.

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

[3] As regards the composition of the Control and Risk Committee, Eni requires that at least two members shall have appropriate experience with accounting, financial or risk management issues, exceeding the requirements of the Corporate Governance Code, which recommends only one such member. In this regard, on April 13, 2017 the Eni Board of Directors determined that 3 of the 4 members of the Committee, including the Chairman, have the appropriate experience. The level of experience of the Committee members therefore exceeds that provided for in the Committee Rules.

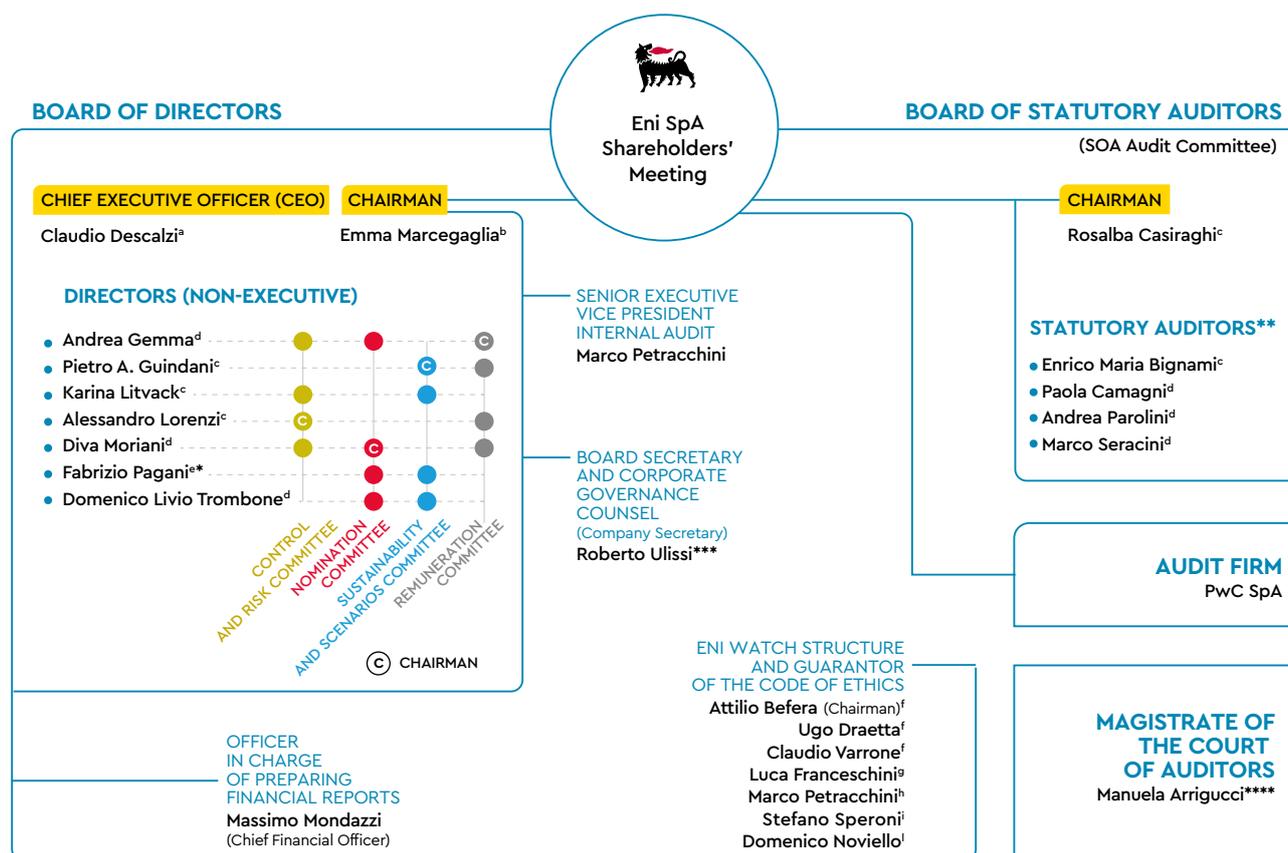
the Remuneration Committee⁴, the Nomination Committee and the Sustainability and Scenarios Committee. The Committees report, through their Chairmen, on the main issues they address at each meeting of the Board of Directors.

The Board of Directors also retained the Chairman's 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 in charge of 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 officer in charge of preparing financial reports, the members of the Watch Structure, the Head of Integrated Risk Management and the Head of Integrated Compliance. Finally, the Board

of Directors, acting on a recommendation of the Chairman, reappointed the Secretary, keeping his role as Corporate Governance Counsel, charged with providing assistance and advice to the Chairman, the Board of Directors and the individual directors, reporting periodically to the Board of Directors on the functioning of Eni's corporate governance system.

This 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 strengths and areas for additional improvement in the Eni system. In view of this role, the Secretary, who reports to the Board of Directors and, on its behalf, to the Chairman, must also meet appropriate independence and other requirements⁵. The following chart summarises the Company's corporate governance structure as at February 27, 2020:

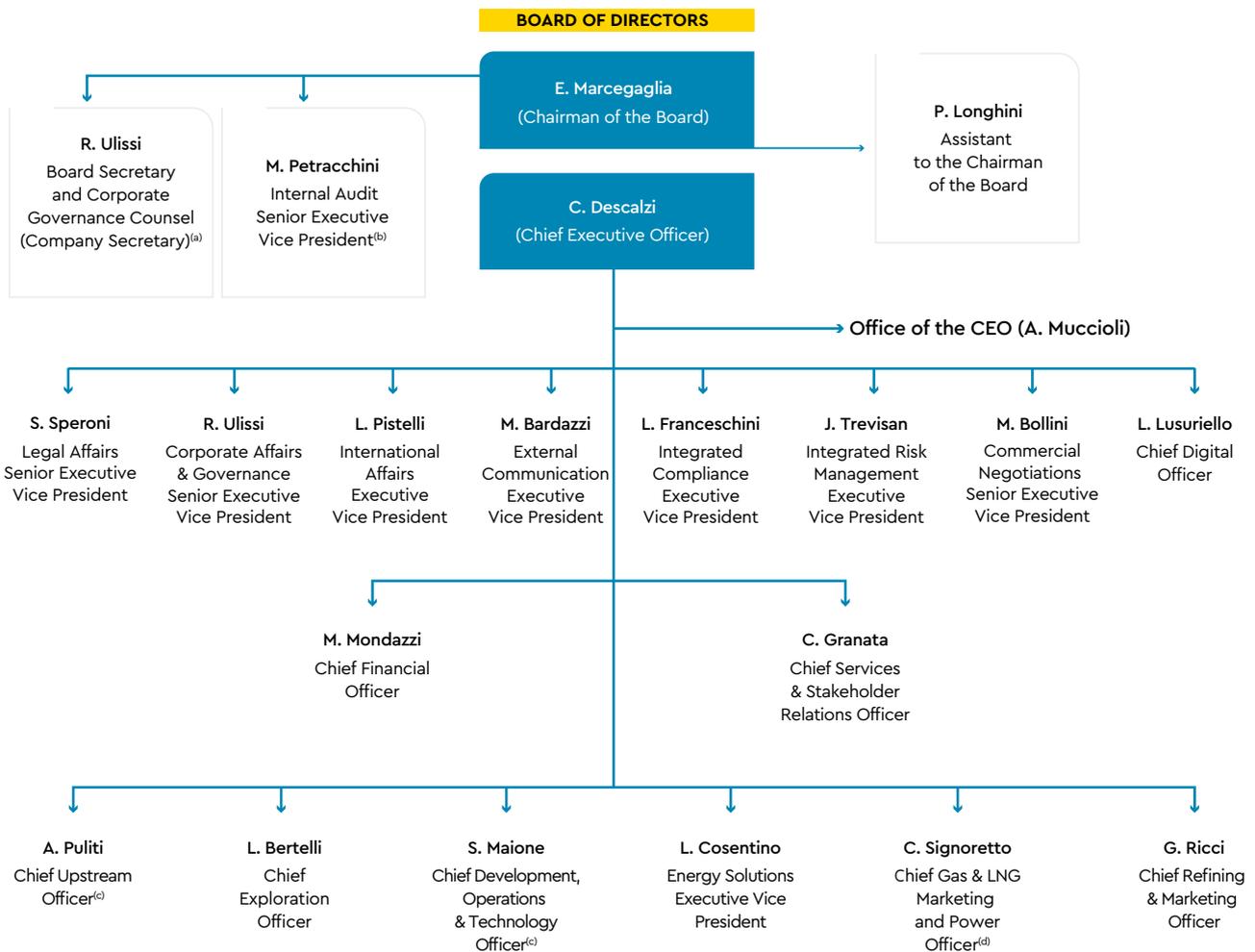


a Member appointed from the majority list.
 b Member appointed from the majority list non-executive and independent pursuant to law.
 c Member appointed from the minority list and independent pursuant to law and Corporate Governance Code.
 d Member appointed from the majority list and independent pursuant to law and Corporate Governance Code.
 e Member appointed from the majority list, non-executive and non independent.
 f External member.
 g Executive Vice President Integrated Compliance.

h Senior Executive Vice President Internal Audit.
 i Senior Executive Vice President Legal Affairs.
 l Executive Vice President Labour Law and Dispute.
 * The Advisory Board is chaired by Director Fabrizio Pagani and composed of leading international energy experts: Ian Bremmer, Christiana Figueres, Philip Lambert and Davide Tabarelli.
 ** The following are Alternate Auditors:
 Stefania Bettoni - Member appointed from the majority list.
 Claudia Mezzabotta - Member appointed from the minority list.
 *** Also Senior Executive Vice President Corporate Affairs and Governance.
 **** Adolfo Teobaldo De Girolamo until February 28, 2019.

(4) The Rules of the Remuneration 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. In this regard, on April 13, 2017 the Eni Board of Directors determined that 3 of the 4 members of the Committee have the appropriate expertise and experience. The level of expertise and experience of the Committee members therefore exceeds that provided for in the Committee Rules.
 (5) The Charter of the Board Secretary and Corporate Governance Counsel (Company Secretary) is available on the Eni website, in the Governance section.

The following is a chart setting out the current macro-organizational structure of Eni SpA as at February 27, 2020:



[a] The Board Secretary and Corporate Governance Counsel [Company Secretary] reports hierarchically and functionally to the Board of Directors and, on its behalf, to the Chairman.

[b] The Senior Executive Vice President Internal Audit reports hierarchically to the Board of Directors and, on its behalf, to the Chairman, without prejudice to its functional reporting to the Control and Risk Committee and to the CEO in his capacity as Director in charge of the Internal Control and Risk Management System.

[c] Since July 1, 2019.

[d] Since April 15, 2019.

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, sustainability⁶, internal control and risk management.

Organizational arrangements

In recent years, the Board of Directors has devoted special attention to the Company's organizational arrangements, with

a number of important measures being taken with regard to the internal control and risk management system and compliance. More specifically, the Board decided that the Integrated Risk Management function reports directly to the Chief Executive Officer and created an Integrated Compliance Department, 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

[6] 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. For more information concerning non-financial disclosures, please see the section of the Report on the Consolidated Disclosure of Non-Financial Information [NFI], pursuant to Legislative Decree No. 254/2016.

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.

Reporting flows

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. The adequacy and timeliness of reporting flows is subject to periodic review by the Board of Directors as part of the annual self-assessment process (see next section).

Ongoing training and self-assessment

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)⁷, for which benchmarking against national and international best practices and an examination of Board dynamics are essential elements, also with a view to provide shareholders with guidance on the most appropriate professional profiles for members of the Board. 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 five times in the last eight years, most recently in February 2020 in conjunction with the Board Review, is a best practice among Italian listed companies. Eni was among the first Italian companies to perform one, starting in 2012.

The Board of Statutory Auditors also conducted its own self-assessment in 2019. 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. Moreover, in order to improve the understanding of Eni's industrial processes, the Board Induction is accompanied by an ongoing training programme with visits to sites in Italy and abroad. In 2019, in continuity with previous initiatives, this included a visit to the Ruwais refinery plant complex in Abu Dhabi, on the occasion of a meeting of the Board held abroad.

The governance of sustainability

Eni's governance structure reflects the Company's willingness to integrate sustainability into its business model. The Board of Directors has a central role in defining sustainability policies and strategies, acting upon proposal of the CEO, in the identification of annual, four-year and long-term objectives shared between functions and subsidiaries and in verifying the related results, which are also presented to the Shareholders' Meeting.

In detail, a central theme in which the Board of Directors plays a key role is challenge related to the process of energy transition to a low carbon future. The Board of Directors plays a key role in these issues, approving strategic initiatives and long-term objectives on the matter both for the CEO and for Eni management.

During 2018, Eni ensured its contribution at the World Economic Forum (WEF) "Climate Governance"⁸ initiative, with the participation of Eni's Board of Directors. In 2019 Eni participated in further initiatives launched under the WEF, in particular to define a model for assessing governance processes adopted by companies for the management of risks and opportunities related to climate change.

Another central theme that the Board of Directors oversees is the respect for Human Rights. Indeed, in December 2018, the Board of Directors of Eni SpA approved the Eni Statement on respect for human rights. This document renews the Company's commitment, aligning it with the main international standards on Human Rights and Business, starting from the United Nations Guiding Principles, highlighting also the priority areas on which this commitment is concentrated.

Furthermore, continuing on the path of transformation, in September Eni's Board of Directors approved a new corporate mission, which takes inspiration from the 17 United Nations Sustainable Development Goals (SDGs) and highlights Eni's values related to climate, the environment, access to energy, cooperation and partnerships for development, respect for people and human rights. The mission highlights the principles that underpin the Company's business model aimed at integrating sustainability into all Company's activities, having regard not only for climate and environment but also for the development, enhancement and training of human resources, considering diversity as an opportunity.

[7] For more information on the Board Review process, see the section devoted to that process in the Corporate Governance and Shareholding Structure Report 2019.

[8] The initiative seeks to increase the level of Board awareness on climate-related issues, also in the light of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

THE MAIN SUSTAINABILITY ISSUES ADDRESSED BY THE BOARD IN 2019

- 2018 financial statements⁹, including the Non-Financial Statement;
- the Remuneration Report, including sustainability targets in the definition of performance plans;
- 2018 HSE Performance;
- 2018 Sustainability Report (Eni For);
- Sustainability scenario;
- Update of the UK Modern Slavery Act statement;
- New Eni corporate mission.

The Sustainability and Scenarios Committee

In performing its duties in the field of sustainability, the Board is supported by the Sustainability and Scenarios Committee, established for the first time in 2014 by the Board itself, which provides advice and recommendations on scenario and sustainability issues. The Committee plays a key role in addressing the sustainability issues integrated into the Company's business model¹⁰.

The Advisory Board

At its meeting of July 27, 2017, the Eni Board of Directors established an Advisory Board¹¹, chaired by the Director Fabrizio

Pagani and composed of international experts (Ian Bremmer, Christiana Figueres, Philip Lambert and Davide Tabarelli). The Advisory Board is charged with analysing major geopolitical, technological and economic trends, including issues associated with decarbonization, to support the Board itself and the Chief Executive Officer. In 2019, the Advisory Board met two times, in April and July, to address matters related to new environmental regulations, green projects (forestry and renewable energy) and to investigate the most recent international developments.

Remuneration Policy

Eni's Remuneration Policy for its Directors and top management contributes to the Company's strategy, the pursuit of the Company's long-term interests and sustainability and is established in accordance with the Governance model adopted by the Company and the recommendations of the Corporate Governance Code. The Policy seeks to attract, motivate and retain 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.

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 certain results, through incentive plans connected to the fulfilment of preset, measurable and complementary targets which represent the main Company's

priorities in line with the Company's Strategic Plan and the expectations of shareholders and stakeholders, in order to promote a strong focus on results and combine the operating, economic and financial soundness with social and environmental sustainability, coherently with the long-term nature of the business and the related risk profiles. The Policy defined for the next term 2020-2023 provides the confirmation, in the Short-Term Plan of Incentive of Short Term with deferral, of a target related to environmental sustainability and human capital (weight 25%) and the introduction in the 2020-2022 Long-Term Equity Incentive Plan, of a target related to environmental sustainability and energy transition (overall weight 35%), articulated on a series of goals linked to the processes of decarbonization and energy transition and to the circular economy. 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 for a binding vote at the Shareholders' Meeting, with the cadence required by its duration and in any case at least every three years or in the event of changes to it¹².

[9] This is an integrated report that enables Eni's stakeholders, including non-investors, to understand the connections between financial performance and the outcomes of actions in the environmental and social fields, in accordance with Eni's integrated business model.

[10] For more information on the Committee activities in 2019, please see the relevant section in the Corporate Governance and Shareholding Structure Report 2019.

[11] For more information, please see the Eni website, in the Governance section.

[12] In accordance with Art. 123 ter, paragraph 3 bis of the Italian Decree Law No. 58/98.

2019 TARGETS FOR THE 2020 SHORT-TERM INCENTIVE PLAN WITH DEFERRAL

ECONOMIC AND FINANCIAL RESULTS (25%)	OPERATING RESULTS AND SUSTAINABILITY OF ECONOMIC RESULTS (25%)	ENVIRONMENTAL SUSTAINABILITY AND HUMAN CAPITAL (25%)	EFFICIENCY AND FINANCIAL STRENGTH (25%)
INDICATORS Earning Before Tax (12.5%) Free cash flow (12.5%)	INDICATORS Hydrocarbon production (12.5%) Exploration resources (12.5%)	INDICATORS CO ₂ emissions (12.5%) Severity Incident Rate (12.5%)	INDICATORS ROACE adjusted (12.5%) Net Debt/EBITDA adjusted (12.5%)
LEVERS Upstream expansion Strengthen Gas & Power operations Resilience in downstream Green business	LEVERS Fast track approach Expanding exploration acreage Diversification	LEVERS Decarbonization HSE and sustainability	LEVERS Financial discipline Efficiency of operating costs and G&A Optimisation of working capital

The internal control and risk management system¹³

Eni has adopted an integrated and comprehensive internal control and risk management system at different levels of the organizational and corporate structure, based on reporting tools, organizational units, regulations, corporate rules and reporting flows between the various control levels and to the management and control bodies of the Company and its subsidiaries. The internal control and risk management system is also based on Eni's Code of Ethics, which sets out the rules of conduct for the appropriate management of the Company's business and which must be complied with by all the members of the Board, as well as of the other corporate bodies and all Eni personnel. Eni has adopted rules 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. At its meeting of October 25, 2018, the Board updated these guidelines, also to reflect recent developments in internal organization and rules concerning Integrated Compliance.

Indeed, in 2018 Eni completed the definition of the reference model for Integrated Compliance, which together with Model 231 and the Code of Ethics, is aimed at ensuring that all Eni personnel who are contributing to the achievement of business objectives operate in full compliance with the rules of integrity and applicable laws and regulations in an increasingly complex national and international regulatory framework, defining a comprehensive process, developed using a risk-based approach, for managing activities to prevent non-compliance. With this in mind, risk assessment methodologies were developed aimed at modulating controls, calibrating monitoring activities and planning training and communication activities based on the compliance risk underlying the various cases, to maximize their effectiveness and efficiency. The Integrated Compliance process was designed to stimulate integration between those who work in the business activities and the corporate functions that oversee the various compliance risks, both internal or external to the Integrated Compliance Department.

Furthermore, in October 2018, acting on the proposal of the Chief Executive Officer, having obtained a favourable opinion from the Control and Risk Committee, the Board of Directors of Eni approved the internal rules concerning the Market Information Abuse (Issuers). These, by updating the previous Eni rules for the aspects relating to "issuers", incorporate the amendments introduced by Regulation No. 596/2014/EU of April 16, 2014 and the associated implementing rules, as well as the national regulations, taking account of Italian and foreign institutional guidelines on the matter. The updated internal rules lay down principles of conduct for the protection of confidentiality of corporate information in general, to promote maximum compliance, as also required by Eni's Code of Ethics and corporate security measures. Eni recognizes that information is a strategic asset to be managed in such a way as to ensure the protection of the interests of the Company, shareholders and the market. 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.

[13] For more information, please see the Corporate Governance and Shareholding Structure Report 2019.

Exploration & Production



KEY PERFORMANCE INDICATORS		2019	2018	2017
TRIR (Total Recordable Injury Rate)	(total recordable injuries/worked hours) X 1,000,000	0.33	0.30	0.28
of which: employees		0.18	0.29	0.23
contractors		0.37	0.30	0.30
Sales from operations ^(a)	(€ million)	23,572	25,744	19,525
Operating profit (loss)		7,417	10,214	7,651
Adjusted operating profit (loss)		8,640	10,850	5,173
Adjusted net profit (loss)		3,436	4,955	2,724
Capital expenditure		6,996	7,901	7,739
Profit per boe ^(b)	(\$/boe)	5.1	9.3	8.7
Opex per boe ^{(c)(d)}		6.4	6.8	6.6
Finding & Development cost per boe ^{(c)(e)}		15.5	10.4	10.4
Average hydrocarbon realization		43.54	47.48	35.06
Hydrocarbons production ^(c)	(kboe/d)	1,871	1,851	1,816
Net proved hydrocarbon reserves	(mmboe)	7,268	7,153	6,990
Reserves life index	(years)	10.6	10.6	10.5
Organic reserves replacement ratio	(%)	92	100	103
Employees at year end	(number)	11,502	11,645	11,970
of which outside Italy		6,946	7,114	7,460
Oil spills due to operations (> 1 barrel)	(barrels)	988	1,595	3,022
CO ₂ equivalent from methane fugitive emissions	(mmttonnes CO ₂ eq)	0.56	1.08	1.14
Volumes of hydrocarbon sent to process flaring	(billion Sm ³)	1.2	1.4	1.6
GHG emissions/100% operated hydrocarbon gross production ^(f)	(tonnes CO ₂ eq/kboe)	19.58	21.44	22.75

(a) Before elimination of intragroup sales.

(b) Related to consolidated subsidiaries.

(c) Includes Eni's share of equity-accounted entities.

(d) If calculated under unchanged account criteria vs. comparative periods, opex per boe for the year 2019 would be 6.9 \$/boe.

(e) Three-year average.

(f) Hydrocarbon gross production from fields fully operated by Eni (Eni's interest 100%) amounting to 1,114 mmboe, 1,067 mmboe and 998 mmboe in 2019, 2018 and 2017, respectively.

Performance of the year

- Total recordable injury rate (TRIR) was 0.33, up by 10% as a result of higher number of accidents registered among the contractors.
- Oil spills due to operations decreased by 38% from 2018,

- following preventive maintenance, review of integrated anti-corrosion plans and replacement of lines sections.
- Methane fugitive emissions were down by 48% from 2018

and by 81% from 2014, achieving the 2025 target six years in advance, due to the completion of the monitoring campaigns and maintenance activities planned during the year.

- Volumes of hydrocarbon sent to process flaring were down by 15% from 2018 and down by 29% from 2014. Confirmed the target of zero flaring by 2025.
- Upstream GHG intensity index was positive with a reduction of 9% from 2018 and 27% from the 2014 baseline, in line with the 2025 target.
- In 2019, the E&P segment recorded an adjusted operating profit of €8,640, up by 7%, excluding the impact of the loss of control over Eni Norge which occurred at the end of 2018 to allow a like-for-like comparison, and net of scenario effects, IFRS 16

accounting and the impact of lower interest rates on the present value of the asset retirement cost resulting in higher DD&A.

- Oil and natural gas production was 1.871 million boe/d, up by 5% from 2018 excluding the termination of the Intisar production contract in Libya from the third quarter of 2018 and net of price and portfolio effects. Start-ups and ramp-ups added 253 kboe/d to the production level of 2019.
- Net proved reserves at December 31, 2019 amounted to 7.3 bboe based on a reference Brent price of \$63 per barrel. The all-sources replacement ratio was 117%, 92% of organic replacement ratio (100% net of price effects); 98% three-year average organic replacement ratio. The reserves life index was 10.6 years (10.6 years in 2018)

Portfolio management

- Vår Energi, the joint venture between Eni (69.6%) and HitecVision (30.4%), finalized the acquisition of ExxonMobil's upstream assets in Norway, effective since January 1, 2019, with annual production of 150 kboe/d, for a total consideration of \$4.5 billion fully financed by the JV. This strategic deal will make Vår Energi the second biggest upstream player in Norway and boost the production target until 350 kboe/d by 2023 thanks to the development of the JV portfolio of projects.
- Divested to Qatar Petroleum Eni's interests in exploration permits in Morocco, Mozambique and Kenya, the latter awaiting ratification.
- Signed a farm-in agreement with ExxonMobil for the acquisition of a 10% interest of three offshore blocks in Mozambique.
- Divested to Neptune Energy a 20% interest in the East Sepinggan block in Indonesia, which includes the Merakes discovery. Following this transaction, Eni retains the operatorship with a 65% interest.
- Finalized the acquisition of a 49% interest of three concessions in the Berkine Nord basin in Algeria. Production start-up was achieved by means of the Eni's model of the discoveries fast-track development, which maximizes the projects' value leveraging on synergies with existing facilities.

Exploration activity

- Exploration activity is also a distinctive approach of Eni's upstream model, ensuring a large amount of resources at low costs, flexibility in the short-term and fueling growth over the long-term. In 2019 additions to the Company's reserve backlog were 820 million of boe of new equity resources, with an exploration cost of 1.5 \$/boe. Main discoveries or appraisal activities were in:
 - Egypt, with a gas discovery in the Nour exploration prospect (Eni operator with a 40% interest). Near-field discoveries in the Western Desert, in the Nile Delta and Gulf of Suez, which were already linked to existing facilities;
 - Angola, achieved excellent results in the offshore Block 15/06 (Eni operator with a 36.84% interest) with three discoveries (Agogo, Ndungu and Agidigbo), which including the discoveries of the end of 2018 (Kalimba and Afoxè) have increased the block's additional mineral potential to 2 billion barrels of oil in place;
 - Ghana, with the Akoma-1 gas and NGLs discovery in the Cape Three Points Block 4 license (Eni's interest 42.47%), located near the existing production facilities;
 - Vietnam, with a gas and NGLs discovery in the Ken Bau prospect in the offshore Block 114 (Eni operator with a 50% interest);
 - near-field discovery in the Niger Delta, already linked to the existing production facilities;
 - Norwegian North Sea with three oil and gas discoveries in the PL 869 license participated by Vår Energi;
 - first gas and NGLs discovery in the Emirate of Sharjah (UAE) in the Mahani-1 exploration prospect, in just one year after the signing of concession agreements;
 - other exploration successes were reported in Algeria and Gabon.
- Reloading Eni's mineral interest portfolio in 2019, acquired new exploration acreage covering 36,000 square kilometers. In particular, in:
 - Egypt, new exploration onshore blocks in the Western Desert and in the Nile Delta;
 - Norway, Vår Energi awarded 13 licenses, of which 4 are operated. In January 2020, awarded 17 exploration licenses, of which 7 are operated;
 - Angola, with the offshore block 1/14 (Eni operator with a 35% interest) and the onshore Cabinda Centro license (Eni's interest 42.5%), these latter waiting to be ratified by relevant authority;
 - Ghana, with the operatorship of the offshore WB03 block (Eni's interest 70%). Contractual clauses governing mineral license are being defined with the Country's authorities;

- the United Arab Emirates: (i) the operatorship of the Block 1 and 2 with a 70% interest, located offshore Abu Dhabi; (ii) three onshore exploration concessions in the Emirate of Sharjah with a 75% interest in the operated concession Area A and C and a 50% interest in the participated concession Area B; and (iii) the operatorship with a 90% interest in the Block A, located offshore Emirate of Ras al Khaimah;
 - signed an Exploration and Production Sharing Agreement (EPSA) for the offshore Block 1, in Bahrain. Following this agreement, Eni strengthens its presence in Bahrain, in line with its strategy aimed at diversifying exploration portfolio across basins with liquid hydrocarbon potential;
 - signed a protocol with the Kazakh Ministry of Energy and KazMunayGas (KMG) for the transfer to Eni the 50% stake for exploration and production activities in the Abay offshore block, located in the Caspian Sea. The Abay block will be operated by a joint operating company established by KMG and Eni on a 50/50 basis;
 - Indonesia, the West Ganai exploration block (Eni operator with a 40% interest) located in the deep water Kutei Basin, effective since January 1, 2020. The block includes the Maha discovery and other exploration potential areas, where development activities will be supported by the synergies with existing facilities;
 - other licenses were acquired in Algeria, Argentina, Cyprus, Ivory Coast, Mexico, Mozambique, Tunisia and Albania, the latter ratified by the Authorities in March 2020.
- In 2019 exploration expenses were €489 million (€380 million in 2018) and included the write-off of unsuccessful wells amounting to €214 million (€93 million in 2018), which also related to the write-off of unproved exploration rights, if any, associated to projects with negative outcome. The write-off of expenses related to unsuccessful drilling activities mainly concerned projects in n Australia, Kazakhstan, Pakistan, China and the United Kingdom. In addition, 98 exploratory drilled wells are in progress at year-end (47.7 net to Eni).

Development activity

- During the year achieved the production start-up of the following projects:
- in the Area 1, offshore Mexico, early production in just 11 months from the final investment decision (FID);
 - in Egypt, the Baltim South West gas project in the Great Nooros Area, in just 19 months from the FID, and recent near-field oil discoveries in the South West Meleiha and Sidri South development areas;
 - in Algeria, in the Berkine Nord area where oil and gas production start-up, the latter in 2020, was achieved with a fast-track resources development;
 - in the United Arab Emirates, the Nasr Full Field Development in the Umm Shaif/Nasr concession (Eni's interest 10%), where production ramped up;
 - Trestakk project, participated by Vår Energi, in Norway;
 - in January 2020, production started up at the Agogo oil field in the offshore Block 15/06 in Angola, in just 9 months from discovery, leveraging on the synergies with the existing FPSOs in the area.
- During the year completed the planned activities of the projects achieving production ramp-up at the: Zohr field in Egypt; Wafa compression and Bahr Essalam phase 2 projects, which were started up in 2018, in Libya; OCTP project in Ghana; the development activities of the operated Block 15/06 in Angola, as well as certain projects in Nigeria.
- Made final investment decision at five projects: the expansion project of the Bonny liquefaction plant, owned by Nigeria LNG, to reach more than 30 MTPA of capacity by 2024, Berkine Nord phase 2 in Algeria, Dalma in the United Arab Emirates, Agogo in Angola as well as Balder X in Norway as part of the Vår Energi portfolio.
- Programs are ongoing to improve access to energy in Africa. In particular, during the year, we completed the expansion of the power generation capacity at the CEC plant (Eni's interest 20%) in Congo and Okpai plant in Nigeria as well as the rehabilitation of certain power plants in Libya; the Takoradi-Tema interconnection project in Ghana to deliver natural gas also in the eastern part of the Country; other initiatives in Angola, Mozambique and Indonesia. These activities confirmed Eni's commitment to support access to energy, particularly in Africa, and as integrated in our business model.
- Collaboration agreement moved forward with the Food and Agriculture Organization (FAO) to promote access to safe and clean water in Nigeria, in particular in the north-east area, by drilling boreholes powered by photovoltaic systems, both for domestic use and irrigation purposes. In particular in 2018-2019 we realized 16 wells.
- Development expenditure amounted to €6 billion, directed mainly outside Italy, in particular in Egypt, Nigeria, Kazakhstan, Indonesia, Mexico, the United States and Angola.
- In 2019, overall R&D expenditure amounted to €71 million (€96 million in 2018).

RESERVES

OVERVIEW

The Company has adopted comprehensive classification criteria for the estimate of proved, proved developed and proved undeveloped oil and gas reserves in accordance with applicable US Securities and Exchange Commission (SEC) regulations, as provided for in Regulation S-X, Rule 4-10. Proved oil and gas reserves are those quantities of liquids (including condensates and natural gas liquids) and natural gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, under existing economic conditions, operating methods, and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain.

Oil and natural gas prices used in the estimate of proved reserves are obtained from the official survey published by Platt's Marketwire, except when their calculation derives from existing contractual conditions. Prices are calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period. Prices include consideration of changes in existing prices provided only by contractual arrangements.

Engineering estimates of the Company's oil and gas reserves are inherently uncertain. Although authoritative guidelines exist regarding engineering criteria that have to be met before estimated oil and gas reserves can be designated as "proved", the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and evaluation. Consequently, the estimated proved reserves of oil and natural gas may be subject to future revision and upward and downward revisions may be made to the initial booking of reserves due to analysis of new information. Proved reserves to which Eni is entitled under concession contracts are determined by applying Eni's share of production to total proved reserves of the contractual area, in respect of the duration of the relevant mineral right. Proved reserves to which Eni is entitled under PSAs are calculated so that the sale of production entitlements should cover expenses incurred by the Group to develop a field (Cost Oil) and on the Profit Oil set contractually (Profit Oil). A similar scheme applies to service contracts.

RESERVES GOVERNANCE

Eni retains rigorous control over the process of booking proved reserves, through a centralized model of reserves governance. The Reserves Department of the Exploration & Production segment is in charge of: (i) ensuring the periodic certification process of proved reserves; (ii) continuously updating the Company's guidelines on reserves evaluation and classification and the internal procedures; and (iii) providing training of staff involved in the process of reserves estimation. Company guidelines have been reviewed by DeGolyer and MacNaughton (D&M), an independent petroleum engineering company, which has stated that those guidelines

comply with the SEC regulations¹. D&M has also stated that the Company guidelines provide reasonable interpretation of facts and circumstances in line with generally accepted practices in the industry whenever SEC rules may be less precise. When participating in exploration and production activities operated by others entities, Eni estimates its share of proved reserves on the basis of the above guidelines.

The process for estimating reserves, as described in the internal procedure, involves the following roles and responsibilities: (i) the business unit managers (geographic units) and Local Reserves Evaluators (LRE) are in charge with estimating and classifying gross reserves including assessing production profiles, capital expenditure, operating expenses and costs related to asset retirement obligations; (ii) the petroleum engineering department and the operations unit at the head office verify the production profiles of such properties where significant changes have occurred and operating expenses, respectively; (iii) geographic area managers verify the commercial conditions and the progress of the projects; (iv) the Planning and Control Department provides the economic evaluation of reserves; and (v) the Reserves Department, through the Headquarter Reserves Evaluators (HRE), provides independent reviews of fairness and correctness of classifications carried out by the above mentioned units and aggregates worldwide reserves data.

The head of the Reserves Department attended the "Università degli Studi di Milano" and received a Physics Degree in 1988. He has more than 30 years of experience in the oil and gas industry and more than 20 years of experience in evaluating reserves.

Staff involved in the reserves evaluation process fulfils the professional qualifications requested by the role and complies with the required level of independence, objectivity and confidentiality in accordance with professional ethics. Reserves Evaluators qualifications comply with international standards defined by the Society of Petroleum Engineers.

RESERVES INDEPENDENT EVALUATION

Since 1991, Eni has requested qualified independent oil engineering companies to carry out an independent evaluation² of part of its proved reserves on a rotational basis. The description of qualifications of the persons primarily responsible for the reserves audit is included in the third party audit report³. In the preparation of their reports, independent evaluators rely, upon information furnished by Eni without independent verification, with respect to property interests, production, current costs of operations and development, sale agreements, prices and other factual information and data that were accepted as represented by the independent evaluators. These data, equally used by Eni in its internal process, include logs, directional surveys, core and PVT (Pressure Volume Temperature) analysis, maps, oil/gas/water production/injection data of wells, reservoir studies, technical analysis relevant to field performance, development plans, future capital and operating costs.

[1] The reports of independent engineers are available on Eni website eni.com section Publications/Integrated Annual Report 2016.

[2] From 1991 to 2002, DeGolyer and MacNaughton; from 2003, also Ryder Scott. In 2018, the Société Générale de Surveillance also provided an independent certification.

[3] The reports of independent engineers are available on Eni website eni.com section Publications/Annual Report 2019.

In order to calculate the net present value of Eni's equity reserves, actual prices applicable to hydrocarbon sales, price adjustments required by applicable contractual arrangements and other pertinent information are provided by Eni to third party evaluators. In 2019 Ryder Scott Company, DeGolyer and MacNaughton provided an independent evaluation of approximately 31% of Eni's total proved reserves at December 31, 2019⁴, confirming, as in previous years, the reasonableness of Eni internal evaluation⁵.

In the 2017-2019 three-year period, 86% of Eni total proved

reserves were subject to independent evaluation. As at December 31, 2019, Zohr in Egypt was the main Eni property, which did not undergo an independent evaluation in the last three years. Management expects that the Zohr field will be subject to an independent evaluation in 2020.

MOVEMENTS IN NET PROVED RESERVES

Eni's net proved reserves were determined taking into account Eni's share of proved reserves of equity-accounted entities. Movements in Eni's 2019 proved reserves were as follows:

(mmboe)	Consolidated subsidiaries	Equity-accounted entities	Total
Estimated net proved reserves at December 31, 2018	6,356	797	7,153
Extensions, discoveries, revisions of previous estimates and improved recovery, excluding price effect	618	68	686
Price effect	(58)		(58)
Reserve additions, total	560	68	628
Portfolio	(8)	178	170
Production of the year	(621)	(62)	(683) ^(a)
Estimated net proved reserves at December 31, 2019	6,287	981	7,268
Reserves replacement ratio, all sources	(%)		117
Reserves replacement ratio, organic			92
Organic reserves replacement ratio, net of price effect			100

(a) See note (c) of the annual and daily oil and natural gas production tables.

Net proved reserves as of December 31, 2019 were 7,268 mmboe, of which 6,287 mmboe of consolidated subsidiaries. Net additions to proved reserves were 628 mmboe and derived from: (i) new extensions and discoveries were up by 107 mmboe mainly due to the final investment decision (FID) made for the projects Dalma in the United Arab Emirates, Assa North in Nigeria and Agogo in Angola; and (ii) revisions of previous estimates were up by 521 mmboe and derived from the upward revisions of certain gas fields in Nigeria to feed the expansion project of the Bonny liquefaction plant as well as the progress in development activities at the Zohr in Egypt, Kashagan in Kazakhstan, Berkine Nord in Algeria and Balder X in Norway. Net additions were impacted by unfavorable price effects, leading to a downward revision of 58 mmboe, mainly due to a decreased of Brent price used in the reserves estimation process and of production gas prices in 2019 compared to 2018, with effects on volume entitlements at PSA contracts and on volumes of reserves which have become uneconomical in that environment.

Portfolio transactions of 170 mmboe comprised: (i) the purchase of ExxonMobil's upstream assets in Norway; (ii) the purchase of a 100% interest of Oooguruk production field in Alaska; and (iii) the disposal of production assets in Ecuador, of a 20% interest at the Merakes discovery in Indonesia as well as other minor assets in Norway.

The organic reserves replacement ratio⁶ was 92% and all sources additions was 117%.

The reserves life index was 10.6 years (10.6 years in 2018).

PROVED UNDEVELOPED RESERVES

Proved undeveloped reserves as of December 31, 2019 totaled 2,114 mmboe, of which 1,113 mmbbl of liquids mainly concentrated in Africa and Asia and 5,415 bcf of natural gas particularly located in Africa.

Proved undeveloped reserves of consolidated subsidiaries amounted to 905 mmbbl of liquids and 5,041 bcf of natural gas. Movements in Eni's 2019 proved undeveloped reserves were as follows:

(mmboe)	
Proved undeveloped reserves as of December 31, 2018	2,309
Additions	(655)
Extensions and discoveries	101
Revisions of previous estimates	327
Purchases of minerals in place	44
Sales of minerals in place	(12)
Proved undeveloped reserves as of December 31, 2019	2,114

(4) Includes Eni's share of proved reserves of equity accounted entities.

(5) The reports of independent engineers are available on Eni website eni.com section Publications/Annual Report 2019.

(6) Organic ratio of changes in proved reserves for the year resulting from revisions of previously reported reserves, improved recovery, extensions and discoveries, to production for the year. All sources ratio includes sales or purchases of minerals in place. A ratio higher than 100% indicates that more proved reserves were added than produced in a year. The Reserves Replacement Ratio is not an indicator of future production because the ultimate development and production of reserves is subject to a number of risks and uncertainties. These include the risks associated with the successful completion of large-scale projects, including addressing ongoing regulatory issues and completion of infrastructure, as well as changes in oil and gas prices, political risks and geological and environmental risks.

In 2019, total proved undeveloped reserves decreased by 195 mmboe mainly due to: (i) progress in maturing PUDs to proved developed (655 mmboe); (ii) new discoveries and extensions (101 mmboe), mainly due to the FIDs made for the Dalma project in the United Arab Emirates, the Assa North project in Nigeria and the Agogo field in Angola; (iii) revisions of previous estimates were up by 327 mmboe and derived mainly from the expansion of the LNG plant of Bonny in Nigeria and the progress in development activities of Zohr project in Egypt; (iv) disposals (12 mmboe) of the 20% interest of the project Merakes in Indonesia and other minor assets in Norway; and (v) purchases (44 mmboe) mainly related to the Vår Energi acquisition in Norway as mentioned above.

During 2019, Eni matured 655 mmboe of proved undeveloped reserves to proved developed reserves due to progress in development activities, production start-ups and project revisions. The main reclassifications to proved developed reserves are related to the following fields/projects: Zohr and Nidoco North West in Egypt, Kashagan in Kazakhstan, Litchendjili in Congo, NgI Eleme in Nigeria and Area 1 project in Mexico.

In 2019, capital expenditure amounted to approximately €6.8 billion. Reserves that remain proved undeveloped for five or more

years are a result of several factors that affect the timing of the projects development and execution, such as the complex nature of the development project in adverse and remote locations, physical limitations of infrastructures or plant capacity and contractual limitations that establish production levels. The Company estimates that approximately 0.5 bboe of proved undeveloped reserves have remained undeveloped for five years or more at the balance sheet date and decreased 0.1 bboe from 2018 mainly due to the progress in development activities made at the Kashagan field in Kazakhstan and by the Bahr Essalam phase 2 and Wafa compression projects in Libya. The proved undeveloped reserves that have remained undeveloped for five years or more at the balance sheet date mainly related to: (i) the Zubair field in Iraq (0.1 bboe), where development of PUDs has been conditioned by the drilling of additional production and injection wells to be linked to the production facilities, which were already completed to achieve the full field production plateau of 700 kbb/d; (ii) certain Libyan gas fields (0.3 bboe) where development completion and production start-ups are planned according to the delivery obligations set forth in a long-term gas supply agreement currently in force; and (iii) other fields in Italy and Egypt (0.1 bboe), where development activities are in progress.

Estimated net proved hydrocarbons reserves

	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmbbl)	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmbbl)	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmbbl)
	2019			2018			2017		
Consolidated subsidiaries									
Italy	194	752	333	208	1,199	428	215	1,131	422
Developed	137	657	258	156	980	336	169	987	350
Undeveloped	57	95	75	52	219	92	46	144	72
Rest of Europe	41	262	89	48	320	106	360	896	525
Developed	37	242	82	44	300	99	219	771	360
Undeveloped	4	20	7	4	20	7	141	125	165
North Africa	468	2,738	974	493	2,890	1,022	476	3,145	1,052
Developed	301	1,374	553	317	1,447	582	306	1,233	532
Undeveloped	167	1,364	421	176	1,443	440	170	1,912	520
Egypt	264	5,191	1,225	279	5,275	1,246	280	4,351	1,078
Developed	149	4,777	1,033	153	3,331	764	203	1,421	463
Undeveloped	115	414	192	126	1,944	482	77	2,930	615
Sub-Saharan Africa	694	4,103	1,453	718	3,506	1,361	764	3,660	1,436
Developed	519	1,858	863	551	1,871	895	546	1,693	856
Undeveloped	175	2,245	590	167	1,635	466	218	1,967	580
Kazakhstan	746	1,969	1,108	704	1,989	1,066	766	2,108	1,150
Developed	682	1,969	1,046	587	1,846	925	547	1,878	891
Undeveloped	64		62	117	143	141	219	230	259
Rest of Asia	491	1,349	742	476	1,217	700	232	1,065	427
Developed	245	685	372	252	822	403	81	862	238
Undeveloped	246	664	370	224	395	297	151	203	189
Americas	225	240	268	252	277	302	162	225	203
Developed	148	186	182	143	154	170	144	171	176
Undeveloped	77	54	86	109	123	132	18	54	27
Australia and Oceania	1	507	95	5	651	125	7	709	137
Developed	1	322	61	5	452	87	5	519	101
Undeveloped		185	34		199	38	2	190	36
Total consolidated subsidiaries	3,124	17,111	6,287	3,183	17,324	6,356	3,262	17,290	6,430
Developed	2,219	12,070	4,450	2,208	11,203	4,261	2,220	9,535	3,967
Undeveloped	905	5,041	1,837	975	6,121	2,095	1,042	7,755	2,463
Equity-accounted entities									
Rest of Europe	424	772	567	297	360	363			
Developed	219	597	330	154	276	205			
Undeveloped	205	175	237	143	84	158			
North Africa	12	14	16	11	14	14	12	14	14
Developed	12	14	16	11	14	14	12	14	14
Undeveloped									
Sub-Saharan Africa	10	287	63	12	310	68	12	349	75
Developed	7	88	23	8	57	17	6	83	20
Undeveloped	3	199	40	4	253	51	6	266	55
Rest of Asia									1
Developed									1
Undeveloped									
Americas	31	1,648	335	37	1,716	352	136	1,819	470
Developed	31	1,648	335	32	1,716	347	25	1,819	359
Undeveloped				5		5	111		111
Total equity-accounted entities	477	2,721	981	357	2,400	797	160	2,182	560
Developed	269	2,347	704	205	2,063	583	43	1,916	394
Undeveloped	208	374	277	152	337	214	117	266	166
Total including equity-accounted entities	3,601	19,832	7,268	3,540	19,724	7,153	3,422	19,472	6,990
Developed	2,488	14,417	5,154	2,413	13,266	4,844	2,263	11,451	4,361
Undeveloped	1,113	5,415	2,114	1,127	6,458	2,309	1,159	8,021	2,629

DELIVERY COMMITMENTS

Eni, through consolidated subsidiaries and equity-accounted entities, sells crude oil and natural gas from its producing operations under a variety of contractual obligations. Some of these contracts, mostly relating to natural gas, specify the delivery of fixed and determinable quantities.

Eni is contractually committed under existing contracts or agreements to deliver in the next three years mainly natural gas to third parties for a total of approximately 555 mmbob from producing assets located mainly in Algeria, Australia, Egypt, Ghana, Indonesia, Libya, Nigeria, Norway and Venezuela.

The sales contracts contain a mix of fixed and variable pricing formulas that are generally indexed to the market price for crude oil, natural gas or other petroleum products. Management believes it can satisfy these contracts from quantities available mainly from production of the Company's proved developed reserves and supplies from third parties based on existing contracts. Production is expected to account for approximately 91% of delivery commitments. Eni has met all contractual delivery commitments as of December 31, 2019.

OIL AND GAS PRODUCTION

In 2019, oil and natural gas production averaged 1,871 kboe/d. When excluding portfolio and price effects, the production reported an increase of 1.7%; up by approximately 5% net to the termination of the Intisar production contract in Libya from the third quarter of 2018. This performance was driven by ramp-ups of Zohr field and of other fields started in 2018, mainly in Libya, Ghana and Angola, and by the 2019 new project start-ups in Mexico, Norway, Egypt and Algeria (with a total contribution of 253 kboe/d). Other production increases were reported in Nigeria, Kazakhstan and the United Arab Emirates. These positives were partly offset by lower gas production in Indonesia reflecting a significant slowdown in gas demand in Asia, in Venezuela, due to the current situation in the Country, as well as mature fields decline, mainly in Italy and Angola. Liquids production amounted to 893 kbbbl/d. Start-ups and ramp-ups of the period, mainly in Mexico, Libya and Ghana,

and production growth in the United Arab Emirates and Nigeria were partly offset by facility shutdowns, mainly in Congo, lower production in Venezuela and mature fields decline.

Natural gas production amounted to 5,287 mmcf/d. Ramp-ups of the period, mainly in Egypt and Ghana, and the growth in Nigeria were partly offset by lower production in Indonesia and Venezuela as well as by mature fields decline.

Oil and gas production sold amounted to 630.6 mmbob. The 52.4 mmbob difference over production (683 mmbob in 2019) mainly reflected volumes of natural gas consumed in operations (45.4 mmbob), changes in inventory levels and other variations. Approximately 66% of liquids production sold (325.4 mmbbl) was destined to Eni's mid-downstream business. About 18% of natural gas production sold (1,650 bcf) was destined to Eni's Gas & Power segment.

Annual oil and natural gas production^{(a)(b)(c)}

	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmboe)	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmboe)	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmboe)
	2019			2018			2017		
Consolidated subsidiaries									
Italy	19	137	45	22	155	50	19	161	49
Rest of Europe	8	64	20	41	162	71	37	174	69
Croatia					4	1		6	1
Norway				33	88	49	29	97	47
United Kingdom	8	64	20	8	70	21	8	71	21
North Africa	61	419	138	56	474	144	58	640	175
Algeria	23	41	30	24	38	31	25	43	33
Libya	37	374	106	31	431	111	32	592	140
Tunisia	1	4	2	1	5	2	1	5	2
Egypt	27	551	129	28	445	110	26	315	84
Sub-Saharan Africa^(d)	91	227	133	89	185	123	90	162	119
Angola	37	25	42	41	31	46	43	17	46
Congo	22	54	32	24	55	34	23	41	30
Ghana	9	36	15	5	7	7	3	1	3
Nigeria	23	112	44	19	92	36	21	103	40
Kazakhstan	36	100	55	35	97	52	30	96	48
Rest of Asia	32	184	66	28	202	65	20	126	43
China	1		1	1		1	1		1
Indonesia		113	21	1	137	26	1	69	14
Iraq	10	29	15	10	14	13	15	7	16
Pakistan		37	7		39	7		48	9
Turkmenistan	3	2	3	2	10	4	3	2	3
United Arab Emirates	18	3	19	14	2	14			
Americas	20	24	24	19	43	27	23	71	36
Ecuador	2		2	4		4	4		4
Mexico	1	1	1						
Trinidad & Tobago					13	2		20	4
United States	17	23	21	15	30	21	19	51	28
Australia and Oceania	1	51	10	1	42	8	1	38	8
Australia	1	51	10	1	42	8	1	38	8
	295	1,757	620	319	1,805	650	304	1,783	631
Equity-accounted entities									
Angola	2	35	8	1	32	7	1	32	8
Indonesia							1	4	1
Norway	27	66	40						
Tunisia	1	2	1	1	2	1	1	2	1
Venezuela	1	70	14	3	81	18	4	99	22
	31	173	63	5	115	26	7	137	32
Total	326	1,930	683	324	1,920	676	311	1,920	663

(a) Includes Eni's share of equity-accounted entities.

(b) Includes volumes of hydrocarbons consumed in operations (45.4, 43.5 and 35.2 mmboe in 2019, 2018 and 2017, respectively).

(c) Effective January 1, 2019, Eni has updated the conversion rate of gas produced to 5,408 cubic feet of gas equals 1 barrel of oil (it was 5,458 cubic feet of gas per barrel in previous reporting periods). This update reflected changes in Eni's gas properties that took place in the last three years and was assessed by collecting data on the heating power of gas in Eni's gas fields currently on stream. The effect of this update on production expressed in boe was approximately 3 mmboe for the full year of 2019. Other per-boe indicators were only marginally affected by the update (e.g. realized prices, costs per boe) and also negligible was the impact on depletion charges. Other oil companies may use different conversion rates.

(d) Cumulative daily production for the full year 2019 includes approximately 4 mmboe of volumes (mainly gas) as part of a long-term supply agreement to a state-owned national oil company, whereby the buyer has paid the price without lifting the underlying volume due to the take-or-pay clause. Management has estimated to be highly probable that the buyer will not redeem its contractual right to lift the pre-paid volumes within the contractual terms. The price collected on such volumes was recognized as revenue in the financial statements in accordance to IFRS 15 because the Company has satisfied its performance obligation under the contract. In the Oil & Gas disclosures prepared on the basis of SFAS 69, this volume is classified in the movements of the reserves as of 31.12.2019 as disposal and the related revenue is excluded from the results of exploration and production of hydrocarbons. The calculation of the price indicators per boe and operating cost per boe is unaffected by this transaction.

Daily oil and natural gas production^{(a)(b)(c)}

	Liquids [kbb/d]	Natural gas [mmcf/d]	Hydrocarbons [kboe/d]	Liquids [kbb/d]	Natural gas [mmcf/d]	Hydrocarbons [kboe/d]	Liquids [kbb/d]	Natural gas [mmcf/d]	Hydrocarbons [kboe/d]
	2019			2018			2017		
Consolidated subsidiaries									
Italy	53	376.4	123	60	426.2	138	53	441.6	134
Rest of Europe	23	174.6	55	113	444.9	194	102	476.4	189
Croatia					11.4	2		16.9	3
Norway				89	241.8	134	81	265.4	129
United Kingdom	23	174.6	55	24	191.7	58	21	194.1	57
North Africa	166	1,149.2	379	154	1,299.1	392	158	1,753.0	479
Algeria	62	111.8	83	65	105.5	85	68	117.2	90
Libya	101	1,025.8	291	86	1,180.3	302	87	1,623.1	384
Tunisia	3	11.6	5	3	13.3	5	3	12.7	5
Egypt	75	1,509.0	354	77	1,218.5	300	72	862.7	230
Sub-Saharan Africa^(d)	249	621.2	363	244	505.4	337	247	444.3	327
Angola	102	67.3	113	111	84.2	127	119	45.9	126
Congo	59	147.7	87	65	150.3	92	63	112.6	83
Ghana	24	97.9	42	15	19.3	18	8	2.7	9
Nigeria	64	308.3	121	53	251.6	100	57	283.1	109
Kazakhstan	100	272.4	150	94	265.2	143	83	263.7	132
Rest of Asia	86	502.7	179	77	550.7	177	53	345.9	116
China	1		1	1		1	2	0.1	2
Indonesia	2	308.1	59	3	376.5	71	3	188.8	38
Iraq	27	78.7	41	28	36.7	34	40	19.6	43
Pakistan		101.2	19		106.1	20		131.5	24
Turkmenistan	7	6.0	8	6	27.2	11	8	5.9	9
United Arab Emirates	49	8.7	51	39	4.2	40			
Americas	55	66.8	68	52	118.9	75	63	194.0	99
Ecuador	6		6	12		12	12		12
Mexico	4	2.8	4						
Trinidad & Tobago					35.7	7		55.4	10
United States	45	64.0	58	40	83.2	56	51	138.6	77
Australia and Oceania	2	139.6	28	2	114.3	23	2	105.0	22
Australia	2	139.6	28	2	114.3	23	2	105.0	22
	809	4,811.9	1,699	873	4,943.2	1,779	833	4,886.6	1,728
Equity-accounted entities									
Angola	4	97.3	23	3	89.2	19	3	89.0	20
Indonesia					2.2	1	1	11.0	3
Norway	74	182.4	108						
Tunisia	3	3.4	3	3	4.4	4	3	4.1	4
Venezuela	3	192.0	38	8	221.7	48	12	270.5	61
	84	475.1	172	14	317.5	72	19	374.6	88
Total	893	5,287.0	1,871	887	5,260.7	1,851	852	5,261.2	1,816

(a) Includes Eni's share of equity-accounted equities.

(b) Includes volumes of hydrocarbons consumed in operations (124, 119 and 97 kboe/d in 2019, 2018 and 2017, respectively).

(c) Effective January 1, 2019, the conversion rate of natural gas from cubic feet to boe has been updated to 1 barrel of oil = 5,408 cubic feet of gas (it was 1 barrel of oil = 5,458 cubic feet of gas). The effect on production has been 9 kboe/d in the full year 2019.

(d) Cumulative daily production for the full year 2019 includes approximately 10 kboe/d respectively of volumes (mainly gas) as part of a long-term supply agreement to a state-owned national oil company, whereby the buyer has paid the price without lifting the underlying volume due to the take-or-pay clause. Management has estimated to be highly probable that the buyer will not redeem its contractual right to lift the pre-paid volumes within the contractual terms. The price collected on such volumes was recognized as revenue in the financial statements in accordance to IFRS 15 because the Company has satisfied its performance obligation under the contract. In the Oil & Gas disclosures prepared on the basis of SFAS 69, this volume is classified in the movements of the reserves as of 31.12.2019 as disposal and the related revenue is excluded from the results of exploration and production of hydrocarbons. The calculation of the price indicators per boe and operating cost per boe is unaffected by this transaction.

PRODUCTIVE WELLS

In 2019, oil and gas productive wells were 8,292 (2,848.8 of which represented Eni's share). In particular, oil productive wells were 6,710 (2,113.2 of which represented Eni's share); natural gas productive wells amounted to 1,582 (735.6 of which represented

Eni's share). The following table shows the number of productive wells in the year indicated by the Group and its equity-accounted entities in accordance with the requirements of FASB Extractive Activities - Oil and Gas (Topic 932).

Productive oil and gas wells^(a)

	(units)	2019			
		Oil wells		Natural gas wells	
		Gross	Net	Gross	Net
Italy		204.0	158.2	441.0	383.0
Rest of Europe		657.0	106.2	207.0	67.0
North Africa		589.0	245.7	125.0	67.5
Egypt		1,196.0	513.2	141.0	43.6
Sub-Saharan Africa		2,620.0	538.0	201.0	27.0
Kazakhstan		204.0	55.8	1	0.3
Rest of Asia		990.0	367.7	180.0	63.6
Americas		250.0	128.4	284.0	81.6
Australia and Oceania				2.0	2.0
		6,710.0	2,113.2	1,582.0	735.6

(a) Includes 1,403 gross (382.8 net to Eni) multiple completion wells (more than one producing into the same well bore). Productive wells are producing wells and wells capable of production. One or more completions in the same bore hole are counted as one well.

DRILLING ACTIVITIES

EXPLORATION

In 2019, a total of 31 new exploratory wells were drilled (16.3 of which represented Eni's share), as compared to 24 exploratory wells drilled in 2018 (15.6 of which represent Eni's share) and 25 exploratory wells drilled in 2017 (15.9 of which represented Eni's share).

The following table shows the number of net productive, dry

and in progress exploratory wells in the years indicated by the Group and its equity-accounted entities in accordance with the requirements of FASB Extractive Activities - Oil and Gas (Topic 932). The overall commercial success rate was 36% (47% net to Eni) as compared to 62% (66% net to Eni) in 2018 and 60% (52% net to Eni) in 2017.

Exploratory Well Activity

	(units)	Net wells completed ^(a)						Wells in progress at Dec. 31 ^(b)	
		2019		2018		2017		2019	
		productive	dry ^(c)	productive	dry ^(c)	productive	dry ^(c)	gross	net
Italy			0.5	1.8					
Rest of Europe		0.3	1.4		0.5	1.2	1.3	14.0	3.5
North Africa		0.5			0.5	0.5		12.0	9.5
Egypt		4.5	1.5	1.7	1.5	2.5	5.4	13.0	9.7
Sub-Saharan Africa		0.5	0.9	0.4		2.9	0.3	38.0	18.4
Kazakhstan								6.0	1.1
Rest of Asia			1.7	2.2	2.6			11.0	3.8
Americas				4.0		0.5		3.0	1.4
Australia and Oceania			0.5					1.0	0.3
		5.8	6.5	10.1	5.1	7.6	7.0	98.0	47.7

(a) Includes number of wells in Eni's share.

(b) Includes temporary suspended wells pending further evaluation.

(c) A dry well is an exploratory, development, or extension well that proves to be incapable of producing either oil or gas sufficient quantities to justify completion as an oil or gas well.

DEVELOPMENT

In 2019, a total of 241 development wells were drilled (85.4 of which represented Eni's share) as compared to 209 development wells drilled in 2018 (80.2 of which represented Eni's share) and 178 development wells drilled in 2017 (90.7 of which represented Eni's share).

The drilling of 84 development wells (21.0 of which represented Eni's share) is currently underway.

The following table shows the number of net productive, dry and in progress development wells in the years indicated by the Group and its equity-accounted entities in accordance with the requirements of FASB Extractive Activities - Oil and Gas (Topic 932).

Development Well Activity

(units)	Net wells completed ^(a)						Well in progress at Dec. 31	
	2019		2018		2017		2019	
	productive	dry ^(b)	productive	dry ^(b)	productive	dry ^(b)	gross	net
Italy	3.0		3.0		2.6		2.0	1.6
Rest of Europe	3.3		2.8	0.3	2.7	0.2	25.0	2.2
North Africa	5.0	1.1	9.6	0.5	5.1		2.0	1.1
Egypt	33.5		30.7		49.7	2.3	9.0	3.5
Sub-Saharan Africa	7.0		7.3	0.1	8.6		19.0	3.4
Kazakhstan	0.9		0.9		1.2		1.0	0.3
Rest of Asia	27.3	2.2	21.9		15.0	0.2	25.0	7.9
Americas	2.1		2.3		3.1		1.0	1.0
Australia and Oceania			0.8					
	82.1	3.3	79.3	0.9	88.0	2.7	84.0	21.0

(a) Includes number of wells in Eni's share.

(b) A dry well is an exploratory, development, or extension well that proves to be incapable of producing either oil or gas sufficient quantities to justify completion as an oil or gas well.

ACREAGE

In 2019, Eni performed its operations in 41 Countries located in five continents. As of December 31, 2019, Eni's mineral right portfolio consisted of 873 exclusive or shared rights of exploration and development activities for a total acreage of 357,854 square kilometers net to Eni (406,505 square kilometers net to Eni as of December 31, 2018). Developed acreage was 29,283 square kilometers and undeveloped acreage was 328,571 square kilometers net to Eni.

In 2019, main changes derived from: (i) the entry in Bahrain and new leases in the United Arab Emirates, Mozambique, Algeria,

Argentina, Egypt, Cyprus, Norway, Tunisia, Kazakhstan, Ivory Coast and Mexico for a total acreage of approximately 33,500 square kilometers; (ii) the total relinquishment of licenses mainly in India, China, Vietnam, Portugal, Ecuador and the United Kingdom covering an acreage of approximately 27,600 square kilometers; (iii) interest increase mainly in Myanmar, Indonesia and the United States for a total acreage of approximately 970 square kilometers; and (iv) partial relinquishment in Indonesia, South Africa and Pakistan, or interest reduction in Oman, Morocco, Cyprus, Indonesia and Mozambique for approximately 55,500 square kilometers.

Oil and natural gas interests

	December 31, 2018	December 31, 2019						
	Total net acreage ^(a)	Number of Interest	Gross developed acreage ^{(a)(b)}	Gross undeveloped acreage ^(a)	Total gross acreage ^(a)	Net developed acreage ^{(a)(b)}	Net undeveloped acreage ^(a)	Total net acreage ^(a)
EUROPE	46,332	309	15,282	58,616	73,898	9,278	28,750	38,028
Italy	14,987	128	9,545	7,595	17,140	7,887	5,845	13,732
Rest of Europe	31,345	181	5,737	51,021	56,758	1,391	22,905	24,296
Cyprus	17,111	7		26,614	26,614		14,557	14,557
Greenland	1,909	2		4,890	4,890		1,909	1,909
Montenegro	614	1		1,228	1,228		614	614
Norway	2,628	131	4,828	14,577	19,405	777	3,436	4,213
Portugal	3,182							
United Kingdom	4,018	38	909	1,011	1,920	614	506	1,120
Other Countries	1,883	2		2,701	2,701		1,883	1,883
AFRICA	165,699	260	54,351	273,494	327,845	15,194	148,431	163,625
North Africa	33,932	69	17,628	51,716	69,344	7,966	23,907	31,873
Algeria	1,155	47	12,157	279	12,436	5,472	100	5,572
Libya	13,294	11	1,963	24,673	26,636	958	12,336	13,294
Morocco	17,925	1		23,900	23,900		10,755	10,755
Tunisia	1,558	10	3,508	2,864	6,372	1,536	716	2,252
Egypt	5,248	56	5,659	15,710	21,369	2,113	5,500	7,613
Sub-Saharan Africa	126,519	135	31,064	206,068	237,132	5,115	119,024	124,139
Angola	5,303	45	8,349	7,841	16,190	1,073	2,671	3,744
Congo	1,471	25	1,430	1,320	2,750	843	628	1,471
Gabon	4,107	4		4,107	4,107		4,107	4,107
Ghana	579	3	226	1,127	1,353	100	479	579
Ivory Coast	2,905	5		4,921	4,921		3,724	3,724
Kenya	43,948	6		50,677	50,677		43,948	43,948
Mozambique	978	10		25,304	25,304		4,349	4,349
Nigeria	7,722	32	21,059	8,631	29,690	3,099	3,543	6,642
South Africa	26,202	1		55,677	55,677		22,271	22,271
Other Countries	33,304	4		46,463	46,463		33,304	33,304
ASIA	181,414	69	12,686	267,851	280,537	3,199	139,497	142,696
Kazakhstan	1,543	8	2,391	5,124	7,515	442	1,718	2,160
Rest of Asia	179,871	61	10,295	262,727	273,022	2,757	137,779	140,536
Bahrain		1		2,858	2,858		2,858	2,858
China	5,228	6	77		77	13		13
India	5,244							
Indonesia	23,769	13	2,605	20,898	23,503	1,029	14,926	15,955
Iraq	446	1	1,074		1,074	446		446
Lebanon	1,461	2		3,653	3,653		1,461	1,461
Myanmar	13,558	4		24,080	24,080		14,147	14,147
Oman	77,146	1		90,760	90,760		49,918	49,918
Pakistan	5,786	12	3,390	8,370	11,760	872	2,907	3,779
Russia	17,975	2		53,930	53,930		17,975	17,975
Timor Leste	1,230	4		2,612	2,612		1,620	1,620
Turkmenistan	180	1	200		200	180		180
United Arab Emirates	1,472	9	2,949	17,058	20,007	217	10,170	10,387
Vietnam	23,132	4		23,908	23,908		18,553	18,553
Other Countries	3,244	1		14,600	14,600		3,244	3,244
AMERICAS	9,303	229	2,299	17,763	20,062	1,024	9,679	10,703
Ecuador	1,985							
Mexico	3,000	10	14	5,455	5,469	14	3,092	3,106
United States	2,191	205	1,024	1,683	2,707	513	1,422	1,935
Venezuela	1,066	6	1,261	1,543	2,804	497	569	1,066
Other Countries	1,061	8		9,082	9,082		4,596	4,596
AUSTRALIA AND OCEANIA	3,757	6	728	2,860	3,588	588	2,214	2,802
Australia	3,757	6	728	2,860	3,588	588	2,214	2,802
Total	406,505	873	85,346	620,584	705,930	29,283	328,571	357,854

(a) Square kilometers.

(b) Developed acreage refers to those leases in which at least a portion of the area is in production or encompasses proved developed reserves.

Main producing assets (Group share in %) and the year in which Eni started operations

ITALY		(1926)	Operated	Adriatic and Ionian Sea	Barbara (100%), Cervia/Arianna (100%), Annamaria (100%), Clara NW (51%), Luna (100%), Angela (100%), Hera Lacinia (100%) and Bonaccia (100%)
				Basilicata Region	Val d'Agri (61%)
				Sicily	Gela (100%), Tesoro (45%), Giaurone (100%), Fiumetto (100%), Prezioso (100%) and Bronte (100%)
REST OF EUROPE	Norway^(a)	(1965)	Operated	Goliat (45.24%), Marulk (13.92%), Balder & Ringhorne (62.64%) and Ringhorne East (48.71%)	
			Non-operated	Åsgard (15.35%), Kristin (13.31%), Heidrun (3.60%), Mikkel (33.67%), Tyrihans (12.54%), Morvin (20.88%), Great Ekofisk Area (8.62%), Boyla (13.92%), Brage (8.53%) and Snorre (12.91%)	
	United Kingdom	(1964)	Operated	Liverpool Bay (100%) and Hewett Area (89.3%)	
			Non-operated	Elgin/Franklin (21.87%), Glenelg (8%), J Block (33%), Jasmine (33%) and Jade (7%)	
NORTH AFRICA	Algeria^(b)	(1981)	Operated	Sif Fatima II (49%), Zemlet El Arbi (49%), Ourhoud II (49%), Blocks 403a/d (from 65% to 100%), Block ROM North (35%), Blocks 401a/402a (55%), Block 403 (50%) and Block 405b (75%)	
			Non-operated	Block 404 (12.25%) and Block 208 (12.25%)	
	Libya^(b)	(1959)	Non-operated	Onshore contract areas	Area A (former concession 82 - 50%), Area B (former concession 100/ Bu-Attifel and Block NC 125 - 50%), Area E (El Feel - 33.3%) and Area D (Block NC 169 - 50%)
				Offshore contract areas	Area C (Bouri - 50%) and Area D (Blocco NC 41 - 50%)
	Tunisia	(1961)	Operated	Maamoura (49%), Baraka (49%), Adam (25%), Oued Zar (50%), Djebel Grouz (50%), MLD (50%) and El Borma (50%)	
EGYPT^{(b)(c)}		(1954)	Operated	Shorouk (Zohr - 50%), Nile Delta (Abu Madi West/Nidoco - 75%), Sinai (Belayim Land, Belayim Marine and Abu Rudeis - 100%), Meleiha (76%), North Port Said (Port Fouad - 100%), Temsah (Tuna, Temsah and Denise - 50%), South West Meleiha (100%), Baltim (50%), Ras Qattara (El Faras and Zarif - 75%), West Abu Gharadig (Raml - 45%), Ashrafi (50%) and West Razzak (100%)	
			Non-operated	Ras el Barr (Ha'py and Seth - 50%) and South Ghara (25%)	
SUB-SAHARAN AFRICA	Angola	(1980)	Operated	Block 15/06 (36.84%)	
			Non-operated	Block O (9.8%), Development Areas in the Block 3 and 3/05-A (12%), Development Areas in the Block 14 (20%), Development Area Lianzi in the Block 14 K/A IMI (10%) and Development Areas in the Block 15 (18%)	
	Congo	(1968)	Operated	Nené Marine (65%), Litchendjili (65%), Zatchi (55.25%), Loango (42.5%), Ikalou (100%), Djambala (50%), Foukanda (58%), Mwafi (58%), Kitina (52%), Awa Paloukou (90%), M'Boundi (82%), Kouakouala (74.25%), Zingali (100%) and Loufika (100%)	
			Non-operated	Pointe-Noire Grand Fond (35%) and Likouala (35%)	
	Ghana	(2009)	Operated	Offshore Cape Three Points (44.44%)	
	Nigeria	(1962)	Operated	OMLs 60, 61, 62 and 63 (20%) and OML 125 (100%)	
			Non-operated ^(d)	OML 118 (12.5%)	
KAZAKHSTAN^(b)		(1992)	Operated ^(e)	Karachaganak (29.25%)	
			Non-operated	Kashagan (16.81%)	
REST OF ASIA	Indonesia	(2001)	Operated	Jangkrik (55%)	
	Iraq	(2009)	Operated ^(f)	Zubair (41.6%)	
	Pakistan	(2000)	Operated	Bhit/Bhadra (40%) and Kadanwari (18.42%)	
			Non-operated	Latif (33.3%), Zamzama (17.75%) and Sawan (23.7%)	
	Turkmenistan	(2008)	Operated	Burun (90%)	
	United Arab Emirates	(2018)	Non-operated	Lower Zakum (5%) and Umm Shaif and Nasr (10%)	
AMERICAS	Mexico	(2019)	Operated	Gulf of Mexico	Area 1 (100%)
	United States	(1968)	Operated	Gulf of Mexico	Allegheny (100%), Appaloosa (100%), Pegasus (85%), Longhorn (75%), Devils Towers (75%) and Triton (75%)
				Alaska	Nikaitchuq (100%) and Oooguruk (100%)
			Non-operated	Gulf of Mexico	Europa (32%), Medusa (25%), Lucius (8.5%), K2 (13.4%), Fronrunner (37.5%) and Heidelberg (12.5%)
				Texas	Alliance area (27.5%)
	Venezuela	(1998)	Non-operated	Perla (50%), Corocoro (26%) and Junín 5 (40%)	

(a) Assets held by the Vår Energi equity-accounted entities (Eni's interest 69.6%).

(b) In certain extractive initiatives, Eni and the host Country agree to assign the operatorship of a given initiative to an incorporated joint venture, a so-called operating company. The operating company in its capacity as the operator is responsible of managing extractive operations. Those operating companies are not controlled by Eni.

(c) Eni's working interests (and not participating interests) are reported. This include Eni's share of costs incurred on behalf of the first party accordingly to the terms of PSAs in force in the Country.

(d) As partners of SPDC JV, Eni holds a 5% interest in 17 onshore blocks and in 1 conventional offshore block and with a 12.86% in 2 conventional offshore blocks.

(e) Eni and Shell are co-operators.

(f) Eni is leading a consortium of partners including international companies and the national oil company Missan Oil.

MAIN EXPLORATION AND DEVELOPMENT PROJECTS

Eni's exploration and production activities are conducted in many Countries and are therefore subject to a broad range of legislation and regulations. These cover virtually all aspects of exploration and production activities, including matters such as license acquisition, production rates, royalties, pricing, environmental protection, export, taxes and foreign exchange. The terms and condition of the leases, licenses and contracts under which these Oil & Gas interests are held vary from Country to Country. These leases, licenses and contracts are generally granted by or entered into with a government entity or State company and are sometimes entered into with private property owners. These contractual arrangements usually take the form of concession agreements or production sharing agreements:

Concessions contracts. Eni operates under concession contracts mainly in OECD Countries. Concessions contracts regulate relationships between States and oil companies with regards to hydrocarbon exploration and production activity. Contractual clauses governing mineral concessions, licenses and exploration permits regulate the access of Eni to hydrocarbon reserves. The company holding the mining concession has an exclusive right on exploration, development and production activities, sustaining all the operational risks and costs related to the exploration and development activities, and it is entitled to the productions realized. As a compensation for mineral concessions, pays royalties on production (which may be in cash or in-kind) and taxes on oil revenues to the State in accordance with local tax legislation. Both exploration and production licenses are granted generally for a specified period of time (except for production licenses in the United States which remain in effect until production ceases): the term of Eni's licenses and the extent to which these licenses may be renewed vary by area. Proved reserves to which Eni is entitled are determined by applying Eni's share of production to total proved reserves of the contractual area, in respect of the duration of the relevant mineral right.

Production Sharing Agreement (PSA). Eni operates under PSA in several of the foreign jurisdictions mainly in African, Middle Eastern, Far Eastern Countries. The mineral right is awarded to the national oil company jointly with the foreign oil company that has an exclusive right to perform exploration, development and production activities and can enter into agreements with other local or international entities. In this type of contract, the national oil company assigns to the international contractor the task of performing exploration and production with the contractor's equipment (technologies) and financial resources. Exploration risks are borne by the contractor and production is divided into two portions: "Cost Oil" is used to recover costs borne by the contractor and "Profit Oil" is divided between the contractor and the national company according to variable schemes and represents the profit deriving from exploration and production. Further terms and conditions of these contracts may vary from Country to Country. Pursuant to these contracts, Eni is entitled to a portion of a field's reserves, the sale of which is intended to cover expenditures incurred by the Company to develop and operate the field. The Company's share of production volumes and reserves representing the Profit Oil includes the share of hydrocarbons which corresponds to the taxes to be

paid, according to the contractual agreement, by the national government on behalf of the Company. As a consequence, the Company has to recognize at the same time an increase in the taxable profit, through the increase of the revenues, and a tax expense. Proved reserves to which Eni is entitled under PSAs are calculated so that the sale of production entitlements should cover expenses incurred by the Group to develop a field (Cost Oil) and recognize the Profit Oil set contractually (Profit Oil). A similar scheme applies to some service contracts.

ITALY

Development activities in the Adriatic offshore concerned: (i) maintenance and production optimization; and (ii) efficiency initiatives aimed at further emissions reduction. In particular, the replacement of gas compression facilities was started at the Rubicone Plant. In addition, within the VIII Agreement with the Municipality of Ravenna, activities progressed with: (i) territorial enhancement projects in collaboration with the Bologna University; (ii) initiatives to support youth employment; (iii) environmental protection projects at the coastline areas; and (iv) school-work alternation projects.

During the year, digital transformation project was completed at the Viggiano Oil Center in the Val d'Agri concession (Eni operator with a 61%) improving asset integrity and environmental safety as well as operational performance. In addition, the Energy Valley project was launched and includes a number of initiatives relating to environmental protection, projects to develop the area and business sustainability: (i) Mini Blue Water project on circular economy, for treatment, recover and reuse of water production at the Val d'Agri Oil Center as well as installation of photovoltaic plants supporting oil production facilities; (ii) ongoing environmental and biodiversity monitoring projects. In particular the activity was completed at the Center of Environmental Monitoring to manage and spread data collected; and (iii) initiatives to support the agro-food sector in the area also by means of training programs. In particular, the activities of the year concerned upgrading of certain areas and renovation of buildings for the agriculture sector also with positive impact on local employment.

Following the Memorandum of Understanding for the Gela area, signed with the Ministry of Economic Development in November 2014, progressed: (i) development activities of Argo and Cassiopea offshore gas fields (Eni's interest 60%). The project, through a significant reduction of the environmental impact, expects to achieve the carbon neutrality target. The activities provides the transportation of natural gas produced by offshore wells through a pipeline to a new onshore treatment and compression plant, that will be realized in certain reclaimed area of the Gela Refinery. In addition, in 2019, Eni and the Ministry of Environment signed a Memorandum of Understanding to define initiatives, which will be implemented in the next years, to renovate certain productive areas, environmental remediation as well as innovative CCUS (carbon capture utilization and storage) projects developed by Eni's proprietary technologies; and (ii) school-work alternation projects, programs to reduce school drop-out and university scholarship.

NORTH AFRICA

Algeria In February 2019, Eni completed the acquisition of the 49% interest in the Sif Fatima II, Zemlet El Arbi and Ourhoud II concessions in the Berkine Nord area, following the agreements signed in 2018. The ongoing activities concerned: (i) the fast-track development activity of the three concessions. In particular, during the year, oil production start-up was achieved by means of 7 production wells and the connection to the existing facilities of the BRN area in the Block 403 (Eni's interest 50%). In the first months of 2020, gas production started up with the drilling of 2 wells and the connection of 2 additional wells to the existing facilities, following the completion of the pipeline from BRN to the MLE treatment plant in the Block 405b (Eni operator with a 75% interest); and (ii) exploration and delineation activities in the area. In particular, in 2019 exploration activity yielded positive results with an oil and gas discovery in the Ourhoud II concession. Development activities in other blocks included: (i) production optimization in the operated Blocks 403a/d and ROM Nord (Eni's interest 35%), Blocks 401a/402a (Eni's interest 55%), Block 405b, Block 403 and Block 404 (Eni's interest 12.25%); and (ii) the ongoing development activities of the El Merk field in the Block 208 (Eni's interest 12.25%) with the drilling of production and water injection wells.

EGYPT

Exploration activity yielded positive results with: (i) a gas discovery in the El Qar'a exploration license (Eni's interest 75%), located in the Nile Delta; (ii) the Sidri oil discovery in the Abu Rudeis development lease (Eni's interest 100%), in the Gulf of Suez. Drilling activity has been completed and production wells connected to the existing facilities; (iii) the Basma and Shemy oil discoveries in the Meleiha development lease (Eni's interest 76%). Drilling activity has been completed at the Basma discovery and related production wells connected to the existing facilities; (iv) the SWM-A-3X gas and condensates discovery in the South West Meleiha concession (Eni's interest 100%); and (v) the Nour-1 gas well in the Nour exploration license (Eni's interest 40%). The new discoveries confirm the positive track-record of Eni's exploration in the Country due to the continuous technological progress in the exploration activities that allows to re-evaluate the residual mineral potential in mature production areas. In February 2019, Eni was awarded two onshore exploration blocks: (i) a 100% interest in the South East Siwa block in the Western Desert nearby to the South West Meleiha concession; and (ii) the operatorship with a 50% interest in the West Sherbean block in the onshore Nile Delta nearby to the operated Nooros producing fields (Eni's interest 75%). In case of exploration success, the development activities will benefit from the existing facilities. In 2019 development activities were completed: (i) at the Nooros field with the installation of a new gas pipeline to the El Gamil treatment plant to production optimization and reserves' recovery maximization; (ii) at the Baltim South West offshore project (Eni operator with a 50% interest) with production start-up. Development activities concerned the installation of a production platform and the pipeline to the Abu Madi treatment plant. The start-up was achieved just 19 months from the FID confirming the success of Eni's strategy in a fast-track

approach to develop and start-up projects; and (iii) at the South West Meleiha production area with the installation of a pipeline connecting to the Meleiha operated treatment plant. Development activities to ramp-up production at the Zohr field (Eni operator with a 50% interest) concerned: (i) the completion of the remaining three treatment units reaching a total of eight units; (ii) the drilling and production start-up of additional four wells; and (iii) the completion and entry into operation of a second gas pipeline which increased installed capacity to more than 3.2 bcf/d.

As of December 31, 2019, the aggregate development costs incurred by Eni for the Zohr project and capitalized in the financial statements amounted to \$5.4 billion (€4.8 billion at the EUR/USD exchange rate of December 31, 2019). Development expenditure incurred in the year were €1.1 billion. As of December 31, 2019, Eni's proved reserves booked for the Zohr field amounted to 807 mmbob. Development activities at other Eni's fields in Egypt concerned infilling activities and production optimization in: (i) the Sinai concession (Eni operator with an 100% interest), including the production start-up achieved at the recent discoveries as well as water injection optimization to support reservoir pressure; and (ii) the operated Meleiha, Meleiha Deep (Eni's interest 100%) and Ras Qattara (Eni's interest 75%) concessions in the Western Desert. Within the social responsibility initiatives, the programs defined by the Memorandum of Understanding signed in 2017 are currently to be implemented. The agreement, which supports the development activities of the Zohr project, defines two intervention projects to be implemented in four years. The first, already completed, included the renovation of the El Garabaa hospital, located nearby the onshore Zohr production facilities and the supply of necessary medical equipment. The second project, for an overall expense of \$20 million, includes certain socio-economic and health programs to support local communities in the Zohr and Port Said areas. The program defined with the stakeholders and the local Authorities three main areas: (i) aquaculture and fisheries; (ii) health care projects. In particular, during 2019 Primary Health Care Center was completed and provides health services to approximately 20,000 people. In addition, the project includes also further initiatives of health training and prevention; and (iii) programs to support youth. In particular, in 2019, the construction of a youth center was completed.

SUB-SAHARAN AFRICA

Angola Exploration activities yielded positive results with the Agogo oil discovery and the Agogo-2 and Agogo-3 appraisal wells, then with the Ndungu and the Agidibo oil wells in the operated Block 15/06 (Eni's interest 36.84%), which including the discoveries of the end of 2018 (Kalimba and Afoxè) have increased the block's additional mineral potential to 2 billion barrels of oil in place. In 2020 production start-up was achieved at the Agogo field with the connection to Ngoma FPSO, as part of the West Hub project. In particular, the production start-up was achieved by means of the application of digital technologies that allowed to optimize time in the drilling phase. The record start-up, in nine months from discovery, confirms Eni's commitment of the fast-track model

in the development of its discoveries leveraging on the existing facilities to maximize projects value. Within the development of the Block 15/06 the activities are ongoing in order to make the East Hub as the first Eni offshore plant fully digitalized.

In January 2020, Eni was awarded a 60% interest in the Block 28 as operator. The development of the discoveries will leverage on the synergies with the existing production facilities.

In October 2019 Eni, as operator of a new joint venture (Eni's interest 25.6%), signed a commercial agreement with the partners of the Angola LNG (Eni's interest 13.6%) for the development of the gas fields to support the liquefaction plant. The first development project is expected to be sanctioned in 2020.

In November 2019, Eni and the Country's Authority signed a Memorandum of Understanding (MoU). The agreement confirms Eni's strategy that combines traditional business with a commitment to diversified and sustainable growth in the territories in which Eni operates. In particular, the MoU includes: (i) projects for access to energy, economic diversification, access to water and health services, education and training. The projects will be developed in the Cabinda area, in the northern part of the Country; (ii) the construction of a photovoltaic plant in the Namibe area. Eni and the Authorities already signed the concession agreement; (iii) projects to strengthen specialist health services as defined by the MoU signed with the Ministry of Health. The projects will be carried out at the health structures of Luanda and Cabinda area; and (iv) the acquisition of the offshore Block 1/14 (Eni operator with a 35% interest) and the onshore Cabinda Center block (Eni's interest 42.5%).

In 2019 Eni finalized an extension of exploitation rights until 2032 of Block 15 (Eni's interest 20%), the number of the Development Areas has been reduced, joining some of them together.

Development activities concerned: (i) the completion of the planned activities at the Vandumbu field in the West Hub project in the operated Block 15/06; and (ii) production optimization at the Mpungu and Sangos fields in the Block 15/06 and in some fields in the Block 0 (Eni's interest 9.8%).

Eni also continues its commitment to support socio-economic development in the southern region of the Country, in Huila and Namibe area. During 2019 activities progressed with the completion of projects for access to energy from renewable sources and to drinking water.

Mozambique In May 2019, Eni and ExxonMobil signed a farm-in agreement for the purchase of a 10% interest of the A5-B, Z5-C and Z5-D offshore blocks, in the deep waters of the Angoche and Zambesi basins.

In July 2019, Eni divested a 25.5% interest of the offshore A5-A block, located in the deep waters of the Zambesi, to Qatar Petroleum. Following this acquisition Eni retains the operatorship with a 34% interest.

The development activities of Area 4 offshore (Eni's interest 25%) concerned the Coral South project, operated by Eni, and the discoveries of Mamba Complex where Eni is expected to coordinate the upstream development and production phase and ExxonMobil the construction and operation phase of natural gas liquefaction facilities onshore.

The sanctioned Coral South project includes the construction of

FPSO for the gas treatment, liquefaction, storage and export of LNG, with a capacity of approximately 3.4 mmt tonnes/y, fed by 6 subsea wells. Production start-up is expected in 2022. The LNG produced will be sold by the Area 4 concessionaires to BP under a long-term contract for a period of twenty years, with an option for an additional ten-year term.

Within the Mamba Complex discoveries, the Rovuma LNG project provides for the development of the straddling reserves of Area 1 according to its independent industrial plan, coordinated with the operator of Area 1 (Total). The development project will include also a part of non-straddling reserves. In 2019, the Mozambique authorities approved the unitization agreement between the Area 1 and Area 4. The project provides the construction of two onshore LNG trains with capacity of approximately 7.6 mmt tonnes/y each, feed by 24 subsea wells, the gas treatment, the liquefaction, the storage and the export of LNG. In May 2019, the plan of development (POD) was approved by the relevant Authorities. In 2019, Eni's programs to support the local communities of the Country progressed with: (i) the scholarship programs mainly in Pemba, also by means of ordinary and extraordinary schools maintenance activities and training initiatives; (ii) initiatives to promote more sustainable domestic behaviors through clean cooking projects; (iii) biodiversity protection programs also through agreements with institutions and Authorities of the Country; (iv) projects for the protection and conservation of forests (REDD + program) in collaboration with the Government of Mozambique; and (v) health care initiatives, coordinated with the Country's health Authorities, in the Maputo area, by means of specific initiatives on prevention.

Nigeria In December 2019, the FID was sanctioned for the construction of the seventh treatment unit of the Bonny liquefaction plant (Eni's interest 10.4%). The additional treatment unit will increase the production capacity from 22 mmt tonnes/y of LNG, corresponding to approximately 1,236 bcf/y of gas feed, to over 30 mmt tonnes/y. Development activity is expected to be completed in 2024 with production start-up. Natural gas supplies to the plant are currently provided under a gas supply agreements from the SPDC JV (Eni's interest 5%), TEPNG JV and the NAOC JV (Eni's interest 20%). In 2019, the Bonny liquefaction plant processed approximately 1,165 bcf. LNG production is sold under long-term contracts and exported to the Asian and European markets by the Bonny Gas Transport fleet, wholly owned by Nigeria LNG Ltd.

Development activities of the OMLs 60, 61, 62 and 63 blocks (Eni operator with a 20% interest) concerned: (i) the completion of planned activities and production start-up of the Obiafu 41 gas and condensates discovery; and (ii) increasing generation capacity of the combined cycle power plant at Okpai to achieve about 1 GW. Natural gas production of the area will support the plant capacity. Other development activities concerned: (i) infilling program and production optimization in the OML 118 block (Eni's interest 12.5%); (ii) the completion of drilling activities of two additional oil wells at the Abo field in the operated OML 125 block (Eni's interest 100%). Peak production of 26 kbb/d has been achieved during the year; (iii) the completion of the associated gas project in the OML 43 block (Eni's interest 5%) and the SSAGS project in

the OML 28 block (Eni's interest 5%). Associated gas production will be sold in the domestic market; and (iv) the flaring down Assa North project (Eni's interest 5%) has been sanctioned to support the domestic market.

Eni continues the collaboration with the Food and Agriculture Organization (FAO) to foster access to safe and clean water in Nigeria, mainly in the north-east areas, by drilling boreholes powered with photovoltaic systems, both for domestic use and irrigation purposes. In 2019 Eni realized 6 wells achieving a total of 16 wells, which including the other wells completed in 2018. Eni's programs to support local communities progressed with: (i) access to energy initiatives; (ii) economic programs for diversification purposes, in particular with the Green River Project; (iii) professional training and scholarship programs; and (iv) renovation and construction of health centers and supply of medical equipment.

KAZAKHSTAN

Kashagan The development activities of the Kashagan field (Eni's interest 16.81%) envisage for increasing the production capacity up to 450 kbbl/d by upgrading the existing gas compression capacity, the conversion of production wells into injection wells, the debottlenecking and the revamping of existing facilities with the construction of a new onshore gas treatment plant.

As of December 31, 2019, the aggregate costs incurred by Eni for the Kashagan project capitalized in the financial statements amounted to \$10 billion (€8.9 billion at the EUR/USD exchange rate of December 31, 2019). This capitalized amount included: (i) \$7.4 billion relating to expenditure incurred by Eni for the development of the oil field; and (ii) \$2.6 billion relating primarily to accrued finance charges and expenditures for the acquisition of interests in the Consortium from exiting partners upon exercise of pre-emption rights in previous years. Cost incurred in the year were €106 million.

As of December 31, 2019, Eni's proved reserves booked for the Kashagan field amounted to 661 mmbbl, increased from 2018.

Karachaganak Within the gas treatment expansion projects of the Karachaganak field (Eni's interest 29.25%), activities concerned: (i) the Karachaganak Debottlenecking project progressed; (ii) project of the construction of fourth gas re-injection unit was sanctioned and activity started up during the year; and (iii) the Front End Engineering Design of the Karachaganak Expansion Project has been completed. The planned activities include the installation of two additional gas re-injection facility.

Eni continues its commitment to support local communities in the nearby area of the Karachaganak field. In particular, activities focused on: (i) professional training; and (ii) realization of kindergartens and schools, maintenance of bridges and roads, construction of sport centers.

As of December 31, 2019, the aggregate costs incurred by Eni for the Karachaganak project capitalized in the financial statements amounted to \$4.1 billion (€3.7 billion at the EUR/USD exchange rate

of December 31, 2019). Cost incurred in the year were €267 million. As of December 31, 2019, Eni's proved reserves booked for the Karachaganak field amounted to 448 mmbbl, slightly decreased from 2018, mainly due to changes of Brent price.

REST OF ASIA

United Arab Emirates In 2019, Eni awarded: (i) the operatorship of the Block 1 and 2 with a 70% interest, located offshore Abu Dhabi. The exploration commitment for the first phase consists in exploration studies for the Block 1 and the drilling of two exploration wells and one appraisal well in the Block 2; (ii) three onshore exploration concessions in the Emirate of Sharjah with a 75% interest in the operated concession Area A and C and a 50% interest in the participated concession Area B. In January 2020, exploration activities yielded positive results with the Mahani-1 gas and condensates discovery in the Area B concession; and (iii) the operatorship with a 90% interest in the Block A, located offshore Emirate of Ras al Khaimah.

Development activities concerned: (i) the Dalma Gas Development project in the Gasha concession (Eni's interest 25%). The final investment decision was sanctioned. Start-up is expected in 2022; and (ii) the Nasr Full Field Development project in the Umm Shaif/Nasr concession (Eni's interest 10%). The program was completed and production ramp-up achieved in the year.

AMERICAS

Mexico In February 2020, exploration activities yielded positive results with the Saasken offshore oil discovery in the operated Block 10 (Eni's interest 65%).

In 2019 production start-up was achieved at the operated Area 1 license (Eni's interest 100%) by means of the drilling of two wells and the installation of a production platform which is linked by a sealine to an onshore treatment unit. The drilling activities have been supported by means of digital tools to optimize the timing. The full field development envisages a phased installation of three additional platforms and a FPSO unit, which will increase the production capacity up to 100 kbbl/d in 2021.

In 2019, Eni and local Authorities signed a cooperation agreement to identify local development programs relating to education, health and environment as well as economic diversification initiatives to support employment. In particular, as defined by the agreements, during the year the activities concerned: (i) the rehabilitation activities of two schools have started. The program includes initiatives of renovation for 13 schools as well as training programs; (ii) the launch of fight campaigns child malnutrition; (iii) feasibility studies with local Universities to identify certain economic diversification projects; and (iv) has been finalized, with the support of the Danish Institute for Human Rights, an impact assessment for the elaboration of an action plan in the field of human rights.

CAPITAL EXPENDITURE

Capital expenditure of the Exploration & Production segment (€6,996 million) concerned mainly development of oil and gas reserves (€5,931 million) directed mainly outside Italy, in particular in Egypt, Nigeria, Kazakhstan, Indonesia, Mexico, the United States and Angola.

Development expenditure in Italy mainly concerned sidetrack and workover activities in mature fields. Acquisition of proved

and unproved properties (€400 million) concerned mainly the acquisition of reserves in Alaska e in Algeria.

Exploration expenditure (€586 million) concerned mainly Egypt, Angola, Mexico, the United Arab Emirates and Libya.

In 2019 overall expenditure in R&D amounted to €71 million (€96 million in 2018). A total of 12 new patents applications were filed.

	(€ million)	2019	2018	2017	Change
Acquisition of proved and unproved properties		400	869	5	(469)
Egypt		1			1
North Africa		135			135
Sub-Saharan Africa				5	
Rest of Asia		23	869		(846)
Americas		241			241
Exploration		586	463	442	123
Italy			1	5	(1)
Rest of Europe		43	52	186	(9)
North Africa		71	20	55	51
Egypt		86	80	70	6
Sub-Saharan Africa		128	22	25	106
Kazakhstan		7		3	7
Rest of Asia		141	140	20	1
Americas		74	146	76	(72)
Australia and Oceania		36	2	2	34
Development		5,931	6,506	7,236	(575)
Italy		289	380	260	(91)
Rest of Europe		110	600	399	(490)
North Africa		536	525	626	11
Egypt		1,481	2,205	3,030	(724)
Sub-Saharan Africa		1,406	1,635	1,852	(229)
Kazakhstan		371	193	197	178
Rest of Asia		1,028	550	666	478
Americas		695	381	195	314
Australia and Oceania		15	37	11	(22)
Other expenditure		79	63	56	16
TOTAL CAPITAL EXPENDITURE		6,996	7,901	7,739	(905)

Gas & Power



KEY PERFORMANCE INDICATORS		2019	2018	2017
TRIR (Total Recordable Injury Rate)	(total recordable injuries/worked hours) x 1,000,000	0.59	0.56	0.37
of which: employees		0.46	0.34	0.45
contractors		0.84	0.99	0.23
Sales from operations ^(a)	(€ million)	50,015	55,690	50,623
Operating profit (loss)		699	629	75
Adjusted operating profit (loss)		654	543	214
of which: Gas & LNG Marketing and Power		376	342	77
Eni gas e luce		278	201	137
Adjusted net profit (loss)		426	310	52
Capital expenditure		230	215	142
Worldwide gas sales	(bcm)	73.07	76.71	80.83
of which: in Italy		37.85	39.03	37.43
outside Italy		35.22	37.68	43.40
LNG sales ^(b)		10.1	10.3	8.3
Retail customers in Italy	(million)	7.74	7.74	7.65
Electricity produced	(TWh)	21.66	21.62	22.42
Electricity sold		39.49	37.07	35.33
Employees at year end	(number)	3,015	3,040	4,313
of which: outside Italy		975	951	2,031
Direct GHG emissions	(mmt tonnes CO ₂ eq)	10.47	11.08	11.30
GHG emissions/Equivalent produced electricity (Eni Power)	(gCO ₂ eq/kWheq)	394	402	395

(a) Before elimination of intragroup sales.

(b) Refers to LNG sales of the Gas & Power segment (included in worldwide gas sales).

Performance of the year

- In 2019, the total recordable injury rate (TRIR) of the workforce amounted to 0.59, representing a slight increase compared to 2018.
- In 2019 the greenhouse gas emissions (GHG) reported an improved performance, approximately a reduction of 5.5%, due to lower power generation and gas transport.
- GHG emissions/ Equivalent produced electricity decreased by 2% compared to a year earlier due to the circumstance that in 2018

power plants reported higher consumption of refinery gas in place of natural gas.

- In 2019, the Gas & Power segment reported an adjusted operating profit of €654 million, up by 20% compared to 2018, mainly due to optimization of gas and power assets portfolio in Europe, which benefitted from a volatile scenario and a better performance of the retail business thanks to the more effective

commercial initiatives, higher extracommodity revenues and lower opex.

→ Eni worldwide gas sales amounted to 73.07 bcm, down by 3.64 bcm or 4.7% compared to 2018. Eni's sales in Italy (37.85 bcm) decreased by 3% compared to 2018.

→ Power sales amounted to 39.49 TWh, recording an increase of 6.5% (up by 2.42 TWh) compared to 2018, mainly due to higher volumes sold to the Italian free market.

→ Capital expenditure amounting to €230 million mainly concerned the gas marketing activities and the power business.

Agreements for the supply and transportation of natural gas

In May 2019, Eni signed an agreement with the state-owned company Sonatrach for the renewal of supply contracts to import Algerian gas in Italy until 2027 (with two additional optional years). In July 2019, Eni finalized the contract for the transport of Algerian gas to Italy via the Tunisian onshore and offshore pipelines.

The contract signed, through the subsidiary Trans Tunisian Pipeline Company (TTPC), provides for the exclusive right to operate the gas pipeline on the whole transportation capacity for the next 10 years and the commitment to support the necessary investments to modernize the infrastructure.

Agreement for LNG supply with Nigeria LNG

Signed an agreement for ten-year supply of 1.5 million tons of LNG with the Nigeria LNG Limited joint venture, which allows Eni

to add volumes to its global LNG portfolio for a total of 2.6 million tons and to support growth in the main target markets.

Damietta liquefaction plant

Signed a number of agreements with the Arab Republic of Egypt (ARE), the Egyptian General Petroleum Corporation (EGPC), the Egyptian Natural Gas Holding Company (EGAS) and the Spanish company Naturgy, in order to restart the Damietta liquefaction plant in Egypt by June 2020. The agreements provide for the amicable resolution of the pending disputes of Union Fenosa Gas with EGAS and ARE, and the subsequent corporate restructuring of Union Fenosa Gas, whose 80% participation in the Damietta plant will be transferred to Eni (50%) and to EGAS

(30%). Eni will also take over the contract for the purchase of natural gas for the plant and will receive corresponding liquefaction rights, thus increasing the volumes of LNG in its portfolio by 3.78 billion cubic meters per year. Eni will take over the commercial activities of natural gas in Spain from Unión Fenosa Gas, strengthening its presence in the European gas market. The effectiveness of the agreements is subordinated to the occurrence of certain conditions precedent.

Development of the retail portfolio in the distributed generation from renewable sources

In November 2019, Eni, through the subsidiary Eni gas e luce, completed the acquisition of 70% of Evolvere SpA, a company leader in sale, installation and maintenance of photovoltaic systems and storage systems for residential and business

customers. The acquisition has been finalized in January 2020. Leveraging on this operation, Eni will be a market leader in power generation from renewable sources in Italy.

Charging solutions for electric mobility

As part of its strategy for sustainable mobility business, Eni, through the subsidiary Eni gas e luce, has launched the E-start HUB service which offers complete charging solutions for electric

mobility in the residential and business sectors, from project development to installation, maintenance and digital services.

Digital transformation initiatives

The planned initiatives of digital transformation mainly concern the acquisition, management and support of customers, energy management and digitalization of the support functions. Projects of digital transformation are currently under way aimed at the digital evolution of the methods of interaction with the customer base

(current and potential) and the enhancement of the information assets in terms of new data sources (Big data & Advanced Analytics) in order to prevent churn, promote dedicated commercial offers and risk management.

NATURAL GAS

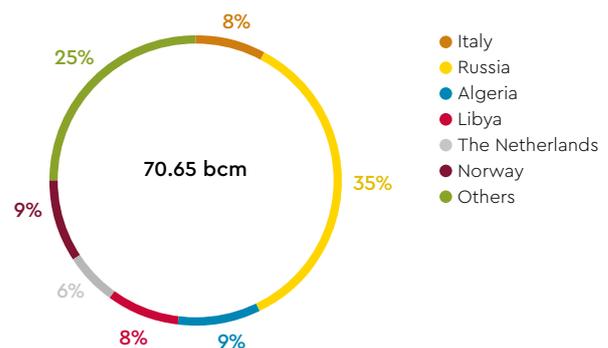
Eni operates in a liberalized market where energy customers are allowed to choose the gas supplier and, according to their specific needs, to evaluate the quality of services and offers. Overall Eni supplies 9.4 million retail clients (gas and electricity) in Italy and Europe. In particular, clients located all over Italy are 7.7 million. In a trading environment characterized by a slight increasing demand (approximately up by 2% in the Italian market compared to the previous year and up by 3% in the European Union, mainly leveraging on power sector thanks to the competitive gas prices in Italy and Europe, both) leveraging on power segment thanks to a competitive structure of gas prices in Europe and Italy and characterized by a raised competitive pressure, Eni carried out a number of initiatives, – such as renegotiation of supply contracts, efficiency and optimization actions – in order to consolidate the business profitability in a weak demand scenario (for further information on the European scenario, see chapter on “Risk factors” below).

SUPPLY OF NATURAL GAS

In 2019, Eni's consolidated subsidiaries supplied 70.65 bcm of natural gas, down by 3.50 bcm or by 4.7% from the full year 2018. Gas volumes supplied outside Italy from consolidated subsidiaries (65.21 bcm), imported in Italy or sold outside Italy, represented

approximately 92% of total supplies, decreased by 3.61 bcm or by 5.2% from the full year 2018. This mainly reflected lower volumes purchased in Algeria (down by 5.36 bcm), in Russia (down by 1.53 bcm), in Indonesia (down by 1.48 bcm), partly offset by higher purchases in France (up by 2.90 bcm), Libya (up by 1.31 bcm) and in the United States of America (up by 1.20 bcm). Supplies in Italy (5.44 bcm) increased by 2.1% from the full year 2018.

SUPPLIES OF ENI'S CONSOLIDATED SUBSIDIARIES



Supply of natural gas

	(bcm)	2019	2018	2017	Change	% Ch.
Italy		5.44	5.33	5.05	0.11	2.1
Russia		24.71	26.24	28.09	(1.53)	(5.8)
Algeria (including LNG)		6.66	12.02	13.18	(5.36)	(44.6)
Libya		5.86	4.55	4.76	1.31	28.8
Netherlands		4.12	3.95	5.20	0.17	4.3
Norway		6.43	6.75	7.48	(0.32)	(4.7)
United Kingdom		1.75	2.21	2.36	(0.46)	(20.8)
Indonesia (LNG)		1.58	3.06	0.74	(1.48)	(48.4)
Qatar (LNG)		2.79	2.56	2.36	0.23	9.0
Other supplies of natural gas		7.91	5.52	6.75	2.39	43.3
Other supplies of LNG		3.40	1.96	2.31	1.44	73.5
OUTSIDE ITALY		65.21	68.82	73.23	(3.61)	(5.2)
TOTAL SUPPLIES OF ENI'S CONSOLIDATED SUBSIDIARIES		70.65	74.15	78.28	(3.50)	(4.7)
Offtake from (input to) storage		0.08	0.08	0.31		
Network losses, measurement differences and other changes		(0.22)	(0.18)	(0.45)	(0.04)	(22.2)
AVAILABLE FOR SALE BY ENI'S CONSOLIDATED SUBSIDIARIES		70.51	74.05	78.14	(3.54)	(4.8)
Available for sale by Eni's affiliates		2.56	2.66	2.69	(0.10)	(3.8)
TOTAL AVAILABLE FOR SALE		73.07	76.71	80.83	(3.64)	(4.7)

In 2019, main gas volumes from equity production derived from: (i) Italian gas fields (3.4 bcm); (ii) certain Eni fields located in the British and Norwegian sections of the North Sea (2.3 bcm); (iii) Libyan fields (1.8 bcm); (iv) Indonesia (0.8 bcm); and (v) the United States (0.2 bcm). Supplied gas volumes from equity

production were approximately 8.5 bcm representing around 12% of total volumes available for sale.

The available for sale by Eni's affiliates amounted to 2.56 bcm (down by 3.8% compared to 2018) and mainly referred to supplied volumes from Oman, Spain, the United States and Nigeria.

SALES OF NATURAL GAS

In a 2019 scenario characterized by a raising competitive pressure, natural gas sales amounted to 73.07 bcm (including Eni's own consumption, Eni's share of sales made by equity-

accounted entities), down by 3.64 bcm or 4.7% from the previous year.

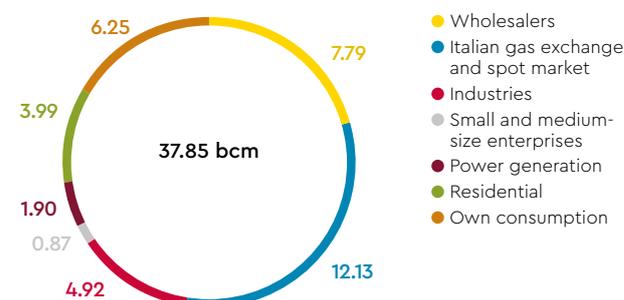
Gas sales by entity

	(bcm)	2019	2018	2017	Change	% Ch.
Total sales of subsidiaries		70.39	73.70	77.52	(3.31)	(4.5)
Italy (including own consumption)		37.85	39.03	37.43	(1.18)	(3.0)
Rest of Europe		25.56	27.58	36.10	(2.02)	(7.3)
Outside Europe		6.98	7.09	3.99	(0.11)	(1.6)
Total sales of Eni's affiliates (net to Eni)		2.68	3.01	3.31	(0.33)	(11.0)
Rest of Europe		1.51	1.84	2.13	(0.33)	(17.9)
Outside Europe		1.17	1.17	1.18		
WORLDWIDE GAS SALES		73.07	76.71	80.83	(3.64)	(4.7)

Sales in Italy (37.85 bcm) decreased by 3% from the full year 2018 mainly driven by lower sales to wholesalers, hub and residential segments, partly offset by higher sales to thermo-electrical and industrial segment. Sales to importers in Italy (4.37 bcm) increased by 27.8% from 2018 due to the higher availability of Libyan gas.

Sales in the European markets amounted to 22.70 bcm, a decrease of 12.7% or 3.30 bcm from 2018. Sales in the Extra European markets decreased by 0.11 bcm or 1.3% from the previous year, due to lower LNG sales in the Far East markets, partly offset by higher volumes sold in the United States.

GAS SALES IN ITALY



Gas sales by market

	(bcm)	2019	2018	2017	Change	% Ch.
ITALY		37.85	39.03	37.43	(1.18)	(3.0)
Wholesalers		7.79	9.15	8.36	(1.36)	(14.9)
Italian gas exchange and spot markets		12.13	12.49	10.81	(0.36)	(2.9)
Industries		4.92	4.79	4.42	0.13	2.7
Small and medium-sized enterprises and services		0.87	0.79	0.93	0.08	10.1
Power generation		1.90	1.50	2.22	0.40	26.7
Residential		3.99	4.20	4.51	(0.21)	(5.0)
Own consumption		6.25	6.11	6.18	0.14	2.3
INTERNATIONAL SALES		35.22	37.68	43.40	(2.46)	(6.5)
Rest of Europe		27.07	29.42	38.23	(2.35)	(8.0)
Importers in Italy		4.37	3.42	3.89	0.95	27.8
European markets:		22.70	26.00	34.34	(3.30)	(12.7)
Iberian Peninsula		4.22	4.65	5.06	(0.43)	(9.2)
Germany/Austria		2.10	1.83	6.95	0.27	14.8
Benelux		3.77	5.29	5.06	(1.52)	(28.7)
UK/Northern Europe		1.75	2.22	2.21	(0.47)	(21.2)
Turkey		5.56	6.53	8.03	(0.97)	(14.9)
France		4.48	4.95	6.38	(0.47)	(9.5)
Other		0.82	0.53	0.65	0.29	54.7
Extra European markets		8.15	8.26	5.17	(0.11)	(1.3)
WORLDWIDE GAS SALES		73.07	76.71	80.83	(3.64)	(4.7)

LNG

	(bcm)	2019	2018	2017	Change	% Ch.
Europe		5.5	4.7	5.2	0.8	17.0
Outside Europe		4.6	5.6	3.1	(1.0)	(17.9)
TOTAL LNG SALES		10.1	10.3	8.3	(0.2)	(1.9)

In 2019, LNG sales (10.1 bcm, included in the worldwide gas sales) decreased by 1.9% from the 2018 and mainly concerned LNG from

Qatar, Nigeria, Indonesia and Oman and marketed in Europe, China, Pakistan and Japan.

POWER

Availability of electricity

Eni's power generation sites are located in Brindisi, Ferrara Erbognone, Ravenna, Mantova, Ferrara and Bolgiano. As of December 31, 2019, installed operational capacity of Enipower's power plants was 4.7 GW unchanged from 2018. In 2019, thermoelectric power generation was 21.66 TWh, substantially in line compared to 2018. Electricity trading (17.83 TWh) reported an increase of 15.4% from 2018, thanks to the optimization of inflows and outflows of power.

Power sales

In 2019, power sales of 39.49 TWh increased by 6.5% from the full year 2018 and were directed to the free market (72%), the Italian power exchange (18%), industrial sites (9%) and other (1%). Compared to 2018, power sales marketed in the free market increased by 2.40 TWh or by 9.3%, due to higher volumes sold to wholesalers segment (up by 3.10 TWh), middle market (up by 1.18 TWh) and residential (up by 1.18 TWh) partly offset by lower volumes sold to the large customers (down by 3.23 TWh).

		2019	2018	2017	Change	% Ch.
Purchases of natural gas	(mmcm)	4,410	4,300	4,359	110	2.6
Purchases of other fuels	(ktoe)	276	356	392	(80)	(22.5)
Power generation	(TWh)	21.66	21.62	22.42	0.04	0.2
Steam	(ktonnes)	7,646	7,919	7,551	(273)	(3.4)

AVAILABILITY OF ELECTRICITY

	(TWh)	2019	2018	2017	Change	% Ch.
Power generation		21.66	21.62	22.42	0.04	0.2
Trading of electricity ^(a)		17.83	15.45	12.91	2.38	15.4
Availability		39.49	37.07	35.33	2.42	6.5
Free market		28.31	25.91	26.53	2.40	9.3
Italian Exchange for electricity		7.27	7.17	5.21	0.10	1.4
Industrial plants		3.38	3.49	3.01	(0.11)	(3.2)
Other ^(a)		0.53	0.5	0.58	0.03	6.0
Power sales		39.49	37.07	35.33	2.42	6.5

(a) Includes positive and negative imbalances (difference between the electricity effectively fed-in and as scheduled).

CAPITAL EXPENDITURE

In 2019, capital expenditure amounted to €230 million, mainly relating to gas marketing initiatives (€176 million) and to the

maintenance, flexibility and upgrading initiatives of combined cycle power plants (€42 million).

	(€ million)	2019	2018	2017	Change
Marketing		218	207	138	11
Marketing		176	161	102	15
<i>Italy</i>		94	93	63	1
<i>Outside Italy</i>		82	68	39	14
Power generation		42	46	36	(4)
International transport		12	8	4	4
TOTAL CAPITAL EXPENDITURE		230	215	142	15
<i>of which:</i>					
<i>Italy</i>		136	139	99	(3)
<i>Outside Italy</i>		94	76	43	18

Refining & Marketing and Chemicals

KEY PERFORMANCE INDICATORS		2019	2018	2017
TRIR (Total Recordable Injury Rate)	(total recordable injuries/worked hours) x 1,000,000	0.27	0.56	0.62
of which: employees		0.24	0.49	0.56
contractors		0.29	0.62	0.69
Sales from operations ^(a)	(€ million)	23,334	25,216	22,107
Operating profit (loss)		(854)	(380)	981
Adjusted operating profit (loss)		(48)	380	991
- Refining & Marketing		220	390	531
- Chemicals		(268)	(10)	460
Adjusted net profit (loss)		(75)	238	663
Capital expenditure		933	877	729
Refinery throughputs on own account in Italy and outside Italy	(mmt tonnes)	22.74	23.23	24.02
Conversion index ^(b)	(%)	56	54	54
Average refineries utilization rate ^(b)		88	91	90
Bio throughputs	(ktonnes)	311	253	242
Capacity of biorefineries ^(c)	(ktonnes/year)	660	360	360
Retail sales of petroleum products in Europe	(mmt tonnes)	8.25	8.39	8.54
Service stations in Europe at year end	(number)	5,411	5,448	5,544
Average throughput per service station in Europe	(kliters)	1,766	1,776	1,783
Retail efficiency index	(%)	1.23	1.20	1.20
Production of petrochemical products	(ktonnes)	8,068	9,483	8,955
Sale of petrochemical products		4,285	4,938	4,646
Average plant utilization rate	(%)	67	76	73
Employees at year end	(number)	11,291	11,136	10,916
of which: outside Italy		2,390	2,396	2,336
Direct GHG emissions	(mmt tonnes CO ₂ eq)	7.97	8.19	7.82
GHG emissions/Refinery throughputs (raw and semi-finished materials)	(tonnes CO ₂ eq/ktonnes)	248	253	258

(a) Before elimination of intragroup sales.

(b) Since the participation interest in ADNOC Refining has been acquired effective August 1, 2019, the utilization rate has been calculated only for refineries owned or participated for the full year. The conversion index include ADNOC Refining.

(c) Includes the pro-rata of installed capacity of Gela's biorefinery (720,000 tonnes/y) started in August 2019.

Performance of the year

- In 2019, the total recordable injury rate (TRIR) confirms Eni's commitment in the field of health and security with a decrease of 52% compared to 2018, with the contribution of both employees and contractors.
- Greenhouse gas emissions (GHG) reported a decrease of 2.7% in absolute terms as result of shutdowns of some chemical plants.

- GHG emissions relating to refining throughputs decreased by 2% thanks to energy efficiency measures.
- In 2019, the Refining & Marketing and Chemicals segment reported an adjusted operating loss of €48 million, representing a decrease of €428 million from the 2018 adjusted operating profit of €380 million. The Refining & Marketing business reported an adjusted

operating profit of €220 million (down by 44%), due to the unfavourable refining scenario, partially offset by a strong marketing performance.

The Chemical business reported an adjusted operating loss of €268 million, negatively affected by a depressed trading environment due to a slowdown in demand from the main end-markets, the weaker demand of single-use plastics and the unavailability of the Priolo plant.

- Breakeven refining margin was 5.8 \$/barrel in 2019, 3.5 \$/barrel assuming the budget scenario of exchange rates and oil spreads, due to narrowing price differentials between heavy crudes and the Brent market benchmark and to lower product spreads, in particular lubricants and gasolines.
- In 2019 Eni's refining throughputs amounted to 22.74 mmt tonnes, slightly lower y-o-y (down by 2.1%) due to lower throughputs at the Bayernoil refinery, following the unavailability in the early nine months of the year of the

Vohburg facility, Livorno and Milazzo refineries, as well as the PCK participated refinery. These negatives were partly offset by higher volumes processed at the Taranto refinery.

- Production of biofuels from vegetable oil increased by 22.9% from 2018 to 0.31 mmt tonnes, driven by the start-up of the Gela biorefinery in August 2019.
- Retail sales in Italy were 5.81 mmt tonnes, slightly decreasing by 1.7% from 2018.
- Retail sales in the Rest of Europe (2.44 mmt tonnes) were down by 1.6% compared to 2018, mainly due to lower volumes traded in Germany, due to the event occurred at the Bayernoil refinery and in France.
- Sales of petrochemical products amounted to 4.29 mmt tonnes, recording a decrease of 13.2% y-o-y, mainly due to lower intermediates sale volumes.
- Capital expenditure of €933 million mainly related to refining activities.

Closing of the ADNOC Refining acquisition

In July 2019, finalized the acquisition of a 20% stake in ADNOC Refining in Abu Dhabi, for a consideration of \$3.24 billion, including the 20% of a Trading Joint Venture to set-up for the oil products

marketing. This transaction is part of Eni's strategy targeting portfolio geographical diversification in order to balance Eni's value chain, with a 35% increase in its refining capacity.

Gela biorefinery start-up

In August 2019, Eni started-up the Gela biorefinery with an installed capacity of 720,000 tonnes/year and equipped with the Ecofining™ technology, developed by Eni, to convert into biodiesel, vegetable oil and second generation raw materials,

such as used cooking oil and animal fat. The start-up of Gela biorefinery represents a further step along the path to decarbonisation of Eni's activities.

Agreements to support circular economy in biofuels

In 2019, Eni signed some agreements for the joint development of new solutions to support circular economy: with COREPLA (National Consortium for the Collection, Recycling and Recovery of Plastic Packaging) to produce hydrogen from non-recyclable plastic packaging waste (plasmix); with Biogas Italian Consortium to produce refined products for automotive from biogas and biomethane; with Nextchem (Maire Tecnimont group) to develop a conversion technology to transform civil waste and

non-recyclable plastic into fuels and chemical products; with Coldiretti to produce biofuels from agricultural biomasses, researching crops that do not compete with the food chain, usable as alternative feedstock for biorefineries; with Italian regions, in particular with Region of Lombardia, which joined the Memorandum for sustainable development. These agreements confirm Eni's commitment towards innovative solutions to promote the ongoing energy transition.

Integrated supply chain for the development of special polymers

In February 2020, Versalis acquired a 40% interest in Finproject, the Italian leader company in the compounding business and in the production of ultralight products, to create an integrated supply chain of special polymers and to grow internationally. The acquisition, through the development of innovative solutions in the fashion,

design and footwear sectors and for industrial applications, will allow Versalis to leverage on more resilient businesses to the volatility of the chemical scenario, thus exploiting its own expertise in the polymer production and Finproject's technology. This transaction is subject to approval by the relevant authorities.

Development of circular economy in the chemical business

As a part of Eni's commitment in the circular economy applied to the chemical business, Eni developed Versalis Revive®, a line of products (styrenics and polyethylene) made of post-consumer plastic. The products have been developed in collaboration with Montello SpA, leading operator in Europe in plastic recovery and recycling technologies, with which Eni signed an

agreement to develop new processes for the transformation of recycled packaging. Furthermore, Eni developed an expandable polystyrene (Extir® FL3000) with enhanced mechanical properties, able to minimize the risk of plastic granules leaking into the environment and to embed more recycled materials.

Digital transformation initiatives

In 2019, Eni launched certain digital transformation initiatives mainly relating to: (i) the spread of new technologies and state of the art devices to support the safety of workers of the Sannazzaro and Venice refineries; (ii) the advanced monitoring of the pipeline

network with eVPMS-TPI (Third Parties Interference) system; and (iii) the management and the evolution of the information systems related to the Smart Mobility and to the e-payment, aimed at improve customer care actions.

REFINING & MARKETING

SUPPLY AND TRADING

In 2019, were purchased 23.43 mmt tonnes of crude (compared with 22.62 mmt tonnes in 2018), of which 4.24 mmt tonnes by equity crude oil, 14.06 mmt tonnes on the spot market and 5.13 mmt tonnes by producing Countries with term contracts. The breakdown by

geographic area was as follows: 24% of purchased crude came from the Middle East, 23% from Russia, 17% from Central Asia, 13% from Italy, 13% from North Africa, 2% from West Africa, 2% from North Sea and 6% from other areas.

Purchases

	(mmt tonnes)	2019	2018	2017	Change	% Ch.
Equity crude oil		4.24	4.14	3.51	0.10	2.4
Other crude oil		19.19	18.48	20.77	0.71	3.8
Total crude oil purchases		23.43	22.62	24.28	0.81	3.6
Purchases of intermediate products		0.26	0.65	0.96	(0.39)	(60.0)
Purchases of products		11.45	11.55	10.92	(0.10)	(0.9)
TOTAL PURCHASES		35.14	34.82	36.16	0.32	0.9
Consumption for power generation		(0.35)	(0.35)	(0.34)		
Other changes ^(a)		(2.08)	(1.27)	(1.76)	(0.81)	(63.8)
TOTAL AVAILABILITY		32.71	33.20	34.06	(0.49)	(1.5)

(a) Include change in inventories, decrease due to transportation, consumption and losses.

REFINING

In 2019, Eni's refining throughputs on own account in Europe were 22.74 mmt tonnes, slightly decreased by 2.1% from 2018, due to: the lower throughputs at the Bayernoil refinery, as a result of the unavailability of the Vohburg facility in the early nine months of the year following the event occurred in September 2018, the adverse climatic events at the Milazzo refinery, as well as the participated PCK refinery, affected by the Druzhba pipeline contamination. These negatives were partially offset by higher volumes processed by the Taranto refinery following lower maintenance standstills.

In Italy, the refinery throughputs (20.70 mmt tonnes) were in line with 2018. The lower volumes processed at refineries affected by higher maintenance standstills, logistic issues due to adverse

climatic events and the upset at the Milazzo refinery, as well as the lower throughputs at the Livorno refinery to counteract the scenario, were offset by higher volumes processed at the Taranto refinery leveraging on fewer shutdowns.

Outside Italy, Eni's refining throughputs on own account were 2.04 mmt tonnes, down by approximately 510 ktonnes or 20% due to the above mentioned downtime of the Bayernoil refinery. Total throughputs in wholly-owned refineries were 17.26 mmt tonnes, up by 0.48 mmt tonnes or 2.9% compared with 2018.

The refinery utilization rate, ratio between throughputs and refinery capacity, is 88%.

Approximately 18.9% of processed crude was supplied by Eni's Exploration & Production segment, increasing by 18.3% from 2018.

BIOREFINERY

The volumes of biofuels produced from vegetable oil increased by 22.9% compared to 2018, driven by the start-up of the Gela biorefinery

in August 2019, where full production ramp-up is underway, while the Venice biorefinery has been hit by unplanned downtime.

Availability of refined products

	(mmtonnes)	2019	2018	2017	Change	% Ch.
ITALY						
At wholly-owned refineries		17.26	16.78	16.03	0.48	2.9
Less input on account of third parties		(1.25)	(1.03)	(0.34)	(0.22)	(21.4)
At affiliated refineries		4.69	4.93	5.46	(0.24)	(4.9)
Refinery throughputs on own account		20.70	20.68	21.15	0.02	0.1
Consumption and losses		(1.38)	(1.38)	(1.36)		
Products available for sale		19.32	19.30	19.79	0.02	0.1
Purchases of refined products and change in inventories		7.27	7.50	6.74	(0.23)	(3.1)
Products transferred to operations outside Italy		(0.68)	(0.54)	(0.46)	(0.14)	(25.9)
Consumption for power generation		(0.35)	(0.35)	(0.34)		
Sales of products		25.56	25.91	25.73	(0.35)	(1.4)
Bio throughputs		0.31	0.25	0.24	0.06	22.9
OUTSIDE ITALY						
Refinery throughputs on own account		2.04	2.55	2.87	(0.51)	(20.0)
Consumption and losses		(0.18)	(0.20)	(0.22)	0.02	10.0
Products available for sale		1.86	2.35	2.65	(0.49)	(20.9)
Purchases of refined products and change in inventories		4.17	4.12	4.36	0.05	1.2
Products transferred from Italian operations		0.68	0.54	0.46	0.14	25.9
Sales of products		6.71	7.01	7.47	(0.30)	(4.3)
REFINERY THROUGHPUTS ON OWN ACCOUNT		22.74	23.23	24.02	(0.49)	(2.1)
<i>of which: refinery throughputs of equity crude on own account</i>		4.24	4.14	3.51	0.10	2.4
TOTAL SALES OF REFINED PRODUCTS		32.27	32.92	33.20	(0.65)	(2.0)
Crude oil sales		0.44	0.28	0.86	0.16	57.1
TOTAL SALES		32.71	33.20	34.06	(0.49)	(1.5)

MARKETING OF REFINED PRODUCTS

In 2019, retail sales of refined products (32.27 mmtonnes) were down by 0.65 mmtonnes or by 2% from 2018, mainly due to the decrease of

sales to oil companies and petrochemical industry in Italy and lower volumes marketed in the wholesalers segment in the Rest of Europe.

Product sales in Italy and outside Italy

	(mmtonnes)	2019	2018	2017	Change	% Ch.
Retail		5.81	5.91	6.01	(0.10)	(1.7)
Wholesale		7.68	7.54	7.64	0.14	1.9
Petrochemicals		0.83	0.96	0.86	(0.13)	(13.5)
Other sales		11.24	11.50	11.22	(0.26)	(2.3)
Sales in Italy		25.56	25.91	25.73	(0.35)	(1.4)
Retail rest of Europe		2.44	2.48	2.53	(0.04)	(1.6)
Wholesale rest of Europe		2.63	2.82	3.03	(0.19)	(6.7)
Wholesale outside Europe		0.48	0.47	0.45	0.01	2.1
Other sales		1.16	1.24	1.46	(0.08)	(6.5)
Sales outside Italy		6.71	7.01	7.47	(0.30)	(4.3)
TOTAL SALES OF REFINED PRODUCTS		32.27	32.92	33.20	(0.65)	(2.0)

Retail sales in Italy

In 2019, retail sales in Italy were 5.81 mmtonnes, with a decrease compared to 2018 (about 100 ktonnes from 2018 or down by 1.7%). Retail sales in the premium segment increased significantly. Average gasoline and gasoil throughput (1,586 kliters) was substantially in line with 2018. Eni's retail market share of 2019 was 23.7%, slightly down from 2018 (24%). As of December 31,

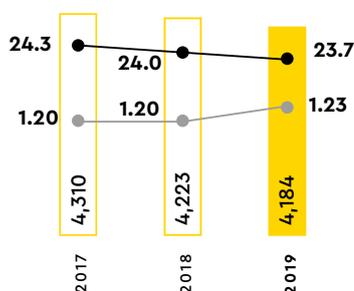
2019, Eni's retail network in Italy consisted of 4,184 service stations, lower by 39 units from December 31, 2018 (4,223 service stations), resulting from the negative balance of acquisitions/releases of lease concessions (34 units), closure of low throughput stations (6 units), partly offset by the net increase of 1 motorway concession.

Retail and wholesale sales of refined products

	(mmtonnes)	2019	2018	2017	Change	% Ch.
Italy		13.49	13.45	13.65	0.04	0.3
Retail sales		5.81	5.91	6.01	(0.10)	(1.7)
Gasoline		1.44	1.46	1.51	(0.02)	(1.4)
Gasoil		3.95	4.03	4.08	(0.08)	(2.0)
LPG		0.38	0.38	0.38		
Others		0.04	0.04	0.04		
Wholesale sales		7.68	7.54	7.64	0.14	1.9
Gasoil		3.41	3.25	3.36	0.16	4.9
Fuel Oil		0.06	0.07	0.08	(0.01)	(14.3)
LPG		0.18	0.20	0.21	(0.02)	(10.0)
Gasoline		0.47	0.44	0.44	0.03	6.8
Lubricants		0.08	0.08	0.08		
Bunker		0.77	0.80	0.85	(0.03)	(3.8)
Jet fuel		1.92	1.98	1.96	(0.06)	(3.0)
Other		0.79	0.72	0.66	0.07	9.7
Outside Italy (retail+wholesale)		5.55	5.77	6.01	(0.22)	(3.8)
Gasoline		1.31	1.30	1.21	0.01	0.8
Gasoil		3.02	3.16	3.29	(0.14)	(4.4)
Jet fuel		0.29	0.33	0.50	(0.04)	(12.1)
Fuel Oil		0.09	0.14	0.13	(0.05)	(35.7)
Lubricants		0.09	0.09	0.10		
LPG		0.50	0.50	0.51		
Other		0.25	0.25	0.27		
TOTAL RETAIL AND WHOLESALSALES SALES		19.04	19.22	19.66	(0.18)	(0.9)

RETAIL EFFICIENCY INDEX AND MARKET SHARE IN ITALY

● Market share (%) ● Service stations (No.)
● Retail efficiency index (%)



Retail sales in the Rest of Europe

Retail sales in the Rest of Europe were 2.44 mmtonnes, recording a slight reduction from 2018 (down by 1.6%) mainly due to lower volumes traded in Germany, following the unavailability of the Bayernoil plant and in France.

At December 31, 2019, Eni's retail network in the Rest of Europe consisted of 1,227 units, increasing by 2 units from December 31, 2018, mainly in Germany. Average throughput (2,356 kliters) decreased by 35 kliters compared to 2018 (2,391 kliters).

Wholesale and other sales

Wholesale sales in Italy amounted to 7.68 mmtonnes, increasing by 1.9% from 2018, mainly due to higher volumes marketed of gasoil, bitumen and gasoline, partly offset by lower sales of jet fuel and bunkers.

Wholesale sales in the Rest of Europe were 2.63 mmtonnes, down by 6.7% from 2018 due to lower sold volumes in Germany due to the unavailability of the Bayernoil refinery and France, partly offset by higher volumes in Switzerland, Spain and Austria.

Supplies of feedstock to the petrochemical industry (0.83 mmtonnes) decreased by 13.5%. Other sales in Italy and outside Italy (12.40 mmtonnes) slightly decreased by 0.34 mmtonnes or by 2.7%, mainly due to lower volumes sold to oil companies.

CHEMICALS

Product availability

	(ktonnes)	2019	2018	2017	Change	% Ch.
Intermediates		5,818	7,130	6,595	(1,312)	(18.4)
Polymers		2,250	2,353	2,360	(103)	(4.4)
Production		8,068	9,483	8,955	(1,415)	(14.9)
Consumption and losses		(4,307)	(5,085)	(4,566)	778	15.3
Purchases and change in inventories		524	540	257	(16)	(3.0)
TOTAL AVAILABILITY		4,285	4,938	4,646	(653)	(13.2)
Intermediates		2,519	3,087	2,748	(568)	(18.4)
Polymers		1,766	1,851	1,898	(85)	(4.6)
TOTAL SALES		4,285	4,938	4,646	(653)	(13.2)

Petrochemical sales of 4,285 ktonnes decreased from 2018 (down by 653 ktonnes, or 13.2%) mainly in ethylene, olefins and derivatives.

Average sale prices of the intermediates business decreased by 9.9% from 2018, with derivatives and olefins down by 10.6% and 10.2%, respectively. The polymers reported a decrease of 10.8% from 2018.

Petrochemical production of 8,068 ktonnes decreased by 1.42 mtonnes (down by 14.9%) mainly due to lower production of intermediates business (down by 18.4%), in particular aromatics and olefins; the polymers production of 2,250 ktonnes decreased by 4.4% from 2018 with elastomers, polyethylene and styrenics down by 7%, 3.9% and 3.8%, respectively.

The main decreases in production were registered at the Priolo site (down by 23.3%), due to the event occurred at the beginning of 2019 with the ramp-up finalized between April and July, at the Porto Marghera (down by 21.9%) and Dunkerque (down by 17.1%) sites due to unplanned shutdowns.

Plants nominal capacity is in line with the 2018. The average plant utilization rate, calculated on nominal capacity, was 66.8%, decreasing from 2018 (76.2%) following the aforementioned shutdowns.

Polymers

Polymers revenues (€2,201 million) decreased by €388 million or 15% from 2018 due to lower volumes sold (down by 4.6%), as well as the decrease of the average prices (down by 10.8%). The styrenics business registered the decrease of volumes sold (down by 4.3%) for lower product availability; decrease of sale prices (down by 14.7%). Polyethylene volumes decreased (down by 5%) due to oversupply and mounting competitive pressure from cheaper products streams from the Middle-East and the USA; decreasing of average prices (down by 7.7%). In the elastomers business, a decrease of sold volumes (down by 4.9%) was attributable to NBR rubbers (down by 10.3%), thermoplastic rubbers (down by 14.8%) and BR (down by 3.7%); increasing of SBR rubbers (up by 1.7%) and lattices (up by 1%). Lower styrenics volumes sold (down by 2%) were mainly driven by reduced sales of styrene (down by 13.8%), and compact polystyrene (down by 5.9%); higher sales of ABS/SAN (up by 12.9%) and expandable polystyrene (up by 0.4%). Overall, the sold volumes of polyethylene business reported a decrease (down by 5%) with lower sales of LLDPE and LDPE (down by 4.3% and 21.7%, respectively), while volumes of EVA increased (up by 39.9%). Polymers productions (2,250 ktonnes) decreased from the 2018 due to the lower production of elastomers (down by 7%), polyethylene (down by 3.9%) and styrenics (down by 3.8%).

BUSINESS PERFORMANCES

Intermediates

Intermediates revenues (€1,791 million) decreased by €610 million from 2018 (down by 25.4%) reflecting both the lower commodity prices scenario influencing average intermediates prices of main products and the lower product availability due to plant standstills. Sales decreased by 18.4%, in particular for ethylene business (down by 38%), olefins (down by 21.9%) and derivatives (down by 13.4%) following the lower product availability. Average prices decreased by 9.9%, in particular olefins (down by 10.2%), aromatics (down by 5.4%) and derivatives (down by 10.6%). Intermediates production (5,818 ktonnes) registered a decrease of 18.4% from the 2018. Decreases were registered in aromatics (down by 19.6%), olefins (down by 18.9%) and derivatives (down by 11.3%).

CAPITAL EXPENDITURE

In 2019, capital expenditure in the Refining & Marketing and Chemicals segment amounted to €933 million mainly regarding: (i) refining activity in Italy and outside Italy (€683 million) aiming fundamentally at reconstruction works of the EST conversion plant at the Sannazzaro refinery, reconversion of Gela refinery into a biorefinery, maintain plants' integrity, reconversion of refinery system, as well as initiatives in the field of health, security and environment; (ii) marketing activity, mainly regulation compliance and stay in business initiatives in the refined product retail network in Italy and in the Rest of Europe (€132 million); (iii) in the Chemical business, maintenance (€67 million), environmental protection, safety and environmental regulation (€26 million), upgrading and decarbonization activities (€20 million). Research and Development (R&D) expenditure in the Refining & Marketing and Chemicals segment amounted to approximately €48 million. During the year, 8 patent applications were filed.

	(€ million)	2019	2018	2017	Change
Refining		683	587	395	96
Marketing		132	139	131	(7)
		815	726	526	89
Chemicals		118	151	203	(33)
TOTAL CAPITAL EXPENDITURE		933	877	729	56

Corporate and other activities

KEY PERFORMANCE INDICATORS		2019	2018	2017
TRIR (Total Recordable Injury Rate)	(total recordable injuries/worked hours) x 1,000,000	0.51	0.53	0.41
of which: employees		0.20	0.55	0.21
contractors		1.01	0.48	1.00
Sales from operations ^(a)	(€ million)	1,681	1,589	1,462
Operating profit (loss)		(710)	(691)	(668)
Adjusted operating profit (loss)		(624)	(606)	(542)
Adjusted net profit (loss)		(884)	(965)	(1,041)
Capital expenditure		231	143	87
Photovoltaic/wind installed capacity	(MW)	167	40	n.d.
Electricity produced from renewable sources	(GWh)	66.9	19.3	16.1
Groundwater treatment	(mmcm)	30.7	29.7	22.2
Groundwater treated at TAF plants and used in the production cycle or reinjected		5.1	4.8	4.2
Waste disposed	(mmtonnes)	2.0	1.9	1.3
Recovered waste vs. recoverable waste	(%)	59	58	48
R&D expenditure	(€ million)	75	57	44
First patent filing application	(number)	14	13	7
Employees at year end	(number)	6,245	5,880	5,735
of which: outside Italy		254	238	234

(a) Before elimination of intragroup sales.

The "Corporate and other activities" includes the following businesses:

(i) the "Corporate and financial companies" segment includes results of operations of Eni's headquarters (Group strategic planning, human resources management, finance, administration, information technology, legal affairs, international affairs and corporate research and development functions) and Eni's subsidiaries (Eni Finance International SA, Banque Eni SA, Eni International BV, Eni Finance USA Inc, Eni Insurance DAC, EniServizi, Eni Corporate University, AGI and other minor subsidiaries) which carries out cash management activities, finance, general purposes services and support to Group businesses; (ii) the "other activities" segment comprises results of operations of Eni's subsidiary Eni Rewind, which runs reclamation and decommissioning activities pertaining to certain businesses which Eni exited, divested or shut down in past years and manages the stream of waste originated from industrial and remediation activities, as well as Energy Solutions business which engages in developing the business of renewable energy.

Performance of the year

- In 2019, the total recordable injury rate (TRIR) of the workforce reported a better performance compared to 2018, thanks to the Eni's constant commitment to ensure safety in the workplaces. In the year, initiatives continued, for both Eni's employees and contractors, for the dissemination of the safety culture and in particular to promote safe and correct behaviours in all environments. The "Safety starts @ office" campaign was launched to support safety in offices and headquarters starting from the "Safety Golden Rules".
- In 2019, the groundwater treated at TAF plants and used in the production cycle or reinjected increased by over 6%. This result confirms Eni's commitment in the growth of groundwater share reclaimed and reused for civil or industrial purposes, in the start-up of initiatives and assessments for the use of low-quality water in place of freshwater and the decrease of water intensity in the operations.
- Renewable energy installed capacity achieved 167 MW.
- In 2019, the Corporate and Other activities segment reported an increase of revenues of approximately 6% mainly as a result of the growth of global client activities, the environmental logistic services, as well as remediation initiatives carried out for Eni's Group.
- Capital expenditure (€231 million) were mainly focused on the development of renewable projects, circular economy and digitalization.
- In 2019, research and development expenditure amounted to €75 million (€57 million in 2018). 14 patent applications were filed.
- In 2019, were managed waste for a total amount of 2 mmt tonnes, the share of recovered/recycled waste increased by 5% compared to 2018.

Activities of the year

RENEWABLE ENERGIES

Eni's commitment to the development of renewables projects is going on, reaching a total installed capacity of 167 MW as of December 31, 2019, of which 82 MW in Italy and approximately 86 MW outside Italy.

Italy

- Among the "Progetto Italia", the photovoltaic plant at the industrial hub of Porto Torres in Sardinia was started-up, with an installed capacity of 31 MW. Energy produced will be addressed for a total share of 70% to own consumptions of the companies located in the industrial site.
- As of December 31, 2019, finalized around the 90% of the photovoltaic plant in Volpiano (Piemonte) with a total capacity of 18 MW (completed in January 2020).

Kazakhstan

- In 2019, realized the 70% of Badamsha plant, the first Eni's wind farm energy with a total capacity of 50 MW (completed in February 2020). The project, in partnership with General Electric (GE), is part of the agreement signed in 2017, by Eni, GE and the Minister of the Republic of Kazakhstan.

Australia

- Completed the Katherine plant in the Northern Region with a total capacity of 34 MW, integrated with an energy storage system and an installed storage power of about 6 MW.

Pakistan

- In November 2019, started the Bhit photovoltaic plant, the first Eni's solar project in Pakistan. This plant, supporting the production facilities at the Bhit gas field, provides solar energy

in an offgrid configuration. The peak capacity amounts to 10 MW, with a production of approximately 20 GWh/year. This plant allows to reduce gas consumptions.

Tunisia

- Completed the 5 MW photovoltaic system (Eni's interest 50%) in the Adam concession. The plant provides a storage battery system (with an installed storage capacity of 2.2 MW) which allows to support integration with the already existing gas turbines.
- The construction of a photovoltaic system with an installed capacity of 10 MW (Eni's interest 50%) is ongoing in the city of Tataouine. This project, awarded following a public tender launched by the Tunisian Ministry of Energy, provides the supply of green electricity to the State-owned company STEG (Société Tunisienne de l'Electricité et du Gaz).

CIRCULAR ECONOMY

- Development of the Waste to Fuel technology for the transformation of organic waste into refining intermediates, fuels components for fuels or chemical basis. In 2019, Eni Rewind started the identification of possible development opportunities in Italy. In particular, feasibility studies of a Waste to Fuel plant were realized at Porto Marghera, with a FORSU processing capacity until 150,000 tonnes per year.
- In 2019, Eni Rewind started the engineering phase of the first application on an industrial scale of its proprietary technology "Blue Water", for the treatment and recovery of produced water extracted from the reservoir. Inquiry is underway to obtain authorizations by local authorities.

New initiatives in portfolio

- In September and November 2019, following two competitive tenders, ArmWind LLP (Eni 100%) obtained the rights for the construction of a 48 MW wind farm energy in the Badamsha area and a 50 MW photovoltaic plant in the Southern Kazakhstan in the Shauldir area.
- In October 2019, completed the acquisition of a project for the construction of two 12.5 MW photovoltaic power plants each, at the Batchelor and Manton Dam sites in the Northern Area of Australia. The plants will be in production by the third quarter of 2020.

Strategic partnerships

In March 2019, Eni and Cassa Depositi e prestiti (CDP) signed a Memorandum of Understanding (MoU) aimed at the identification of projects in Italy in the field of circular economy, decarbonization and sustainability. In particular, the building of plants for the production of electricity from renewable sources, also leveraging on the relaunch of industrial sites and the joint realization of plants for the transformation of organic waste into bio oil and water. In August 2019, Eni Rewind and CDP signed an agreement for the realization of four Waste to Fuel plants with a total capacity of over 600 ktonnes per year. The engineering activities of the first industrial plant is ongoing at the reclaimed area of Porto Marghera.

In September 2019, Eni and Mainstream Renewable Power, a wind and solar energy company, signed a cooperation agreement to develop large-scale projects from renewable sources, mainly in Africa, in the South-East Asia, and with an initial focus in the UK.

In October 2019, Eni, CDP, Fincantieri and Terna signed an agreement for the construction of power generation plants from waves, realizing

on an industrial scale, initially on the Italian territory, the pilot project Inertial Sea Wave Energy Converter (ISWEC).

In December 2019, Eni signed an agreement with Falck Renewables for the joint development of renewable energy projects in the United States, targeting at least 1 GW of installed capacity by the end of 2023. Eni will also acquire a 49% stake in Falck already existing plants in the USA (116 MW capacity, included a storage system of 3 MW).

A Concession Agreement was signed in Angola for the construction (in two phases) of a 50 MW photovoltaic system in the province of Namibe. The plant will be built by Solenova, a joint venture between Eni and Sonangol and will be connected to the transmission network in the Southern part of the Country.

A Memorandum of Understanding was signed with the Polytechnic of Turin for a collaboration in studying all marine energy sources, from wave motion to offshore wind, ocean and tidal currents and salt gradient.

Financial review

IFRS 16 adoption

Eni's 2019 consolidated financial statements and the reclassified statements of profit and loss, cash flow and financial position commented in this section have been prepared incorporating in full the effects of the new IFRS 16 "Leases", effective at the beginning of the year, which defines a lease as a contract that conveys to the lessee the right to control the use of an identified asset for a period of time in exchange for consideration and eliminates the classification of leases as either operating leases or finance leases for the preparation of the lessee's financial statements. The new accounting standard has determined a significant impact on the Group key performance indicators in its consolidated financial statements, particularly in net borrowings, with a steep up effect due to the fact that Eni has adopted the modified retrospective approach, by recognizing the cumulative effect of initially applying the new standard as an adjustment to the opening balance at January 1, 2019, without restating the comparative periods. Additional information about adoption of IFRS 16 with regard to assumptions and practical expedients used in the first application are provided in the notes to the consolidated financial statements under the heading "change to accounting criteria". A brief description of the new accounting of lease contracts under IFRS 16 and the main effects on the reclassified financial statements are provided below.

The accounting of the new standard applies to all leases that have a lease term of more than 12 months and requires:

- in the balance sheet, the recognition in dedicated entries of assets and liabilities of a right-of-use asset, that represents a lessee's right to use an underlying asset (ROU), and a lease liability (LL) of the same amount, that represents the lessee's obligation to make the contractual lease payments recorded at their present value. Therefore compared to the previous accounting of operating leases, the new accounting standard has driven the recognition of a significant liability that has been classified as part of the Company's net borrowings with a proportional increase in the Group leverage;
- in the profit and loss account, the depreciation charges of the ROU asset and, the interest expense on the LL are recognized within operating expenses and finance expense, respectively. Under the previous accounting, the operating lease payments were recorded within operating costs. The depreciation charges

of the ROU asset and the interest expense on the LL attributable recorded as part of the construction of an asset are capitalized as part of the cost of such asset and subsequently recognized in the profit and loss account through depreciation;

- in the statement of cash flows, the reimbursement of the principal portion of the LL is recorded as part of net cash used in financing activities. Interest expenses are recorded as part of net cash provided by operating activities, or of net cash used in investing activities depending whether are recognized in the profit and loss account or capitalized in the case of leased assets that are used for the construction of other assets. Consequently, compared with the requirements of IAS 17 related to operating leases, the adoption of IFRS 16 determined a significant impact in the statement of cash flows due to: (a) an improvement in net cash provided by operating activities, which no longer includes the operating lease payments, but only includes the cash payments for the interest portion of the LL that are not capitalized; (b) an improvement in net cash used in investing activities, which no longer includes capitalized lease payments, but only includes cash payments for the capitalized interest portion of the lease liability; and (c) an increase in the net cash used in financing activities, which includes cash payments for the principal portion of the LL.

Finally, it is worth noting that the initial amount of Eni's LL is affected by the fact that in the E&P sectors Oil & Gas projects are carried out based on the contractual scheme of unincorporated joint operations managed by one of the joint operators (the lead operator). This structure entails that the LL relating lease contracts entered into by the lead operator on behalf of the joint operations is recorded in full in the financial statements of the lead operator, because the operator is normally the sole signatory of the lease contract and consequently takes the primary responsibility for discharging the lease obligations towards the third-party lessor, independently from the fact that the operator is able to recover the lease payments through a partner billing process. Consistently, the ROU of the asset utilized by the joint operations is recorded 100% by the operator. On the contrary, in case all co-venturers sign jointly a lease contract each of them recognizes its proportionate share of the ROU asset of the LL.

Full Year 2019

[€ million]	Profit and loss account		
	before IFRS 16	IFRS 16 effects	GAAP results
Purchases, services and other	(51,908)	1,034	(50,874)
Depreciation, depletion and amortization	(7,276)	(830)	(8,106)
Operating profit	6,228	204	6,432
Finance expense and income taxes	(9,338)	(332)	(9,670)
Net profit	283	(128)	155

January 1, 2019			
Balance Sheet			
(€ million)	before IFRS 16 opening balance	IFRS 16 effects	GAAP results
Fixed assets	71,567	5,643	77,210
Net working capital	(11,324)	116	(11,208)
Net borrowings	8,289	5,759	14,048
Shareholders' equity	51,073		51,073
Leverage	0.16		0.28

Full Year 2019			
Cash Flow			
(€ million)	before IFRS 16	IFRS 16 effects	GAAP results
Cash Flow From Operations (FFO)	11,726	666	12,392
Capital expenditure	(8,587)	211	(8,376)
Free Cash Flow (FCF)	381	877	1,258
Cash Flow From Financing, net (CFFF)	(4,964)	(877)	(5,841)
Net increase (decrease) in cash and cash equivalent	(4,861)		(4,861)

PROFIT AND LOSS ACCOUNT

(€ million)	2019	2018	2017	Change	% Ch.
Sales from operations	69,881	75,822	66,919	(5,941)	(7.8)
Other income and revenues	1,160	1,116	4,058	44	3.9
Operating expenses	(54,302)	(59,130)	(55,412)	4,828	8.2
Other operating income (expense)	287	129	(32)	158	..
Depreciation, depletion, amortization	(8,106)	(6,988)	(7,483)	(1,118)	(16.0)
Impairment reversals (impairment losses) of tangible and intangible and right of use assets, net	(2,188)	(866)	225	(1,322)	..
Write-off of tangible and intangible assets	(300)	(100)	(263)	(200)	..
Operating profit (loss)	6,432	9,983	8,012	(3,551)	(35.6)
Finance income (expense)	(879)	(971)	(1,236)	92	9.5
Income (expense) from investments	193	1,095	68	(902)	..
Profit (loss) before income taxes	5,746	10,107	6,844	(4,361)	(43.1)
Income taxes	(5,591)	(5,970)	(3,467)	379	6.3
<i>Tax rate (%)</i>	<i>97.3</i>	<i>59.1</i>	<i>50.7</i>	<i>38.2</i>	
Net profit (loss)	155	4,137	3,377	(3,982)	(96.3)
<i>attributable to:</i>					
- Eni's shareholders	148	4,126	3,374	(3,978)	(96.4)
- Non-controlling interest	7	11	3	(4)	..

Reported results

In the full year 2019, the Group reported **net profit attributable to Eni's shareholders** of €148 million (€4,126 million in the full year 2018). The reported operating profit was €6,432 million, approximately 36% lower than in 2018, down by €3.6 billion; approximately 80% of the decline is related to the E&P segment. The 2019 results were negatively affected by a challenging operating and trading environment, reflecting a slowdown in the global macroeconomic cycle, a deceleration in international trade triggered by the "trade dispute" between the US and China, as well as by adverse geopolitical developments that fueled uncertainty among market participants and directly affected Eni's performance in certain areas. All of these factors have curbed demand for energy commodities and global consumption of fuels and plastics, increasing the negative impact of oil and gas overproduction on

upstream business, while rising competition from producers with more efficient cost structures and overcapacity pressured margins in our downstream businesses of refining and chemical. Against this backdrop, the Group reported a decline in oil and gas realized prices as well as in products margins in all of its business segments. Prices and margins reductions negatively affected operating profit for an estimated €2.5 billion. The main negative factors were lower gas prices in all geographies with the worst declines recorded by the European benchmark gas spot price "Italy PSV", which was down by 34% as well as by LNG margins. The performance was also negatively affected by a number of incidents at production plants, such as the fire that occurred at the Priolo chemical cracker in January, and unplanned standstills or outages, like in the case of the Goliat oilfield in Norway, the Bayernoil refinery, the Porto Marghera and the Dunkerque crackers. These negative effects

were partly offset by higher hydrocarbon production which achieved a new record plateau at 1.87 million boe/d, efficiency and optimization measures and steady results reported by the retail businesses (Gas & Power retail segment as well as the marketing of fuels at both retail and wholesale markets), notwithstanding the fact that these activities are not shielded by entry barriers, leveraging on effective marketing actions and continuing product/service innovation. Furthermore, the operating profit was negatively affected by the incurrence of approximately €2.2 billion of impairment losses, which were mainly recorded at Oil & Gas properties and refineries mainly driven by a revised refining margin scenario and lower performance of the fields.

Net profit for the year was also negatively affected by lower net income from investments (down by €902 million), due to the fact that the 2018 financial statements accounted for the gains on the Vår Energi business combination (€889 million) and a reversal of a prior-year impairment loss of €262 million made at the Angola LNG equity-accounted entity. Finally, net profit was negatively affected by an increased tax rate, which was due to a higher share of taxable

incomes reported by the Exploration & Production segment in Countries subject to higher-than-average tax rates, lower reselling margin on volumes of Libyan gas due to a partner, while taxable losses were incurred in jurisdictions with a lower-than-average statutory tax rate. The Group tax rate was also impacted by the write-off of Italian deferred tax assets of approximately €0.9 billion due to projections of lower future taxable profit at Italian subsidiaries. The adoption of IFRS 16 determined a €204 million improvement in the reported operating profit due to fees for the rental of assets no longer being recognized as an expense, partly offset by the recognition of the amortization of the right-of-use assets, equal to the present value of the expected future lease payments. Instead, the IFRS 16 impact on net profit was a negative €128 million because the improved operating profit was more than offset by interest charges accrued on the lease liabilities. This was due to the fact that amortization charges of the ROU asset are calculated based on the straight-line method, whereas interest expense on the lease liability accrues proportionally to the amount of the financial liability. The table below shows the main scenario indicators:

	2019	2018	2017	% Ch.
Average price of Brent dated crude oil in US dollars ^(a)	64.30	71.04	54.27	(9.5)
Average EUR/USD exchange rate ^(b)	1.119	1.181	1.130	(5.2)
Average price of Brent dated crude oil in euro	57.44	60.15	48.03	(4.5)
Standard Eni Refining Margin (SERM) ^(c)	4.3	3.7	5.0	16.2
PSV ^(d)	171	260	211	(34.2)
TTF ^(d)	142	243	183	(41.6)

(a) Price per barrel. Source: Platt's Oilgram.

(b) Source: ECB.

(c) In \$/BBL FOB Mediterranean Brent dated crude oil. Source: Eni calculations. Approximates the margin of Eni's refining system in consideration of material balances and refineries' product yields.

(d) €/kcm.

Adjusted results

	(€ million)	2019	2018	2017	Change	% Ch.
Operating profit (loss)		6,432	9,983	8,012	[3,551]	(35.6)
Exclusion of inventory holding (gains) losses		(223)	96	(219)		
Exclusion of special items		2,388	1,161	(1,990)		
Adjusted operating profit (loss)		8,597	11,240	5,803	[2,643]	(23.5)
Net profit (loss) attributable to Eni's shareholders		148	4,126	3,374	[3,978]	(96.4)
Exclusion of inventory holding (gains) losses		(157)	69	(156)		
Exclusion of special items		2,885	388	(839)		
Adjusted net profit (loss) attributable to Eni's shareholders		2,876	4,583	2,379	[1,707]	(37.2)
Tax rate (%)		64.2	56.2	56.8		

In the full year of 2019, **adjusted operating profit** of €8,597 million decreased by 24% from the full year of 2018. Excluding the impact of the loss of control over Eni Norge on the 2018 results to allow a like-for-like comparison, and net of scenario effects, of the lower time value of money and IFRS 16 accounting, the adjusted operating profit increased by 5%. This trend reflects the E&P segment contribution which reported an improved performance (up by 7%) excluding the result of Eni Norge from 2018, and net of scenario effects, IFRS 16 accounting and the impact of lower interest rates on the present value of the ARC (asset retirement cost) resulting in higher DD&A, due to higher productions.

The G&P segment reported an adjusted operating profit of €654

million, up by 20%. The wholesale business performance was boosted mainly by optimizations at the gas and power assets portfolio in Europe which enabled the business to capture the upsides associated with a highly-volatile environment, partly offset by the weaker LNG business result due to a worsening environment in Asia which affected margins and volumes. The retail business benefited from more effective commercial initiatives, higher extra-commodity revenues, and lower expenses.

The R&M and Chemicals segment was negatively affected by a deteriorated refining scenario, as well as by rising competitive pressure in the chemical business.

Adjusted net profit of €2.876 million decreased by 37% due to the

weaker operating performance, partly offset by the improvement (up by €135 million) of the finance income (expense), reflecting the circumstances that the 2018 included finance charges due to the write-off of financing receivables related to an unsuccessful exploration initiative executed by a joint venture in the Black Sea. The adjusted tax rate was 64%, increasing by approximately 8 percentage points from 2018, due to a higher share of taxable income reported by the Exploration & Production segment in Countries subject to higher-than-average tax rates and lower reselling margins on volumes of gas entitlements of a Libyan partner, while taxable losses were incurred in jurisdictions with a lower-than-average statutory tax rate.

Net profit includes special items resulting in net charges of €2,885 million:

- (i) net impairment losses of oil and gas properties in the E&P segment due to downward reserves revisions and lower expected production rates, as well as of certain assets to align the book value to fair value (€1,217 million);
- (ii) impairment losses mainly recorded at the Sannazzaro refinery reflecting a revised margin outlook both at high and low-complexity cycles, higher projected expenses as well as the write-down of capital expenditure relating to certain Cash Generating Units in the R&M business. These units were impaired in previous reporting periods and continued to lack any profitability prospects (for an overall impact of €819 million);
- (iii) the impairment of Chemical assets due to a lowered profitability outlook (€103 million);
- (iv) the impairment of power plants (€42 million) due to the

- deterioration of the Clean Spark Spread scenario;
- (v) net gains on the divestment of certain Oil & Gas properties, mainly the sale of an interest in the Merakes discoveries to Neptune (€145 million);
- (vi) environmental provisions (€338 million) mainly in R&M and Chemicals segment;
- (vii) an insurance compensation (€88 million) relating to the EST plant at the Sannazzaro refinery;
- (viii) the accounting effect of certain fair-valued commodity derivatives lacking the formal criteria to be classified as hedges or to be eligible for the own use exemption (a gain of €423 million);
- (ix) the difference between the change in gas inventories accounted under the weighted-average cost method provided by IFRS and management's own measure of inventories. This moves the margins captured on volumes in inventories forward at the time of inventory drawdown above their normal levels leveraging the seasonal spread in gas prices net of the effects of the associated commodity derivatives (a charge of €145 million);
- (x) the reclassification to adjusted operating profit of the positive balance of €108 million related to derivative financial instruments used to manage margin exposure to foreign currency exchange rate movements, and exchange translation differences of commercial payables and receivables;
- (xi) tax effects relating to operating special items, as well as the write-down of deferred taxes relating to Italian subsidiaries due to a deteriorated profitability outlook (€893 million).

Breakdown of special items

	(€ million)	2019	2018	2017
Special items of operating profit (loss)		2,388	1,161	(1,990)
- environmental charges		338	325	208
- impairment losses (impairments reversal), net		2,188	866	(221)
- net gains on disposal of assets		(151)	(452)	(3,283)
- risk provisions		3	380	448
- provision for redundancy incentives		45	155	49
- commodity derivatives		(439)	(133)	146
- exchange rate differences and derivatives		108	107	(248)
- reinstatement of Eni Norge amortization charges			(375)	
- other		296	288	911
Net finance (income) expense		(42)	(85)	502
of which:				
- exchange rate differences and derivatives reclassified to operating profit (loss)		(108)	(107)	248
Net (income) expense from investments		188	(798)	372
of which:				
- gains on disposal of assets		(46)	(909)	(163)
- impairments/revaluation of equity investments		148	67	537
Income taxes		351	110	277
of which:				
- net impairment of deferred tax assets of Italian subsidiaries		893	99	
- USA tax reform				115
- taxes on special items of operating profit and other special items		(542)	11	162
Total special items of net profit (loss)		2,885	388	(839)

The breakdown by segment of the adjusted net profit is provided in the table below:

(€ million)	2019	2018	2017	Change	% Ch.
Exploration & Production	3,436	4,955	2,724	(1,519)	(30.7)
Gas & Power	426	310	52	116	..
Refining & Marketing and Chemicals	(75)	238	663	(313)	..
Corporate and other activities	(884)	(965)	(1,041)	81	8.4
Impact of unrealized intragroup profit elimination and other consolidation adjustments ^(a)	(20)	56	(16)	(76)	
Adjusted net profit (loss)	2,883	4,594	2,382	(1,711)	(37.2)
<i>attributable to:</i>					
- Eni's shareholders	2,876	4,583	2,379	(1,707)	(37.2)
- Non-controlling interest	7	11	3	(4)	..

(a) This item concerned mainly intragroup sales of commodities, services and capital goods recorded in the assets of the purchasing business segment as of end of the period.

Profit and loss analysis

Total revenues

(€ million)	2019	2018	2017	Change	% Ch.
Exploration & Production	23,572	25,744	19,525	(2,172)	(8.4)
Gas & Power	50,015	55,690	50,623	(5,675)	(10.2)
Refining & Marketing and Chemicals	23,334	25,216	22,107	(1,882)	(7.5)
- Refining & Marketing	19,640	20,646	17,688	(1,006)	(4.9)
- Chemicals	4,123	5,123	4,851	(1,000)	(19.5)
- Consolidation adjustments	(429)	(553)	(432)		
Corporate and other activities	1,681	1,589	1,462	92	5.8
Consolidation adjustments	(28,721)	(32,417)	(26,798)	3,696	
Sales from operations	69,881	75,822	66,919	(5,941)	(7.8)
Other income and revenues	1,160	1,116	4,058	44	3.9
Total revenues	71,041	76,938	70,977	(5,897)	(7.7)

Total revenues amounted to €71,041 million, reporting a decrease of 7.7%.

Sales from operations in the full year of 2019 (€69,881 million) decreased by €5,941 million or down by 7.8% from 2018, with the following breakdown:

- revenues generated by the Exploration & Production segment (€23,572 million) decreased by 8.4% due to lower average realizations on equity hydrocarbons in dollar terms of 8.3% driven by lowering prices for the marker Brent and gas prices in Europe. Finally, y-o-y comparability was negatively affected by the de-recognition of our former subsidiary Eni Norge at the end of 2018;
- revenues generated by the Gas & Power segment (€50,015 million) decreased by €5,675 million or down by 10.2%. The decrease reflected lower natural gas prices in Europe and declining LNG prices due to a weaker Asian scenario and lower volumes sold;
- revenues generated by the Refining & Marketing and Chemicals segment (€23,334 million) decreased by €1,882 million (down by 7.5%) due to lower average selling prices of gasoline and gasoil in the Refining & Marketing business, as well as the decline in average selling prices and reducing volumes sold, mainly intermediates, in the Chemical business.

Operating expenses

(€ million)	2019	2018	2017	Change	% Ch.
Purchases, services and other	50,874	55,622	51,548	(4,748)	(8.5)
Impairment losses (impairment reversals) of trade and other receivables, net	432	415	913	17	4.1
Payroll and related costs	2,996	3,093	2,951	(97)	(3.1)
<i>of which: provision for redundancy incentives and other</i>	45	155	49		
	54,302	59,130	55,412	(4,828)	(8.2)

In 2019 operating expenses for 2019 (€54,302 million) decreased by €4,828 million from 2018, down by 8%. Purchases, services and other (€50,874 million) decreased by approximately 9% mainly reflecting lower costs for hydrocarbon supplies (natural gas under long-term supply contracts and refinery and chemical

feedstocks). Payroll and related costs (€2,996 million) decreased by €97 million from 2018, mainly due to the circumstance that in 2018 higher provisions for redundancy incentives were accounted relating to an early retirement program in the Eni gas e luce SpA subsidiary in accordance with Art. 4 of Italian Law No. 92/2012.

Depreciation, depletion, amortization, impairment losses (impairment reversals) net and write-off

	(€ million)	2019	2018	2017	Change	% Ch.
Exploration & Production		7,060	6,152	6,747	908	14.8
Gas & Power		447	408	345	39	9.6
Refining & Marketing and Chemicals		485	399	360	86	21.6
Corporate and other activities		146	59	60	87	..
Impact of unrealized intragroup profit elimination		(32)	(30)	(29)	(2)	
Total depreciation, depletion and amortization		8,106	6,988	7,483	1,118	16.0
Impairment losses (impairment reversals) of tangible and intangible and right of use assets, net		2,188	866	(225)	1,322	..
Depreciation, depletion, amortization, impairments and reversals, net		10,294	7,854	7,258	2,440	31.1
Write-off of tangible and intangible assets		300	100	263	200	..
		10,594	7,954	7,521	2,640	33.2

Depreciation, depletion and amortization (€8,106 million) increased by 16% from 2018, in particular in the Exploration & Production segment mainly due to the depreciation charges of the right-of-use asset in accordance to IFRS 16, which provided a new accounting framework for operating leases without restating the comparative periods, higher charges recorded in connection with an upward revision of the present value of

capitalized assets retirement costs due to lower interest rates, as well as fields started-up and new projects ramp-up.

Net impairment losses (impairment reversals) of tangible and intangible and right of use assets amounted to €2,188 million and the disclosure is provided under the paragraph "special items". The breakdown by segment is provided below:

	(€ million)	2019	2018	2017	Change
Exploration & Production		1,217	726	(158)	491
Gas & Power		37	(71)	(146)	108
Refining & Marketing and Chemicals		922	193	54	729
Corporate and other activities		12	18	25	(6)
Impairment losses (impairment reversals) of tangible and intangible and right of use assets, net		2,188	866	(225)	1,322

Write-off charges amounted to €300 million and mainly related to previously capitalized costs of exploratory wells which were expensed through profit because it was determined that they did

not encounter commercial quantities of hydrocarbons mainly in Australia, Kazakhstan and Pakistan.

Operating profit

The breakdown by segment of the operating profit is provided below:

	(€ million)	2019	2018	2017	Change	% Ch.
Exploration & Production		7,417	10,214	7,651	(2,797)	(27.4)
Gas & Power		699	629	75	70	11.1
Refining & Marketing and Chemicals		(854)	(380)	981	(474)	..
Corporate and other activities		(710)	(691)	(668)	(19)	(2.7)
Impact of unrealized intragroup profit elimination		(120)	211	(27)	(331)	
Operating profit (loss)		6,432	9,983	8,012	(3,551)	(35.6)

Adjusted operating profit

The breakdown by segment of the adjusted operating profit is provided below:

	(€ million)	2019	2018	2017	Change	% Ch.
Operating profit (loss)		6,432	9,983	8,012	(3,551)	(35.6)
Exclusion of inventory holding (gains) losses		(223)	96	(219)		
Exclusion of special items		2,388	1,161	(1,990)		
Adjusted operating profit (loss)		8,597	11,240	5,803	(2,643)	(23.5)
Breakdown by segment:						
Exploration & Production		8,640	10,850	5,173	(2,210)	(20.4)
Gas & Power		654	543	214	111	20.4
Refining & Marketing and Chemicals		(48)	380	991	(428)	(112.6)
Corporate and other activities		(624)	(606)	(542)	(18)	(3.0)
Impact of unrealized intragroup profit elimination and other consolidation adjustments		(25)	73	(33)	(98)	
		8,597	11,240	5,803	(2,643)	(23.5)

The **adjusted operating profit** of €8,597 million decreased by 24% compared to the full year of 2018. Excluding the impact of the loss of control over Eni Norge which occurred at the end of 2018 to allow a-like-for-like comparison, and net of scenario effects, accounting for a lower time value of the money

and IFRS 16, the adjusted operating profit increased by 5% leveraging production growth in the E&P segment and steady G&P results. The disclosure of adjusted operating profit by segment is provided under the paragraph "Results by business segments".

Finance income (expense)

	(€ million)	2019	2018	2017	Change
Finance income (expense) related to net borrowings		(962)	(627)	(834)	(335)
- Finance expense on short and long-term debt		(740)	(685)	(751)	(55)
- Interest expense for lease liabilities		(378)			(378)
- Interest from banks		21	18	12	3
- Net income from financial activities held for trading		127	32	(111)	95
- Interest and other income from receivables and securities for non-financing operating activities		8	8	16	
Income (expense) on derivative financial instruments		(14)	(307)	837	293
- Derivatives on exchange rate		9	(329)	809	338
- Derivatives on interest rate		(23)	22	28	(45)
Exchange differences, net		250	341	(905)	(91)
Other finance income (expense)		(246)	(430)	(407)	184
- Interest and other income from receivables and securities for financing operating activities		112	132	128	(20)
- Finance expense due to the passage of time (accretion discount)		(255)	(249)	(264)	(6)
- Other finance income (expense)		(103)	(313)	(271)	210
		(972)	(1,023)	(1,309)	51
Finance expense capitalized		93	52	73	41
		(879)	(971)	(1,236)	92

Net finance expenses were €879 million, an improvement of €92 million from 2018. The main drivers of this reduction were: (i) positive change of fair-valued currency derivatives (up by €338 million), lacking the formal criteria to be designated as hedges under IFRS 9, partly offset by the exchange rate differences (down by €91 million); (ii) reduction of other finance expense, reflecting the circumstance that in 2018 was reported the

write-off of a financing receivables related to an unsuccessful exploration initiative executed by a joint venture in the Black Sea (approximately €270 million); and (iii) recognition of incomes on exchange rate realized through capital reimbursement by certain subsidiaries with currency other than Euro. These positives were partly offset by the recognition of finance expenses for lease liabilities (€378 million).

Income (expense) from investments

2019	(€ million)	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Corporate and other activities	Group
Share of gains (losses) from equity-accounted investments		7	(11)	(63)	(21)	(88)
Dividends		197		50		247
Net gains (losses) on disposals		17		2		19
Other income (expense), net			15			15
		221	4	(11)	(21)	193

Net income from investments amounted to €193 million related to:

- dividends of €247 million paid by minor investments in certain entities which were designated at fair value through OCI under IFRS 9 except for dividends which are recorded through profit. These entities mainly comprised Nigeria LNG (€186 million) and

- Saudi European Petrochemical Co. (€46 million);
- (ii) a loss of €88 million recorded at equity-accounted investments, mainly in the downstream business. These share of profits at equity-accounted investments included the contribution of the upstream joint venture Vår Energi (€49 million).

The table below sets forth a breakdown of net income/loss from investments:

	(€ million)	2019	2018	2017	Change
Share of gains (losses) from equity-accounted investments		(88)	(68)	(267)	(20)
Dividends		247	231	205	16
Net gains (losses) on disposals		19	22	163	(3)
Other income (expense), net		15	910	(33)	(895)
Income (expense) from investments		193	1,095	68	(902)

Income from investments decreased by €902 million from 2018 due to the fact that the 2018 financial statements accounted for the gains on the Vår Energi business combination (€889 million)

and a reversal of a prior-year impairment loss of €262 million made at the Angola LNG equity-accounted entity in the E&P segment.

Income taxes

Income taxes decreased by €379 million to €5,591 million mainly due to the decrease of profit before income taxes (down by €4,361 million from 2018). The reported tax rate was 97% compared to 59% reported in 2018, reflecting a higher share of taxable incomes reported by the Exploration & Production segment in Countries subject to higher-than-average tax rates, lower reselling margins on volumes of gas entitlements of a Libyan partner, while taxable

losses were incurred in jurisdictions with a lower-than average statutory tax rate. The Group tax rate was also impacted by the write-off of Italian deferred tax assets of approximately €0.9 billion due to projections of lower future taxable profit at Italian subsidiaries. Adjusted tax rate was 64%, increased from 2018 (56%), affected by a higher tax rate in the E&P segment (approximately 6 percentage point) due to the same drivers related to the reported tax rate.

Results by business segments¹

Exploration & Production

	(€ million)	2019	2018	2017	Change	% Ch.
Operating profit (loss)		7,417	10,214	7,651	[2,797]	[27.4]
Exclusion of special items:		1,223	636	(2,478)		
- environmental charges		32	110	46		
- impairment losses (impairment reversals), net		1,217	726	(154)		
- net gains on disposal of assets		(145)	(442)	(3,269)		
- provision for redundancy incentives		23	26	19		
- risk provisions		(18)	360	366		
- exchange rate differences and derivatives		14	(6)	(68)		
- other		100	(138)	582		
Adjusted operating profit (loss)		8,640	10,850	5,173	(2,210)	(20.4)
Net finance (expense) income ^(a)		(362)	(366)	(50)	4	
Net income (expense) from investments ^(a)		312	285	408	27	
Income taxes ^(a)		(5,154)	(5,814)	(2,807)	660	
Tax rate (%)		60.0	54.0	50.8	6.0	
Adjusted net profit (loss)		3,436	4,955	2,724	(1,519)	(30.7)
Results also include:						
Exploration expenses:		489	380	525	109	28.7
- prospecting, geological and geophysical expenses		275	287	273	(12)	(4.2)
- write-off of unsuccessful wells ^(b)		214	93	252	121	130.1
Average realizations						
Liquids ^(c)	(\$/bbl)	59.26	65.47	50.06	(6.21)	(9.5)
Natural gas	(\$/kcf)	4.94	5.20	3.69	(0.26)	(5.0)
Hydrocarbons	(\$/boe)	43.54	47.48	35.06	(3.94)	(8.3)

(a) Excluding special items.

(b) Also includes write-off of unproved exploration rights, if any, related to projects with negative outcome.

(c) Includes condensates.

In 2019, the Exploration & Production segment reported an **adjusted operating profit** of €8,640 million down by 20% from the full year of 2018, up by 7% excluding from the comparative period: (i) the contribution from the former subsidiary Eni Norge which was merged with Point Resources to establish Vår Energi, an equity-accounted joint venture, fully operational since January 1, 2019; (ii) the IFRS 16 accounting effects; (iii) the negative trading environment which was driven by a moderate decline of crude oil prices in dollars (the marker Brent was down by 9%) and materially lower gas prices due to a global oversupply and a decline in the Asian demand driving a decrease of 34% of the spot price in Italy, the main reference price for sales in the European markets, and a decrease of 19% of the Henry Hub, while the appreciation of USD/EUR exchange rate (up by 5%); (iv) the impact of a flattening yield curve which increased the present value of the assets retirement costs resulting in higher amortization charges through profit estimated in €200 million. Particularly, a negative impact of the trading environment (€2.23 billion) mainly due to lower prices of equity gas as well as lower reselling margins of Libyan gas volumes due a partner, which were marketed in Europe. The above-mentioned lower margin is excluded by the calculation of Eni's average realized gas prices, because the realized prices are calculated only with reference to equity production. The positive performance was driven by a better volume/mix effect reflecting higher contribution of

barrels with higher-than-average profitability, partly offset by higher write-off expenses related to unsuccessful exploration wells. Operating profit included the result relating to certain hydrocarbon volumes, comprised in the production for the period, whereby the price was paid by the buyer without lifting the underlying volume due to the take-or-pay clause in a long-term supply agreement. Management has ascertained that it is highly likely that the buyer will not redeem its contractual right to lift the pre-paid volumes in future reporting periods within the contractual terms. Adjusted operating profit excluded **special items** of €1,223 million.

Adjusted net profit of €3,436 million decreased by 31% due to decreased operating profit. Gains from equity-accounted investments included the share of the result of the joint venture Vår Energi (€122 million) and the dividends of Nigeria LNG (€186 million), partially offset by losses from joint ventures in Venezuela. The y-o-y net profit comparison is affected by the circumstance that in 2018 was reported the write-off of a financing receivables related to an unsuccessful exploration initiative executed by a joint venture in the Black Sea.

The increase of the adjusted tax rate of 6 percentage points was due to a higher share of taxable profit reported in Countries with higher taxation. Cash tax rate amounted to 30%.

(1) Other alternative performance indicators disclosed are accompanied by explanatory notes and tables in line with guidance provided by ESMA guidelines on alternative performance measures (ESMA/2015/1415), published on October 5, 2015. For further information, see the section "Alternative performance measures" of this Annual Report at subsequent pages.

Gas & Power

	(€ million)	2019	2018	2017	Change	% Ch.
Operating profit (loss)		699	629	75	70	11.1
Exclusion of special items:		(45)	(86)	139		
- impairment losses (impairment reversals), net		37	(71)	(146)		
- environmental charges			(1)			
- provision for redundancy incentives		4	122	38		
- commodity derivatives		(423)	(156)	157		
- exchange rate differences and derivatives		92	112	(171)		
- other		245	(92)	261		
Adjusted operating profit (loss)		654	543	214	111	20.4
- Gas & LNG Marketing and Power		376	342	77	34	9.9
- Eni gas e luce		278	201	137	77	38.3
Net finance (expense) income ^(a)		(23)	(4)	10	(19)	
Net income (expense) from investments ^(a)		(11)	9	(9)	(20)	
Income taxes ^(a)		(194)	(238)	(163)	44	
Tax rate (%)		31.3	43.4	75.8	(12.1)	
Adjusted net profit (loss)		426	310	52	116	37.4

(a) Excluding special items.

In 2019, the Gas & Power segment reported an **adjusted operating profit** of €654 million, up by 20% from the full year of 2018. The result was driven by the wholesale business performance, mainly reflecting the contribution of optimizations at the gas and power assets portfolio in Europe which benefitted of a highly-volatile environment. These positives were partly offset by the weaker LNG business result due to a lower pricing environment in Asia which affected margins and volumes. The retail business reported a remarkable performance improvement, leading to a 38% increase

in operating profit y-o-y, driven by more effective commercial initiatives, higher extra-commodity revenues and lower expenses. Adjusted operating profit excluded **special items** of €45 million. **Adjusted net profit** was €426 million, improving by 37% from the full year of 2018 due to increased operating profit.

Adjusted tax rate reflected a normalization at 31%, decreasing compared to 43% in 2018 which was penalized by a higher impact of certain non-Italian subsidiaries tax rate.

Refining & Marketing and Chemicals

	(€ million)	2019	2018	2017	Change	% Ch.
Operating profit (loss)		(854)	(380)	981	(474)	..
Exclusion of inventory holding (gains) losses		(318)	234	(213)		
Exclusion of special items:		1,124	526	223		
- environmental charges		244	193	136		
- impairment losses (impairment reversals), net		922	193	54		
- net gains on disposal of assets		(5)	(9)	(13)		
- risk provisions		(2)	21			
- provision for redundancy incentives		8	8	(6)		
- commodity derivatives		(16)	23	(11)		
- exchange rate differences and derivatives		2	1	(9)		
- other		(29)	96	72		
Adjusted operating profit (loss)		(48)	380	991	(428)	..
- Refining & Marketing		220	390	531	(170)	(43.6)
- Chemicals		(268)	(10)	460	(258)	..
Net finance (expense) income ^(a)		(11)	11	5	(22)	
Net income (expense) from investments ^(a)		37	(2)	19	39	
Income taxes ^(a)		(53)	(151)	(352)	98	
Tax rate (%)		..	38.8	34.7	..	
Adjusted net profit (loss)		(75)	238	663	(313)	..

(a) Excluding special items.

In 2019, the **Refining & Marketing** business reported an **adjusted operating profit** of €220 million, down by 44% y-o-y. The lower performance from the comparative period was due by deteriorated refining scenario mainly driven by narrowed price differentials between heavy crudes and the Brent market benchmark, as well as by lower products spreads, particularly lubricants, and by the unavailability of some plants.

The decline in the refining results was partly offset by a strong marketing performance.

In 2019 the **Chemical** business, reporting an **adjusted operating losses** of €268 million, was negatively affected by a depressed trading environment due to a slowdown in demand from the main end-markets, particularly the automotive sector, and by weaker demand of single-use plastics. Furthermore, in a

shrinking global market, the downward margins trend was exacerbated by rising competitive pressure from producers with lower feedstock costs (e.g., US producers using ethane-based crackers). These drivers determined unprofitable spreads between product prices and feedstock costs mainly for polyethylene and a profitability decline at styrenics and elastomers. Finally, the operating performance was also negatively affected by the incident that occurred at the Priolo hub, which was fully operational by the end of July, and by other unplanned shutdowns.

Adjusted operating profit of the R&M and Chemicals segment excluded **special items** of €1,124 million.

On a net basis, the negative result of €75 million reflects the lower operating performance.

Corporate and other activities

	(€ million)	2019	2018	2017	Change	% Ch.
Operating profit (loss)		(710)	(691)	(668)	(19)	(2.7)
Exclusion of special items:		86	85	126		
- <i>environmental charges</i>		62	23	26		
- <i>impairment losses (impairment reversals), net</i>		12	18	25		
- <i>net gains on disposal of assets</i>		(1)	(1)	(1)		
- <i>risk provisions</i>		23	(1)	82		
- <i>provision for redundancy incentives</i>		10	(1)	(2)		
- <i>other</i>		(20)	47	(4)		
Adjusted operating profit (loss)		(624)	(606)	(542)	(18)	(3.0)
Net finance (expense) income ^(a)		(525)	(697)	(699)	172	24.7
Net income (expense) from investments ^(a)		43	5	22	38	..
Income taxes ^(a)		222	333	178	(111)	(33.3)
Adjusted net profit (loss)		(884)	(965)	(1,041)	81	8.4

(a) Excluding special items.

The results of Corporate and other activities mainly include costs of Eni's headquarters net of services charged to operational companies for the provision of general purposes services, administration, finance, information technology, human resources management, legal affairs, international affairs, as well as

operational costs of decommissioning activities pertaining to certain businesses which Eni exited, divested or shut down in past years, net of the margins of captive subsidiaries providing specialized services to the business (insurance, financial, recruitment).

SUMMARIZED GROUP BALANCE SHEET

The summarized Group balance sheet aggregates the amount of assets and liabilities derived from the statutory balance sheet in accordance with functional criteria which considers the enterprise conventionally divided into the three fundamental areas focusing on resource investments, operations and financing. Management believes that this summarized group balance sheet is useful

information in assisting investors to assess Eni's capital structure and to analyse its sources of funds and investments in fixed assets and working capital. Management uses the summarized group balance sheet to calculate key ratios such as the return on invested capital (adjusted ROACE) and the financial soundness/equilibrium [gearing and leverage].

Summarized Group Balance Sheet^(a)

(€ million)	December 31, 2019	Impact of IFRS16 adoption as of January 1, 2019	December 31, 2018	Change
Fixed assets				
Property, plant and equipment	62,192		60,302	1,890
Right of use	5,349	5,643		5,349
Intangible assets	3,059		3,170	(111)
Inventories - Compulsory stock	1,371		1,217	154
Equity-accounted investments and other investments	9,964		7,963	2,001
Receivables and securities held for operating purposes	1,234		1,314	(80)
Net payables related to capital expenditure	(2,235)		(2,399)	164
	80,934	5,643	71,567	9,367
Net working capital				
Inventories	4,734		4,651	83
Trade receivables	8,519		9,520	(1,001)
Trade payables	(10,480)	128	(11,645)	1,165
Net tax assets (liabilities)	(1,594)		(1,364)	(230)
Provisions	(14,106)		(11,626)	(2,480)
Other current assets and liabilities	(1,864)	(12)	(860)	(1,004)
	(14,791)	116	(11,324)	(3,467)
Provisions for employee benefits	(1,136)		(1,117)	(19)
Assets held for sale including related liabilities	18		236	(218)
CAPITAL EMPLOYED, NET	65,025	5,759	59,362	5,663
Eni shareholders' equity	47,839		51,016	(3,177)
Non-controlling interest	61		57	4
Shareholders' equity	47,900		51,073	(3,173)
Net borrowings before lease liabilities ex IFRS 16	11,477		8,289	3,188
Lease liabilities	5,648	5,759		5,648
- of which Eni working interest	3,672	3,730		3,672
- of which Joint operators' working interest	1,976	2,029		1,976
Net borrowings post lease liabilities ex IFRS 16	17,125	5,759	8,289	8,836
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	65,025	5,759	59,362	5,663
Leverage before lease liability ex IFRS 16	0.24		0.16	
Leverage after lease liability ex IFRS 16	0.36		n.a.	
Gearing before lease liability ex IFRS 16	0.18		0.14	
Gearing after lease liability ex IFRS 16	0.26		n.a.	

[a] For a reconciliation to the statutory statement of cash flow see the paragraph "Reconciliation of Summarized Group Balance Sheet and Statement of Cash Flows to Statutory Schemes".

Fixed assets (€80,934 million) increased by €9,367 million from December 31, 2018 mainly due to the initial recognition of the right-of-use asset for €5,643 million following the adoption of IFRS 16, since January 1, 2019, as well as the accounting of the acquisition of a 20% interest in ADNOC Refining (€2.9 billion). Furthermore, the increase in property, plant and equipment (up by €1,890 million) was due to capex incurred in the year (€8,376 million), foreign currency translation effects and upward revisions of the ARC (Asset Retirement Cost) reflecting lowered discount rates. These increases were partly

offset by depreciation, depletion, amortization, impairments and write-offs (€10,594 million).

Net working capital was in negative territory at minus €14,791 million decreased by €3,467 million y-o-y driven by higher provisions for asset retirement obligations, increased tax payables due to the recognition of income taxes in the period, as well as an increase in other current liabilities, mainly due to trade advances cashed from Egyptian partners in relation to the progress in the development of the Zohr project.

COMPREHENSIVE INCOME

	(€ million)	2019	2018
Net profit (loss)		155	4,137
Items that are not reclassified to profit or loss in later periods		(47)	(2)
<i>Remeasurements of defined benefit plans</i>		(42)	(15)
<i>Change in the fair value of minor investments with effects to other comprehensive income</i>		(3)	15
<i>Share of "Other comprehensive income" on equity accounted investments in relation to remeasurements of defined benefit plans</i>		(7)	
<i>Taxation</i>		5	(2)
Items that may be reclassified to profit or loss in later periods		116	1,578
<i>Currency translation differences</i>		604	1,787
<i>Change in the fair value of cash flow hedging derivatives</i>		(679)	(243)
<i>Share of "Other comprehensive income" on equity accounted investments</i>		(6)	(24)
<i>Taxation</i>		197	58
Total other items of comprehensive income (loss)		69	1,576
Total comprehensive income (loss)		224	5,713
attributable to:			
- Eni's shareholders		217	5,702
- Non-controlling interest		7	11

CHANGES IN SHAREHOLDERS' EQUITY

(€ million)

Shareholders' equity at January 1, 2018		48,324
Total comprehensive income (loss)	5,713	
Dividends distributed to Eni's shareholders	(2,953)	
Dividends distributed by consolidated subsidiaries	(3)	
Other changes	(8)	
Total changes		2,749
Shareholders' equity at December 31, 2018		51,073
attributable to:		
- Eni's shareholders		51,016
- Non-controlling interest		57
Shareholders' equity at December 31, 2018		51,073
Impact of adoption IAS 28		(4)
Shareholders' equity at January 1, 2019		51,069
Total comprehensive income (loss)	224	
Dividends distributed to Eni's shareholders	(3,018)	
Dividends distributed by consolidated subsidiaries	(4)	
Buy-back program	(400)	
Reimbursement to third party shareholders	(1)	
Other changes	30	
Total changes		(3,169)
Shareholders' equity at December 31, 2019		47,900
attributable to:		
- Eni's shareholders		47,839
- Non-controlling interest		61

Shareholders' equity including non-controlling interest was €47,900 million, down by €3,173 million compared to December 31, 2018. Net profit for the year (€155 million) and the increase in foreign currency translation differences (€604 million) were

offset by the remuneration of Eni's shareholders (€3,018 million), a negative change in the fair value of the cash flow hedge reserve (-€679 million) as well as the impact of the share buy-back (-€400 million).

LEVERAGE AND NET BORROWINGS

Leverage is a measure used by management to assess the Company's level of indebtedness. It is calculated as a ratio of net borrowings which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt to shareholders' equity, including non-controlling interest. Gearing measures how much of capital employed net is financed recurring

to third-party funding and is calculated as the ratio between net borrowings and capital employed net. Management periodically reviews leverage in order to assess the soundness and efficiency of the Group balance sheet in terms of optimal mix between net borrowings and net equity, and to carry out benchmark analysis with industry standards.

	(€ million)	December 31, 2019	December 31, 2018	Change
Total finance debt		24,518	25,865	(1,347)
- Short-term debt		5,608	5,783	(175)
- Long-term debt		18,910	20,082	(1,172)
Cash and cash equivalents		(5,994)	(10,836)	4,842
Securities held for trading		(6,760)	(6,552)	(208)
Financing receivables held for non-operating purposes		(287)	(188)	(99)
Net borrowings before lease liabilities ex IFRS 16		11,477	8,289	3,188
Lease Liabilities		5,648		5,648
- of which Eni working interest		3,672		3,672
- of which Joint operators' working interest		1,976		1,976
Net borrowings post lease liabilities ex IFRS 16		17,125	8,289	8,836
Shareholders' equity including non-controlling interest		47,900	51,073	(3,173)
Leverage before lease liability ex IFRS 16		0.24	0.16	(0.08)
Leverage after lease liability ex IFRS 16		0.36	n.a.	
Gearing before lease liability ex IFRS 16		0.18	0.14	0.04
Gearing after lease liability ex IFRS 16		0.26	n.a.	

Net borrowings at December 31, 2019 were €17,125 million, increased by €8,836 million from 2018.

Total finance debt of €24,518 million consisted of €5,608 million of short-term debt (including the portion of long-term debt due within twelve months of €3,156 million) and €18,910 million of long-term debt.

This increase was driven by the initial recognition of the lease liabilities upon the adoption of IFRS 16, which amounted to €5,759 million and included the reclassification of €128 million for certain trade payables due in connection with the hiring of assets, which were outstanding as of January 1, 2019. The effect of the adoption of IFRS 16 on the Group net borrowings totalled approximately €1,976 million, driven by lease liabilities pertaining to joint operators in Eni-led upstream unincorporated joint ventures, which will be recovered through a partner-billing process.

Excluding the overall impact of the adoption of IFRS 16, net

borrowings were re-determined at €11,477 million, increasing by €3,188 million compared to December 31, 2018. This increase was mainly driven by the acquisition of a 20% interest in Adnoc Refining and other non-organic investments.

As of December 31, 2019, the ratio of net borrowings to shareholders' equity including non controlling interest – **leverage**² – was 0.36 due to the increase in net borrowings driven by the adoption of IFRS 16. The impact of the lease liability pertaining to joint operators in Eni-led upstream unincorporated joint ventures weighted on leverage for approximately 4 points. Excluding altogether the impact of IFRS 16, leverage would be 0.24.

As of December 31, 2019, **gearing** – the ratio of net borrowings to net capital employed – was 0.26. Excluding altogether the impact of IFRS 16, gearing would be 0.18 (0.14 at December 31, 2018).

[2] Non-GAAP financial measures and other alternative performance indicators disclosed throughout this press release are accompanied by explanatory notes and tables in line with guidance provided by ESMA guidelines on alternative performance measures (ESMA/2015/1415), published on October 5, 2015. For further information, see the section "Non-GAAP measures" of this press release at the subsequent pages.

SUMMARIZED GROUP CASH FLOW STATEMENT

Eni's Summarized Group Cash Flow Statement derives from the statutory statement of cash flows. It enables investors to understand the connection existing between changes in cash and cash equivalents (deriving from the statutory cash flows statement) and in net borrowings (deriving from the summarized cash flow statement) that occurred in the reporting period. The measure which links the two statements is represented by the "free cash flow" which is calculated as difference between the cash flow generated from operations and the net cash used in investing activities. Starting from free cash flow it is possible to

determine either: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/receivables (issuance/repayment of debt and receivables related to financing activities), shareholders' equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in consolidation and of exchange rate differences; and (ii) change in net borrowings for the period by adding/deducting cash flows relating to shareholders' equity and the effect of changes in consolidation and of exchange rate differences.

Summarized Group Cash Flow Statement^(a)

	(€ million)	2019	2018	2017	Change
Net profit (loss)		155	4,137	3,377	(3,982)
<i>Adjustments to reconcile net profit (loss) to net cash provided by operating activities:</i>					
- depreciation, depletion and amortization and other non monetary items		10,480	7,657	8,720	2,823
- net gains on disposal of assets		(170)	(474)	(3,446)	304
- dividends, interests, taxes and other changes		6,224	6,168	3,650	56
Changes in working capital related to operations		366	1,632	1,440	(1,266)
Dividends received by investments		1,346	275	291	1,071
Taxes paid		(5,068)	(5,226)	(3,437)	158
Interests (paid) received		(941)	(522)	(478)	(419)
Net cash provided by operating activities		12,392	13,647	10,117	(1,255)
Capital expenditure		(8,376)	(9,119)	(8,681)	743
Investments and purchase of consolidated subsidiaries and businesses		(3,008)	(244)	(510)	(2,764)
Disposals of consolidated subsidiaries, businesses, tangible and intangible assets and investments		504	1,242	5,455	(738)
Other cash flow related to capital expenditure, investments and disposals		(254)	942	(373)	(1,196)
Free cash flow		1,258	6,468	6,008	(5,210)
Borrowings (repayment) of debt related to financing activities		(279)	(357)	341	78
Changes in short and long-term financial debt		(1,540)	320	(1,712)	(1,860)
Repayment of lease liabilities		(877)			(877)
Dividends paid and changes in non-controlling interests and reserves		(3,424)	(2,957)	(2,883)	(467)
Effect of changes in consolidation, exchange differences and cash		1	18	(65)	(17)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT		(4,861)	3,492	1,689	(8,353)

Change in net borrowings

	(€ million)	2019	2018	2017	Change
Free cash flow		1,258	6,468	6,008	(5,210)
Repayment of lease liabilities		(877)			(877)
Net borrowings of acquired companies			(18)		18
Net borrowings of divested companies		13	(499)	261	512
Exchange differences on net borrowings and other changes		(158)	(367)	474	209
Dividends paid and changes in non-controlling interest and reserves		(3,424)	(2,957)	(2,883)	(467)
CHANGE IN NET BORROWINGS BEFORE LEASE LIABILITIES		(3,188)	2,627	3,860	(5,815)
IFRS 16 first application effect		(5,759)			(5,759)
Repayment of lease liabilities		877			877
New leases subscription of the period and other changes		(766)			(766)
Change in lease liabilities		(5,648)			(5,648)
CHANGE IN NET BORROWINGS AFTER LEASE LIABILITIES		(8,836)	2,627	3,860	(11,463)

(a) For a reconciliation to the statutory statement of cash flow see the paragraph "Reconciliation of Summarized Group Balance Sheet and Statement of Cash Flows to Statutory Schemes".

Net cash provided by operating activities amounted to €12,392 million in the full year 2019 and included dividends paid to Eni by joint ventures, affiliates and other minority interests (€1,346 million) integrated with Eni's strategy and development plans. The main amount was paid by the JV Vår Energi for €1,057 million. The amount of trade receivables due in subsequent reporting periods divested to financing institutions was almost unchanged from FY 2018 (€1,782 million).

Net cash before changes in working capital at replacement cost and excluding extraordinary credit provisions (€0.3 billion) was €12.1 billion, slightly decreasing from the full year of 2018 (down by 4%), despite a markedly unfavourable scenario. Following the adoption of IFRS 16, net cash provided by operating activities improved by €666 million because the reimbursement of the principal of lease fees pertaining to assets hired in connection to operating activities are no longer part of the operating cash outflows, but are now part of the cash flow from financing activities.

Cash outflows for **capital expenditures and investments** were €11,384 million, including the consideration for the acquisition of a 20% interest in ADNOC Refining (€2.9 billion) and cash-outs for the acquisition of hydrocarbons reserves in Alaska and Algeria and other non-organic items for an overall amount of €0.4 billion. Net of the above mentioned non-organic items and of trade advances cashed by Egyptian partners in relation to the financing of the Zohr project (€0.3 billion), capital expenditures amounted to €7.73 billion.

Following the adoption of IFRS 16, these cash outflows improved by €211 million because the reimbursement of the principal of lease fees, which are incurred in relation to the hire of equipment used in connection with a capital project, are no longer recognized as cash outflows of investing activities, but are now part of the cash flow from financing activities.

The free cash flow benefitted from a favorable €877 million effect due to the adoption of IFRS 16.

2019 Full Year	(€ million)	After IFRS 16 adoption	Provisions for extraordinary credit and other charges	Adjusted after IFRS 16 adoption	IFRS 16 impact	Before IFRS 16 adoption
Net cash before changes in working capital at replacement cost ^(a)		11,803	336	12,139	(695)	11,444
Changes in working capital at replacement cost ^(a)		589	(336)	253	29	282
Net cash provided by operating activities		12,392			(666)	11,726
Capital expenditure		(8,376)			(211)	(8,587)
Free cash flow		1,258			(877)	381
Cash flow from financing activity		(5,841)			877	(4,964)
Net increase (decrease) in cash and cash equivalent		(4,861)				(4,861)

(a) Excluding from changes in working capital as reported in the cash flow statement (€366 million) the increase in stock profit due to price effect amounting to €223 million and provisions for extraordinary credit and other charges of €336 million (€366 million + €223 million - €336 million = €253 million). Consistently, net cash before changes in working capital at replacement cost excludes the stock profit and provisions for extraordinary credit and other charges.

The line item **Dividends paid and other changes in non-controlling interests and reserves** (€3,424 million) related mainly to the payment of dividends to Eni's shareholders (€3,018 million including the 2018 balance dividend and the 2019 interim dividend) and to the repurchase of own shares (€400 million) in line with the buyback program adopted by management as part of the authorization set by Eni's Shareholders Meeting on May 14, 2019, which envisaged a maximum cash out of €400 million and up to 67 million shares for the year 2019.

In the FY 2019, net cash provided by operating activities financed the cash outflows related to organic investments, net of trade advances cashed by Egyptian partners in relation to the financing

of the Zohr project which resulted in a positive free cash flow of approximately €4.3 billion. This discretionary cash amount was utilized to entirely fund the shareholders' remuneration of €3.4 billion, determining, with equity and reserves acquisitions (€3.3 billion) and disposals of €0.5 billion, an increase of net borrowings before IFRS 16 impacts by approximately €3.2 billion also including the payment of lease liabilities (approximately €0.9 billion). The organic capex for the FY and the dividend were funded with the operating cash flow before IFRS 16 effects at the Brent scenario of 55 \$/bbl and assuming the budget scenario for gas prices and refining margins, or 50 \$/bbl after IFRS 16 effects. At the current scenario, the cash neutrality came at 64 \$/bbl before IFRS 16 effects (59 \$/bbl after IFRS 16).

Capital expenditure

	(€ million)	2019	2018	2017	Change	% Ch.
Exploration & Production		6,996	7,901	7,739	(905)	(11.5)
- acquisition of proved and unproved properties		400	869	5	(469)	(54.0)
- exploration		586	463	442	123	26.6
- development		5,931	6,506	7,236	(575)	(8.8)
- other expenditure		79	63	56	16	25.4
Gas & Power		230	215	142	15	7.0
Refining & Marketing and Chemicals		933	877	729	56	6.4
- Refining & Marketing		815	726	526	89	12.3
- Chemical		118	151	203	(33)	(21.9)
Corporate and other activities		231	143	87	88	61.5
Impact of unrealized intragroup profit elimination		(14)	(17)	(16)		
Capital expenditure		8,376	9,119	8,681	(743)	(8.1)

In the full year of 2019, capital expenditure amounted to €8,376 million (€9,119 million in the FY 2018) and mainly related to:

- development activities (€5,931 million) deployed mainly in Egypt, Nigeria, Kazakhstan, Indonesia, Mexico, the USA and Angola. The acquisition of proved and unproved reserves of €400 million relates to the acquisition of reserves in Alaska and Algeria;
- refining activity in Italy and outside Italy (€683 million) mainly aimed at reconstruction works of the EST conversion plant at the Sannazzaro refinery, reconversion of Gela refinery, maintain plants' integrity as well as initiatives in the field of health, security and environment; marketing activity, mainly regulation compliance and stay in business initiatives in the refined product retail network in Italy and in the Rest of Europe (€132 million);
- initiatives relating to gas marketing (€176 million).

Alternative performance measures (Non-GAAP measure)

Management evaluates underlying business performance on the basis of Non-GAAP financial measures under IFRS ("Alternative performance measures"), such as adjusted operating profit and adjusted net profit, which are arrived at by excluding inventory holding gains or losses, special items and, in determining the business segments' adjusted results, finance charges on finance debt and interest income. From 2017, the recognition of the inventory holding (gains) losses has been revised in the Gas & Power segment considering a recently-enacted, less restrictive regulatory framework relating the legal obligation on part of gas wholesalers to retain gas volumes in storage to ensure an adequate level of modulation to the retail segment. On this basis, management has progressively reduced gas quantities held in storage and has commenced to leverage those quantities to improve margins by seeking to capture the seasonality in gas prices existing between the phase of gas injection (which typically occurs in summer months) vs. the phase of gas off-take (which typically occurs during the winter months). Therefore, from the closure of the statutory period of gas injection, i.e. from the fourth quarter of 2017, the determination of the stock profit or loss in the Gas & Power segment has changed and currently gas off-takes from storage are valued at the average cost incurred during the injection period net of the effects of hedging derivatives, ensuring when the purchased volumes are matched by the corresponding sales (net of the effects of hedging derivatives) the proper measurement and accountability of the economic performances. The adjusted operating profit of each business segment reports gains and losses on derivative financial instruments entered into to manage exposure to movements in foreign currency exchange rates, which affect industrial margins and translation of commercial payables and receivables. Accordingly, also currency translation effects recorded through profit and loss are reported within business segments' adjusted operating profit. The taxation effect of the items excluded from adjusted operating or net profit is determined based on the specific rate of taxes applicable to each of them. Management includes them in order to facilitate a comparison of base business performance across periods, and to allow financial analysts to evaluate Eni's trading performance on the basis of their forecasting models. Non-GAAP financial measures should be read together with information determined by applying IFRS and do not stand in for them. Other companies may adopt different methodologies to determine Non-GAAP measures. Follows the description of the main alternative performance measures adopted by Eni. The measures reported below refer to the performance of the reporting periods disclosed in this press release.

Adjusted operating and net profit

Adjusted operating and net profit are determined by excluding inventory holding gains or losses, special items and, in determining the business segments' adjusted results, finance charges on finance debt and interest income. The adjusted operating profit of each business segment reports gains and

losses on derivative financial instruments entered into to manage exposure to movements in foreign currency exchange rates which impact industrial margins and translation of commercial payables and receivables. Accordingly, also currency translation effects recorded through profit and loss are reported within business segments' adjusted operating profit. The taxation effect of the items excluded from adjusted operating or net profit is determined based on the specific rate of taxes applicable to each of them. Finance charges or income related to net borrowings excluded from the adjusted net profit of business segments are comprised of interest charges on finance debt and interest income earned on cash and cash equivalents not related to operations. Therefore, the adjusted net profit of business segments includes finance charges or income deriving from certain segment operated assets, i.e., interest income on certain receivable financing and securities related to operations and finance charge pertaining to the accretion of certain provisions recorded on a discounted basis (as in the case of the asset retirement obligations in the Exploration & Production segment).

Inventory holding gain or loss

This is the difference between the cost of sales of the volumes sold in the period based on the cost of supplies of the same period and the cost of sales of the volumes sold calculated using the weighted average cost method of inventory accounting as required by IFRS.

Special items

These include certain significant income or charges pertaining to either: (i) infrequent or unusual events and transactions, being identified as non-recurring items under such circumstances; (ii) certain events or transactions which are not considered to be representative of the ordinary course of business, as in the case of environmental provisions, restructuring charges, asset impairments or write ups and gains or losses on divestments even though they occurred in past periods or are likely to occur in future ones. Exchange rate differences and derivatives relating to industrial activities and commercial payables and receivables, particularly exchange rate derivatives to manage commodity pricing formulas which are quoted in a currency other than the functional currency are reclassified in operating profit with a corresponding adjustment to net finance charges, notwithstanding the handling of foreign currency exchange risks is made centrally by netting off naturally-occurring opposite positions and then dealing with any residual risk exposure in the derivative market. Finally, special items include the accounting effects of fair-valued commodity derivatives relating to commercial exposures, in addition to those which lack the criteria to be designed as hedges, also those which are not eligible for the own use exemption, including the ineffective portion of cash flow hedges, as well as the accounting effects of commodity and exchange rates derivatives whenever it is deemed that the underlying transaction is expected to occur in future reporting periods. As provided for in Decision No. 15519 of July 27, 2006 of the Italian market regulator

(CONSOB), non-recurring material income or charges are to be clearly reported in the management's discussion and financial tables.

Leverage

Leverage is a Non-GAAP measure of the Company's financial condition, calculated as the ratio between net borrowings and shareholders' equity, including non-controlling interest. Leverage is the reference ratio to assess the solidity and efficiency of the Group balance sheet in terms of incidence of funding sources including third-party funding and equity as well as to carry out benchmark analysis with industry standards.

Gearing

Gearing is calculated as the ratio between net borrowings and capital employed net and measures how much of capital employed net is financed recurring to third-party funding.

Net cash provided by operating activities before changes in working capital at replacement cost

Net cash provided from operating activities before changes in working capital and excluding inventory holding gain or loss.

Free cash flow

Free cash flow represents the link existing between changes in cash and cash equivalents (deriving from the statutory cash flows statement) and in net borrowings (deriving from the summarized cash flow statement) that occurred from the beginning of the period to the end of period. Free cash flow is the cash in excess of capital expenditure needs. Starting from free cash flow it is possible to determine either: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/receivables (issuance/repayment of debt and receivables related to financing activities), shareholders' equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in consolidation and of exchange rate differences; (ii) changes in net borrowings for the period by adding/deducting cash flows relating to shareholders' equity and the effect of changes in consolidation and of exchange rate differences.

Net borrowings

Net borrowings is calculated as total finance debt less cash, cash equivalents and certain very liquid investments not related to operations, including among others non-operating financing receivables and securities held for trading. Financial activities are qualified as "not related to operations" when these are not strictly related to the business operations.

ROACE (Return On Average Capital Employed) adjusted

Is the return on average capital invested, calculated as the ratio between net income before non-controlling interest, plus net

financial charges on net financial debt, less the related tax effect and net average capital employed.

Coverage

Financial discipline ratio, calculated as the ratio between operating profit and net finance charges.

Current ratio

Measures the capability of the company to repay short-term debt, calculated as the ratio between current assets and current liabilities.

Debt coverage

Rating companies use the debt coverage ratio to evaluate debt sustainability. It is calculated as the ratio between net cash provided by operating activities and net borrowings, less cash and cash-equivalents, securities held for non-operating purposes and financing receivables for non-operating purposes.

Net Debt/EBITDA adjusted

Net Debt/adjusted EBITDA is the ratio between the profit available to cover the debt before interest, taxes, amortizations and impairment. This index is a measure of the company's ability pay off its debt and gives an indication as to how long a company would need to operate at its current level to pay off all its debt.

Profit per boe

Measures the return per oil and natural gas barrel produced. It is calculated as the ratio between Results of operations from E&P activities (as defined by FASB Extractive Activities - Oil and Gas Topic 932) and production sold.

Opex per boe

Measures efficiency in the Oil & Gas development activities, calculated as the ratio between operating costs (as defined by FASB Extractive Activities - Oil and Gas Topic 932) and production sold.

Finding & Development cost per boe

Represents Finding & Development cost per boe of new proved or possible reserves. It is calculated as the overall amount of exploration and development expenditure, the consideration for the acquisition of possible and probable reserves as well as additions of proved reserves deriving from improved recovery, extensions, discoveries and revisions of previous estimates (as defined by FASB Extractive Activities - Oil and Gas Topic 932).

The following tables report the group operating profit and Group adjusted net profit and their breakdown by segment, as well as is represented the reconciliation with net profit attributable to Eni's shareholders of continuing operations.

2019	(€ million)	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Corporate and other activities	Impact of unrealized intragroup profit elimination	GROUP
Reported operating profit (loss)		7,417	699	(854)	(710)	(120)	6,432
Exclusion of inventory holding (gains) losses				(318)		95	(223)
Exclusion of special items:							
- environmental charges		32		244	62		338
- impairment losses (impairments reversal), net		1,217	37	922	12		2,188
- net gains on disposal of assets		(145)		(5)	(1)		(151)
- risk provisions		(18)		(2)	23		3
- provision for redundancy incentives		23	4	8	10		45
- commodity derivatives			(423)	(16)			(439)
- exchange rate differences and derivatives		14	92	2			108
- other		100	245	(29)	(20)		296
Special items of operating profit (loss)		1,223	(45)	1,124	86		2,388
Adjusted operating profit (loss)		8,640	654	(48)	(624)	(25)	8,597
Net finance (expense) income ^(a)		(362)	(23)	(11)	(525)		(921)
Net income (expense) from investments ^(a)		312	(11)	37	43		381
Income taxes ^(a)		(5,154)	(194)	(53)	222	5	(5,174)
Tax rate (%)		60.0	31.3	..			64.2
Adjusted net profit (loss)		3,436	426	(75)	(884)	(20)	2,883
<i>of which attributable to:</i>							
- non-controlling interest							7
- Eni's shareholders							2,876
Reported net profit (loss) attributable to Eni's shareholders							148
Exclusion of inventory holding (gains) losses							(157)
Exclusion of special items							2,885
Adjusted net profit (loss) attributable to Eni's shareholders							2,876

(a) Excluding special items.

2018	(€ million)	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Corporate and other activities	Impact of unrealized intragroup profit elimination	GROUP
Reported operating profit (loss)		10,214	629	(380)	(691)	211	9,983
Exclusion of inventory holding (gains) losses				234		(138)	96
Exclusion of special items:							
- environmental charges		110	(1)	193	23		325
- impairment losses (impairments reversal), net		726	(71)	193	18		866
- net gains on disposal of assets		(442)		(9)	(1)		(452)
- risk provisions		360		21	(1)		380
- provision for redundancy incentives		26	122	8	(1)		155
- commodity derivatives			(156)	23			(133)
- exchange rate differences and derivatives		(6)	112	1			107
- other		(138)	(92)	96	47		(87)
Special items of operating profit (loss)		636	(86)	526	85		1,161
Adjusted operating profit (loss)		10,850	543	380	(606)	73	11,240
Net finance (expense) income ^(a)		(366)	(4)	11	(697)		(1,056)
Net income (expense) from investments ^(a)		285	9	(2)	5		297
Income taxes ^(a)		(5,814)	(238)	(151)	333	(17)	(5,887)
<i>Tax rate (%)</i>		<i>54.0</i>	<i>43.4</i>	<i>38.8</i>			<i>56.2</i>
Adjusted net profit (loss)		4,955	310	238	(965)	56	4,594
<i>of which attributable to:</i>							
- non-controlling interest							11
- Eni's shareholders							4,583
Reported net profit (loss) attributable to Eni's shareholders							4,126
Exclusion of inventory holding (gains) losses							69
Exclusion of special items							388
Adjusted net profit (loss) attributable to Eni's shareholders							4,583

(a) Excluding special items.

2017	(€ million)	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Corporate and other activities	Impact of unrealized intragroup profit elimination	GROUP
Reported operating profit (loss)		7,651	75	981	(668)	(27)	8,012
Exclusion of inventory holding (gains) losses				(213)		(6)	(219)
Exclusion of special items:							
- environmental charges		46		136	26		208
- impairment losses (impairments reversal), net		(154)	(146)	54	25		(221)
- net gains on disposal of assets		(3,269)		(13)	(1)		(3,283)
- risk provisions		366			82		448
- provision for redundancy incentives		19	38	(6)	(2)		49
- commodity derivatives			157	(11)			146
- exchange rate differences and derivatives		(68)	(171)	(9)			(248)
- other		582	261	72	(4)		911
Special items of operating profit (loss)		(2,478)	139	223	126		(1,990)
Adjusted operating profit (loss)		5,173	214	991	(542)	(33)	5,803
Net finance (expense) income ^(a)		(50)	10	5	(699)		(734)
Net income (expense) from investments ^(a)		408	(9)	19	22		440
Income taxes ^(a)		(2,807)	(163)	(352)	178	17	(3,127)
<i>Tax rate (%)</i>		<i>50.8</i>	<i>75.8</i>	<i>34.7</i>			<i>56.8</i>
Adjusted net profit (loss)		2,724	52	663	(1,041)	(16)	2,382
<i>of which attributable to:</i>							
- non-controlling interest							3
- Eni's shareholders							2,379
Reported net profit (loss) attributable to Eni's shareholders							3,374
Exclusion of inventory holding (gains) losses							(156)
Exclusion of special items							(839)
Adjusted net profit (loss) attributable to Eni's shareholders							2,379

(a) Excluding special items.

Reconciliation of Summarized Group Balance Sheet and Statement of Cash Flow to Statutory Schemes

Summarized Group Balance Sheet

Items of Summarized Group Balance Sheet

(where not expressly indicated, the item derives directly from the statutory scheme)

	Notes to the Consolidated Financial Statement	December 31, 2019		December 31, 2018	
		Amounts from statutory scheme	Amounts of the summarized Group scheme	Amounts from statutory scheme	Amounts of the summarized Group scheme
	(€ million)				
Fixed assets					
Property, plant and equipment			62,192		60,302
Right of use			5,349		
Intangible assets			3,059		3,170
Inventories - Compulsory stock			1,371		1,217
Equity-accounted investments and other investments			9,964		7,963
Receivables and securities held for operating activities	(see note 16)		1,234		1,314
Net payables related to capital expenditure, made up of:			(2,235)		(2,399)
- receivables related to disposals	(see note 7)	30		122	
- receivables related to disposals non-current	(see note 10)	11		9	
- payables for purchase of non-current assets	(see note 17)	(2,276)		(2,530)	
Total fixed assets			80,934		71,567
Net working capital					
Inventories			4,734		4,651
Trade receivables	(see note 7)		8,519		9,520
Trade payables	(see note 17)		(10,480)		(11,645)
Net tax assets (liabilities), made up of:			(1,594)		(1,364)
- current income tax payables		(456)		(440)	
- non-current income tax payables		(454)		(287)	
- other current tax liabilities	(see note 10)	(1,411)		(1,432)	
- deferred tax liabilities		(4,920)		(4,272)	
- other non-current tax liabilities	(see note 10)	(63)		(34)	
- current income tax receivables		192		191	
- non-current income tax receivables		173		168	
- other current tax assets	(see note 10)	766		561	
- deferred tax assets		4,360		3,931	
- other non-current tax assets	(see note 10)	223		254	
- payables for Italian consolidated accounts	(see note 17)	(4)		(4)	
Provisions			(14,106)		(11,626)
Other current assets and liabilities, made up of:			(1,864)		(860)
- short-term financial receivables for operating purposes	(see note 16)	37		51	
- receivables vs. partners for exploration and production activities and other	(see note 7)	4,324		4,459	
- other current assets	(see note 10)	3,206		2,258	
- other receivables and other assets non-current	(see note 10)	637		361	
- advances, other payables, payables vs. partners for exploration and production activities and other	(see note 17)	(2,785)		(2,568)	
- other current liabilities	(see note 10)	(5,735)		(3,980)	
- other payables and other liabilities non-current	(see note 10)	(1,548)		(1,441)	
Total net working capital			(14,791)		(11,324)
Provisions for employee benefits			(1,136)		(1,117)
Assets held for sale including related liabilities			18		236
made up of:					
- assets held for sale		18		295	
- liabilities directly associated with held for sale				(59)	
CAPITAL EMPLOYED, NET			65,025		59,362
Shareholders' equity including non-controlling interest			47,900		51,073
Net borrowings					
Total debt, made up of:			24,518		25,865
- long-term debt		18,910		20,082	
- current portion of long-term debt		3,156		3,601	
- short-term debt		2,452		2,182	
less:					
Cash and cash equivalents			(5,994)		(10,836)
Securities held for trading			(6,760)		(6,552)
Financing receivables held for non-operating purposes	(see note 16)		(287)		(188)
Net borrowings before lease liabilities ex IFRS 16			11,477		8,289
Lease liabilities, made up of:			5,648		
- long-term lease liabilities		4,759			
- current portion of long-term lease liabilities		889			
Total net borrowings post lease liabilities ex IFRS 16^(a)			17,125		8,289
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			65,025		59,362

[a] For details on net borrowings see also note 19 to the consolidated financial statements.

Summarized Group Cash Flow Statement

Items of Summarized Cash Flow Statement and confluence/reclassification of items in the statutory scheme (€ million)	2019		2018	
	Amounts from statutory scheme	Amounts of the summarized Group scheme	Amounts from statutory scheme	Amounts of the summarized Group scheme
Net profit (loss)		155		4,137
Adjustments to reconcile net profit (loss) to net cash provided by operating activities:				
Depreciation, depletion and amortization and other non monetary items		10,480		7,657
- depreciation, depletion and amortization	8,106		6,988	
- impairment losses (impairment reversals) of tangible, intangible and right of use, net	2,188		866	
- write-off of tangible and intangible assets	300		100	
- share of profit (loss) of equity-accounted investments	88		68	
- other changes	(179)		(474)	
- net change in the provisions for employee benefits	(23)		109	
Net gains on disposal of assets		(170)		(474)
Dividends, interests, income taxes and other changes		6,224		6,168
- dividend income	(247)		(231)	
- interest income	(147)		(185)	
- interest expense	1,027		614	
- income taxes	5,591		5,970	
Changes in working capital related to operations		366		1,632
- inventories	(200)		15	
- trade receivables	1,023		334	
- trade payables	(940)		642	
- provisions	272		(238)	
- other assets and liabilities	211		879	
Dividends received		1,346		275
Taxes paid		(5,068)		(5,226)
Interests (paid) received		(941)		(522)
- interest received	88		87	
- interest paid	(1,029)		(609)	
Net cash provided by operating activities		12,392		13,647
Investing activities		(8,376)		(9,119)
- tangible assets and prepaid for right-of-use assets	(8,065)		(8,778)	
- intangible assets	(311)		(341)	
Investments and purchase of consolidated subsidiaries and businesses		(3,008)		(244)
- investments	(3,003)		(125)	
- consolidated subsidiaries and businesses net of cash and cash equivalent acquired	(5)		(119)	
Disposals		504		1,242
- tangible assets	264		1,089	
- intangible assets	17		5	
- consolidated subsidiaries and businesses net of cash and cash equivalent disposed of	187		(47)	
- tax on disposals	(3)			
- investments	39		195	
Other cash flow related to capital expenditure, investments and disposals		(254)		942
- investment of securities held for operating purposes	(8)		(8)	
- investment of financing receivables held for operating purposes	(229)		(358)	
- change in payables in relation to investing activities	(307)		408	
- disposal of securities held for operating purposes	17		15	
- disposal of financing receivables held for operating purposes	178		279	
- change in receivables in relation to disposals	95		606	
Free cash flow		1,258		6,468

continued Summarized Group Cash Flow Statement

Items of Summarized Cash Flow Statement and confluence/reclassification of items in the statutory scheme (€ million)	2019		2018	
	Amounts from statutory scheme	Amounts of the summarized Group scheme	Amounts from statutory scheme	Amounts of the summarized Group scheme
Free cash flow		1,258		6,468
Borrowings (repayment) of debt related to financing activities - net change of securities and financing receivables held for non-operating purposes	(279)	(279)	(357)	(357)
Changes in short and long-term finance debt		(1,540)		320
- Increase in long-term debt	1,811		3,790	
- Repayments of long-term debt	(3,512)		(2,757)	
Increase (decrease) in short-term debt	161		(713)	
Repayment of lease liabilities		(877)		
Dividends paid and changes in non-controlling interest and reserves		(3,424)		(2,957)
- reimbursement to non-controlling interest	(1)			
- acquisition of treasury shares	(400)			
- acquisition of additional interests in consolidated subsidiaries	(1)			
- dividends paid to Eni's shareholders	(3,018)		(2,954)	
- dividends paid to non-controlling interest	(4)		(3)	
Effect of changes in consolidation, exchange differences and cash equivalent		1		18
- effect of exchange rate changes and other changes on cash and cash equivalents	8		18	
- effect of change in consolidation (inclusion/exclusion of significant/insignificant subsidiaries)	(7)			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT		(4,861)		3,492

Risk factors and uncertainties

The risks described below may have a material effect on our operational and financial performance. We invite our investors to consider these risks carefully.

Risk factors

The Company's performance is affected by volatile prices of crude oil and produced natural gas and by fluctuating margins on the marketing of natural gas and on the integrated production and marketing of refined products and chemical products

The price of crude oil is the single, largest variable that affects the Company's performance. Because it is a commodity business, the price of crude oil has a history of volatility and is influenced by a number of macro-factors that are beyond management's control. Crude oil prices are mainly driven by the balance between global oil supplies and demand and hence the global levels of inventories and spare capacity. Worldwide demand for crude oil is highly correlated to the macroeconomic cycle. A downturn in economic activity normally triggers lower global demand for crude oil and possibly a supply build-up. Whenever global supplies of crude oil outstrip demand, crude oil prices weaken. Other factors which influence demand for crude oil are demographic growth and improving living standards, prices and availability of alternative sources of energy (e.g., nuclear and renewables), technological advances affecting energy efficiency, measures which have been adopted or planned by governments all around the world to fight global warming, including stricter regulations and control on production and consumption of crude oil, or a shift in consumer preferences. The push to reduce worldwide greenhouse gas emissions and an ongoing energy transition towards a low carbon economy, which are widely considered to be irreversible trends, will represent in our view major trends in shaping global demand and supplies of crude oil over the long-term and may lead to lower crude oil demands and consumption; see the section dedicated to the discussion of climate-related risks below. Furthermore, oil demand is subject to several, unpredictable events. Geopolitical tensions, local conflicts, terrorism, attacks, social instability, widespread civil unrest, pandemic diseases could dent consumers' confidence, economic growth and hence global demand for oil.

Historically, the OPEC cartel and lately the OPEC+ agreement, which includes OPEC members and other important oil producers like Russia, have exerted a big influence over global supplies of crude oil and crude oil prices. Saudi Arabia plays a crucial role within the cartel, because it is estimated to hold huge amounts of reserves and a vast majority of worldwide spare production capacity. This explains why geopolitical developments in the Middle East and particularly in the Gulf area, like regional conflicts, acts of war, strikes, attacks, sabotages and social and political tensions can have a big influence on crude oil prices. Also, sanctions imposed by the USA and the EU against certain producing Countries may influence trends in crude oil prices. However, we believe that the resurgence of oil production in the USA due to the technology-driven shale oil revolution has somewhat reduced the ability of OPEC to control the global supply of oil. To a lesser extent, factors like adverse weather conditions and operational issues at key petroleum infrastructure can influence crude oil prices.

The price of crude oil has been on a downtrend for the last six years, shedding more than two thirds of its value in this timeframe (from approximately 110 \$/bbl in 2014 to the current level below 30 \$/bbl as of end of March 2020). The development has been mainly driven by a supply glut fuelled by continued growth in the production of tight oil in the USA and the need of US independent producers to recover their investments, at a time when the pace of increase in crude oil demand has moderated. These trends have been exacerbated by the adverse developments recorded in the first quarter 2020 (see below). At the beginning of 2019, crude oil prices rebounded somewhat from another stage of the down cycle recorded in the final part of 2018, when the price of the Brent crude oil benchmark fell to around 50 \$/barrel (Source: Platt's Oilgram), supported by the production cuts implemented by the OPEC+ agreement and by production losses for Venezuela and Iran due to geopolitical factors. Brent prices peaked at 75 \$/barrel in April 2019. Then, a new downward trend commenced pushing crude oil price down to the mid-\$50 range during the summer months of 2019. The correction was driven by a global economic slowdown impacting fuel demand, uncertainties relating to the developments of the United States-China trade dispute and Brexit, and building oversupplies due to rising production levels in the United States and elsewhere. Against this backdrop, the September 2019 air attacks against strategic oil facilities in Saudi Arabia, which were of unprecedented reach and scale and caused a massive albeit temporary production loss, had little effects on crude oil prices because due to large worldwide supplies, no significant disruptions occurred in the marketplace and after a brief spike, crude oil prices reverted to then ongoing downtrend.

In the last part of 2019 and the beginning of 2020, crude oil prices tried to rebound, supported by the renewal of the OPEC+ agreement through the end of March 2020, which provided an increase of 500 kbb/d in the production cuts to the target of 1.7 million bbl/d, with Saudi Arabia committing itself to cut its production quota by a further 400 kbb/d. Other factors supportive of crude oil prices were the resurgence of geopolitical tensions in the Gulf area, a de-escalation in the trade dispute between the USA and China and early signs of a strengthening global economy. As a result of these trends, in 2019 the price for the Brent crude oil benchmark averaged 64 \$/barrel, 9% lower than in 2018.

After a solid start in 2020 with Brent prices rising up to 65 \$/barrel, crude oil prices took a hit due to a sudden drop in demand triggered by the outbreak of a pandemic disease known as COVID-19 spreading from China to other Countries around the world. The sell-off intensified through February and early March 2020 as governments across the globe stepped up efforts to contain the virus, impacting economic activity and travel. In early March 2020, members of the OPEC+ agreement failed to reach a deal for additional production cuts claimed by some members to counteract the COVID-19 effects. These developments triggered a collapse in crude oil prices. The price of the Brent crude benchmark has fallen by more 50% from the value recorded before the onset of the disease at more than 65 \$/bbl in early January 2020. Depending on how the current COVID-19 crisis

unfolds, on how long it takes to contain the virus and on the severity of an ensuing economic downturn, as well as on future developments regarding the willingness of the OPEC+ agreement to support crude oil prices, the ongoing developments could materially and negatively affect the outlook for the Company, its results of operations, cash flow and business prospects including shareholders' returns and the price of Eni's share.

Management expects oil demand growth to remain subdued in 2020 and possibly to decline due to the effects of COVID-19 on global economic activity and travel. For the medium term, management expects global oil demand to resume growing at a rate in line with historical averages. Global crude oil supplies are expected to grow at a moderate pace. International oil companies are expected to retain a selective approach to investment decisions due to cash flow considerations and also the growth rate in the production of tight oil in the USA is expected to slow down due to greater focus on capital discipline by US independent upstreamers. The cohesion of OPEC+ alliance is a factor of uncertainty to the global balance between supplies and demand.

Lower prices from one year to another negatively affect the Group's consolidated results of operations and cash flow. This is because lower oil prices translate into lower revenues recognised in the Company's Exploration & Production segment at the time of the price change, whereas expenses in this segment are either fixed or less sensitive to changes in crude oil prices than revenues. Based on the current portfolio of oil and gas assets, Eni's management estimates that the Company's consolidated net cash provided by operating activities would vary by approximately €0.15 billion for each one-dollar change in the price of the Brent crude oil benchmark with respect to the price case assumed in Eni's financial projections for 2020.

The price of natural gas generally follows a trend similar to that of crude oil, but it can also exhibit greater movements either upward or downward. In 2019, due to a combination of factors including lower gas demand in Asia due to the downturn and a recovery in Japan's nuclear power production, larger global supplies of LNG, mild global temperatures and increased US production, gas prices at the main worldwide markets fell by a far bigger amount than crude oil prices. For example, the price of gas at the Italian spot market against which the realized price of our equity gas production in Europe is benchmarked, declined by 34% compared to 9% for the price of crude oil.

In 2019, the Company estimated that lower hydrocarbon prices negatively affected the Exploration & Production operating profit for approximately €2.23 billion, with the large majority of this loss deriving from lower gas prices.

Lower oil and gas prices over prolonged periods of time or, in the worst of the scenarios, a structural decline in oil and gas prices may have material adverse effects on Eni's performance and business outlook, because such a scenario may limit the Group's funds available to finance expansion projects, further reducing the Company's ability to grow future production and revenues, and to discharge contractual obligations. The Company may also need

to review investment decisions and the viability of development projects and capex plans and, as a result of this review, the Company could reschedule, postpone or curtail development projects. A structural decline in hydrocarbon prices could trigger a review of the carrying amounts of oil and gas properties and this could result in recording material asset impairments and also could result in the de-booking of proved reserves, if they become uneconomic in this type of environment. Finally, in response to weakened oil and gas industry conditions and resulting revisions made to rating agency commodity price assumptions, lower commodity prices may also reduce the Group's access to capital and lead to a downgrade or other negative rating action with respect to the Group's credit rating by rating agencies. These downgrades may negatively affect the Group's cost of capital, increase the Group's financial expenses, and may limit the Group's ability to access capital markets and execute aspects of the Group's business plans. All of these risks may adversely and materially impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share.

Eni estimates that approximately 50% of its current production is exposed to fluctuations in hydrocarbons prices. Exposure to this strategic risk is not subject to economic hedging, except for some specific market conditions or transactions. The remaining portion of Eni's current production is largely unaffected by crude oil price movements considering that the Company's property portfolio is characterised by a sizeable presence of production sharing contracts, whereby the Company is entitled to a portion of a field's reserves, the sale of which is intended to cover expenditures incurred by the Company to develop and operate the field. The higher the reference prices for Brent crude oil used to estimate Eni's proved reserves, the lower the number of barrels necessary to recover the same amount of expenditure and hence production, and vice versa. If oil prices differ significantly from Eni's own forecasts, the result of the above mentioned sensitivity of production to oil price changes may be significantly different.

Margins on the production and sale of fuels and other refined products, chemical commodities, other energy commodities and in the wholesale marketing of natural gas are driven by economic growth, global and regional dynamics in supplies and demands and other competitive factors. Generally speaking, the prices of products mirror that of oil-based feedstock, but they can also move independently. Margins for refined and chemical products depend upon the speed at which products' prices adjust to reflect movements in oil prices. Margins at our business of wholesale marketing of natural gas are driven by the spreads between spot prices at continental hubs to which our procurement costs are indexed and the spot prices at the Italian hub where a large part of our gas sales occur. These spreads can be very volatile.

The COVID-19 impact and current trends in the oil market

The outbreak of a contagious disease known as COVID-19 which has spread rapidly to many countries in the world at the beginning of 2020 and is currently ongoing has triggered a sharp sell-off in

energy commodities markets due to a sudden drop in worldwide consumption of oil, gas and other energy products as a result of measures taken worldwide to contain the spread of the disease. In early March 2020, members of the OPEC+ failed to reach an agreement for additional oil production cuts proposed by some participants to counteract the COVID-19 effects. These developments together triggered a collapse in crude oil prices. As of the end of March 2020, the price of the Brent crude benchmark has fallen by more than 50% from the value recorded before the onset of the disease at more than 65 \$/bbl in early January 2020; the average Brent price for the first quarter 2020 of approximately 51 \$/bbl has fallen by a considerably lower amount over the corresponding period a year ago (down by approximately 20%). Also, the price of natural gas at the Italian spot market "PSV", which is the main benchmark for sales volumes of equity gas production has fallen in this period, with the average price for the first quarter 2020 at approximately 3.7 \$/mmBTU, down by approximately 50% over the year-ago quarter.

Should these developments prolong beyond the short term, they could represent a material risk to the outlook of Oil & Gas companies considering the already weak fundamentals of the sector due to continued oversupply and changing consumers' attitudes toward hydrocarbons due to rising climate-related issues.

Management has estimated the Company's operating cash flows to vary by approximately €150 million for each one-dollar change in the price of the Brent crude oil benchmark with respect to the price case assumed in Eni's financial projections for 2020; regarding the price of natural gas at the PSV, it has been estimated a variation of +/-€235 million in the operating cash flow for a +/-1 \$/mmBTU change in the price of the PSV compared to our financial assumptions.

Future trends in crude oil and natural gas prices will greatly depend on how the current COVID-19 crisis unfolds and on how long it lasts. Under the worst of the assumptions, the spread of the disease could trigger a global recession which could materially hit demand for energy products and prices of energy commodities. This scenario could be further complicated in case the OPEC+ agreement effectively ceases supporting crude oil prices. These trends could have a material and adverse effect on our results of operations, cash flow, liquidity and business prospects, including trends in Eni shares and shareholders' returns. However, in recent years the Company has taken several steps to improve its balance sheet and the resilience of the business to the volatility of hydrocarbons prices. Due to continued exploration success at competitive discovery costs, the deployment of an efficient model to develop hydrocarbons reserves based on a phased approach, reduction of time-to-market and design-to-cost, as well as continued control of operating expenses, we believe that our portfolio of Oil & Gas projects can withstand a significant oil price downturn, leveraging on low break-even prices. We retains some levers of financial flexibility in case of a significant contraction in cash flow from operations. The Group has established a liquidity reserve consisting of very liquid sovereign bonds and corporate securities which amounted to €6.8 billion at the balance sheet date and are marked to market, which together with cash on hands of approximately €6 billion will cushion the impact of a price downturn, also of severe proportions. Furthermore, we have as of December 31, 2019, undrawn uncommitted borrowing facilities amounting to €13,299 million and undrawn long-term committed

borrowing facilities of €4,667 million. Those facilities bore interest rates reflecting prevailing conditions on the marketplace. The main financial commitment of 2020 include long-term debt maturities of approximately €3.2 billion, short-term debt of €2.45 billion, while our take-or-pay obligations under long-term gas contracts and other similar obligations amount to an estimated €8 billion at our budget scenario.

We are continuing to evaluate the effects of the recent trends in the oil market. This assessment includes an update to the oil price scenario and management actions to counteract the changed environment, the effects of which are currently not yet determinable and will be accounted for in future reporting periods. To date, in response to the sharp decrease in commodities prices and the foreseeable constraints arising from the COVID-19 pandemic, management has revised its capital plans and updated the commodities scenario for the years 2020 and 2021. Management is now assuming for planning purposes a Brent price of 40-45 \$/bbl in 2020 and of 50-55 \$/bbl for 2021. In 2020, management is planning to reduce capital expenditures by around €2 billion, equal to 25% of the amount originally planned and opex by around €400 million. In 2021, Eni expects a capital expenditures reduction of around €2.5-3 billion, equal to 30-35% of the capex scheduled for the same year in the business plan.

The projects involved in this capex reduction are related mainly to upstream activities, particularly production optimization and new projects developments scheduled to start in the short term. In both cases, activities will be restarted as soon as appropriate market conditions return, and related production will be recovered accordingly. As a result of these measures and the current depressed scenario, production in 2020 is expected to be between 1.8 and 1.84 million barrels of oil equivalent per day, which would remain unchanged in the following year. Finally, management has resolved to suspend the share repurchase program. The program will be reconsidered when the Brent price for the referenced year, which is the benchmark for decisions relating to the buyback plan activation, is at least equal to 60 \$/barrel.

There is strong competition worldwide, both within the oil industry and with other industries, to supply energy and petroleum products to the industrial, commercial and residential energy markets

Eni faces strong competition in each of its business segments.

The current competitive environment in which Eni operates is characterised by volatile prices and margins of energy commodities, limited product differentiation and complex relationships with state-owned companies and national agencies of the Countries where hydrocarbons reserves are located to obtain mineral rights. As commodity prices are beyond the Company's control, Eni's ability to remain competitive and profitable in this environment requires continuous focus on technological innovation, the achievement of efficiencies in operating costs, effective management of capital resources and the ability to provide valuable services to energy buyers. It also depends on Eni's ability to gain access to new investment opportunities, both in Europe and worldwide.

- In the Exploration & Production segment, Eni is facing competition from both international and state-owned oil companies for obtaining exploration and development rights, and developing and applying new technologies to maximise hydrocarbon recovery. Because of its smaller size relative to other international oil companies, Eni may face a competitive disadvantage when bidding for large scale or capital intensive projects and it may be exposed to the risk of obtaining lower cost savings in a deflationary environment compared to its larger competitors given its potentially smaller market power with respect to suppliers. Due to those competitive pressures, Eni may fail to obtain new exploration and development acreage, to apply and develop new technologies and to control costs.
- In the Gas & Power segment, Eni is facing strong competition in the European wholesale gas markets to sell gas to industrial customers, the thermoelectric sector and retailer companies from other gas wholesalers, upstream companies, traders and other players both in the Italian market and in markets across Europe. In recent years, competition has been fuelled by muted demand growth, oversupplies and the development of very liquid European spot markets where large volumes of gas are traded daily. Players are competing mainly in terms of pricing and, to a lesser extent, on the ability to offer additional services to the buyers of the commodity, like volume flexibilities, different pricing options, the possibility to change the delivery point and other optionality. Eni's Gas & Power segment also engages in the supply of gas and electricity to customers in the retail markets mainly in Italy, France and other Countries in Europe. Customers include households, large residential accounts (hospitals, schools, public administration buildings, offices) and small and medium-sized businesses located in urban areas. The retail market is characterised by strong competition among local selling companies which mainly compete in term of pricing and the ability to bundle valuable services to the supply of the energy commodity. In this segment, competition has intensified in recent years due to the progressive liberalisation of the market and the option on part of residential customers to switch smoothly from one supplier to another. Management believes that competition in the European wholesale and retail gas markets will continue to negatively affect the performance of Eni's Gas & Power segment in future reporting periods.
- Eni is facing strong competitive pressure in its business of gas-fired electricity generation which is largely sold in wholesale markets in Italy. Margins on the sale of electricity have declined in recent years due to oversupplies, weak economic growth and inter-fuel competition. Management believes that these factors will continue to negatively affect crack-spread margins on electricity at Italian wholesale markets and the profitability of this business unit in the foreseeable future.
- In the Refining & Marketing segment, Eni is facing competition both in refining business and in the retail marketing activity. Refining business, in recent years has been negatively affected by a number of structural headwinds due to muted trends in the European demand for fuels and continued competitive pressure from players in the Middle East, the United States and Far East Asia. Those competitors can leverage on larger plant scale and cost economies, availability of cheaper feedstock and lower energy expenses. Eni believes that the competitive environment of the refining sector will remain challenging in the foreseeable future, also considering refining overcapacity in the European area and expectations of a new investment cycle driven by capacity expansion plans announced in Asia and the Middle East, potentially leading to a situation of global oversupplies of refinery products. Furthermore, Eni's refining margins are exposed to the volatility in the spreads between crudes with high sulphur content or sour crudes and the Brent crude benchmark, which is a low-content sulphur crude. Eni complex refineries are able to process sour crudes which typically trade at a discount over the Brent crude. Historically, this discount has supported the profitability of complex refineries, like our plant at Sannazzaro in Italy. However, in the course of 2019, a shortfall in supplies of sour crudes due to the production cuts implemented by OPEC, lower exports from Venezuela and the United States' sanctions against Iran, drove an appreciation of the relative prices of sour crudes as compared to the Brent, which negatively affected the results of our refining business by reducing the advantage of processing sour crudes. This development triggered a revision of the profitability outlook of our complex plants, resulting in the recording of an impairment loss of approximately €684 million at our high-conversion Sannazzaro refinery. Our business of marketing refined products to our service stations network and to large accounts customer (aviation airlines, public administrations, transport and industrial customers, bulk buyers and resellers) is facing competition from other oil companies and newcomers such as low-scale and local operators, un-branded networks with light cost structure. All these operators compete with each other primarily in terms of pricing and, to a lesser extent, service quality.
- In the Chemical business, Eni is facing strong competition from well-established international players and state-owned petrochemical companies, particularly in the most commoditised market segments such as the production of basic petrochemical products (like ethylene and polyethylene), whose demand is a function of macroeconomic growth. Many of these competitors based in the Far East and the Middle East are able to benefit from cost economies due to larger plant scale, wide geographic moat, availability of cheap feedstock and proximity to end-markets. Excess worldwide capacity of petrochemical commodities has also fuelled competition in this business. Furthermore, petrochemical producers based in the United States have regained market share, as their cost structure has become competitive due to the availability of cheap feedstock deriving from the production of domestic shale gas from which ethane is derived, which is a cheaper raw material for the production of ethylene than the oil-based feedstock utilised by Eni's petrochemical subsidiaries. Finally, rising public concern about the climate change and the preservation of the environment has begun to negatively affect the consumption of single-use plastics. In 2019, the operating performance of the Eni's Chemical business was negative due lower demand from end-user markets, particularly the automotive market, reflecting a global economic slowdown and lower demand for single-use plastics driven by stricter regulations and rising environmental sensitivity. The effects of those trends were exacerbated by the above mentioned competitive dynamics, resulting in a continued pressure on petrochemical products margins. The Company

does not expect any meaningful improvement in the trading environment in the short to the medium-term due to competitive headwinds described above and expectations for moderate economic growth.

In case the Company is unable to effectively manage the above described risks deriving from the competition in its business segments, they may adversely impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share.

Safety, security, environmental and other operational risks

The Group engages in the exploration and production of oil and natural gas, processing, transportation and refining of crude oil, transport of natural gas, storage and distribution of petroleum products and the production of base chemicals, plastics and elastomers. By their nature, the Group's operations expose Eni to a wide range of significant health, safety, security and environmental risks. Technical faults, malfunctioning of plants, equipment and facilities, control systems failure, human errors, acts of sabotage, attacks, loss of containment and adverse weather events can trigger damaging consequences such as explosions, blow-outs, fires, oil and gas spills from wells, pipeline and tankers, release of contaminants and pollutants in the air, the ground and in the water, toxic emissions and other negative events. The magnitude of these risks is influenced by the geographic range, operational diversity and technical complexity of Eni's activities. Eni's future results of operations and liquidity depend on its ability to identify and address the risks and hazards inherent to operating in those industries.

In the Exploration & Production segment, Eni faces natural hazards and other operational risks including those relating to the physical and geological characteristics of oil and natural gas fields. These include the risks of eruptions of crude oil or of natural gas, discovery of hydrocarbon pockets with abnormal pressure, crumbling of well openings, leaks that can harm the environment and the security of Eni's personnel and risks of blowout, fire or explosion.

Eni's activities in the Refining & Marketing and Chemicals segment entail health, safety and environmental risks related to the handling, transformation and distribution of oil, oil products and certain petrochemical products. These risks can arise from the intrinsic characteristics and the overall life cycle of the products manufactured and the raw materials used in the manufacturing process, such as oil-based feedstock, catalysts, additives and monomer feedstock. These risks comprise flammability, toxicity, long-term environmental impact such as greenhouse gas emissions and risks of various forms of pollution and contamination of the soil and the groundwater, emissions and discharges resulting from their use and from recycling or disposing of materials and wastes at the end of their useful life.

All of Eni's segments of operations involve, to varying degrees, the transportation of hydrocarbons. Risks in transportation activities

depend both on the hazardous nature of the products transported, and on the transportation methods used (mainly pipelines, shipping, river freight, rail, road and gas distribution networks), the volumes involved and the sensitivity of the regions through which the transport passes (quality of infrastructure, population density, environmental considerations). All modes of transportation of hydrocarbons are particularly susceptible to a loss of containment of hydrocarbons and other hazardous materials, and, given the high volumes involved, could present a significant risk to people, the environment and the property.

Eni has material offshore operations relating to the exploration and production of hydrocarbons. In 2019, approximately 60% of Eni's total oil and gas production for the year derived from offshore fields, mainly in Egypt, Libya, Angola, Norway, Congo, Indonesia, the United Arab Emirates, Italy, Ghana, Venezuela, the United Kingdom, Nigeria and the United States. Offshore operations in the oil and gas industry are inherently riskier than onshore activities. Offshore accidents and spills could cause damage of catastrophic proportions to the ecosystem and health and security of people due to objective difficulties in handling hydrocarbons containment, pollution, poisoning of water and organisms, length and complexity of cleaning operations and other factors. Furthermore, offshore operations are subject to marine risks, including storms and other adverse weather conditions and vessel collisions, as well as interruptions or termination by governmental authorities based on safety, environmental and other considerations.

The Company has invested and will continue to invest significant financial resources to continuously upgrade the methods and systems for safeguarding the reliability of its plants, production facilities, transport and storage infrastructures, the safety and the health of its employees, contractors, local communities and the environment; to prevent risks; to comply with applicable laws and policies and to respond to and learn from unforeseen incidents. Eni seeks to manage these operational risks by carefully designing and building facilities, including wells, industrial complexes, plants and equipment, pipelines, storage sites and other facilities, and managing its operations in a safe and reliable manner and in compliance with all applicable rules and regulations, as well as with best available techniques. However, these measures may not ultimately be completely successful in protecting against those risks. Failure to manage these risks could cause unforeseen incidents, including releases or oil spills, blowouts, fire, mechanical failures and other incidents, all of which could lead to loss of life, damage or destruction to properties, environmental damage, legal liabilities and/or damage claims and consequently a disruption in operations and potential economic losses that could have a material and adverse effect on the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share.

Eni's operations are often conducted in difficult and/or environmentally sensitive locations such as the Gulf of Mexico, the Caspian Sea and the Arctic. In such locations, the consequences of any incident could be greater than in other

locations. Eni also faces risks once production is discontinued, because Eni's activities require the decommissioning of productive infrastructures and environmental sites remediation and clean-up. Furthermore, in certain situations where Eni is not the operator, the Company may have limited influence and control over third parties, which may limit its ability to manage and control such risks. Eni retains worldwide third-party liability insurance coverage, which is designed to hedge part of the liabilities associated with damage to third parties, loss of value to the Group's assets related to unfavourable events and in connection with environmental clean-up and remediation. As of the date of this filing, maximum compensation allowed under such insurance coverage is equal to \$1.2 billion in case of offshore incident and \$1.4 billion in case of incident at onshore facilities (refineries). Additionally, the Company may also activate further insurance coverage in case of specific capital projects and other industrial initiatives. Management believes that its insurance coverage is in line with industry practice and is sufficient to cover normal risks in its operations. However, the Company is not insured against all potential risks. In the event of a major environmental disaster, such as the incident which occurred at the Macondo well in the Gulf of Mexico several years ago, for example, Eni's third-party liability insurance would not provide any material coverage and thus the Company's liability would far exceed the maximum coverage provided by its insurance. The loss Eni could suffer in the event of such a disaster would depend on all the facts and circumstances of the event and would be subject to a whole range of uncertainties, including legal uncertainty as to the scope of liability for consequential damages, which may include economic damage not directly connected to the disaster. The Company cannot guarantee that it will not suffer any uninsured loss and there can be no guarantee, particularly in the case of a major environmental disaster or industrial accident, that such a loss would not have a material adverse effect on the Company. The occurrence of the above mentioned risks could have a material and adverse impact on the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share and could also damage the Group's reputation.

Rising public concern related to climate change has led and could continue to lead to the adoption of national and international laws and regulations which are expected to result in a decrease of demand for hydrocarbons and increased compliance costs for the Company. Eni is also exposed to risks of technological breakthrough in the energy field and risks of unpredictable extreme meteorological events linked to the climate change.

Growing worldwide public concern over greenhouse gas (GHG) emissions and climate change, as well as increasingly stricter regulations in this area, could adversely affect the Group's business. Those risks may emerge in the short and medium-term, as well as over the long-term. The scientific community has established a link between climate change, global warming and increasing GHG concentration in the atmosphere. International efforts to limit global warming have led, and Eni expects them to continue to lead, to new laws and regulations designed to reduce

GHG emissions that are expected to bring about a gradual reduction in the use of fossil fuels over the medium to long-term, notably through the diversification of the energy mix. This trend could accelerate as a number of governments throughout the world have formally pledged to reach net-zero emissions by 2050 or earlier, like in the case of EU, which may lead to a tightening of various measure to constrain use of fossil fuels and this trend could increase both in breadth and severity if more governments follow suit.

Governmental institutions have responded to the issue of climate change on two fronts: on one side, governments can both impose taxes on GHG emissions and incentivise a progressive shift in the energy mix away from fossil fuels, for example, by subsidising the power generation from renewable sources; on the other side they can promote worldwide agreements to reduce the consumption of hydrocarbons.

Some governments have already introduced carbon pricing schemes, which can be an effective measure to reduce GHG emissions at the lowest overall cost to society. Today, about half of the direct GHG emissions coming from Eni operated assets are included in national or supranational Carbon Pricing Mechanisms, such as the European Emission Trading Scheme. Eni expects that more governments will adopt similar schemes and that a growing share of the Group's GHG emissions will be subject to carbon-pricing and other forms of climate regulation in the short to medium term.

Eni is already incurring operating costs related to its participation in the European Emission Trading Scheme, whereby Eni is required to purchase, on the open markets, emission allowances in case its GHG emissions exceed freely-assigned emission allowances. In 2019 to comply with this carbon emissions scheme, Eni purchased on the open market allowances corresponding to 11.6 million tonnes of CO₂ emissions for a cash cost of approximately €290 million. For 2020, management expects to purchase allowances to cover approximately 16 million tonnes of CO₂ due to stricter regulation on the allotment of free allowances. Due to the likelihood of new regulations in this area, Eni expects additional compliance obligations with respect to the release, capture, and use of carbon dioxide that could result in increased investments and higher project costs for Eni. Eni also expects that governments will require companies to apply technical measures to reduce their GHG emissions.

Eni expects that the achievement of the Paris Agreement goal of holding the increase in global average temperature to less than 2 °C above pre-industrial levels, or the more stringent goal advocated by the Intergovernmental Panel on Climate Change (IPCC) to limit global warming to 1.5 °C, will strengthen the global response to the threat of climate change and spur governments to introduce further measures and policies targeting the reduction of GHG emissions, which will likely reduce local demand for fossil fuels in the long-term, thus negatively affecting global demand for oil and natural gas. Eni's business depends on the global demand for oil and natural gas. If existing or future laws, regulations, treaties, or international agreements related to GHG and climate change, including incentives to conserve energy or use alternative energy sources, technological breakthrough in the field of renewable energies or mass-adoption of electric vehicles trigger a structural

decline in the worldwide demand for oil and natural gas, our results of operations and business prospects may be significantly and adversely affected.

The scientific community has concluded that increasing global average temperatures produces significant physical effects, such as the increased frequency and severity of hurricanes, storms, droughts, floods or other extreme climatic events that could interfere with Eni's operations and damage Eni's facilities. Extreme and unpredictable weather phenomena can result in material disruption to Eni's operations, and consequent loss of or damage to properties and facilities, as well as a loss of output, loss of revenues, increasing maintenance and repair expenses and cash flow shortfall.

Finally, there is a reputational risk linked to the fact that oil companies are increasingly perceived by institutions and the general public as entities primarily responsible of the global warming due to GHG emissions across the hydrocarbons value-chain, particularly related with the use of energy products. This could possibly make Eni's shares less attractive to investment funds and individual investors who have been more and more assessing the risk profile of companies against their carbon footprint when making investment decisions. Furthermore, a growing number of financing institutions, including insurance companies, appear to be considering limiting their exposure to fossil fuel projects, as witnessed by a pledge from the World Bank to stop financing upstream oil and gas projects and a proposal from the EU finance minister to reduce the financing granted to Oil & Gas projects via the EIB. This trend could have a material adverse effect on the price of our securities and our ability to access equity or other capital markets.

Accordingly, our ability to use financing for future projects may be adversely impacted. Further, in some countries, governments and regulators have filed lawsuits seeking to hold fossil fuel companies, including Eni, liable for costs associated with climate change. Losing any of these lawsuits could have a material adverse effect on our business prospects.

As a result of these trends, climate-related risks could have a material adverse effect the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share.

Our portfolio of oil and gas properties features a large weight of natural gas, the least GHG-emitting fossil energy source, which represented approximately 49% of Eni's production in 2019 on an available-for-sale basis; as of December 31, 2019, gas reserves represented approximately 50% of Eni's total proved reserves of its subsidiary undertakings and joint ventures. The other pillar of our resilient portfolio of Oil & Gas properties is the high incidence of conventional projects, developed through phases and with low CO₂ intensity. We estimate that Oil & Gas projects under execution, which will drive the expected production increase in the next four-year period and attract a large part of the projected development expenditures in the same period, have a price breakeven of

around 23 \$/barrel. We believe that those elements of our portfolio will mitigate the risk of stranded reserves going forward due to risks of lower hydrocarbons demand in response to stricter global environmental constraints and regulations and increasing public sensitivity to the issue of global warming. Eni's portfolio exposure to those risks is reviewed annually against changing GHG regulatory regimes and physical conditions to identify emerging risks. To test the resilience of new capital projects, Eni assesses potential costs associated with GHG emissions when evaluating all such projects. New projects' internal rates of return are stress-tested against two sets of assumptions: i) Eni's management estimation of a cost per ton of carbon dioxide (CO₂), which is applied to the total GHG emissions of each capital project, while retaining the management scenario for hydrocarbons prices; and ii) the hydrocarbon prices and cost of CO₂ emissions adopted in the International Energy Agency (IEA) Sustainable Development Scenario "IEA SDS". This stress test is performed on a regular basis, to monitor the progress of each project. The review performed at the end of 2019 indicated that the internal rates of return of Eni's ongoing projects in aggregate should not be substantially affected by a carbon pricing mechanism, even assuming that carbon costs are not recoverable in the cost oil and non-deductible from profit before taxes. The project development process features a number of checks that may require the development of detailed GHG and energy management plans. The majority of the projects have GHG intensity targets that allow them under current assumptions to compete in a more CO₂ regulated future. These processes can lead to projects being stopped, designs being changed, and potential GHG mitigation investments being identified, in preparation for when the economic conditions imposed by new regulation would make these investments commercially compelling.

Furthermore, management performed a review of the recoverability of the book values of the Company's Oil & Gas assets under the assumptions set forth in the IEA SDS WEO 2019. This review covered all of the Oil & Gas cash generating unit (CGUs) that are regularly tested for impairment in accordance to IAS 36. The IEA SDS sets out an energy pathway consistent with the goal of achieving universal energy access by 2030 and of reducing energy-related CO₂ emissions and air pollution in line with the goals of the Paris Agreement. To reach these targets, the IEA SDS forecast a peak in global CO₂ emissions by 2025, an average decline of 4% per year after that peak and net zero emissions in 2070. Global energy demand is forecast to decline at a small pace notwithstanding the assumptions of continued economic growth and universal access to energy by 2030. The IEA SDS forecasts demand for oil to peak before 2025 and then to decline to 50 million barrels/d by 2050 (currently it runs at approximately 100 million barrels/d). Gas demand is projected to remain stable around the current level of 4,000 billion cubic meters per year till 2040. The hydrocarbons pricing assumptions of the IEA SDS scenario are slightly lower than Eni's pricing assumptions regarding crude oil (for example in 2040 the price of crude oil is projected to be 10% lower in the IEA SDS scenario compared to Eni's own assumptions), while gas prices in the IEA SDS scenario are projected to be slightly higher than Eni's scenario. CO₂ emissions costs under the IEA SDS assumptions will show a strong uptrend consistent with the goal of encouraging the adoption of low carbon technologies. Such CO₂ emissions costs as

estimated by the IEA SDS would reach up to 140 \$ per ton in real terms 2018 (referred to Advanced Economies), which is higher than Eni's CO₂ pricing trends and assumptions for the medium-long term. The sensitivity test performed at Eni's Oil & Gas CGUs under the IEA SDS assumptions indicated the resiliency of Eni's asset portfolio in terms of carrying amounts and fair value, determining a reduction of 7% in the total fair value of all of Eni's Oil & Gas CGUs compared to the result of the impairment review performed by the Company in the preparation of its 2019 financial statements. That reduction falls to a 2% decline assuming the recoverability of CO₂ costs in the cost oil or the deductibility from the taxable income.

Furthermore, management assessed the recoverability of the expected costs associated with the Company's plans to ramp up the participation in projects for forestry conservation and protection from degradation, which is one of the tools of the Company's path to decarbonization. Those projects which have been started in 2019 envisage the purchase of carbon credits certified in accordance to generally accepted international standards.

Management projects to build in future years a portfolio of forestry projects intended to allow the Company to offset the net residual "Scope 1 and 2" carbon emissions of the E&P business calculated on equity production for the achievement of the carbon neutrality of the business from 2030 onwards. Those costs are considered part of the operating expenses of the E&P business and their recoverability has been evaluated in relation to the CGU E&P segment as a whole. When including those costs extrapolated along the reserves residual life in the determination of the value-in-use of the E&P segment, a 2% reduction in the headroom (excess of fair value over carrying amounts) of the entire business segment is observed compared to the result of the impairment review performed by the Company in the preparation of its 2019 financial statements.

Ultimately, under management's assumptions for a long-term Brent price at 70 \$/bbl (real terms 2022), which has remained unchanged for the last few years, and at a reference price for the Italian spot gas benchmark of 7.8 \$/ mmbTU, Eni's Oil & Gas properties have exhibited a substantial resilience of their carrying amounts, as highlighted by the trend in the recognition of impairment losses in the last three years. In 2017 we recorded a net reversal of €158 million and in 2018 we recorded net impairment losses of €726 million; in 2019 we booked charges of €1.2 billion. Impairment losses in those three years have been driven mainly by asset-specific issues, which were acquired during a historic phase of suspected peak supply, and in relation to certain complex operating environments. However, considered the following trends of the sector: the increased volatility of crude oil prices which have been increasingly exposed to macro and global risks; the continued oversupply in the oil markets which has determined a reset in hydrocarbons realized prices and cash flows of oil companies; growing uncertainty about long-term evolution of the global oil demand in light of the rising commitment on part of the international community at fighting the climate change and speeding up the pace of the energy transition, the increase in energy alternatives to fossil fuels and changing consumers' preferences, management has evaluated the recoverability of the book values of Eni's Oil & Gas properties at different stress-test

scenarios, including the risk of stranded assets. Particularly, under the more conservative set of the assumptions which envisages a flat long-term Brent price of 50 \$/bbl and at a flat Italian gas price of 5 \$/ mmbTU, management is estimating that approximately 85% of the Company's proven and probable/possible reserves (risked at 70% and 30% respectively) will be produced within 2035 and 94% of their net present value will be realized. The net present value of those production volumes, valorized at the most conservative of the scenarios evaluated, is substantially aligned with the book values of the net fixed assets of Eni's Oil & Gas properties, including Eni's share of the fixed assets of our joint ventures like Vår Energi AS, and including in the calculation the expected cash outflows committed to the Company's forestry projects.

In October 2018 the Intergovernmental Panel on Climate Change (IPCC) stated, in a new report, that in order to limit global warming to 1.5 °C, the world economy would need to undertake a deeper and complex transformation. We recognize that meeting this challenge in the next decades requires an even more rapid escalation, both in term of size and speed, of changes than were foreseen in the Paris Agreement. Currently, this scenario has yet to be complemented by a full set of pricing and other operating assumptions, which once available from the IPCC or other sources will be analyzed by the Company for the purpose of updating stresstesting models and methodologies.

The exploration and production of oil and natural gas is a high-risk business because it is subject to the mining risk, to natural hazards and to other uncertainties, including those relating to the physical characteristics of oil and gas fields. It is a capital-intensive business with significant up-front cash-outs and extended pay-back periods of investments. Finally, it is strictly regulated and subject to conditions imposed by governments throughout the world.

A description of the main risks facing the Company's business in the exploration and production of oil and gas is provided below.

Exploring for finding hydrocarbons reserves may be unsuccessful

Exploration drilling for oil and gas involves numerous risks including the risk of dry holes or failure to find commercial quantities of hydrocarbons. The costs of drilling and completing wells have margins of uncertainty, and drilling operations may be unsuccessful because of a large variety of factors, including geological failure, unexpected drilling conditions, pressure or heterogeneities in formations, equipment failures, well control (blowouts) and other forms of accidents. A large part of the Company exploratory drilling operations is located offshore, including in deep and ultra-deep waters, in remote areas and in environmentally-sensitive locations (such as the Barents Sea, the Gulf of Mexico and the Caspian Sea). In these locations, the Company generally experiences higher operational risks and more challenging conditions and incurs higher exploration costs than onshore. Furthermore, deep and ultra-deep water operations require significant time before commercial production of discovered reserves can commence, increasing both the operational and the financial risks associated with these activities. Because Eni plans to make significant investments in executing exploration projects,

it is likely that the Company will incur significant amounts of dry hole expenses in future years. Unsuccessful exploration activities and failure to discover additional commercial reserves could reduce future production of oil and natural gas, which is highly dependent on the rate of success of exploration projects, and could have an adverse impact on Eni's future performance.

Development projects bear significant operational risks which may adversely affect actual returns

Eni is executing or is planning to execute several development projects to produce and market hydrocarbon reserves. Certain projects target the development of reserves in high-risk areas, particularly deep offshore and in remote and hostile environments or in environmentally-sensitive locations. Eni's future results of operations and business prospects depend heavily on its ability to implement, develop and operate major projects as planned. Key factors that may affect the economics of these projects include:

- the outcome of negotiations with joint venture partners, governments and state-owned companies, suppliers, customers or others to define project terms and conditions, including, for example, Eni's ability to negotiate favourable long-term contracts to market gas reserves;
- commercial arrangements for pipelines and related equipment to transport and market hydrocarbons;
- timely issuance of permits and licenses by government agencies;
- the ability to carry out the front-end engineering design in order to prevent the occurrence of technical inconvenience during the execution phase; timely manufacturing and delivery of critical equipment by contractors, shortages in the availability of such equipment or lack of shipping yards where complex offshore units such as FPSO and platforms are built; delays in achievement of critical phases and project milestones;
- risks associated with the use of new technologies and the inability to develop advanced technologies to maximise the recoverability rate of hydrocarbons or gain access to previously inaccessible reservoirs;
- performance in project execution on the part of contractors who are awarded project construction activities generally based on the EPC (Engineering, Procurement and Construction) contractual scheme;
- changes in operating conditions and cost overruns;
- the actual performance of the reservoir and natural field decline; and
- the ability and time necessary to build suitable transport infrastructures to export production to final markets.

The occurrence of any of such risks may negatively affect the time-to-market of the reserves and cause cost overruns and delayed pay-back period, therefore adversely affecting the economic returns of Eni's development projects and the achievement of production growth targets.

Development projects are typically long lead time due to the complexity of the activities and tasks that need to be performed before a project final investment decision is made and commercial production can be achieved. Those activities include the appraisal of a discovery to evaluate the technical and economic feasibility of the development project, obtaining the necessary authorizations

from governments, state agencies or national oil companies, signing agreement with the first party regulating a project's contractual terms such as the production sharing, obtaining partners' approval, environmental permits and other conditions, signing long-term gas contracts, carrying out the concept design and the front-end engineering and building and commissioning the related plants and facilities. All these activities normally can take years to perform. As a consequence, rates of return for such projects are exposed to the volatility of oil and gas prices and costs which may be substantially different from those estimated when the investment decision was made, thereby leading to lower return rates. Moreover, projects executed with partners and joint venture partners reduce the ability of the Company to manage risks and costs, and Eni could have limited influence over and control of the operations and performance of its partners. Furthermore, Eni may not have full operational control of the joint ventures in which it participates and may have exposure to counterparty credit risk and disruption of operations and strategic objectives due to the nature of its relationships.

Finally, if the Company is unable to develop and operate major projects as planned, particularly if the Company fails to accomplish budgeted costs and time schedules, it could incur significant impairment losses of capitalised costs associated with reduced future cash flows of those projects.

Inability to replace oil and natural gas reserves could adversely impact results of operations and financial condition

Unless the Company is able to replace produced oil and natural gas, its reserves will decline. In addition to being a function of production, revisions and new discoveries, the Company's reserve replacement is also affected by the entitlement mechanism in its production sharing agreements ("PSAs"), whereby the Company is entitled to a portion of a field's reserves, the sale of which is intended to cover expenditures incurred by the Company to develop and operate the field. The higher the reference prices for Brent crude oil used to estimate Eni's proved reserves, the lower the number of barrels necessary to recover the same amount of expenditure, and vice versa. Based on the current portfolio of oil and gas assets, Eni's management estimates that production entitlements vary on average by approximately 530 barrels/d for each \$1 change in oil prices based on current Eni's assumptions for oil prices. In 2019, production benefitted marginally of lower oil prices which translated into higher entitlements. In case oil prices differ significantly from Eni's own forecasts, the result of the above mentioned sensitivity of production to oil price changes may be significantly different. Future oil and gas production is dependent on the Company's ability to access new reserves through new discoveries, application of improved techniques, success in development activity, negotiations with national oil companies and other entities owners of known reserves and acquisitions.

An inability to replace produced reserves by discovering, acquiring and developing additional reserves could adversely impact future production levels and growth prospects. If Eni is unsuccessful in meeting its long-term targets of production growth and reserve replacement, Eni's future total proved reserves and production will decline.

Uncertainties in estimates of oil and natural gas reserves

The accuracy of proved reserve estimates and of projections of future rates of production and timing of development expenditures depends on a number of factors, assumptions and variables, including:

- the quality of available geological, technical and economic data and their interpretation and judgement;
- projections regarding future rates of production and costs and timing of development expenditures;
- changes in the prevailing tax rules, other government regulations and contractual conditions;
- results of drilling, testing and the actual production performance of Eni's reservoirs after the date of the estimates which may drive substantial upward or downward revisions; and
- changes in oil and natural gas prices which could affect the quantities of Eni's proved reserves since the estimates of reserves are based on prices and costs existing as of the date when these estimates are made. Lower oil prices or the projections of higher operating and development costs may impair the ability of the Company to economically produce reserves leading to downward reserve revisions.

Many of the factors, assumptions and variables involved in estimating proved reserves are subject to change over time and therefore affect the estimates of oil and natural gas reserves.

The prices used in calculating Eni's estimated proved reserves are, in accordance with the US Securities and Exchange Commission (the "US SEC") requirements, calculated by determining the unweighted arithmetic average of the first-day-of-the-month commodity prices for the preceding 12 months. For the 12-months ending at December 31, 2019, average prices were based on 63 \$/barrel for the Brent crude oil; it was 71 \$/barrel in 2018. Also the reference price of natural gas was lower than in 2018. Those reductions resulted in us having to remove volumes of proved reserves because they have become uneconomical at the prices of 2019. Furthermore, compared to the 2019 reference price, Brent prices have declined materially in the first quarter of 2020. If such prices do not increase significantly in the coming months, Eni's future calculations of estimated proved reserves will be based on lower commodity prices which would likely result in the Company having to remove non-economic reserves from its proved reserves in future periods.

Accordingly, the estimated reserves reported as of the end of 2019 could be significantly different from the quantities of oil and natural gas that will be ultimately recovered. Any downward revision in Eni's estimated quantities of proved reserves would indicate lower future production volumes.

The development of the Group's proved undeveloped reserves may take longer and may require higher levels of capital expenditures than it currently anticipates or the Group's proved undeveloped reserves may not ultimately be developed or produced

At December 31, 2019, approximately 29% of the Group's total estimated proved reserves (by volume) were undeveloped

and may not be ultimately developed or produced. Recovery of undeveloped reserves requires significant capital expenditures and successful drilling operations. The Group's reserve estimates assume it can and will make these expenditures and conduct these operations successfully. These assumptions may not prove to be accurate. The Group's reserve report at December 31, 2019 includes estimates of total future development and decommissioning costs associated with the Group's proved total reserves of approximately €35.7 billion (undiscounted, including consolidated subsidiaries and equity-accounted entities). It cannot be certain that estimated costs of the development of these reserves will prove correct, development will occur as scheduled, or the results of such development will be as estimated. In case of change in the Company's plans to develop those reserves, or if it is not otherwise able to successfully develop these reserves as a result of the Group's inability to fund necessary capital expenditures or otherwise, it will be required to remove the associated volumes from the Group's reported proved reserves.

Oil and gas activity may be subject to increasingly high levels of income taxes and royalties

Oil and gas operations are subject to the payment of royalties and income taxes, which tend to be higher than those payable in many other commercial activities. Furthermore, in recent years, Eni has experienced adverse changes in the tax regimes applicable to oil and gas operations in a number of Countries where the Company conducts its upstream operations. As a result of these trends, management estimates that the tax rate applicable to the Company's oil and gas operations is materially higher than the Italian statutory tax rate for corporate profit, which currently stands at 24%. In 2019 the effective tax rate was 97.3% due to a particularly unfavourable oil and gas price scenario.

Management believes that the marginal tax rate in the oil and gas industry tends to increase in correlation with higher oil prices, which could make it more difficult for Eni to translate higher oil prices into increased net profit. However, the Company does not expect that the marginal tax rate will decrease in response to falling oil prices.

In the current uncertain financial and economic environment, governments are facing greater pressure on public finances, which may induce them to intervene in the fiscal framework for the oil and gas industry, including the risk of increased taxation, windfall taxes, and even nationalisations and expropriations.

The present value of future net revenues from Eni's proved reserves will not necessarily be the same as the current market value of Eni's estimated crude oil and natural gas reserves

The present value of future net revenues from Eni's proved reserves may differ from the current market value of Eni's estimated crude oil and natural gas reserves. In accordance with the SEC rules, Eni bases the estimated discounted future net revenues from proved reserves on the 12-month un-weighted arithmetic average of the first-day-of-the-month commodity prices for the preceding twelve months. Actual future prices may be materially higher or lower than

the SEC pricing used in the calculations. Actual future net revenues from crude oil and natural gas properties will be affected by factors such as:

- the actual prices Eni receives for sales of crude oil and natural gas;
- the actual cost and timing of development and production expenditures;
- the timing and amount of actual production; and
- changes in governmental regulations or taxation.

The timing of both Eni's production and its incurrence of expenses in connection with the development and production of crude oil and natural gas properties will affect the timing and amount of actual future net revenues from proved reserves, and thus their actual present value. Additionally, the 10% discount factor Eni uses when calculating discounted future net revenues may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with Eni's reserves or the crude oil and natural gas industry in general. At December 31, 2019, the net present value of Eni's proved reserves totalled approximately €50.9 billion. The average prices used to estimate Eni's proved reserves and the net present value at December 31, 2019, as calculated in accordance with the SEC rules, were 63 \$/barrel for the Brent crude oil. Actual future prices may materially differ from those used in our year-end estimates. Commodity prices have decreased materially in the first quarter of 2020 compared to the price used in the reserve calculations at 2019 year-end. Holding all other factors constant, if commodity prices used in Eni's year-end reserve estimates at end of 2020 were in line with the pricing environment existing at the end of the first quarter of 2020, Eni's PV-10 at December 31, 2020 would likely decrease significantly.

Oil and gas activity may be subject to increasingly high levels of regulations throughout the world, which may impact our extraction activities and the recoverability of reserves

The production of oil and natural gas is highly regulated and is subject to conditions imposed by governments throughout the world in matters such as the award of exploration and production leases, the imposition of specific drilling and other work obligations, environmental protection measures, control over the development and abandonment of fields and installations, and restrictions on production. These risks can limit the Group access to hydrocarbons reserves or may have the Group to redesign, curtail or cease its Oil & Gas operation.

In Italy, the activities of hydrocarbon development and production are performed by oil companies in accordance to concessions granted by the Ministry of Economic Development in agreement with the relevant Region territorially involved in the case of onshore concessions. Concessions are granted for an initial twenty-year term; the concessionaire is entitled to a ten-year extension and then to one or more five-year extensions to fully recover a field's reserves on condition that he has fulfilled all obligations related to the work program agreed in the initial concession award. In case of delay in the award of an extension, the original concession remains fully effective until the administrative procedure to grant an extension is finalized. These general rules are to be coordinated with a new law that

was enacted on February 12, 2019. This law requires certain Italian administrative bodies to adopt within eighteen months (i.e. by August 2020) a plan intended to identify areas that are suitable for carrying out exploration, development and production of hydrocarbons in the national territory, including the territorial seawaters. Until approval of such a plan, it is established a moratorium on exploration activities, including the award of new exploration leases. Following the plan approval, exploration permits resume their efficacy in areas that have been identified as suitable and new exploration permits can be awarded; on the contrary, in unsuitable areas, exploration permits are repealed, applications for obtaining new exploration permits ongoing at the time of the law enactment are rejected and no new permit application can be filed. As far as development and production concessions are concerned, pending the national plan approval, ongoing concessions retain their efficacy and administrative procedures underway to grant extension to expired concession remain unaffected; instead no applications to obtain new concession can be filed. Once the above mentioned national plan is adopted, development and production concessions that fall in suitable areas can be granted further extensions and applications for new concessions can be filed; on the contrary development and production concessions current at the approval of the national plan that fall in unsuitable areas are repealed at their expiration and no further extensions can be granted, nor new concession applications can be filed or awarded. According to the statute, areas that are suitable to the activities of exploring and developing hydrocarbons must conform to a number of criteria including morphological characteristics and social, urbanistic and industrial constraints, with particular bias for the hydrogeological balance, current territorial planning and with regard to marine areas for externalities on the ecosystem, reviews of marine routes, fishing and any possible impacts on the coastline.

The Group's largest operated development concession in Italy is Val d'Agri, which has expired on October 26, 2019. Development activities at the concession have continued since then in accordance to the "prorogation regime" described above, within the limits of the work plan approved when the concession was firstly granted. The Company filed an application to obtain a ten-year extension of the concession in accordance to the terms set by the law and before the enactment of the new law on the national plan for hydrocarbons activity. In this application the Company confirmed the same work program as in the original concession award. Other 33 Italian concessions for hydrocarbons development and production have expired, where the Company operations are underway in accordance to the ongoing prorogation regime. The Company has filed requests for extensions within the terms of the law also for those concessions.

As far as proven reserves estimates are concerned, management believes the criteria laid out in the new law to be high-level principles, which make it difficult identifying in a reliable and objective manner areas that might be suitable or unsuitable to hydrocarbons activities before the plan is adopted by Italian authorities. Therefore, management is not currently in the position to make a reliable and fair estimation of future impacts of the new law provisions on the recoverability of the volumes of proved

reserves booked in Italy and the associated future cash flows. However, based on the review of all facts and circumstances and on the current knowledge of the matter, management does not expect any material impact on the Group future performance.

Eni's future performance depends on its ability to identify and mitigate the above mentioned risks and hazards which are inherent to its Oil & Gas business. Failure to properly manage those risks, Company's underperformance at exploration, development and reserve replacement activities or the occurrence of unforeseen regulatory risks may adversely and materially impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share.

Risks related to political considerations – we are exposed to a range of political developments and consequent changes to the operating and regulatory environment

As of December 31, 2019, approximately 81% of Eni's proved hydrocarbon reserves were located in non-OECD Countries, mainly in Africa, Central-East Asia and central-southern America, where the socio-political framework, the financial system and the macroeconomic outlook are less stable than in the OECD Countries. In those non-OECD Countries, Eni is exposed to a wide range of political risks and uncertainties, which may impair Eni's ability to continue operating in an economically viable way, either temporarily or permanently, and Eni's ability to access oil and gas reserves. Particularly, Eni faces risks in connection with the following, possible issues:

- socio-political instability leading to internal conflicts, revolutions, establishment of non-democratic regimes, protests, attacks, strikes and other forms of civil disorder and unrest, such as strikes, riots, sabotage, acts of violence and similar events. These risks could result in disruptions to economic activity, loss of output, plant closures and shutdowns, project delays, the loss of assets and threat to the security of personnel. They may disrupt financial and commercial markets, including the supply of and pricing for oil and natural gas, and generate greater political and economic instability in some of the geographical areas in which Eni operates. Additionally, any possible reprisals because of military or other action, such as acts of terrorism in Europe, the United States or elsewhere, could have a material adverse effect on the world economy and hence on the global demand for hydrocarbons;
- lack of well-established and reliable legal systems and uncertainties surrounding the enforcement of contractual rights;
- unfavourable enforcement of laws, regulations and contractual arrangements leading, for example, to expropriation, nationalisation or forced divestiture of assets and unilateral cancellation or modification of contractual terms;
- sovereign default or financial instability due to the fact that those Countries rely heavily on petroleum revenues to sustain public finance and petroleum revenues have dramatically contracted in recent years. Financial difficulties at Country level often translate into failure on part of state-owned companies and agencies to fulfil their financial obligations towards Eni relating

to funding capital commitments in projects operated by Eni or to timely paying supplies of equity oil and gas volumes;

- restrictions on exploration, production, imports and exports;
- tax or royalty increases (including retroactive claims);
- difficulties in finding qualified international or local suppliers in critical operating environments; and
- complex processes of granting authorisations or licences affecting time-to-market of certain development projects.

Areas where Eni operates and where the Company is particularly exposed to political risk include, but are not limited to: Libya, Egypt, Algeria, Nigeria, Angola, Kazakhstan, Venezuela and Iraq.

In recent years, Eni's operations in Libya were materially affected by the revolution of 2011 and a change of regime, which caused a prolonged period of political and social instability, still ongoing. In 2011 Eni's operations in the Country experienced an almost one-year long shutdown due to security issues amidst a civil war, causing a material impact on the Group results of operation and cash flow for the year. In subsequent years Eni has experienced frequent disruptions at its operations albeit of a smaller scale than in 2011 due to security threats to its installations and personnel. From the second half of 2018 a resurgence of socio-political instability and a lack of a well-established institutional framework have triggered the resumption of the civil war and armed clashes in the area of Tripoli since April 2019. The situation has continued to escalate and international negotiations aimed at establishing a ceasefire has proven elusive. The Company repatriated its personnel and strengthened security measures at its plants and facilities. Despite the complexity of the operating context, the Company's activities in 2019 progressed smoothly and in accordance to management's plans with achievement of full production plateau at the main ongoing projects of Wafa compression and Bahr Essalam ph. 2. Going forward, management believes that Libya's geopolitical situation will continue to represent a source of risk and uncertainty to Eni's operations in the Country. At the beginning of 2020 oil export terminals in the Southern part of Libya were blocked, forcing the Company to shut down operations at one of its production facilities (the Elephant oilfield). In 2019, Libya represented approximately 16% of the Group's total production; this percentage is forecasted to decrease in the medium term in line with the expected implementation of the Group strategy intended to diversify the Group geographical presence to better balance the geopolitical risk of the portfolio. In the event of major adverse events, such as the escalation of the internal conflict into a full-blown civil war, attacks, sabotage, social unrest, clashes and other forms of civil disorder, Eni could be forced to reduce or to shut down completely its producing activities at its Libyan fields, which would significantly hit results of operations and cash flow. Venezuela is currently experiencing a situation of financial stress amidst an economic downturn due to lack of resources to support the development of the Country's hydrocarbons reserves, which have negatively affected the Country production levels and hence petroleum revenues. The situation has been made worse by certain international sanctions targeting the Country's financial system and its ability to export crude oil to the United States' market, which is the main outlet of Venezuelan production (see also – "Sanctions targets" below).

Due to a deteriorated operating environment, the Group was forced to de-book its proved undeveloped reserves at its two major petroleum projects in the Country in recent years: the 50%-participated Cardón IV joint venture which is currently operating a natural gas project and is supplying the product to the national oil company, PDVSA, and the PetroJunín oilfield project in joint venture with PDVSA. This latter project was almost entirely written off in 2018. Also the Group has incurred credit losses due to the continued difficulties on part of PDVSA to pay the receivables for the gas supplies of Cardón IV, resulting in a significant amount of overdue receivables. The joint-venture is systematically accounting a loss provision on the revenues accrued. The credit expected loss was based on management's appreciation of the counterparty risk driven by the findings of a review of the past experience of sovereign defaults on which basis a deferral in the collection of the gas revenues has been estimated. In the course of 2019 the situation has stabilized, since the Group was able to collect a percentage of gas receipts which was in line with management's estimates made in 2018 of the expected credit losses and no further credit allowances were recorded. As of December 31, 2019, Eni's invested capital in Venezuela was approximately \$1.3 billion. Eni expects the financial and political outlook of Venezuela to remain a risk factor to its operations in the Country for the foreseeable future.

Nigeria is also undergoing a situation of financial stress, which has translated into continuing delays in collecting overdue trade receivables and credits for the carry of the expenditures of the Nigerian joint operators at projects operated by Eni, resulting in the incurrance of credit losses. Further, Eni's activities in Nigeria have been impacted in recent years by continuing incidences of theft, acts of sabotage and other similar disruptions, which have jeopardised the Company's ability to conduct operations in full security, particularly in the onshore area of the Niger Delta. Eni expects that those risks will continue to affect Eni's operations in Nigeria.

Management expects Eni's credit exposure to Egypt to continue increasing in the foreseeable future due to the planned production ramp-up at the Zohr offshore gas field and to development of existing gas reserves at other projects. Because the whole of the Group's gas production is sold to local state-owned companies, Eni expects a significant increase in the credit risk exposure to Egypt, where we experienced some issues at collecting overdue trade receivables during the oil downturn. Eni will continue to monitor the counterparty risk in future years considering the significant volumes of gas expected to be supplied to Egypt's national oil companies.

In addition to the above risks, the United Kingdom left the European Union (EU) at the end of January 2020. As a result of this decision, it is possible that we may experience delays in moving our products and employees between the UK and EU. Also, additional tariffs and taxes could impact the demand for some of our products and this, combined with the potential adverse changes in macroeconomic conditions in both the EU and UK, could have a material adverse effect on the energy demand.

Eni is closely monitoring political, social and economic risks of the Countries in which it has invested or intends to invest, in order to

evaluate the economic and financial return of capital projects and to selectively evaluate projects. While the occurrence of these events is unpredictable, the occurrence of any such risks may adversely and materially impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share.

Sanction targets

In response to the Russia-Ukraine crisis, the European Union and the United States have enacted sanctions targeting, inter alia, the financial and energy sectors in Russia by restricting the supply of certain oil and gas items and services to Russia and certain forms of financing. Eni has adapted its activities to the applicable sanctions and will adapt its business to any further restrictive measures that could be adopted by the relevant authorities. In 2017, the United States' government tightened the sanction regime against Russia by enacting the "Countering America's Adversaries Through Sanctions Act". In response to these new measures, the Company could possibly refrain from pursuing business opportunities in Russia, while currently the Company is not engaged in any upstream projects in Russia. It is possible that wider sanctions targeting the Russian energy, banking and/or finance industries may be implemented. Further sanctions imposed on Russia, Russian citizens or Russian companies by the international community, such as restrictions on purchases of Russian gas by European companies or measures restricting dealings with Russian counterparties, could adversely impact Eni's business, results of operations and cash flow. Furthermore, an escalation of the international crisis, resulting in a tightening of sanctions, could entail a significant disruption of energy supply and trade flows globally, which could have a material adverse effect on the Group's business, financial conditions, results of operations and prospects. In 2017, the United States administration enacted certain financing sanctions against Venezuela, which prohibit any United States person to be involved in all transactions related to, provision of financing for, and other dealings in, among other things, any debt owed to the Government of Venezuela that is pledged as collateral after the effective date, including accounts receivable. Recently, the United States administration has resolved to impose an embargo on the import of crude oil from Venezuela state-owned oil company, PDVSA and has restricted the ability of United States dealers to trade bonds issued by the Government of Venezuela and its affiliates. Further increases of the prohibitions against the Government of Venezuela (and the entities owned or controlled by it) has been enacted during the course of 2019, with inclusion of our Venezuelan partner, PDVSA, in the "Specially Designated Nationals and Blocked Persons List" and the introduction of measures intended to freeze the assets of the Venezuelan governments and of its affiliated persons. Even if the current US sanctions are "primary" and therefore substantially dedicated to US persons only, retaliatory measures and other adverse consequences may interest also foreign entities which operate with Venezuelan listed entities as it may occur in the case of transactions which show a US nexus, which may trigger the application of sanctions. Eni is carefully evaluating on a case by case basis the adoption of measures adequate to minimize

its exposure to any sanction risk which may affect its business operation. In any case, the US sanction are expected to add further stress to the already complex financial, political and operating outlook of the Country, which could limit the ability of Eni to recover its investments.

Risks in the Company's Gas & Power business

Risks associated with the trading environment and competition in the gas market

Our Gas & Power business comprises the results of the wholesale gas business which has a portfolio of long-term gas supply contracts and other related assets, the trading of LNG on a global scale, the production and marketing of electricity and the marketing of gas and power in the retail sector.

The results of our wholesale gas business are subject to global and regional dynamics of gas demand and supplies and to trends in the spreads between the procurement costs of gas, which are linked to spot prices at European hubs or to the price of crude oil, and the selling prices of gas which are mainly indexed to spot prices at the Italian hub. Those spreads can be very volatile. The results of the LNG business are mainly influenced by the global balance between demand and supplies.

Worldwide gas prices have been on a downward path since the second half of 2018 and this trend has deteriorated further throughout the course of 2019. This was driven by a global economic slowdown, which hit severely Asian large gas-consuming Countries, like China, South Korea and Japan, also due to a recovery in nuclear production, a build-up in gas supplies due to the entry into service of new Liquefied Natural Gas ("LNG") projects and rising US production, competition from renewables, mild global temperatures and inventory levels above historic averages. The fall of gas prices at our main European outlet markets was broadly in line with other geographies due to above mentioned dynamics and the growing role of LNG supplies which have enhanced the interconnection among regional markets and markets liquidity. In fact, during the course of 2019 a reduction in LNG imports from Asian markets forced operators to re-direct LNG supplies to Europe, thus making for any slowdown in the Continent's internal production and pressuring gas prices which have levelled across the various geographies. These trends negatively affected the results of our LNG business due to lower traded volumes and margins. The trading environment for LNG has deteriorated further in the first months of 2020 due on ongoing global deceleration in energy demand.

Management believes that gas prices in Europe will remain weak due to the forecast of sluggish economic growth, a muted demand outlook and global oversupplies of gas. Furthermore, several final investment decisions have been made in 2019 relating to large LNG projects with an estimated capacity of 60 million tonnes per year, which are due to come on stream within five-six years adding to already oversupplied markets.

Against the backdrop of a difficult competitive environment, Eni anticipates a number of risk factors to the profitability outlook of the Company's gas marketing business over the four-year planning

period, considering the Company's operational constraints dictated by its long-term gas supply contracts with take-or-pay clauses, which expose Eni to a volume risk, as the Company is contractually required to purchase minimum annual amounts of gas or, in case of failure, to pay the corresponding price. Additionally, Eni has booked the transportation rights along the main gas backbones across Europe to deliver its contracted gas volumes to end-markets. Risks to the Gas & Power business include continuing oversupplies, pricing pressures, volatile margins and the risk of deteriorating spreads of Italian spot prices versus continental benchmarks. A reduction of the spreads between Italian and European spot prices for gas could negatively affect the profitability of our business by reducing the total addressable market and by reducing the margin to cover the business's sunk costs and other fixed expenses. Eni's management is planning to continue its strategy of renegotiating the Company's long-term gas supply contracts in order to constantly align pricing terms to current market conditions as they evolve and to obtain greater operational flexibility (volumes, delivery points among others), considering the risk factors described above. The revision clauses provided by these contracts state the right of each counterparty to renegotiate the economic terms and other contractual conditions periodically, in relation to ongoing changes in the gas scenario. Management believes that the outcome of those renegotiations is uncertain in respect of both the amount of the economic benefits that will be ultimately obtained and the timing of recognition of profit. Furthermore, in case Eni and the gas suppliers fail to agree on revised contractual terms, both parties can start an arbitration procedure to obtain revised contractual conditions. All these possible developments within the renegotiation process could increase the level of risks and uncertainties relating the outcome of those renegotiations.

Trends in the LNG business are expected to remain weak in 2020 due to a global glut of LNG.

Current, negative trends in gas demands and supplies may impair the Company's ability to fulfil its minimum off-take obligations in connection with its take-or-pay, long-term gas supply contracts

Eni long-term gas supply contracts with national operators of certain key producing Countries, from where most of the European gas supplies are sourced (Russia, Algeria, Libya, the Netherlands and Norway), include take-or-pay clauses whereby the Company has an obligation to lift minimum, pre-set volumes of gas in each year of the contractual term or, in case of failure, to pay the whole price, or a fraction of that price, up to the minimum contractual quantity. Similar considerations apply to ship-or-pay contractual obligations. Long-term gas supply contracts with take-or-pay clauses expose the Company to a volume risk, as the Company is obligated to purchase an annual minimum volume of gas, or in case of failure, to pay the underlying price. Management believes that the current level of market liquidity, the outlook of the European gas sector which is featuring muted demand growth, strong competitive pressures and large supplies, as well as any possible change in sector-specific regulation represent risk factors to the Company's ongoing ability to fulfil its minimum take obligations associated with its long-term supply contracts.

Risks associated with the regulatory powers entrusted to the Italian Regulatory Authority for Energy, Networks and Environment in the matter of pricing to residential customers

Eni's Gas & Power segment is subject to regulatory risks mainly in its domestic market in Italy. The Italian Regulatory Authority for Energy, Networks and Environment (the "Authority") is entrusted with certain powers in the matter of natural gas pricing. Specifically, the Authority retains a surveillance power on pricing in the natural gas market in Italy and the power to establish selling tariffs for the supply of natural gas to residential and commercial users until the market is fully opened. Developments in the regulatory framework intended to increase the level of market liquidity or of de-regulation, or intended to reduce operators' ability to transfer to customers cost increases in raw materials may negatively affect future sales margins of gas and electricity, operating results and cash flow.

Risks related to environmental, health and safety regulations and legal risks

Eni has incurred in the past, and will continue incurring, material operating expenses and expenditures, and is exposed to business risk in relation to compliance with applicable environmental, health and safety regulations in future years, including compliance with any national or international regulation on GHG emissions

Eni is subject to numerous European Union, international, national, regional and local laws and regulations regarding the impact of its operations on the environment and on health and safety of employees, contractors, communities and on the value of properties. Generally, these laws and regulations require acquisition of a permit before drilling for hydrocarbons may commence, restrict the types, quantities and concentration of various substances that can be released into the environment in connection with exploration, drilling and production activities, including refinery and petrochemical plant operations, limit or prohibit drilling activities in certain protected areas, require to remove and dismantle drilling platforms and other equipment and well plug-in once oil and gas operations have terminated, provide for measures to be taken to protect the safety of the workplace and the of plants and infrastructures, and health of employees, contractors and other Company's collaborators and of communities involved by the Company's activities, and impose criminal or civil liabilities for polluting the environment or harming employees' or communities' health and safety resulting from the Group's operations. These laws and regulations control the emission of scrap substances and pollutants, discipline the handling of hazardous materials and set limits to the discharge in the environment of soil, water or ground water contaminants, polluting air emissions and noxious gases resulting from the operation of oil and natural gas extraction and processing plants, petrochemical plants, refineries, service stations, vessels, oil carriers, pipeline systems and other facilities owned or operated by Eni. In addition, Eni's operations are subject to laws and regulations relating to the production, handling, transportation, storage, disposal and treatment of waste. Breaches of environmental, health and safety laws and regulations as in the case of negligent or willful release of pollutants and contaminants into

the atmosphere, the soil, water or groundwater or the overcome of concentration threshold of contaminants set by the law expose the Company to the incurrence of liabilities associated with compensation for environmental, health or safety damage and expenses for environmental remediation and clean-up. Furthermore, in the case of violation of certain rules regarding the safeguard of the environment and the health of employees, contractors and other collaborators of the Company, and of communities, the Company may incur liabilities in connection with the negligent or willful violation of laws by its employees as per Italian Law Decree No. 231/2001.

Environmental, health and safety laws and regulations have a substantial impact on Eni's operations. Management expects that the Group will continue to incur significant amounts of operating expenses and expenditures in the foreseeable future to comply with laws and regulations and to safeguard the environment and the health and safety of employees, contractors and communities involved by the Company operations, including:

- costs to prevent, control, eliminate or reduce certain types of air and water emissions and handle waste and other hazardous materials, including the costs incurred in connection with government action to address climate change (see the specific section below on climate-related risks);
- remedial and clean-up measures related to environmental contamination or accidents at various sites, including those owned by third parties (see discussion below);
- damage compensation claimed by individuals and entities, including local, regional or state administrations, should Eni cause any kind of accident, oil spill, well blowouts, pollution, contamination, emission of GHG and other air pollutants above permitted levels or of any other hazardous gases, water, ground or air contaminants or pollutants, as a result of its operations or if the Company is found guilty of violating environmental laws and regulations; and
- costs in connection with the decommissioning and removal of drilling platforms and other facilities, and well plugging at the end of Oil & Gas field production.

As a further result of any new laws and regulations or other factors, like the actual or alleged occurrence of environmental damage at Eni's plants and facilities, the Company may be forced to curtail, modify or cease certain operations or implement temporary shutdowns of facilities. For example, in Italy we have experienced in recent years a number of plant shutdowns at our Val d'Agri profit centre due to environmental issues and oil spill overs, causing loss of output and of revenues. The Italian judicial authorities have started legal proceedings to verify alleged environmental crimes or crimes against the public safety and other criminal allegations as described in the notes to the Consolidated Financial Statements.

If any of the risks set out above materialise, they could adversely impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share.

Eni is exposed to the risk of material environmental liabilities in addition to the provisions already accrued in the consolidated financial statement.

Eni has incurred in the past and may incur in the future material environmental liabilities in connection with the environmental impact of its past and present industrial activities. Eni is also exposed to claims under environmental requirements and, from time to time, such claims have been made against us. Furthermore, environmental regulations in Italy and elsewhere typically impose strict liability. Strict liability means that in some situations Eni could be exposed to liability for clean-up and remediation costs, environmental damage, and other damages as a result of Eni's conduct of operations that was lawful at the time it occurred or of the conduct of prior operators or other third parties. In addition, plaintiffs may seek to obtain compensation for damage resulting from events of contamination and pollution or in case the Company is found liable of violations of any environmental laws or regulations. In Italy, Eni is exposed to the risk of expenses and environmental liabilities in connection with the impact of its past activities at certain industrial hubs where the Group's products were produced, processed, stored, distributed or sold, such as chemical plants, mineral-metallurgic plants, refineries and other facilities, which were subsequently disposed of, liquidated, closed or shut down. At these industrial hubs, Eni has undertaken a number of initiatives to remediate and to clean-up proprietary or concession areas that were allegedly contaminated and polluted by the Group's industrial activities. State or local public administrations have sued Eni for environmental and other damages and for clean-up and remediation measures in addition to those which were performed by the Company, or which the Company has committed to perform. In some cases, Eni has been sued for alleged breach of criminal laws (for example for alleged environmental crimes such as failure to perform soil or groundwater reclamation, environmental disaster and contamination, discharge of toxic materials, amongst others). Although Eni believes that it may not be held liable for having exceeded in the past pollution thresholds that are unlawful according to current regulations but were allowed by laws then effective, nor because the Group took over operations from third parties, it cannot be excluded that Eni could potentially incur such environmental liabilities. Eni's financial statements account for provisions relating to the costs to be incurred with respect to clean-ups and remediation of contaminated areas and groundwater for which a legal or constructive obligation exists and the associated costs can be reasonably estimated in a reliable manner, regardless of any previous liability attributable to other parties. The accrued amounts represent management's best estimates of the Company's existing liabilities. Management believes that it is possible that in the future Eni may incur significant or material environmental expenses and liabilities in addition to the amounts already accrued due to: (i) the likelihood of as yet unknown contamination; (ii) the results of ongoing surveys or surveys to be carried out on the environmental status of certain Eni's industrial sites as required by the applicable regulations on contaminated sites; (iii) unfavourable developments in ongoing litigation on the environmental status of certain of the Company's sites where a number of public administrations and the Italian Ministry of the Environment act as plaintiffs; (iv) the possibility that new litigation

might arise; (v) the probability that new and stricter environmental laws might be implemented; and (vi) the circumstance that the extent and cost of environmental restoration and remediation programs are often inherently difficult to estimate leading to underestimation of the future costs of remediation and restoration, as well as unforeseen adverse developments both in the final remediation costs and with respect to the final liability allocation among the various parties involved at the sites. As a result of these risks, environmental liabilities could be substantial and could have a material adverse effect the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share.

Risks related to legal proceedings and compliance with anti-corruption legislation

Eni is the defendant in a number of civil and criminal actions and administrative proceedings. In future years Eni may incur significant losses in addition to the amounts already accrued in connection with pending legal proceedings due to: (i) uncertainty regarding the final outcome of each proceeding; (ii) the occurrence of new developments that management could not take into consideration when evaluating the likely outcome of each proceeding in order to accrue the risk provisions as of the date of the latest financial statements or to judge a negative outcome only as possible or to conclude that a contingency loss could not be estimate reliably; (iii) the emergence of new evidence and information; and (iv) underestimation of probable future losses due to the circumstance that they are often inherently difficult to estimate. Certain legal proceedings and investigations in which Eni or its subsidiaries or its officers and employees are defendant involve the alleged breach of anti-bribery and anti-corruption laws and regulations and other ethical misconduct. Such proceedings are described in Note 27 to the Eni's 2019 Annual Report on Form 20-F, under the heading "Legal Proceedings". Ethical misconduct and noncompliance with applicable laws and regulations, including noncompliance with anti-bribery and anti-corruption laws, by Eni, its officers and employees, its partners, agents or others that act on the Group's behalf, could expose Eni and its employees to criminal and civil penalties and could be damaging to Eni's reputation and shareholder value.

Risks from acquisitions

Eni is constantly monitoring the oil and gas market in search of opportunities to acquire individual assets or companies with a view of achieving its growth targets or complementing its asset portfolio. Acquisitions entail an execution risk – the risk that the acquirer will not be able to effectively integrate the purchased assets so as to achieve expected synergies. In addition, acquisitions entail a financial risk – the risk of not being able to recover the purchase costs of acquired assets, in case a prolonged decline in the market prices of oil and natural gas occurs. Eni may also incur unanticipated costs or assume unexpected liabilities and losses in connection with companies or assets it acquires. If the integration and financial risks related to acquisitions materialise, expected synergies from acquisition may fall short of management's targets and Eni's financial performance and shareholders' returns may be adversely affected.

Risks deriving from Eni's exposure to weather conditions

Significant changes in weather conditions in Italy and in the rest of Europe from year to year may affect demand for natural gas and some refined products. In colder years, demand for such products is higher. Accordingly, the results of operations of the Gas & Power segment and, to a lesser extent, the Refining & Marketing business, as well as the comparability of results over different periods may be affected by such changes in weather conditions. Over recent years, this pattern could have been possibly affected by the rising frequency of weather trends like milder winter or extreme weather events like heatwaves or unusually cold snaps, which are possible consequences of climate change.

Eni's crisis management systems may be ineffective

Eni has developed contingency plans to continue or recover operations following a disruption or incident. An inability to restore or replace critical capacity to an agreed level within an agreed period could prolong the impact of any disruption and could severely affect business, operations and financial results. Eni has crisis management plans and the capability to deal with emergencies at every level of its operations. If Eni does not respond or is not seen to respond in an appropriate manner to either an external or internal crisis, this could adversely impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share.

Disruption to or breaches of Eni's critical IT services or digital infrastructure and security systems could adversely affect the Group's business, increase costs and damage our reputation

The Group's activities depend heavily on the reliability and security of its information technology (IT) systems and digital security. The Group's IT systems, some of which are managed by third parties, are susceptible to being compromised, damaged, disrupted or shutdown due to failures during the process of upgrading or replacing software, databases or components, power or network outages, hardware failures, cyber-attacks (viruses, computer intrusions), user errors or natural disasters. The cyber threat is constantly evolving. The oil and gas industry is subject to fast-evolving risks from cyber threat actors, including nation states, criminals, terrorists, hackers and insiders. Attacks are becoming more sophisticated with regularly renewed techniques while the digital transformation amplifies exposure to these cyber threats. The adoption of new technologies, such as the Internet of Things (IoT) or the migration to the cloud, as well as the evolution of architectures for increasingly interconnected systems, are all

areas where cyber security is a very important issue. The Group and its service providers may not be able to prevent third parties from breaking into the Group's IT systems, disrupting business operations or communications infrastructure through denial-of-service attacks, or gaining access to confidential or sensitive information held in the system. The Group, like many companies, has been and expects to continue to be the target of attempted cybersecurity attacks. While the Group has not experienced any such attack that has had a material impact on its business, the Group cannot guarantee that its security measures will be sufficient to prevent a material disruption, breach or compromise in the future. As a result, the Group's activities and assets could sustain serious damage, services to clients could be interrupted, material intellectual property could be divulged and, in some cases, personal injury, property damage, environmental harm and regulatory violations could occur.

If any of the risks set out above materialise, they could adversely impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share.

Violations of data protection laws carry fines and expose us and/or our employees to criminal sanctions and civil suits.

Data protection laws and regulations apply to Eni and its joint ventures and associates in the vast majority of Countries in which we do business. The EU General Data Protection Regulation (GDPR) came into effect in May 2018, which increased penalties up to a maximum of 4% of global annual turnover for breach of the regulation. The GDPR requires mandatory breach notification, the standard for which is also followed outside the EU (particularly in Asia). Non-compliance with data protection laws could expose us to regulatory investigations, which could result in fines and penalties as well as harm our reputation. In addition to imposing fines, regulators may also issue orders to stop processing personal data, which could disrupt operations. We could also be subject to litigation from persons or corporations allegedly affected by data protection violations. Violation of data protection laws is a criminal offence in some Countries, and individuals can be imprisoned or fined.

If any of the risks set out above materialise, they could adversely impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share.

Outlook

For further information on Eni's business outlook and financial and operational targets, please see the chapter "Strategy".

Consolidated disclosure of non-financial information

in accordance with the Italian Legislative Decree 254/2016

Introduction

The Consolidated Disclosure of Non-Financial Information (NFI) is drafted in accordance with the Italian Legislative Decree 254/2016 and the “Sustainability Reporting Standards”, published by the Global Reporting Initiative (GRI)¹ and is structured on the three levers of Eni’s integrated business model (Carbon Neutrality in the Long Term, Operational Excellence Model, and Alliance for the promotion of Local Development) whose objective is to create long-term value for stakeholders.

As in previous years, on the occasion of the Shareholders’ Meeting, Eni will also publish Eni for, the voluntary sustainability report that aims to further enhance non-financial disclosure. The 2019 edition of Eni for will also include the annex “Carbon Neutrality in the Long Term”.

The NFI is included in the Management Report with the aim of making the Annual Report the reference document to meet the information needs of Eni’s stakeholders in a clear and concise manner, further favouring the integrated disclosure of financial and non-financial information.

In order to avoid duplication and ensure that disclosures are as concise as possible, the NFI provides an integrated view on the topics set out in the Italian Legislative Decree 254/2016, also by providing references to other sections of the Management Report or to the Corporate Governance Report, if the information is already contained therein or to provide further explanation. In particular, the Management Report illustrates:

- Eni’s business and governance model, at pages 4; 24-29;
- Risk management in the sections at pages 20-23: (i) “Integrated Risk Management”, which describes Eni’s Integrated Risk Management (IRM) model – including sustainability aspects –, the main activities carried out in 2019 as well as Eni’s Top Risks and the main mitigation actions; (ii) “Risk factors and uncertainties,” where the Groups main risks, their potential impacts and treatment actions, in line with the Italian legislation disclosure requirements, are described in greater detail.

The NFI illustrates in detail:

- Company policies in the section “Main regulatory and guiding instruments related to Legislative Decree 254/2016 topics”, which describes the regulatory system composed of direction, coordination and control instruments and others instruments which define the operating procedures;
- Eni’s “Organizational and Management Models” for the following topics: environment, climate, people, health and safety, human rights, suppliers, transparency and anti-corruption, local communities, innovation and digitalization;
- the strategy on the above topics with the most significant initiatives of the year and the main performance results with related comments;
- risk management, linked to the areas covered by the Decree, which are not dealt with in the Management Report, i.e., those risks that, though mapped and monitored as part of Eni’s Integrated Risk Management, are not considered top risks.

The contents of the “Carbon Neutrality in the Long Term” are drafted according to the voluntary recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) set out by the Financial Stability Board, of which Eni has been a member since its foundation, in order to provide even clearer and more in-depth disclosure on these issues.

Lastly, reference to the main United Nations Sustainable Development Goals (SDGs) has been included in the various sections. These goals are a valuable source of guidance for the international community and for Eni in conducting its activities in Italy and abroad².

Below is a table showing the correspondence between the information content required by the Decree and its position within the NFI, the Annual Report or the Corporate Governance Report.

AREAS OF THE ITALIAN LEGISLATIVE DECREE 254/2016	PARAGRAPHS INCLUDED IN THE NFI	THEMES AND FOCUSES IN THE ANNUAL REPORT (AR) AND IN THE CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE REPORT (CGR)
COMPANY MANAGEMENT MODEL AND GOVERNANCE <i>Art. 3.1, paragraph a)</i>	<ul style="list-style-type: none"> • Organizational and management models, p. 110 • Carbon neutrality in the long-term, pp. 111-115 • Operational excellence model, pp. 116-127 • Alliances for the promotion of local development, pp. 127-128 • Sustainability material topics, p. 129 	AR <ul style="list-style-type: none"> • Business Model, p. 4 • Responsible and sustainable approach, p. 5 • Stakeholder engagement activities, pp. 14-15 • Strategy, pp. 16-19 • Governance, pp. 24-29
POLICIES <i>Art. 3.1, paragraph b)</i>	<ul style="list-style-type: none"> • Main regulatory and guiding instruments related to Legislative Decree 254/2016 topics, pp. 108-109 	CGR <ul style="list-style-type: none"> ▶ Responsible and sustainable approach, pp. 8-11 ▶ Corporate Governance Model, pp. 11-13 ▶ Board of Directors: Composition pp. 35-40 and Board induction pp. 55-56 ▶ Board committees pp. 56-66 ▶ Board of Statutory Auditors, pp. 66-76 ▶ Model 231, pp. 104-106
RISK MANAGEMENT MODEL <i>Art. 3.1, paragraph c)</i>	<ul style="list-style-type: none"> • Carbon neutrality in the long-term, pp. 111-115 • People, pp. 116-118 • Safety, p. 119 • Respect for the environment, pp. 120-122 • Human Rights, pp. 123-124 • Transparency and anti-corruption, pp. 126-127 	AR <ul style="list-style-type: none"> • Integrated Risk Management Model, p. 20; Integrated Risk Management Process, p. 21; Targets, risks and treatment measures pp. 22-23; Risk factors and uncertainties, pp. 88-104

[1] For more information, see: “REPORTING PRINCIPLES AND CRITERIA”.

[2] The UN’s 2030 Agenda for Sustainable Development, presented in September 2015, identifies 17 Sustainable Development Goals (SDGs), which represent common goals for the current complex social challenges.

 CARBON NEUTRALITY IN THE LONG-TERM	AREAS OF THE ITALIAN LEGISLATIVE DECREE 254/2016	PARAGRAPHS INCLUDED IN THE NFI	THEMES AND FOCUSES IN THE ANNUAL REPORT (AR) AND IN THE CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE REPORT (CGR)
 OPERATIONAL EXCELLENCE MODEL	 CLIMATE CHANGE Art 3.2, paragraph a) Art 3.2, paragraph b)	<ul style="list-style-type: none"> Main regulatory and guiding instruments related to Legislative Decree 254/2016 topics, pp. 108-109 Organizational and management models, p. 110 Carbon neutrality in the long-term (governance, risk management, strategy and objectives), pp. 111-115 	AR <ul style="list-style-type: none"> Responsible and sustainable approach, p. 5 Integrated Risk Management, pp. 20-23; Safety, security, environmental and other operational risks, pp. 91-92; Risks related to climate change, pp. 92-95 Strategy, pp. 16-19 CGR <ul style="list-style-type: none"> Responsible and sustainable approach, pp. 8-11
	 PEOPLE Art 3.2, paragraph d) Art 3.2, paragraph c)	<ul style="list-style-type: none"> Main regulatory and guiding instruments related to Legislative Decree 254/2016 topics, pp. 108-109 Organizational and management models, p. 110 People (employment, diversity and inclusion, training, industrial relations, welfare, health), pp. 116-118 Safety, p. 119 	AR <ul style="list-style-type: none"> Responsible and sustainable approach, p. 5 Integrated Risk Management, pp. 20-23; Risks associated with the exploration and production of oil and natural gas, pp. 95-98; Safety, security, environmental and other operational risks, pp. 91-92 Governance, pp. 24-29 (Remuneration Policy, p. 28)
	 RESPECT FOR THE ENVIRONMENT Art. 3.2, paragraph a) Art. 3.2, paragraph b) Art. 3.2, paragraph c)	<ul style="list-style-type: none"> Main regulatory and guiding instruments related to Legislative Decree 254/2016 topics, pp. 108-109 Organizational and management models, p. 110 Respect for the environment (circular economy, water, spills, waste, biodiversity), pp. 120-122 	AR <ul style="list-style-type: none"> Responsible and sustainable approach, p. 5 Integrated Risk Management, pp. 20-23; Risks associated with the exploration and production of oil and natural gas, pp. 95-98; Safety, security, environmental and other operational risks, pp. 91-92
	 HUMAN RIGHTS Art 3.2, paragraph e)	<ul style="list-style-type: none"> Main regulatory and guiding instruments related to Legislative Decree 254/2016 topics, pp. 108-109 Organizational and management models, p. 110 Human rights (risk management, security, training, whistleblowing), pp. 123-124 	AR <ul style="list-style-type: none"> Responsible and sustainable approach, p. 5 CGR <ul style="list-style-type: none"> Responsible and sustainable approach, pp. 8-11
	 SUPPLIERS Art 3.1, paragraph c)	<ul style="list-style-type: none"> Main regulatory and guiding instruments related to Legislative Decree 254/2016 topics, pp. 108-109 Organizational and management models, p. 110 Suppliers (risk management), p. 125 	AR <ul style="list-style-type: none"> Responsible and sustainable approach, p. 5
	 TRANSPARENCY AND ANTI-CORRUPTION Art 3.2, paragraph f)	<ul style="list-style-type: none"> Main regulatory and guiding instruments related to Legislative Decree 254/2016 topics, pp. 108-109 Organizational and management models, p. 110 Transparency and anti-corruption, pp. 126-127 	AR <ul style="list-style-type: none"> Responsible and sustainable approach, p. 5 Integrated Risk Management, pp. 20-23; Risks related to legal proceedings and compliance with anti-corruption legislation, p. 103 The internal control and risk management system, p. 29 CGR <ul style="list-style-type: none"> Principles and values. Code of Ethics, p. 7; Anti-Corruption Compliance Programme, pp. 106-108
 ALLIANCES FOR LOCAL DEVELOPMENT	 LOCAL COMMUNITIES Art 3.2, paragraph d)	<ul style="list-style-type: none"> Main regulatory and guiding instruments related to Legislative Decree 254/2016 topics, pp. 108-109 Organizational and management models, p. 110 Alliances for the promotion of local development, pp. 127-128 	AR <ul style="list-style-type: none"> Responsible and sustainable approach, p. 5 Integrated Risk Management, pp. 20-23; Risks related to political considerations, pp. 98-100; Risks associated with the exploration and production of oil and natural gas, pp. 95-98

The new mission

Eni's new mission – approved by the Board of Directors in September 2019 – shows the path that the Company is taking to face the main challenge of the energy sector: ensuring access to efficient and sustainable energy for all, while reducing greenhouse gas emissions, in order to combat climate change in line with the objectives of the Paris Agreement. This mission completes and consolidates the previous one, confirming Eni's commitment to an energy transition that is also socially just and organically integrating the 17 SDGs to which Eni intends to contribute, seizing new business opportunities.

This is made possible by Eni's people, the Company's passion and the drive towards continuous innovation, the enhancement of diversity as a lever for development, respect for, and promotion of, human rights, integrity in business management and protection of the environment.

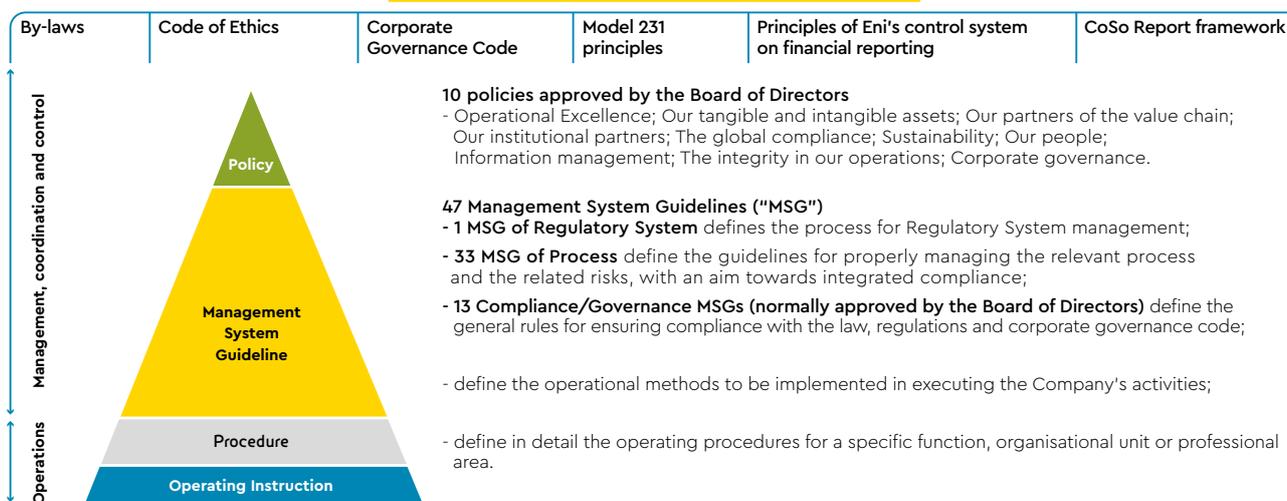
Furthermore, it must be borne in mind that achieving the SDGs requires unprecedented collaboration between the public and private sectors. Hence Eni's commitment in defining and building alliances (Public-Private Partnership) with partners committed locally and internationally recognised.

Main regulatory and guiding instruments related to Legislative Decree 254/2016 topics

In order to implement the mission in actual practice and to ensure integrity, transparency, correctness and effectiveness in its processes, Eni adopts rules for the performance of business activities and the exercise of powers, guaranteeing observance of the general principles of traceability and segregation.

All of Eni's operational activities can be grouped into a map of processes instrumental to the Company's activities and integrated with control requirements and principles set out in the compliance and governance models and based upon the Bylaws, the Code of Ethics, the Corporate Governance Code, the Model 231 principles, the Principles of Eni's control system on financial reporting, the CoSo Report framework

GENERAL OVERVIEW OF THE REGULATORY SYSTEM



The types of instruments that comprise the regulatory system are:

- **Policies**, approved by the Board of Directors, are mandatory documents that define the general principles and rules of conduct that must inspire all of Eni's activities, in order to achieve corporate objectives, having taken due account of risks and opportunities. Policies cut across processes and each one focuses on a key element of Company management. Eni Policies apply to Eni SpA and, subject to transposition, all Eni subsidiaries;
- **Management System Guidelines** ("MSGs") define the rules common to all Eni units and may regard either processes or compliance/governance (the latter usually approved by the Board of Directors) and include sustainability aspects. The individual MSGs issued by Eni SpA apply to subsidiaries, which take steps to ensure their transposition to their organisation,

- except in cases where there is a need for an exemption;
- Procedures define the operational methods to be implemented in executing the activities of the individual companies or functional areas;
- Operating Instructions are an additional level of detail for representing the operating procedures for a specific function, organisational unit or professional area.

The regulatory instruments are published on the corporate intranet and, in some cases, on the Company's website. The Policies and MSGs have been disseminated to subsidiaries, including listed subsidiaries, for the subsequent phases for which they are responsible, such as formal transposition and amendment of their existing regulatory systems. In addition to the Policies, the table below also includes other Eni regulatory instruments approved by the CEO and/or the Board of Directors.

[3] US Sarbanes-Oxley Act of 2002.

[4] Framework issued by the "Committee of Sponsoring Organizations of the Treadway Commission (CoSO)" in May 2013.



CARBON NEUTRALITY IN THE LONG TERM



CLIMATE CHANGE

OBJECTIVE

Combat climate change

PUBLIC DOCUMENTS

“Sustainability” Policy, Eni’s Position on biomass, Eni’s responsible engagement on climate change within business associations

PRINCIPLES:

- reduce greenhouse gas emissions by improving the efficiency of plants and increasing the use of low carbon fuels
- develop and implement new technologies for the reduction of greenhouse gas emissions and more efficient energy production
- develop flexible mechanisms and instruments to reduce deforestation
- promote sustainable water resource management
- ensure sustainable biomass management throughout the supply chain
- ensure consistency and transparency in the activities of associations with Eni’s strategy on climate change and energy transition, in line with stakeholders’ expectations



OPERATIONAL EXCELLENCE MODEL



PEOPLE, HEALTH AND SAFETY

OBJECTIVE

Valorize Eni’s people and protect their health and safety

PUBLIC DOCUMENTS

“Our People” and “The integrity in Our Operations” policies, Eni’s Statement on Respect for Human Rights

PRINCIPLES:

- respect the dignity of each individual, valuing cultural, ethnic, gender, age, sexual orientation and different abilities
- provide managers with tools and support for the management and development of people working for them
- identify knowledge instrumental to the Company’s growth and promote its enhancement, development and sharing
- adopt fair remuneration systems that allow to motivate and retain people with skills that best suit the needs of the business
- carry out activities in accordance with agreements and regulations on workers’ health and safety protection and in accordance with the principles of precaution, prevention, protection and continuous improvement



OPERATIONAL EXCELLENCE MODEL



RESPECT FOR THE ENVIRONMENT

OBJECTIVE

Use resources efficiently and protect biodiversity and ecosystem services (BES)

PUBLIC DOCUMENTS

“Sustainability” and “The integrity in Our Operations” policies, “Eni biodiversity and ecosystem services” policy, “Eni’s commitment not to conduct oil and gas exploration and development activities within the boundaries of Natural Sites included in the UNESCO World Heritage List”, “Eni’s positioning with regards to Green Sourcing”

PRINCIPLES:

- consider, in project assessments and during the operations, the presence of UNESCO World Heritage Natural Sites and other protected areas relevant to biodiversity, identifying potential impacts and mitigation actions (risk-based approach)
- establish links between environmental and social aspects including the sustainable development of local communities
- promote sustainable water resource management
- promote Green Sourcing principles
- optimise the control and reduction of emissions into the air, water and soil



OPERATIONAL EXCELLENCE MODEL



HUMAN RIGHTS

OBJECTIVE

Protect human rights

PUBLIC DOCUMENTS

“Sustainability”, “Our people”, “Our Partners of the Value Chain”, “The integrity in our operations” policies, Code of Ethics; Eni’s Statement on Respect for Human Rights, “Whistleblowing reports received, including anonymously, by Eni SpA and by its subsidiaries in Italy and abroad”

PRINCIPLES:

- respect human rights and promote their respect among employees, partners and stakeholders, also through training and awareness-raising activities
- ensure a safe and healthy working environment and working conditions in line with international standards
- take into account Human Rights issues, from the very first feasibility evaluation phases of projects and respect the distinctive rights of indigenous populations and vulnerable groups
- select partners who comply with the Code of Ethics and who are committed to preventing or mitigating impacts on human rights
- minimize the necessity for intervention by state and/or private security forces to protect employees and assets



OPERATIONAL EXCELLENCE MODEL



TRANSPARENCY AND ANTI-CORRUPTION

OBJECTIVE

Combat active and passive corruption

PUBLIC DOCUMENTS

“Anti-Corruption” Management System Guideline, “Our partners of the value chain” policy, Tax Strategy Guideline

PRINCIPLES:

- carry out business activities with fairness, correctness, transparency, honesty and integrity in compliance with the law
- prohibit bribery without exception
- prohibit offering, promising, giving, paying, directly or indirectly, benefits of any nature to a Public Official or a private person (active corruption)
- prohibit accepting, directly or indirectly, benefits of any nature from a Public Official or a private person (passive corruption)
- ensure that all Eni employees and partners comply with anti-corruption regulations



ALLIANCE FOR LOCAL DEVELOPMENT



LOCAL COMMUNITIES

OBJECTIVE

Promote relations with local communities and contribute to their development

PUBLIC DOCUMENTS

“Sustainability” policy, Eni’s Statement on Respect for Human Rights

PRINCIPLES:

- create growth opportunities and enhance the skills of people and local companies in the territories where Eni operates
- involve local communities in order to consider their concerns on new projects, impact assessments and development initiatives, also with reference to human rights
- identify and assess the environmental, social, economic and cultural impacts generated by Eni activities, including those on indigenous populations
- promote prior, free and informed consultation with local communities
- cooperate in initiatives to guarantee independent, long-lasting and sustainable local development

DIMENSION ORGANIZATIONAL AND MANAGEMENT MODELS

CARBON NEUTRALITY IN THE LONG-TERM



CLIMATE CHANGE

- **Evaluation for Medium and Long Term Plans Committee**, chaired by the CEO, which devised a Medium/ Long-Term plan for business sustainability to 2050
- **Energy Solutions Department**: dedicated to energy production from renewable sources
- **Central organizational function** which oversees the strategy and positioning on climate change
- **Energy Transition Research and Development Program**: it aims to develop technologies to promote the rapid spread of natural gas usage, decarbonizing the supply chain
- **Energy management systems coordinated with the ISO 50001 standard**, included in the HSE regulatory system, for the improvement of energy performance and already implemented in all the main Mid-Downstream sites and extension to all Eni in progress

OPERATIONAL EXCELLENCE MODEL



PEOPLE

- **Employment management and planning process** to align skills to the technical and professional needs
- **Human resources management and development tools**, aimed at professional growth and involvement, intergenerational exchange of experiences, building of cross-cutting managerial development pathways in core technical areas and valuing diversity
- **Working group** to determine the impacts of **Digital Transformation** on Roles/Skills. Development of Innovative Tools to support HR Management processes
- **Quality management system** for training, up-to-date and complying with the ISO 9001:2015 standard
- **Knowledge management system** for integrating and sharing know-how and professional experiences
- **National and international industrial relations management system**: participative model and platform of operating tools to motivate and engage employees in compliance with ILO^(a) conventions and the guidelines of the Institute for Human Rights and Business
- **Integrated environmental, health and safety management system** based on an operating platform of qualified healthcare providers and partnerships with national and international university and governmental research centers and institutions
- **Welfare system** for the achievement of work-life balance and the enhancement of services for employees and their families



SAFETY

- **Integrated environment, health and safety management system** with the aim of eliminating or mitigating the risks to which workers are exposed during their work activities
- **Process safety management system** aimed at preventing major accidents by applying high technical and management standards [application of best practices for asset design, operating management, maintenance and decommissioning]
- **Emergency preparation and response** with plans that put the protection of people and the environment first
- **Product safety management system** for the assessment of risks related to the production, import, sale, purchase and use of substances/mixtures to ensure human health and environmental protection throughout their life cycle



RESPECT FOR THE ENVIRONMENT

- **Integrated environment, health and safety management system**: adopted in all plants and production units in accordance with the ISO 14001:2015 environmental management standard
- **Application of the Environmental, Social & Health Impact Assessment (ESHIA) process** to all projects
- **Technical meetings for the analysis and sharing of experiences on specific environmental and energy issues**
- **Green Sourcing**: model to identify analysis methods and technical requirements for the selection of products and suppliers with the best environmental performances
- **Site-specific circularity analysis**: mapping of circularity elements already in place and identification of possible improvements at site level
- **Biomasses Working Group**: implementation of the commitments set out in Eni's Position on biomass and palm oil



HUMAN RIGHTS

- **Human rights management process** regulated in a Management System Guideline
- **Inter-functional activities on Business and Human Rights** to further align processes with key international standards and best practices
- **Application of the ESHIA process** to all projects, integrated with the analysis of human rights impacts
- **Specific analyses** of human rights impacts known as **HRIA (Human Rights Impact Assessment)**
- **Security management system** aimed at ensuring protection for Eni's people in all the Countries in which Eni operates and particularly in high-risk Countries



TRANSPARENCY AND ANTI-CORRUPTION

- **Model 231**: sets out responsibilities, sensitive activities and control protocols for crimes of corruption under Italian Legislative Decree 231/01 (including environmental crimes and crimes relating to workers' health and safety)
- **Anti-Corruption Compliance Program**: system of rules and controls to prevent corruption crimes
- **Recognition for the Anti-Corruption Compliance Program**: certified pursuant to the ISO 37001:2016 standard
- **"Anti-Corruption Compliance" organizational structure** under the "Integrated Compliance" Dept. and reporting directly to the CEO



SUPPLIERS

- **Procurement Process** designed to check compliance with Eni's requirements for ethical conduct and trustworthiness, health, safety, and environmental protection and human rights, through the qualification, selection, management and monitoring of suppliers, as well as through assessment using parameters set out by the Social Accountability Standard (SA8000)

ALLIANCE FOR LOCAL DEVELOPMENT



LOCAL COMMUNITIES

- **Sustainability focal point at local level**, who interfaces with the Company headquarters to define **local community development programs** in line with national development plans and integrated into the business processes
- **Application of the ESHIA process** to all business projects
- **Stakeholder Management System Platform** for the management and monitoring of the relations with local and other stakeholders and of grievances
- **Risk identification, mitigation and monitoring system** linked to relations with local stakeholders
- **Sustainability management process in the business cycle** and design specifications according to international methods (e.g. Logical Framework)



INNOVATION AND DIGITALIZATION

- **Centralized Research & Development Function** for optimal sharing and valorisation of know-how
- **Management of Technological Innovation projects** in line with R&D best practices (planning and control for the steps following the development of the technology)
- **Continuous updating of procedures** relating to the protection of intellectual property and the identification of professional R&D service providers

(a) International Labour Organization.

CARBON NEUTRALITY IN THE LONG-TERM



Aware of the scientific evidences of climate change reported by the Intergovernmental Panel on Climate Change (IPCC), Eni intends to play a leadership role in the energy transition process, supporting the objectives of the Paris Agreement. Eni has long been committed to promoting comprehensive and effective climate change disclosure and in this respect confirms its commitment to implementing the recommendations of the **Task Force on Climate Related Financial Disclosure** (TCFD).

Leadership in disclosure - Eni is the only O&G company involved in the Financial Stability Board's **Task Force on Climate Related Financial Disclosure** (TCFD) since the beginning of its work and has contributed to the development of the voluntary recommendations for corporate climate change reporting. Transparency in climate change reporting and the strategy implemented by the Company have allowed Eni to be, once again in 2019, a **leading company** with an A- rating in the Climate Change disclosure program of the CDP (formerly Carbon Disclosure Project, recognised internationally as one of the reference institutions for assessing climate performance and strategies of listed companies). The rating achieved by Eni was equalled by only a few other companies in the Oil & Gas industry and far exceeds the global average which has stabilised at a rating of C, in a rating scale ranging from D (minimum) to A (maximum). As further proof of its commitment and transparency, Eni's climate disclosure included in the NFI within the Annual Report 2018 has been commended as good practice with reference to governance, risk management, and

metrics and targets in the TCFD Good Practice Handbook by SASB (Sustainability Accounting Standards Board) and CDSB (Climate Disclosure Standards Board).

Commitment to partnerships - Among the many international climate initiatives that Eni participates in, Eni's CEO sits on the Steering Committee of the **Oil and Gas Climate Initiative** (OGCI). Established in 2014 by 5 O&G companies, among which Eni, the OGCI now numbers thirteen companies, representing about one third of global hydrocarbon production and supplying around 20% of the global demand for energy. In 2019, OGCI published the progress made towards the methane intensity reduction target announced in 2018 (collective target for reducing the intensity of methane emissions from upstream activities from 0.32% in 2017 to 0.25% by 2025), with a collective reduction of 9% in 2018. Furthermore, has continued the commitment to the joint investment of 1 billion dollars in 10 years, for the development of technologies designed to reduce GHG emissions in the global energy value chain, and in 2019 the CCUS KickStarter initiative was launched to promote wide-scale marketing at global level of CCUS (CO₂ Capture, Utilisation and Storage) technology.

Disclosure on long-term carbon neutrality is structured around the four thematic areas covered by TCFD recommendations: governance, risk management, strategy, and metrics and targets. The key elements of each area are presented below; please see the Eni For 2019 Report – Carbon neutrality in the long-term⁵ for the complete analysis.

TCFD RECOMMENDATIONS		2019 ANNUAL REPORT	2019 SUSTAINABILITY REPORT
		Consolidated Non-Financial Information	Eni for Addendum - Carbon neutrality in the long-term
GOVERNANCE			
Disclose the organization's governance around climate-related risks and opportunities.	a) Oversight by the BoD		✓
	b) Role of the management	✓ Key elements	✓
STRATEGY			
Disclose the current and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a) Climate-related risks and opportunities	✓	✓
	b) Incidence of climate-related risks and opportunities	✓ Key elements	✓
	c) Resilience of the strategy		✓
RISK MANAGEMENT			
Disclose how the organization identifies, assesses, and manages risks related to climate change.	a) Identification and assessment processes	✓ Key elements	✓
	b) Management processes		✓
	c) Integration into overall risk management		✓
METRICS & TARGETS			
Disclose the metrics and targets used to assess and manage risks and opportunities related to climate change where such information is material.	a) Metrics used	✓ Key elements	✓
	b) GHG emissions		✓
	c) Targets		✓

(5) This report will be published on the same day as the Shareholders' Meeting.

GOVERNANCE

Role of the BoD - Eni's decarbonisation strategy is part of a structured system of Corporate Governance where the **BoD** and the CEO play a central role in managing the main issues related to climate change. Based on CEO's proposal, the BoD examines and approves the Strategic Plan, which sets out strategies and targets, including those related to climate change and energy transition. Since 2014, the BoD has been supported in performing its duties by the **Sustainability and Scenarios Committee (SSC)**, with whom it examines, on a periodic basis, integration between strategy, future scenarios and the medium/long-term sustainability of the business. During 2019, the SSC discussed climate change issues in detail at all meetings, including the decarbonisation strategy, energy scenarios, renewable energies, research and development to support the energy transition, partnerships on climate and issues related to water resources and biodiversity⁶. Since the second half of 2017, the BoD and the CEO are also supported by an **Advisory Board** composed of international experts, with the aim of analysing the main geopolitical, technological and economic trends, including issues related to the decarbonisation process⁷. Since 2018, Eni has pledged its contribution to the World Economic Forum (WEF) "Climate Governance" initiative⁸, by involving Eni's BoD, and during 2019 took part in other initiatives launched within the WEF, among which the definition of a model for assessing the governance processes used by the organization to manage risks and opportunities related to climate change. As from 2019, the BoD examines and approves Eni's Medium-Long Term Plan, aiming at guaranteeing sustainability of the business portfolio in a time frame up to 2050, in line with what is provided for in the Four-Year Strategic Plan.

Eni's economic and financial exposure to the risk deriving from the introduction of new carbon pricing mechanisms is examined by the BoD both in the approval phase leading of each investment and in the following semi-annual monitoring of the entire project portfolio. The BoD is also informed annually on the results of the impairment test carried out on the main Cash Generating Units in the E&P sector and elaborated with the introduction of a carbon tax value aligned with IEA⁹ Sustainable Development Scenario - SDS (see pages 92-95). Finally, the BoD is informed on a quarterly basis on the results of risk assessment and monitoring activities related to Eni's top risks, including climate change.

Role of management. In 2019, it has been established the Evaluation for Medium/Long-Term Plans Committee chaired by the CEO, with the aim of supporting the organic and sustainable development of Eni's business, identifying strategic and operating guidelines and directing actions to ensure achievement of decarbonisation-related targets. The strategic commitment to carbon footprint reduction is part of the company's essential goals and is also reflected in the Variable Incentive Plans for the CEO and company management. In particular, the new 2020-2022 Long-Term Stock Incentive Plan supports the implementation of the Strategic Plan by introducing new parameters related to decarbonisation, energy transition and circular economy, in line both with the targets announced to the market and all stakeholders' interests. The overall weighting for these targets is 35%, both for the CEO and for all Eni managers involved in the Plan. The

Short-Term deferral Incentive Plan includes, in continuity with the past years, the upstream GHG emissions intensity reduction, in line with 2025 target. This target is assigned to the CEO with a weighting of 12.5% and to all company managers according to percentages in line with their responsibilities.

RISK MANAGEMENT

Eni has developed and adopted an Integrated Risk Management (IRM) Model to ensure that management takes risk-informed decisions, by assessing and analysing risks, including in the medium and long-term, within an integrated, comprehensive and prospective vision.

The IRM process ensures detection, consolidation and analysis of all Eni risks and supports the BoD in checking the compatibility of risk profiles with strategic targets, including those in the medium to long-term.

The IRM process begins with the contribution to define Eni's medium, long-term and Strategic Plan (e.g. definition of de-risking targets and strategic treatment actions), and continues by supporting the implementation of such plans through periodic cycles of risk assessment and monitoring.

Risks are:

- assessed with quantitative and qualitative tools considering both the probability of occurrence and the impacts that would take place in a given time frame should the risk occur;
- represented, based on probability of occurrence and impact, by matrices that allow comparison and classification according to their relevance.

With a view to improving process effectiveness and efficiency and data quality, during 2019 the following actions were taken: (i) strengthening of risk assessment methodologies with adoption of new tools to assess the effectiveness of mitigation actions and the economic-financial impacts; (ii) implementation of the Integrated Country Risk (ICR) model designed for an integrated analysis of the risks relevant to Countries where Eni is present or those of potential interest; (iii) execution of a pilot project for the ICR model digitalisation, which will be extended to the main Countries with upstream activities during 2020.

The risk of climate change is identified as one of Eni's top strategic risks and is analysed, assessed and monitored by the CEO as part of the IRM process.

Main risks and opportunities

Risks related to climate change are analysed, assessed and managed by considering energy transition aspects (market scenario, regulatory and technological evolution, reputation issues) and physical phenomena. The analysis is carried out through an integrated and cross-cutting approach which involves specialist departments and business lines and includes evaluation of the related risks and opportunities. The main findings are shown below.

Market scenario. In the International Energy Agency (IEA) Sustainable Development Scenario (SDS¹⁰), taken as reference to assess energy transition risks, fossil fuels are expected to continue playing a central role in the energy mix (Oil & Gas equal to 47% of the mix in 2040), although by 2040, the global energy demand is expected to fall slightly compared to today (-7.2% vs. 2018, CAGR

[6] For more information, please see the "Sustainability and Scenarios Committee" section of the 2019 Corporate Governance Report.

[7] For more information, please see the "Governance" chapter on pages 24-29.

[8] The initiative aims to raise the Boards' level of awareness on climate-related issues, also in response to recommendations by the Task Force on Climate-related Financial Disclosures (TCFD).

[9] International Energy Agency.

[10] World Energy Outlook (WEO) 2019.

2018-40 -0.3%). Natural gas is expected to increase its share of the mix (24% in 2040 vs. 23% in 2018) even in the SDS. In fact, due to its lower carbon intensity and better environmental performance, natural gas is the fossil fuel with the higher future perspectives, both by integration with renewable sources and substituting sources with higher environmental impacts, especially in emerging Countries. Moreover, in the future, natural gas will play an important role within a growing hydrogen production and the implementation of CO₂ capture, utilisation and storage (CCUS) projects. Renewables will become increasingly important in the path to decarbonisation, succeeding in supplying 34% of primary consumption (vs. 14% in 2018), mostly due to development of wind and solar power. Oil demand is expected to increase in the other IEA scenarios (Current Policies Scenario and Stated Policies Scenario), while in the SDS scenario an immediate peak is expected globally within the next two years, followed by a progressive drop in consumption in almost all Countries (except India and Sub-Saharan Africa). Nonetheless, even considering the SDS scenario, there is still a need for significant investments in the upstream sector to compensate for the drop in production from existing fields. There is residual uncertainty linked to the effect that regulatory developments and breakthrough technologies could have in this scenario. Eni performs an assessment of the potential costs associated with GHG emissions, according to the SDS, as detailed in the section on Risk factors and uncertainties (pages 88-104).

Regulatory developments. Adoption of policies designed to support the energy transition to low carbon sources could have significant impacts on the business. Although COP25 in Madrid hasn't defined the rules for implementing the Paris Agreement market mechanisms, a growing number of governments, including the EU, are announcing the revision of targets for 2030 and setting new long-term net-zero emission targets, showing greater commitment in facing the exceptional challenges in the development of low-carbon energy solutions. In particular, with the presentation of the new "European Climate Law", the European Union has set itself the target of reaching carbon neutrality by 2050, as enactment of the proposal for the new European Green Deal, presented in December 2019. Also in light of this development, Eni has defined a medium to long-term plan to take full advantage of the opportunities offered by the energy transition and progressively reduce the carbon footprint of its activities, as explained in more detail in the Strategy and Objectives section.

Technological developments. The need to build a final energy consumption model with a low carbon footprint, will incentivize technologies aimed at capturing and reducing GHG emissions, producing hydrogen from gas as well as technologies for minimization of methane emissions along the Oil & Gas production value chain. These elements will support the role of hydrocarbons in the global energy mix. On the other hand, technological development in the field of renewable energy production and storage and efficiency of electric vehicles may impact the demand for hydrocarbons and therefore the business. Scientific and technological research is hence one of the levers of Eni's decarbonisation strategy; main areas of action are described in the Strategy and Objectives section.

Reputation. Awareness-raising campaigns by NGOs and other environmentalist organisations, media campaigns, shareholder resolutions during meetings, disinvestments by some investors and class action by groups of stakeholders are more and more oriented towards greater transparency on the tangible efforts made by Oil & Gas companies for energy transition. Furthermore, some public and private parties have brought proceedings, both legal and otherwise, against the major Oil & Gas companies, including Eni Group companies, claiming their responsibility for impacts related to climate change and human rights. Eni has long been committed to promoting a constant, open and transparent dialogue on climate change and human rights issues which are an integral part of its strategy and therefore subject of communications to all stakeholders. This commitment is part of a wider relationship that Eni has established with its stakeholders on important sustainability issues, with initiatives focused on governance, dialogue with investors and targeted communication campaigns, as well as participation in international initiatives and partnerships. In the early months of 2020, upholding requests from a number of investors, Eni published a Policy on Responsible Engagement on climate change within business associations, in which it commits to check periodically on consistency between its climate and energy advocacy positions and those of the trade associations in which is involved.

Physical risks. Increasingly intense extreme/chronic climate phenomena in the medium to long term could damage plants and infrastructures, resulting in an interruption of industrial activities and increased recovery and maintenance costs. In relation to extreme phenomena, such as hurricanes or typhoons, Eni's current portfolio of assets, designed in accordance with current regulations to withstand extreme environmental conditions, has a geographical distribution that does not lead to concentrations of risk. The vulnerability of Eni assets to more gradual phenomena, such as rising sea levels or coastal erosion, is limited and it is therefore possible to identify and implement preventive mitigation measures. In addition to its commitment to ensure integrity of its operations, Eni is active on the issues of climate change adaptation, including aspects related to social and environmental impacts, with particular focus on assessing major vulnerabilities linked to physical risks and developing suitable guidelines for the implementation of adaptation actions in Countries where Eni has interests.

STRATEGY AND OBJECTIVES

Eni's strategy combines objectives of continuous growth in a fast developing energy market with a significant reduction of the Group's carbon footprint. In the future, Eni will be even more sustainable, it will have a stronger role as a global player in the energy scenario and will benefit from the progressive development of business areas such as renewables and circular economy.

The result of its industrial strategy will lead to an 80% reduction in net-absolute¹¹ emissions by 2050, well above the 70% target indicated by IEA in the SDS compatible with the Paris Agreement, and to a 55% reduction in the emission intensity¹².

[11] Net-absolute GHG Lifecycle emissions: these are all the Scope 1, 2 and 3 emissions associated with our operations and products, throughout their value chain, net of carbon sinks.

[12] Ratio between net-absolute GHG emissions (Scopes 1, 2 and 3) throughout the lifecycle of energy products and the quantity of energy included in them.

In order to monitor these targets, Eni has developed a rigorous method inclusive of all GHG emissions. This method includes all scope 1, 2 and 3 emissions, in absolute and relative terms, linked to the energy products sold, whether from our own production or purchased from third parties. This distinctive approach exceeds current standards for detection of emissions and provides a complete representation of the Group's carbon footprint. The method has been reviewed by independent experts at the Imperial College London (through Imperial Consultants), while the result of its application has been audited by RINA, an independent certification company.

Actions that will help to achieve these targets include:

- progressive reduction of hydrocarbon production and a growing incidence of gas production;
- focus on equity gas sales combined with projects for the capture and storage of CO₂ and a progressive reduction of non-equity gas sales;
- conversion of European refineries into plants for production of hydrogen and recycling of waste materials;
- creation of primary and secondary forest preservation projects to compensate for around 30 million tonnes/year of CO₂ by 2050;
- development of projects for capture and storage of 10 million tonnes/year of CO₂ by 2050, with an initial project under study for the Ravenna hub in Italy, where it will be possible to channel the CO₂ captured from neighbouring industrial facilities and power plants into gas fields that are now depleted;
- achieving a capacity for energy production from renewable sources over 55 GW by 2050;
- expansion of retail operations with the aim of reaching over 20 million supply contracts by 2050.

Furthermore, Eni has confirmed and further extended its intermediate decarbonisation targets: net-zero carbon footprint by 2030 for scope 1 and 2 emissions from upstream operations and net-zero carbon footprint for scope 1 and 2 emissions from all Group operations by 2040.

Overall spending in the four-year period 2020-23 for decarbonisation, circular economy and renewables is forecast at approximately €4.9 billion, including scientific and technological research activities designed to support these areas.

PERFORMANCE METRICS AND COMMENTS

Eni has defined indicators that show the progress achieved so far in the reduction of GHG emissions into the atmosphere, the use and consumption of energy from primary sources and the production of energy from renewable sources. With specific reference to short-term decarbonisation targets, defined on operated assets and accounted on a 100% basis, the following is a summary of the results achieved in 2019 and of the progress towards the targets:

Reduction of the upstream GHG emissions intensity index of 43% by 2025 against 2014: the upstream GHG intensity index, expressed as a ratio between direct emissions in tonnes of CO₂eq and gross production in thousands of barrels of oil equivalent, in 2019 improved by 9% over 2018, with a value of 19.58 tonnesCO₂eq/kboe. The overall reduction against 2014 is 27% in line with the 2025 target. This index improvement is linked to the increase in production at new low emissions intensity plants (e.g. Zohr in Egypt and OCTP - Offshore Cape Three Points in Ghana), consolidation of the contribution to reduction of process flaring linked to projects launched during 2018,

as well as to completion of methane fugitive emissions monitoring campaigns and planned leak repairs in 2019.

Zero process gas flaring by 2025: in 2019, the volumes of hydrocarbons sent to process flaring, equal to 1.2 billion Sm³, decreased by 15% against 2018 and by 29% against 2014, in relation to the contribution of specific flaring down projects (Libya, Nigeria, Turkmenistan) and the decrease of production that involved a number of fields with associated gas flaring. In 2019, Eni invested €31 million in flaring down projects, in particular in Libya and in Nigeria.

Reduction of upstream fugitive methane emissions of 80% by 2025 against 2014: in 2019, upstream fugitive methane emissions were 21.9 kton CH₄, decreasing by 44% against 2018, due to Leak Detection and Repair (LDAR) campaigns carried out in the assets at Zohr (Egypt) and Jangkrik (Indonesia) and improved accounting approach for El Feel and Bouri (Libya). The reduction achieved has made it possible to attain the 2025 target six years in advance. The LDAR campaigns also involved the midstream sector (Sergaz), where they led to a reduction of 35% in fugitive emissions compared to 2018.

Average improvement of 2% per year in 2021 compared to 2014 of carbon efficiency index: the target has extended the commitment to reducing GHG emissions intensity to all business areas. This objective refers to an overall Eni index, maintaining the appropriate flexibility in the trends of the individual businesses. In 2019, the index was 31.41 tonnesCO₂eq/kboe, a 7.4% decrease against 2018 (33.90 tonnes of CO₂eq/kboe) due to the contribution to reduction of the upstream sector and an improvement of around 2% of the EniPower and Refining & Marketing performance indexes. Although the target for reduction set for 2021 has already been achieved, Eni will continue to strive towards progressive improvement over the coming years.

In 2019, Eni has proceeded with the investment plan both in projects aiming directly at increasing energy efficiency of assets (over €8 million) and in development and revamping projects with significant impacts on the energy performance of businesses. The actions taken during the year, when fully operational, will allow fuel savings of 303 ktoe/year (mainly in the upstream sector), to which 25 GWh/year of savings on purchases of electricity and steam must be added. The benefit in terms of lower emissions will be around 0.8 million tonnes of CO₂eq.

Overall, direct GHG emissions deriving from Eni operated activities were, in 2019, 41.20 mln tonnes CO₂eq, a reduction of 5% against 2018 and 29% against 2010. Such reduction is mainly due to the drop in emissions from combustion and process as a result of energy efficiency projects, and to reduced fugitive and venting methane emissions (also due to improvement of estimates following census and detailed estimation of sources of emissions). Total emissions due to flaring, despite reduced volumes of gases sent to process flaring, have increased by 3.7% due to extraordinary maintenance on gas injection compressors (in Nigeria and Congo), temporary shut-down of plants in Libya and increase of emergency flaring in Angola (start-up of the Agogo field), as well as actions to depressurise lines in Nigeria following acts of sabotage.

With regard to development of electricity generated from photovoltaic, in 2019 there was a marked increase in production compared to 2018 (66.9 GWh vs. 19.3 GWh in 2018), while the quantity of biofuels produced in 2019 has stabilised at 256 thousand tonnes, increasing by 17%.

For 2019, Eni's financial commitment in scientific research and technological development amounted to €194 million, of which approximately €102 million was spent on investments for decarbonisation and circular economy projects. This investment

refers to efforts for energy transition, bio-refinement, green chemistry, renewable sources, reduction of emissions and energy efficiency.

Key Performance Indicators

		2019		2018	2017
		Total	of which fully consolidated entities	Total	Total
Direct GHG emissions (Scope 1)	(million tonnes CO ₂ eq)	41.20	26.55	43.35	43.15
of which: CO ₂ equivalent from combustion and process		32.27	23.11	33.89	33.03
of which: CO ₂ equivalent from flaring		6.49	2.83	6.26	6.83
of which: CO ₂ equivalent from venting		1.88	0.33	2.12	2.15
of which: CO ₂ equivalent from methane fugitive emissions		0.56	0.28	1.08	1.14
Carbon efficiency index	(tonnes CO ₂ eq/kboe)	31.41	43.63	33.90	36.01
GHG emissions/100% operated hydrocarbon gross production (upstream)		19.58	21.32	21.44	22.75
GHG emissions/Equivalent electricity produced (EniPower)	(gCO ₂ eq/kWheq)	394	397	402	395
GHG emissions/Refinery throughputs (raw and semi-finished materials)	(tonnes CO ₂ eq/kt tonnes)	248	248	253	258
Methane fugitive emissions (upstream)	(ktonnes CH ₄)	21.9	10.8	38.8	38.8
Volumes of hydrocarbon sent to flaring	(billion Sm ³)	1.9	1.0	1.9	2.3
of which: sent to process flaring		1.2	0.5	1.4	1.6
Indirect GHG emissions (Scope 2)	(million tonnes CO ₂ eq)	0.69	0.57	0.67	0.65
Primary sources consumption	(million toe)	13.6	10.0	13.0	13.0
Primary energy purchased from other companies		0.4	0.3	0.4	0.4
Electricity produced from renewable sources	(GWh)	66.9	57.8	19.3	16.1
Energy consumption from production activities/ 100% operated hydrocarbon gross production (upstream)	(GJ/toe)	1.39	n.a.	1.42	1.49
Net consumption of primary resources/ Equivalent electricity produced (EniPower)	(toe/MWheq)	0.17	0.17	0.17	0.16
Energy Intensity Index (refineries)	(%)	112.7	112.7	112.2	109.2
R&D expenditures	(€ million)	194	194	197.2	185
of which: related to decarbonization		102	102	74	72
First patent filing applications	(number)	34	34	43	27
of which: filed on renewable sources		15	15	13	11
Production of biofuels*	(ktonnes)	256	256	219	206
Capacity of biorefineries *	(ktonnes/year)	660	660	360	360

[*] Includes the pro-rata of installed capacity of Gela's biorefinery (720,000 tonnes/y) started in August 2019.



OPERATIONAL EXCELLENCE MODEL

The Operational Excellence Model is centred on a constant commitment to consolidating and developing skills in line with new business needs, enhancing its people in all areas (professional and

non-professional), and ensuring health and safety, environmental protection, respect and promotion of Human Rights and attention to transparency and anti-corruption.



People

Eni's business model is based on internal expertise, an asset that Eni has built over time with dedication and commitment and that allows generating value in both the short and long term. In the next few years, Eni will continue the important transformation process started about six years ago, which combines the development of new strategic guidelines¹³, from the circular economy to activities related to decarbonization, also seizing the opportunities offered by Digital Transformation.

A culture of plurality and the development of people. Eni operates on an international scale. Its people are citizens of the world who live alongside the communities with which they work, which is why plurality is an essential value. Diversity is a value-creating resource that must be safeguarded and promoted both within the Company and in all relationships with its stakeholders. For this reason, Eni promotes the development of local people through selection and professional development processes and relies on geographical mobility as an important experience in their professional and personal growth, ensuring uniform management at a global level. With regard to gender diversity, Eni pays particular attention to the promotion of initiatives to attract female talents at a national and international level, and to the development of managerial and professional growth paths for the women in the Company. In this context, Eni organizes initiatives for high school students in STEM (Science, Technology, Engineering and Mathematics) subjects, with a focus on gender equality (Think About Tomorrow) and participates in national and international initiatives¹⁴ with the aim of constantly enhancing its processes and operating practices with a view to gender equality. Eni also regularly monitors the pay gap between the female and male population for the same position and seniority and has found that wages are substantially aligned. Pursuant to International Labour Organization (ILO) standards, Eni also carries out statistical analyses on the remuneration of local employees. The results show that the minimum levels set by Eni are significantly higher than the local market minimums. Eni has also implemented managerial development and excellence pathways aimed at the core professional areas, which it supports through training activities, mobility initiatives, job rotation and development tools. In particular, mobility initiatives are offered to the managerial and non-managerial population, in order to maximise opportunities for cross-cutting enhancement and growth. Eni uses various assessment tools to support these pathways, including the annual review and the performance

and feedback process with a focus on senior managers, middle managers and young graduates. In 2019, 93% of the target population was covered by the performance assessment process.

Training. Training is given to Eni's people around the world to create shared values and a common culture. Considering its people's skills which are essential to operational excellence, Eni plans and implements training courses for delivery in a universal and cross-cutting manner, projects for professional families and specialist initiatives for strategic activities with a high technical content. The training campaign aimed at spreading the culture of asset integrity and increasing the level of commitment and awareness of each person was particularly significant. Training needs are mapped and evaluated annually according to specific needs. With reference to the global scenario and the ongoing digitalisation process, initiatives aimed at developing, using and updating the most innovative technological solutions in the operational processes continued in 2019. The development and enhancement of digital skills continued through the expansion and increased use of the in-house platform "Digital Transformation Center". To facilitate the training and education of operators and emergency teams on safety scenarios, in addition to the training normally carried out in the classroom and in the field, the "Virtual Reality Training" methodology has been consolidated, which allows delivering training through immersive virtual reality systems both in HSE and drilling.

Industrial relations. Eni maintains ongoing relations with national and international trade union organizations for the conclusion and renewal of agreements with its counterparts. At international level, the model of trade union relations is based on three pillars: two in Europe (the European Works Council and the European Observatory for the Health and Safety of Workers at Eni) and a global one, namely the Global Framework Agreement on International Industrial Relations and Corporate Social Responsibility, which was renewed in 2019. As regards international labour law, a mapping of the state of ratification of the main ILO Conventions in the Countries where Eni operates was completed and disseminated internally, thus confirming Eni's commitment to the fundamental principles set out therein. Furthermore, with regard to the fundamental principle of freedom of association, in 2019, a review of existing legislation in the main Countries where the Company operates was carried out to ensure that local legislations, while protecting such a principle, allow the establishment of trade unions and workers' representatives and



[13] For more information on the strategy, see pages 16-19; 113-114.

[14] Inspiring Girls Project - International project against stereotypes about women; "Manifesto for women's employment" by Valore D - Programme document to enhance female talent in businesses promoted by Valore D and sponsored by the Italian Presidency of G7 and the Department for Equal Opportunities of the Italian Prime Minister's Office; Elis - Sistema Scuola Impresa Consortium; WEF - World Economic Forum; ERT - European Round Table.

collective bargaining. Where local regulations do not provide for express prohibitions, Eni always recognizes the best favourable conditions from among those established by the ILO and local regulations.

Parenthood, Welfare and Inclusion. Eni has continued to develop policies to foster parenthood and families in order to ensure increasingly greater attention to inclusion and support in cases of disability and to consolidate services for work-life balance. In addition to the maternity and paternity support policy promoted in 2018 at international level, which granted 10 days of leave paid 100%, in 2019 smart working in Italy was extended to all workers at non-operational sites, as well as to all new parents, disabled people and caregivers. In addition, during 2019, the prevention program continued to be extended to new sites by providing employees with specialist visits and check-up protocols.

Health. Eni considers health protection an essential requirement and promotes the physical, psychological and social well-being of Eni's people, their families and the communities of the Countries of presence. The extreme variability of working contexts requires a constant effort to update health risk matrices and makes it particularly challenging to guarantee health at every stage of the business cycle. To rise to this challenge, Eni has developed an operational platform that ensures services to its people, covering occupational health, industrial hygiene, traveller health, healthcare and medical emergency, as well as health promotion initiatives for Eni's people and the communities in which it operates. In 2019, all of the Group companies continued the implementation of health management systems with the objective of promoting and maintaining the health and well-being of Eni's people and ensuring adequate risk management in the workplace.

METRICS AND COMMENTS

Overall employment amounts to 31,321 people, of whom 21,078 in Italy (67.3% of Eni employees) and 10,243 abroad (32.7% of Eni employees). In 2019, employment at global level increased by 371 people compared to 2018, equal to +1.2%, with an increase in Italy (+502 employees) and a reduction abroad (-131 employees) due mainly to corporate reorganizations¹⁵. Overall, in 2019, 2,199 hires were made, of which 1,855 with permanent contracts. Of these, 32.3% covered female staff and about 81% regarded employees under 40 years of age. Of the total number of hires, approximately 32% were in the upstream business area (total 709, of which 547 were with permanent contracts and 162 with fixed-term contracts), 22% in the Support Function area, 12% in the R&M&C area and 34% in the other business areas. Overall, 1,546 contracts were terminated, 1,198 of which were permanent contracts¹⁶, and 23.2% regarded female employees. In 2019, 24.1% of the permanent contracts terminated involved employees under the age of 40. In 2019, the percentage of women in positions of responsibility rose to 26.05%, compared to 25.28% in 2018; overall, women accounted for 24.23% of Eni's total workforce. In 2019, the percentage of female employees stood at: 15.6% senior managers, 27.2% middle managers, 29.8% white collars,

2% blue collars. Compared to the past, the overall percentage of women on the boards of directors and statutory auditors of subsidiaries fell slightly in 2019 to 29% and 37%, respectively. In Italy, 1,300 people were hired, of whom 1,254 with permanent contracts (32.7% women, up about 4 percentage points compared to 2018); there was an increase in the younger age group (18-29) as a result of the recruitment plan implemented to ensure a structure consistent with business and innovation objectives, as well as to seize the opportunities offered by new technologies. In 2019, the number of terminations in Italy amounted to 831, of which 707 permanent contracts (of which 18.1% were women). Abroad, in 2019, there were 899 hires, of which 601 were with permanent contracts (31.4% women) and 68.1% were employees under 40 years of age. About 50% of permanent hires were in the upstream (mainly in the United States, United Kingdom, Mexico, Angola) and R&M business areas (Ecuador, Germany, France), with the aim of both developing and supporting new initiatives and managing turnover to support the consolidation and evolution of skills. As regards terminations, 715 contracts were terminated, of which 491 were permanent. Of these, 40.1% regarded employees under the age of 40, and 30.5% were women. The balance between hires and terminations abroad at year-end was +184 (+899 new hires and -715 terminations) and this trend is mainly due to the consolidation of the upstream business, as well as widespread recruitment to support the activities of the other business areas. Outside of Italy, as a result of the sale of Agip Oil Ecuador, the number of local employees decreased by 252 people compared with the previous year, resulting in a drop in the percentage of local staff out of total employment abroad from 82.6% in 2018 to 81.2% in 2019. A total of 1,923 expatriates (of whom 1,360 are Italian) work abroad, slightly up from 2018 (+99 Italians). The average age of Eni's people in the world is 45.4 years (unchanged compared to 2018; 46.4 in Italy and 43.3 abroad): 49.4 years (50.3 in Italy and 47.0 abroad) for senior and middle managers, 44.1 years (45.4 in Italy and 41.3 abroad) for white collars, and 41.3 years (40.0 in Italy and 43.0 abroad) for blue collars.

In 2019, distance learning (also through the Digital Transformation Center platform) and a resumption of classroom training gave a significant boost to the number of training hours delivered, equal to +16.5% compared to 2018.

In the field of health, the number of health services delivered by Eni in 2019 amounted to 487,360, of which 312,490 for employees, 72,268 for family members, 94,130 for contractors and 8,472 for others (e.g., visitors and external patients). The number of participants in health promotion initiatives in 2019 was 205,373, of whom 97,493 were employees, 78,330 contractors and 29,550 family members. As concerns occupational illnesses, claims fell during 2019 from 81 to 73, with an overall reduction of 10%, due to the reduction of illnesses reported, both by former employees (from 71 to 64 claims) and current employees (from 10 to 9 claims). Of the 73 occupational disease claims submitted in 2019, 16 were submitted by heirs (all relating to former employees).

[15] In particular, it is noteworthy the sale of Agip Oil Ecuador.

[16] Of which about 50% for retirement and 37% for resignation.

Key Performance Indicators

		2019	2018	2017
Employees as of December 31 ^(a)	(number)	31,321	30,950	32,195
Women		7,590	7,307	7,580
Italy		21,078	20,576	20,468
Abroad		10,243	10,374	11,727
Africa		3,371	3,374	3,303
Americas		1,005	1,257	1,216
Asia		2,662	2,505	2,418
Australia and Oceania		88	90	114
Rest of Europe		3,117	3,148	4,676
Employees aged 18-24		564	437	364
Employees aged 25-39		9,289	9,224	9,761
Employees aged 40-54		13,824	14,058	15,022
Employees aged over 55		7,644	7,231	7,048
Local employees abroad		8,320	8,572	10,010
Employees by professional category:				
Senior managers		1,021	1,008	990
Middle managers		9,387	9,147	9,043
White collars		16,050	15,839	16,600
Blue collars		4,863	4,956	5,562
Employees by educational qualification:				
Degree		15,375	14,603	14,802
Secondary school diploma		13,184	13,348	14,300
Less than secondary school diploma		2,762	2,999	3,093
Employees with permanent contracts ^(b)		30,571	30,183	31,609
Employees with fixed term contracts ^(b)		750	767	586
Employees with full-time contracts		30,785	30,390	31,612
Employees with part-time contracts ^(c)		536	560	583
Number of new hires with permanent contracts		1,855	1,264	992
Number of terminations of permanent contracts		1,198	1,270	1,312
Local senior managers & middle managers abroad	(%)	16.65	16.70	15.68
Seniority	(years)			
Senior managers		22.78	22.12	22.08
Middle managers		20.00	20.02	20.01
White collars		16.73	17.03	17.02
Blue collars		13.55	13.05	13.05
Presence of women on the Boards of Directors	(%)	29	33	32
Presence of women on the Boards of Statutory Auditors ^(d)		37	39	37
Training hours	(number)	1,362,182	1,169,385	1,111,112
Average hours of training per employee by employee category		43.6	36.9	34.2
Senior managers		51.0	41.7	31.7
Middle managers		42.0	37.2	35.7
White collars		43.9	36.2	34.5
Blue collars		44.3	37.7	31.6
Employees covered by collective bargaining	(%)	83.03	80.89	81.96
Italy		100	100	100
Abroad		40.91	35.33	44.54
Occupational illnesses allegations received	(number)	73	81	120
Employees		9	10	12
Previously employed		64	71	108

[a] The data differ from those published in the Annual Report (see inside cover) because they include only fully consolidated companies.

[b] The breakdown of fixed-term/permanent contracts does not vary significantly either by gender or by geographical area except for China and Mozambique where it is common practice to insert local resources for fixed term and then stabilize them over a period of 1-3 years.

[c] There is a higher percentage of women (7% of total women) on part-time contracts, compared to men who are round 0.2% of total men.

[d] Outside of Italy, only the companies with a control body similar to the Italian Board of Statutory Auditors are considered.

Safety



Eni is constantly engaged in research and development for all the necessary actions to be taken to ensure safety at work, in particular in the development of organisational models for risk assessment and management and in the promotion of a culture of safety, in order to pursue its commitment to eliminating the occurrence of incidents. To this end, in 2019, initiatives continued for both Eni and contract staff to spread a culture of safety and in particular to encourage correct and safe behaviours to be implemented in every aspect of life. The “Safety starts @ office” campaign, which followed on from the 2018 “Safety starts @ home” campaign, was launched to promote safety in offices and headquarters starting from the “Safety Golden Rules”¹⁷ (the 10 golden rules for safety at work, which came into force in 2018). The “I Live Safe” initiatives, days dedicated to research and the implementation of practical tools for creating healthy and safe habits, continued at operational sites; this year a modular training course was experimented in the following thematic areas: road safety, home safety and leisure safety with the active involvement of Company representatives.

In the upstream foreign subsidiaries, the “HSE Personal Commitment Program” initiative was implemented; it pursues Eni’s commitments in the field of safety and is aimed at consolidating the leadership and commitment, at all levels, of the management of both Eni and its contractors, in order to spread the culture of safety and engage partners. In particular, as regards the management of contractors at Eni’s industrial sites, in 2019 control activities in the field were further strengthened through the more than 130 members of the Safety Competence Center (SCC)¹⁸, assigned to the coordination and supervision of the safety of work sites and contract works. More than 2,800 companies, accounting for 70% of suppliers with potential HSE criticalities in Italy, are constantly called upon to raise awareness to build their safety culture and are monitored and evaluated through tools set out and implemented by the SCC. Non-conformities found are immediately redressed with corrective actions and good practices are recognized, shared and disseminated. In 2019, work continued on the implementation of SCC tools and methodologies abroad in Pakistan and Tunisia.

Process safety¹⁹ is a fundamental commitment for Eni and it is pursued through the implementation of a specific management system, in line with international standards, and monitored with dedicated audits. As regards emergency preparedness and response, in addition to continuous drills, particular attention has been paid to natural risk scenarios, consolidating innovative and centralised methods for weather and hydrologic alerts.

The main corporate objectives for safety in 2020 are: (i) the improvement of the Severity Incident Rate (SIR), an internal weighted internal index that measures the level of incident severity and is used in the short-term incentive plan of the CEO and senior managers with strategic responsibilities in order to focus Eni’s commitment on reducing the most serious accidents; (ii) the consolidation of the Safety Culture Program, which monitors the level of proactivity through aspects of preventive safety management; (iii) the definition and dissemination of the 10 Process Safety Fundamentals, the operational rules relevant to process safety; and (iv) the extension to Italian sites of projects that apply new digital technologies to boost safety.

METRICS AND COMMENTS

In 2019, the Total Recordable Injuries Rate (TRIR) of the workforce improved by 3% compared to 2018. The improvement was particularly significant for the employees’ indicator (-44%), while the contractors’ indicator worsened due to the increase in the number of accidents (95 vs. 82 in 2018). There were 3 fatal accidents in the upstream sector: one employee in Italy in March 2019 registered on the Barbara F. platform off the coast of Ancona and two contractors hit by objects in Egypt. The indicator for injuries at work with serious consequences was affected by two injuries to two contractors in Italy (the same event that caused the death of the Eni employee) and an accident in which a contractor suffered a hand injury in Egypt. In Italy, the number of total recordable injuries decreased (37 events vs. 40 in 2018), and the total recordable injury rate (TRIR) improved by 14%; however, the number of accidents abroad increased slightly (77 events vs. 76 in 2018) as did the total recordable injury rate (+2%).

Key Performance Indicators

		2019		2018	2017
		Total	of which fully consolidated entities	Total	Total
TRIR (Total Recordable Injury Rate)	(total recordable injuries/hours worked) x 1,000,000	0.34	0.38	0.35	0.33
Employees		0.21	0.27	0.37	0.30
Contractors		0.39	0.43	0.34	0.34
Number of fatalities as a result of work-related injury	(number)	3	1	4	1
Employees		1	1	0	0
Contractors		2	0	4	1
High-consequence work-related injuries rate (excluding fatalities)	(high-consequence work-related injuries/hours worked) x 1,000,000	0.01	0.01	0.01	0.00
Employees		0.00	0.00	0.00	0.01
Contractors		0.01	0.01	0.01	0.00
Near miss	(number)	1,159	929	1,431	1,550
Worked hours	(million of hours)	334.2	206.3	330.6	306.3
Employees		92.1	56.1	91.6	93.1
Contractors		242.1	150.2	239.0	213.3

(17) For more information, see: <https://www.eni.com/en-IT/just-transition/culture-of-safety.html>.

(18) Eni Center of Excellence on Safety, which supports Eni’s industrial sites in Italy and abroad in the coordination and supervision of contract works.

(19) Process Safety aims at preventing and controlling, throughout the life cycle of its assets, uncontrolled releases of hazardous substances that can become major accidents, protecting the safety of people, environment, productivity, Company assets and reputation.



Respect for the environment



Eni operates in very different geographical contexts, which require specific assessments of the environmental aspects, and is committed to strengthening control and monitoring of its activities in order to mitigate their impacts on the environment by adopting constantly up-to-date international technical and management good practices and Best Available Technology. Particular attention is paid to the efficient use of natural resources, like water; to reducing operational oil spills and oil spills caused by sabotage; to managing waste through process traceability and control of the entire supply chain; to managing the interaction with biodiversity and ecosystem services, from the first exploration stages up to the end of the project cycle.

In this scenario, the transition to a **circular economy** is, for Eni, one of the main answers to the current environmental challenges, offering, as an alternative to the traditional linear economy model, a regenerative approach based on industrial synergy and symbiosis, associated with a revision, through ecodesign, of the Company's production processes and of the management of its assets by reducing the exploitation of natural resources and increasing the use of materials from renewable sources (or from production scraps), by reducing and enhancing scraps (waste, emissions, discharges) through recycling or recovery actions, and by extending the useful life of products and assets through reuse or reconversion actions. In this regard, since 2017 Eni has been carrying out site-specific circularity analyses to identify elements of circularity and improvement measures: in 2019, Eni carried out analyses at the multi-company sites of Bolgiano and Brindisi, at the Taranto refinery and at the Rho depot. Interventions have therefore been identified, some of which are already being implemented and others are in the process of further investigation, both within the site (such as energy or water efficiency or waste recovery) and through integration and exchange with the surrounding area.

Eni promotes **efficient water management** through water risk mitigation actions, especially in water-stressed areas, where initiatives to reduce fresh water withdrawals and projects in the upstream sector to give access to water are still ongoing in 2019. In Italy, Eni is committed to increasing, over the period of the four-year plan, the amount of groundwater reclaimed and reused for civil or industrial purposes, to launching initiatives and assessments for the use of poor quality water (waste water or water from polluted groundwater, as well as rainwater and desalinated sea water) replacing fresh water, and reducing the water use in production. At the Val d'Agri Oil Centre (COVA) the detailed executive design of the Mini Blue Water process was completed; it offers a treatment capacity of about 70 m³/h, based on a proprietary technology. The authorization process for the construction of the plant is currently underway. Blue Water consists in an innovative process for the treatment water used in production, which allows its reuse for industrial purposes. Only a small proportion of Eni's water withdrawals comes from fresh-water sources (about 8%). The analysis of river basin stress levels²⁰ and in-depth studies carried

out at local level have shown that freshwater from water-stressed areas account for less than 2% of Eni's total water withdrawals. In April 2019, Eni was the first company in the Oil & Gas sector to join the CEO Water Mandate, a special United Nations initiative, committing itself to improve the water resource management in all its aspects, both in operations and with reference to the use of innovative technologies, integration with the territory and transparency. With specific regard to transparency, also in 2019 Eni made public its answers to the CDP Water Security questionnaire, obtaining a score of A-, which was obtained by only two other Oil & Gas companies in the world.

As regards the **management of the risk of oil spills**, Eni is committed to covering each and every aspect of its management, from preparedness to prevention and mitigation, in line with international best practices. As part of preparedness, i.e., to ensure the quality/speed/effectiveness of intervention in the entire pipeline network in Italy, a hazard analysis of natural events such as landslides and river flooding, has been started. The objective is to identify, also using the results of the socio-environmental sensitivity analyses, the critical sections and the related priorities for defence interventions. In 2019, the coating with resin/replacement of single-wall underground tanks continued in the retail sector in Italy and will be completed in 2020. In addition, in Egypt (JV Agiba), Eni started a program of interventions to replace some piping and production line sections, while in Nigeria, the installation of the e-vpms® (Eni Vibroacoustic Pipeline Monitoring System - Proprietary Patent) instrument continued. In 2019, the experimental installation of the TPI (Third Party Intrusion) system, an extension of the e-vpms® instrument to two pipelines of the Italian downstream pipeline, was started and completed, with the aim of detecting sabotage attempts and thus making it possible to take action before a break-in takes place. Testing of this system will continue in 2020 and, in the event of positive results, it will be extended to other finished product pipelines in Italy and subsequently in other Countries.

Eni's commitment to Biodiversity and Ecosystem Services (BES) is an integral part of the Integrated HSE Management System, confirming its awareness of the risks for the natural environment resulting from its sites and activities. Operating on a global scale in environmental contexts with different ecological sensitivities and regulatory systems, Eni manages BES through a specific management model that has evolved over time thanks also to long-term collaborations with recognised international organizations that are leaders in biodiversity conservation. Eni's BES management model²¹ is aligned with the strategic objectives of the Convention on Biological Diversity (CBD)²² and ensures that the interactions between environmental and social aspects are correctly identified and managed from the earliest project stages. Eni's biodiversity risk exposure is periodically assessed by mapping the geographical proximity to protected areas and areas important for biodiversity conservation. This mapping allows

[20] Water-stressed areas: areas with a Baseline Water Stress value over 40%. The indicator, defined by the World Resources Institute (WRI www.wri.org), measures the exploitation of freshwater sources and indicates a stressful situation if withdrawals from a given river basin are greater than 40% of its renewable supply.

[21] Eni's BES management model is described in detail in the BES Policy published on the Eni website https://www.eni.com/docs/en_IT/enicom/sustainability/Eni-Biodiversity-and-Ecosystem-Services-Policy.pdf.

[22] Rio de Janeiro, 1992.

identifying priority sites where to take action with more detailed surveys to characterize the operational and environmental context and assess potential impacts to be mitigated through Action Plans, thus ensuring effective management of risk exposure. Moreover, in October 2019, Eni communicated the formal commitment not to conduct oil and gas exploration and development activities within the boundaries of Natural Sites included in the UNESCO World Heritage List²³. This commitment confirms the policy that Eni has been following for some time in its operations, in line with the new corporate mission, and reaffirms both its approach to nature conservation in every area with a high biodiversity value and the spread of good management practices in joint ventures where Eni is not an operator.

METRICS AND COMMENTS

In 2019, seawater withdrawals dropped by 12% as a result of a decrease of over 93 million cubic metres at the Gela refinery²⁴ and of reductions recorded at the Priolo, Brindisi and Porto Marghera petrochemical plants for maintenance stops (reduction in withdrawals of over 56 million cubic metres in total). The decline in seawater withdrawals was also affected by the cessation of the activities of LNG Shipping's vessels (which contributed with over 60 million cubic metres in 2018). Fresh water withdrawals, more than 76% of which can be attributed to the R&M&C sector, increased by 10%, due to the set-up that the Mantua petrochemical plant had to use during the shutdown for the maintenance of the cooling towers and the tests on the fire-fighting systems at the Sannazzaro refinery. The percentage of freshwater reuse at Eni has risen to 89%. In the E&P sector, the percentage of production water re-injected stood at 58%, down from 2018 due to maintenance work in Nigeria (Ebocha) and technical issues in Congo (Zatchi and Loango). The number of barrels spilled as a result of operational oil spills was more than halved compared to 2018, particularly in Italy and Nigeria (in the latter Country through structural interventions such as preventive maintenance or revision of the integrated anti-corrosion plan and replacement of pipeline sections crossing rivers or canals). The two most significant events were recorded in Egypt (200 barrels spilled following the tipping of a truck during a manoeuvre) and Nigeria (198 barrels spilled due to overfilling of a tank). As regards to sabotage events, in 2019 there was an increase in both the number and quantity of spills; all the events concerned upstream activities in Nigeria, where the increase in spills could be partly linked to heightened social tensions due to the general elections. Barrels spilled as a result of chemical spills are down considerably and are mainly attributable to upstream activities in the UK and USA. Waste from production activities generated by Eni in

2019 decreased by 15% from 2018, due in particular to the contribution of non-hazardous waste (78% of the total), while hazardous waste recorded an increase. The decrease in non-hazardous waste was recorded mainly in the E&P sector, thanks to the reduction in waste from the development of the Zohr project in Egypt and the lower production of onshore aquifer water in the Central-Northern District disposed of as waste. The increase in hazardous waste, on the other hand, was the result of drilling campaigns in Nigeria, Kazakhstan, Angola and Pakistan. The share of recovered and recycled waste was 7% of total disposed waste²⁵, down from 2018, when the Zohr project ramp-up generated large quantities of recovered waste. In 2019, a total of 4.1 million tonnes of waste was generated by reclamation activities (of which 3.9 million tonnes by Eni Rewind), of which about 66% was groundwater. In 2019, €367 million was spent on reclamation activities. Emissions of pollutants into the atmosphere are decreasing, except for NMVOC emissions, which increased by 4% compared to 2018, particularly in the upstream sector where the gas composition of the Bouri field in Libya was updated, resulting in an increase in the percentage of non-methane compounds sent to the torch.

In 2019, Eni extended the assessment of exposure to biodiversity risk to the R&M, Versalis and EniPower operational sites, in addition to concessions under development or exploitation in the upstream sector, in order to identify where Eni's activities fall, even only partially, within protected areas²⁶ or key biodiversity areas (KBAs²⁷). An analysis of the mapping of the R&M, Versalis and EniPower operational sites showed that there is overlap, even partial, with protected areas or KBAs at 11 sites, all located in Italy; another 15 sites in 6 Countries (Italy, Austria, Hungary, France, Germany and the United Kingdom) border with protected areas or KBAs, i.e., located at a distance of less than 1 km. As regards the upstream sector, 75 concessions overlap partially with protected areas or KBAs (17 more than in 2018), but of these only 31 concessions (4 more than in 2018) located in 6 Countries (Italy, Nigeria, Pakistan, Alaska, Egypt and the United Kingdom) have operations in the overlapping area. The increase in the number of concessions compared to last year is due to the acquisition of fields already in production in the Beaufort Sea near the coast of Alaska. In general, for all the business lines, the greatest exposure in Italy is to the protected areas of the Natura 2000 Network²⁸, which is widespread across the Country. In no case, in Italy or abroad, there is any overlapping of operational activities with natural sites belonging to the UNESCO (WHS²⁹); only one upstream site³⁰ is located near a WHS natural site (Mount Etna) but there are no operational activities within this protected area.

[23] Natural Sites included in the UNESCO World Heritage List as of May 31, 2019. For further details see Eni.com: <https://www.eni.com/en-IT/media/press-release/2019/10/eni-makes-no-go-commitment-for-unesco-natural-world-heritage-sites.html>.

[24] The system for conveying the cooling water to the user plants was modified with the creation of a closed circuit network and resizing of the seawater lifting pump, adapting its flow rate to the actual use.

[25] Specifically, in 2019, 10% of hazardous waste disposed of by Eni was recovered/recycled, 8% was subjected to chemical/physical/biological treatment, 19% was incinerated, 1% was disposed of in waste dumps and the remaining 62% was sent for other types of disposal (including transfer to temporary storage plants prior to final disposal). With regard to non-hazardous waste, 6% was recovered/recycled, 1% was subjected to chemical/physical/biological treatment, 6% was disposed of in waste dumps and the remaining 87% was sent for other types of disposal (including transfer to temporary storage plants prior to final disposal and incineration of small quantity).

[26] Source: World Database of Protected Areas, analysis carried out in December 2019.

[27] Source: World Database of Key Biodiversity Areas, analysis carried out in December 2019. KBAs (Key Biodiversity Areas) are sites that contribute significantly to the global persistence of biodiversity, on land, in freshwater or in the seas. These are identified through national processes by local stakeholders using a set of globally agreed scientific criteria. The KBAs analysed consist of two subsets: 1) Important Bird and Biodiversity Areas; 2) Alliance for Zero Extinction Sites.

[28] Natura 2000 is the main tool of European Union policy for biodiversity conservation. It is an ecological network spread in the territory of the European Union, established under Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds and Directive 92/43/EEC "Habitat".

[29] WHS, World Heritage Site.

[30] Moreover, although it is not included among the consolidated entities, the Zubair field (Iraq) is located near the Ahwar site classified as a mixed WHS site (natural and cultural). In this case too, no operational infrastructure or activity falls within this protected area.

Key Performance Indicators

		2019		2018	2017
		Total	of which fully consolidated entities	Total	Total
Total water withdrawals	(Million m ³)	1,597	1,549	1,776	1,786
of which sea water		1,451	1,433	1,640	1,650
of which freshwater		128	114	117	119
of which freshwater from superficial water bodies		90	81	81	79
of which freshwater from subsoil		20	16	19	20
of which freshwater from urban net or tanker		8	7	6	10
of which polluted groundwater treated at TAF ^(a) plants and used in the production cycle		3	3	4	4
of which freshwater withdrawal from other streams		7	7	7	6
of which brackish water from subsoil or superficial water bodies		18	2	19	16
Fresh water reused	(%)	89	90	87	86
Re-injected production water		58	54	60	59
Operational oil spills					
Total number of oil spills (> 1 barrel)	(number)	68	34	72	55
Volumes of oil spills (> 1 barrel)	(barrels)	1,036	422	2,665	3,323
Oil spills due to sabotage (including theft) ^(b)					
Total number of oil spills (> 1 barrel)	(number)	138	138	101	102
Volumes of oil spills (> 1 barrel)	(barrels)	6,222	6,222	4,022	3,236
Chemical spills					
Total number of oil spills	(number)	21	21	34	17
Volumes of oil spills	(barrels)	4	4	61	63
Total waste from production activities	(million of tonnes)	2.2	1.8	2.6	1.4
of which hazardous waste		0.5	0.4	0.3	0.7
of which non-hazardous waste		1.7	1.4	2.3	0.7
NO _x (nitrogen oxides) emissions	(ktonnes NO ₂ eq)	52.0	30.5	53.1	55.6
SO _x (sulphur oxides) emissions	(ktonnes SO ₂ eq)	15.2	4.8	16.5	8.4
NMVOG (Non Methan Volatile Organic Compounds) emissions	(ktonnes)	24.1	13.5	23.1	21.5
TSP (Total Suspended Particulate) emissions		1.4	0.7	1.5	1.5

(a) TAF: groundwater treatment facilities.

(b) The 2018 figure was updated following the closure of some investigations after the publication of the 2018 NFI. This circumstance could also occur for the 2019 data.

Number of Protected areas and KBAs in overlapping with R&M, Versalis, EniPower operational sites and UPS concessions -2019^(a)

		R&M, Versalis, EniPower Operational sites		UPS Concessions
		Overlapping with operational sites	Adjacent to operational sites (<1km) ^(b)	With operating activities in the overlapping area
ENI Operational sites/ Concessions ^(c)	(number)	11	15	31
UNESCO World Heritage Natural Sites	(number)	0	0	0
Natura 2000		5	21	15
IUCN ^(d)		4	11	3
Ramsar ^(e)		0	3	2
Other Protected Areas		2	3	12
KBAs		6	11	13

(a) The reporting boundary, in addition to fully consolidated entities, includes also 4 UPS concessions belonging to operated companies in Egypt and 1 coastal deposit of R&M, belonging to an operated company.

(b) The important areas for biodiversity and the operational sites do not overlap but are at distance of less than 1 km.

(c) An Eni operational site / concession may result in overlap/ adjacent to more protected areas or KBAs.

(d) Protected areas to which a IUCN (International Union for Conservation of Nature) management category is assigned.

(e) List of wetlands of international importance identified by the Countries that signed the Ramsar Convention in Iran in 1971 and which aims to ensure the sustainable development and conservation of biodiversity in these areas.

Human rights



Eni is committed to conducting its activities with respect for human rights and expects its Business Partners to do the same in carrying out the assigned activities or those done in collaboration with and/or on behalf of Eni. This commitment, based on the dignity of each human being and on the responsibility of the Company to contribute to the well-being of individuals and communities in the Countries in which it operates, is set out in the Eni’s Statement on Respect for Human Rights approved in December 2018 by the Eni Board of Directors. The document highlights the priority areas on which this commitment is focused and on which Eni exercises in-depth due diligence, according to an approach developed in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and pursuing continuous improvement. Eni has consolidated this commitment in a dedicated report, *Eni for Human Rights*, published for the first time in December 2019³¹.

Human rights is one of the areas in which the Sustainability and Scenario Committee (SSC) performs consultative and advisory functions for the BoD. In 2019, the SSC further expanded the activities carried out during the year and analysed the result achieved in the third edition of the Corporate Human Rights Benchmark (CHRB), in which Eni is among the companies that recorded the greatest increase in their score compared to the first edition, confirming its standing as best performer in the section “Company Human Rights Practices.”

In 2019, Eni’s CEO confirmed the Company’s commitment to the topic, both by signing the “CEO Guide to Human Rights” of the WBCSD (World Business Council for Sustainable Development), which includes a statement on the importance of the respect for human rights and improving Eni’s business and human rights standards, and by participating in a video interview for the WBCSD³² campaign to launch this guide.

With regard to training, following on with the internal human rights awareness process launched in 2016, specific e-learning courses dedicated to the functions most involved were provided in 2019 in order to create a common and shared language and culture on human rights throughout the Company and to improve the understanding of the possible impacts of the business on human rights.

In 2019, the actions set out by the Working Group launched in 2017 in the multi-year plan identifying the main areas for improvement and illustrating the actions necessary for the continuous progress of performance were also completed. These actions, associated with the 4 macro areas in which Eni’s so-called “Salient Issues”³³ are grouped together, i.e., human rights (i) **in the workplace**³⁴, (ii) in the community, (iii) in the supply chain and (iv) in security operations, have been incorporated into specific managerial objectives directly linked to human rights performances, assigned to all the 18 top managers who report directly to the CEO.

Eni is committed to preventing possible negative impacts on the **human rights of individuals and host communities resulting from the implementation of industrial projects**. To this end, in 2018 Eni adopted a risk-based model that makes use of several elements related to the reference context, such as Verisk Maplecroft, in order to classify upstream business projects according to potential human rights risks and to identify appropriate management measures. According to this approach, higher risk projects are specifically investigated through the dedicated “Human Rights Impact Assessment” (HRIA). In 2019, an HRIA study, with the support of the Danish Institute for Human Rights, was carried out in Mexico on the development project launched in Area 1 of the offshore shallow waters of the Gulf of Mexico. In Mozambique and Angola, also in 2019 the Action Plan relating to two human rights analyses carried out in 2018 was finalised (and the related Reports issued during the year), and two further analyses of new areas were carried out. In 2019, an in-depth assessment was also carried out for downstream activities, aimed at identifying the most relevant human rights issues in Refining & Marketing processes, following which a specific action plan was prepared.

The promotion and protection of **human rights in the supply chain** is ensured through assessment activities and the application of criteria based on international standards, such as SA 8000 standards. In 2019, 9 suppliers were assessed, of which 1 from Ecuador, 3 from Vietnam, 1 from Mexico and 4 from Tunisia. Eni is also committed to disseminating a code of conduct for suppliers, which reaffirms the importance of respecting the key principles of sustainability in the supply chain. Further actions to counter modern forms of slavery and human trafficking and to prevent the exploitation of minerals associated with human rights violations in the supply chain are discussed respectively in the “Slavery and Human Trafficking Statement”³⁵ and in the “Eni’s position on conflict minerals”³⁶.

Eni manages its **security operations** in accordance with international principles, including the Voluntary Principles on Security & Human Rights. In line with its commitment, Eni has designed a coherent set of rules and tools to ensure that: (i) contractual terms comprise provisions on the respect for human rights; (ii) the suppliers of security forces are selected according to human rights criteria; (iii) security operators and supervisors receive adequate training on the respect for human rights; and (iv) the events considered most at risk are managed in accordance with international standards. In addition, Eni is developing a human rights due diligence process aimed at identifying the risk of negative impact on human rights due to security activities and evaluating the use of possible preventive and/or mitigation measures.

As a complement to all the actions taken to ensure respect for human rights, since 2006 an Eni procedure has been in place,

[31] See: <https://www.eni.com/assets/documents/enifor-human-rights.pdf>.

[32] See: https://www.youtube.com/watch?v=xFgmRtYHn4s&feature=emb_logo

[33] The salient issues are the main issues identified at Eni on Human Rights.

[34] See the section “People” on pages 116-118.

[35] In accordance with the UK Modern Slavery Act 2015.

[36] In accordance with US SEC regulations.

also included in the Anti-Corruption Regulatory Instruments, which regulates the process for receiving, analysing and processing any whistleblowing reports sent by or transmitted from stakeholders, even confidentially or anonymously, including employees, stakeholders, Eni's people or third parties.

METRICS AND COMMENTS

In 2019, the Human Rights training programme continued both with specific training modules and awareness campaigns made available online to all employees (Security and Human Rights, Human Rights and relations with Communities, Human Rights in the Workplace and Human rights in the Supply Chain). In addition, new training campaigns for the entire Eni population were launched in 2019: "Stakeholder Sustainability, Reporting and Human Rights" and "SDGs".

The issue of human rights & security is also regularly addressed in all training courses for security personnel, including the workshops dedicated to newly appointed Security Officers, of which a third edition was held in 2019. In 2019, the e-learning course "Security & Human Rights" was also provided, aimed both at new people joining the Security Function and resources who had not yet completed the course. E-learning was delivered in three languages (Italian, English and French) in order to increase fruition. Thanks also to the courses mentioned above, the staff

belonging to the Security professional area trained in human rights reached 92%.

In addition, since 2009 Eni has been conducting a training program for public and private security forces at its subsidiaries, which was recognized as a best practice in the 2013 joint publication Global Compact and Principles for Responsible Investment (PRI) of the United Nations. In 2019, the training session was held in Pakistan and Nigeria and was addressed to the Public and Private Security Forces, which provide their services at Eni's management and operational sites.

With regard to whistleblowing reports, in 2019 investigations were completed on 74 files³⁷, of which 20³⁸ included human rights aspects, mainly concerning potential impacts on workers' rights. Among these, 26 assertions were verified with the following results: for 7 of them, the reported facts were confirmed, at least in part, and corrective actions were taken to mitigate and/or minimise their impact, including: (i) actions on the Internal Control and Risk Management System, relating to the implementation and strengthening of controls in place, and training activities for employees; (ii) actions for suppliers and (iii) actions against employees, including disciplinary measures, in accordance with the 231 Model, the collective labour agreement and other national laws applicable. At the end of the year, 15 files were still open, 8 of which referred to human rights aspects, in particular potential impacts on workers' rights.

Key Performance Indicators

		2019	2018	2017
Hours of training on human rights	(number)	25,845	10,653	7,805
In class		108	164	52
Distance		25,737	10,489	7,753
Employees trained on human rights ^(a)	(%)	97	91	74
Security personnel trained on human rights ^(b)	(number)	696	73	308
Security personnel (professional area) trained on human rights ^(c)	(%)	92	96	88
Security contracts containing clauses on human rights		97	90	88
Whistleblowing reports (assertions) on human rights violations closed during the year ^(d) , of which:	(number)	20 (26)	31 (34)	29 (32)
Founded reports (assertions)		7	9	3
Unfounded reports (assertions), with the adoption of corrective/improvement measures		8	9	9
Unfounded/Not applicable ^(e) (assertions)		11	16	20

(a) This percentage is calculated as the ratio between the number of registered employees who have completed a course and the total number of registered employees.

(b) The variations of the KPI Security personnel trained on human rights, in some cases also significant between one year and the next, are linked to the different characteristics of the training projects and to the operating contingencies.

(c) This data is a percentage of a cumulated value. The change compared to 2018 (96%) is due to a change in the scope of consolidation, due to the inclusion of new resources to be trained and the exit of resources already trained.

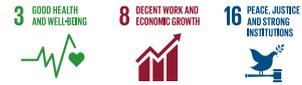
(d) 2017 data includes 1 report with 1 unfounded/not applicable assertion related to not fully consolidated entities.

(e) Classification introduced in 2019. They are classified as such whistleblowing/assertions in which the facts reported: (i) contain facts already covered in past specific investigations; (ii) that do not qualify as Verifiable Detailed Reports as it is not possible to start the investigation phase; (iii) Verifiable Detailed Reports for which, in light of the outcome of preliminary checks, it not being considered necessary to start the next investigation phase referred.

(37) Whistleblowing report: is a summary document of the investigations carried out on the report(s) (which may contain one or more detailed and verifiable assertions) providing a summary of the investigation carried out on the reported facts, the outcome of the investigations and any action plans identified.

(38) All relating to fully consolidated entities.

Suppliers



Eni adopts qualification and selection criteria for suppliers to assess their capacity to meet Company standards in terms of ethical reliability, health, safety, environmental protection and human rights. Eni meets this commitment by promoting its own values with its suppliers and involving them in the risk prevention process. For this purpose, as part of its procurement process, Eni: (i) subjects all its suppliers to a qualification and due diligence process to check their professionalism, technical capacity, ethical, economic and financial reliability and to minimize the inherent risks of operating with third parties; (ii) requires from all its suppliers a formal commitment to respect the principles in its Code of Ethics (such as protection and promotion of human rights³⁹, high standards of safety at work, environmental protection, anti-corruption, compliance with laws and regulations, ethical integrity and correctness in relations, respect for antitrust laws and fair competition); (iii) monitors observance of this commitment, to ensure the maintenance by Eni suppliers of the qualification requirements over time; (iv) if criticalities emerge, requires the implementation of improvement actions in their operating models or, if they fail to satisfy the minimum standards of acceptability, limits or inhibits their access to tenders.

METRICS AND COMMENTS

During 2019, about 6,000 suppliers (including all the new ones) were subject to checks and assessment with reference

to environmental and social sustainability aspects (e.g., health, safety, environment, human rights, anti-corruption and compliance). This figure is significantly higher than the previous year as a result of the inclusion of data relating to two additional foreign subsidiaries (Eni US and Eni Angola) and to improvements in the reporting system, which also made it possible to fully take into account the update of expired qualifications. For 15% of these suppliers, potential criticalities and/or possible areas for improvement were identified; in 89% of cases these were not serious enough to compromise the possibility of working with them, while for the remaining 11% of suppliers checked, the criticalities revealed led to the temporary suspension of relations with Eni. In 2019, critical issues and/or areas for improvement were identified for 898 suppliers, and 96 of them received a negative score during the qualification phase or were subject to a new preventive measure (state of attention with clearance, suspension or revocation of qualification) or a confirmation of the pre-existing preventive measure, issued by Eni often as a precaution even towards suppliers not directly contracted. The identified criticalities (resulting in the request for the implementation of improvement plans) during the qualification process or Human Rights assessment are related to HSE issues or violations of Human Rights, such as health and safety regulations, violation of the code of ethics, corruption, environmental crimes.

Key Performance Indicators

		2019	2018	2017
Suppliers subjected to assessment regarding social responsibility aspects	(number)	5,906	5,184	5,055
of which: suppliers with criticalities/areas for improvement		898	1,008	1,248
of which: suppliers with whom Eni has terminated the relations		96	95	65
New suppliers that were screened using social criteria	(%)	100	100	100

[39] A video is available on Eni's supplier portal in which 4 Eni testimonials illustrate the main contents of the Eni Statement on Respect for Human Rights (for more details see: https://esupplier.eni.com/PFU_en_US/formazioneiniziative.page).

Transparency and anti-corruption



Eni takes part in the Global Compact, which encourages member companies to align their activities with ten universally recognized principles in terms of human rights, labour, the environment, transparency, and anti-corruption and to contribute to the achievement of the SDGs. As proof of its continued commitment to the United Nations Principles for Responsible Business, in 2019, Eni was confirmed at the Global Compact (GC) LEAD and recognised as one of the most active participants in this initiative on Corporate Sustainability.

The GC principles are reflected in Eni's Code of Ethics; in particular, the repudiation of corruption is one of the core principles of Eni's Code of Ethics, which is distributed to all employees in the recruitment phase, and of Model 231. Moreover, since 2009, Eni has designed and developed the Anti-Corruption Compliance Program, in compliance with the applicable provisions in force and international conventions and taking into account guidance and best practices, as well as the policies adopted by leading international organizations. It is an organic system of rules and controls to prevent corrupt practices. All Eni's subsidiaries, in Italy and abroad, are required to adopt, by resolution of their own Board of Directors⁴⁰, both the Management System Guideline (MSG)⁴¹ and all the other anti-corruption regulatory instruments issued by Eni SpA.

Eni's Anti-Corruption Compliance Program has evolved over the years with the aim of continuous improvement; in January 2017, Eni SpA was the first Italian company to achieve the ISO 37001:2016 "Antibribery Management Systems" certification. In order to maintain this certification, Eni SpA is subject to annual surveillance audits by the certifying body and the first recertification audit was successfully completed in December 2019.

To guarantee the effectiveness of Eni's Anti-Corruption Compliance Program, in 2010 the anti-corruption unit was formed. It is tasked with providing specialist support to business lines and subsidiaries in Italy and abroad in the assessment of the reliability of at-risk partners (so-called due diligence) and in drawing up the related contractual controls in areas at risk of corruption. In particular, specific anti-corruption clauses are included in contracts with partners, which provide, inter alia, for a commitment to view and abide by the principles contained in Eni's Anti-Corruption MSG. The anti-corruption unit also implements an anti-corruption training program, both through e-learning and with classroom events, general workshops and job specific training. The workshops offer an overview of the anti-corruption laws applicable to Eni, the risks that could result from their infringement for natural and legal persons and the Anti-Corruption Compliance Program adopted to address these risks. Generally the workshops are accompanied by job specific training, or training for professional areas particularly at risk in terms of corruption. In order to optimize the identification

of the recipients of the various training initiatives, a methodology has been defined for the systematic segmentation of Eni's people based on the level of corruption risk according to specific risk drivers such as Country, qualification, and professional family. The methodology was rolled out in March 2019.

The anti-corruption unit also submits a periodic report on the activities of the anti-corruption compliance function and quarterly reports summarising the regulatory instruments issued during the period to the control bodies and the Chief Financial Officer of Eni SpA⁴².

In addition, in 2019, the anti-corruption unit continued the anti-corruption training program, both online and in the classroom, for some categories of Eni partners. The aim of this program is to raise awareness among third parties about corruption and in particular on how to recognise corrupt behaviour and to prevent the violation of anti-corruption laws in their professional activity.

In order to assess the adequacy and effective operation of the Anti-Corruption Compliance Program, as part of the integrated audit plan approved annually by the BoD, Eni carries out specific checks on relevant activities, with audits dedicated to analyses of processes and companies, identified based on the riskiness of the Country in which they operate and materiality, as well as third parties considered to be high risk, where contractually envisaged.

True to its commitment to better governance and greater transparency in the extraction sector, which is crucial to foster a proper use of resources and prevent corruption, Eni takes part in the Extractive Industries Transparency Initiative (EITI) since 2005⁴³. In this context, Eni actively participates both at local level, through the Multi-Stakeholder Groups in the member Countries, and in the Board's initiatives at international level.

Finally, Eni publishes an annual "Report on payments to governments" from 2015 on a voluntary basis and, as of 2017, in compliance with the reporting requirements introduced by EU Directive 2013/34 (Accounting Directive). In addition, in compliance with Italian Law No. 208/2015, Eni draws up the "Country-by-Country Report" required by Action 13 of the "Base erosion and profit shifting - BEPS" project⁴⁴. Again with a view to promoting fiscal transparency, this report is published by Eni although there is no regulatory obligation to do so.

METRICS AND COMMENTS

During 2019, 27 audits were carried out in 20 Countries, with anti-corruption checks that confirmed the overall adequacy and effective operation of the Anti-Corruption Compliance Program. In 2019, a new online training campaign on anti-corruption issues was launched for the entire Company population. In particular,

[40] Or alternatively the equivalent body depending on the governance of the subsidiary.

[41] The MSGs are common guidelines for all Eni units for the management of operating and business support processes and cross-cutting compliance and governance processes.

[42] In 2017, a board induction was carried out for the Board of Statutory Auditors and new directors on the integrated compliance and Internal Audit processes, with a focus on whistleblowing reports and additional checks on anti-corruption regulatory instruments.

[43] Global initiative to promote responsible and transparent use of the financial resources generated in the extraction sector.

[44] The BEPS is the action plan drawn up by the G20 and the OECD which sets out internationally transparent and shared rules on tax matters in order to combat tax base erosion and profit shifting strategies by multinational enterprises. The plan is divided into 15 Actions of which #13 (Transfer Pricing Documentation and Country-by-Country reporting) provides for the drafting of the Country by Country Report which collects aggregated data on turnover, profits and taxes with reference to the jurisdictions in which a company conducts business.

in 2019, 23,347 employees were trained, of whom 59% were resources in medium/high corruption risk context. As part of its commitment in the EITI, Eni follows its international activities and, in the member Countries, it contributes annually to drafting the Reports; as a member, moreover, it participates

in the activities of the Multi Stakeholder Group in Congo, Ghana, East Timor, and the United Kingdom. In Kazakhstan, Indonesia, Mozambique, Nigeria and Mexico, Eni's subsidiaries interface with EITI's local Multi Stakeholder Groups through trade associations in the Countries.

Key Performance Indicators

		2019		2018	2017
		Total	of which fully consolidated entities	Total	Total
Audit actions on risk of corruption activities ^(a)	(number)	27	27	32	36
E-learning for resources in medium/high corruption risk context	(number of participants)	13,886	13,564	951	493
E-learning for resources in low corruption risk context		9,461	9,179	1,950	1,857
General Workshops		1,237	1,211	1,765	1,434
Job specific training		1,108	1,090	1,461	1,539
Countries where Eni supports EITI's local Multi Stakeholder Groups	(number)	9	9	8	9

(a) 2017 and 2018 data refer to fully consolidated entities only.

ALLIANCES FOR THE PROMOTION OF LOCAL DEVELOPMENT



In the new Company mission, Eni has charted out even more clearly the path it has been following for several years now to address global challenges, to contribute to the achievement of the SDGs and to create long-term value in the Countries where it operates through business activities that aim to increase access to energy resources while contributing to socio-economic development. In this regard, Eni invests in the construction of infrastructure for the production and transport of gas for both export and domestic consumption, recognizing that the fight against energy poverty is the first step to meeting basic needs related to education, health and economic diversification. These areas are part of an integrated business cooperation model, named dual flag, that is a distinctive feature of Eni and supports Countries in achieving their development goals. The analysis of the local socio-economic context, which accompanies the various business planning phases in an increasingly in-depth manner, allows Eni to know the needs of the people living in the areas where it operates and therefore identify the sectors of intervention and possible solutions that are translated into objectives in the four-year Strategic Plan. Therefore, Eni integrates sustainability from the moment the licenses are acquired, through the development of business projects, to decommissioning by adopting tools and methodologies, consistent with the main international standards, in order to ensure greater efficiency and a systematic approach to decision-making. In this way, business activities go hand in hand, from the very first stages of negotiations with governments, with those supporting the basic

needs of local populations. These activities, which are set out in specific Local Development Programmes (LDPs) in line with the UN Agenda 2030 and with the Nationally Determined Contributions (NDCs⁴⁵), provide for five lines of action:

- **Local Content:** generation of added value through the transfer of skills and know-how, activation of labour along the local supply chain and the launch of development projects;
- **Land management:** optimal land management starting from the assessment of the impacts deriving from the acquisition of land on which Eni's activities are carried out in order to find possible alternatives and mitigation measures; Eni undertakes to evaluate possible project alternatives with the aim of minimising the consequences for local communities;
- **Stakeholder engagement:** enhancement of the relationship with stakeholders based on the sharing of values, mutual understanding and attention;
- **Human Rights Impact Assessment:** assessment of the impacts, whether potential or actual, on human rights caused by Eni's activities, either directly or indirectly, and determination of related prevention or mitigation measures, including through "human rights due diligence", in line with the guiding principles of the United Nations Guiding Principles (UNGPs);
- **Local development projects:** contribution to the socio-economic development of local communities, in accordance with national legislation and development plans, also based on the knowledge acquired.

[45] Presented at the Paris COP21.

Local Development Programs (LDPs) also aim to contribute to the improvement of access to off-grid energy and clean cooking technologies, economic diversification (e.g., agricultural projects, micro-credit, infrastructure interventions), education and vocational training, forest protection and conservation and land preservation, access to water and sanitation, and improvement of health services for communities.

The initiatives carried out in the Countries where Eni operates are based on an integrated approach through partnerships which, by pooling economic, human and knowledge resources, make it possible to maximise results. Examples of this approach are the agreements signed with the governments of Angola, Mexico and Mozambique, a symbol of a model that integrates local development, renewable energy, health and hydrocarbon exploration, as well as the partnership signed in 2019 with the United Nations Industrial Development Organization (UNIDO) for the improvement of youth employment, the enhancement of the agriculture value chains, renewable energy and energy efficiency, particularly in Africa. Collaborations like these are part of Eni's long-term development strategy.

In the various business design phases, in line with internationally recognized standard principles/methodologies, Eni has developed:

- Analysis tools to better understand the reference context and properly address local development projects (e.g., Context analysis, Human Rights Impact Assessment - HRIA);
- Management tools to map the relationship with stakeholders and monitor the progress of projects and the results achieved (e.g., Stakeholder Management System - SMS, Logical Framework Approach - LFA, Monitoring, Evaluation and Learning - MEL);

- Impact assessment tools, useful to quantify the benefits generated by Eni in the context of business operations and through the cooperation model (e.g., Eni Local Content Evaluation - ELCE, Eni Impact Tool⁴⁶);
- Analyses to measure the percentage spent on local suppliers at some relevant foreign upstream subsidiaries, which in 2019 amounted to about 35%.

METRICS AND COMMENTS

In 2019, investments in local development amounted to approximately €95.3 million⁴⁷ (Eni's share), of which approximately 98% in the upstream sector. In Asia, approximately €28.1 million was spent, mainly on economic diversification, in particular for the maintenance of road infrastructure (bridges and roads). In Africa a total of €53.3 million was spent, of which €48.6 million was on Sub-Saharan Africa, mainly in the area of road infrastructure maintenance and the construction of school infrastructure. Overall, about €43.4 million was invested in infrastructure development activities, of which €20.8 million in Africa and €21.2 million in Asia. In the field of health, in 2019, in order to assess the potential impact of projects on the health of the communities involved, Eni completed 14 HIA (Health Impact Assessment) studies, of which 9 were integrated ESHIA studies (Environmental, Social and Health Impact Assessment). In addition, 1 comprehensive Human Rights Impact Assessment (HRIA) and 2 additional human rights studies were carried out on new projects⁴⁸. In 2019, 253 grievances⁴⁹ were received, the main topics being local labour, land management and energy development and access projects.

Key Performance Indicators

	2019		2018	2017
	Total	of which fully consolidated entities	Total	Total
(€ million)				
Local development investment	95.3	73.6	94.8	70.7
of which: infrastructure	43.4	43.3	32.4	22.1

[46] The ELCE (Eni Local Content Evaluation) Model was developed by Eni and validated by the Polytechnic of Milan to assess the direct, indirect and induced effects generated by Eni's activities at a local level in the areas in which it operates. The Eni Impact Tool is a methodology developed by Eni and validated by Polytechnic of Milan that allows assessing the social, economic and environmental impacts of its activities at local level, quantifying the generated benefits and directing investment choices for future initiatives.

[47] The figure includes expenses for resettlement activities which in 2019 amounted to €18.6 million, of which: €18.1 million in Mozambique, €0.4 million in Ghana and €0.1 million in Kazakhstan.

[48] See the section "Human rights" on pages 123-124 for more information.

[49] Complaints made by an individual or a group of individuals relating to actual or perceived impacts caused by the Company's operational activities.

SUSTAINABILITY MATERIAL TOPICS

Each year, to identify non-financial content for the Strategic Plan and sustainability report, the materiality analysis is updated. The material aspects include the priority topics to all of Eni's relevant stakeholders, whether external or internal, and identify the key challenges and opportunities of the entire cycle of activities for creating value in the long term.

Identification of relevant aspects

The stances of relevant stakeholders are mapped both through a dedicated platform (Stakeholder Management System - SMS), that supports the management of local stakeholders, and through interviews with the departments responsible for managing relationships on an ongoing basis throughout the year. In addition, the main ESG risks identified through the integrated risk management model and the results of the scenario analyses carried out by Eni were also considered in determining the relevant aspects.

Analysis of internal and external priorities

The materiality of the topics identified is determined based on the priority analyses:

- of the relevance of the stakeholders and their stances;
- of the main ESG risks resulting from the Integrated Risk Management (IRM) process, which also takes into account the evidences provided by external providers, including RepRisk⁵⁰. These risks are assessed considering also potential environmental, social, health and safety and reputational impacts;
- of the scenario elements - determined based on the topics that were addressed during the Sustainability and Scenario Committee (SSC) meetings in 2019.

The combination of these analyses, including priority topics of all relevant stakeholders, makes it possible to take into consideration a view that looks at the Company both from within and without.

Sharing and validation with the governing body

The material aspects and the related analysis were presented to the SCC and to the Board of Directors.

Below are the 2019 material topics associated with the SDGs on which Eni's activities have a direct or indirect impact.

2019 MATERIAL TOPICS

	CARBON NEUTRALITY IN THE LONG TERM			
	COMBATING CLIMATE CHANGE	GHG emissions, Promotion of natural gas, Renewables, Biofuels and green chemistry	SDGs: 7 - 9 - 12 - 13 - 15 - 17	
		OPERATIONAL EXCELLENCE MODEL		
		PEOPLE	Employment, Diversity and Inclusion Training Occupational health and local communities health	SDGs: 3 - 4 - 5 - 8 - 10
		SAFETY	People safety and asset integrity	SDGs: 3 - 8
REDUCTION OF ENVIRONMENTAL IMPACTS		Water resources, biodiversity and oil spills	SDGs: 3 - 6 - 9 - 11 - 12 - 14 - 15	
	HUMAN RIGHTS	Rights of workers and local communities, Supply chain and Security	SDGs: 1 - 4 - 8 - 10 - 16 - 17	
	INTEGRITY IN BUSINESS MANAGEMENT	Transparency and Anti-Corruption	SDGs: 16 - 17	
	ALLIANCE FOR THE PROMOTION OF LOCAL DEVELOPMENT			
	ACCESS TO ENERGY		SDGs: 7 - 17	
	LOCAL DEVELOPMENT THROUGH PUBLIC-PRIVATE PARTNERSHIPS	Economic diversification, Education and Training, Access to water and hygiene, Health	SDGs: 1 - 2 - 3 - 4 - 6 - 7 - 8 - 9 - 10 - 15 - 17	
	LOCAL CONTENT		SDGs: 4 - 8 - 9	
	DIGITALIZATION, TECHNOLOGICAL INNOVATION AND RESEARCH		SDGs: 7 - 9 - 12 - 13 - 17	

[50] RepRisk is a provider for the materiality analysis of ESG risks related to companies, industries, Countries and topics, whose calculation model is based on the collection and classification of information (i.e., "risk incidents") from media, other stakeholders and public sources external to companies.

REPORTING PRINCIPLES AND CRITERIA

The Consolidated Disclosure of Non-Financial Information is prepared in accordance with the Italian Legislative Decree 254/2016 and the “Sustainability Reporting Standards”, published by the Global Reporting Initiative (GRI Standards), according to the “core” option and was subject to limited assurance by an independent company, auditor of the Eni Group’s Annual Report as of December 31, 2019.

The boundary of the safety, environment, climate, whistleblowing reports, audit actions on risk of corruption activities, anti-corruption training and local development investment and number of Countries where Eni, directly or indirectly, supports EITI’s local Multi Stakeholder Groups data is in line with other corporate documents and, in some cases, in continuity with the past. In addition to providing consistency with the set objectives, the aim is to represent the potential impacts of the activities managed by Eni. In these cases, comments on performance relate to this scope. In addition to all these data, there is an additional view only for 2019 where the data of the fully consolidated companies are presented.

In particular, for safety, environment and climate data the boundary is made up of companies that are significant from the point of view of HSE impacts and includes companies under joint operation or joint control or associates in which Eni has control of operations⁵¹. With regard to health, the data consider the companies significant from the point of view of health impacts and companies under joint operation or joint control or associates in which Eni has control of operations (with the sole exception of data relating to occupational disease reports, which refer to fully consolidated companies only).

The boundary of data referred to anti-corruption training, local development investments and number of Countries where Eni,

directly or indirectly, supports EITI’s local Multi Stakeholder Groups relate to all the companies where anti-corruption training activities/ local development/support to EITI’s local Multi Stakeholder Groups investments are envisaged.

The boundary of data referred to whistleblowing reports relate to Eni SpA and its subsidiaries. The boundary of data referred to audit actions on risk of corruption activities relate to: Eni SpA, subsidiaries controlled directly and indirectly, excluding listed subsidiaries that have their own internal audit department, associated companies, based on specific agreements, third parties deemed to have a higher risk, as provided for under the contracts entered with Eni. The data of the fully consolidated companies as of December, 31 2019 are shown for the HR indicators.

The performance indicators, selected based on the topics identified as most significant, are collected on an annual basis according to the consolidation boundary of the reference year and relate to the 2017-2019 period. In general, trends in data and performance indicators are also calculated using decimal places not shown in the document.

The data for the year 2019 are the best possible estimate with the data available at the time of preparation of this report. In addition, some data published in previous years may be subject to restatement in this edition for one of the following reasons: refinement/change in estimation or calculation methods, significant changes in the consolidation boundary, nature of the data. If a restatement is made, the reasons for it are appropriately disclosed in the text.

All GRI indicators in the Content Index refer to the version of the GRI Standards published in 2016, with the exception of those in Standard 403: Occupational Health and Safety, which refer to the 2018 edition.

KPI	METHOD
 CLIMATE CHANGE	
GHG EMISSIONS	<p>Scope 1: direct GHG emissions comprise CO₂, CH₄ and N₂O emissions; the Global Warming Potential used is 25 for CH₄ and 298 for N₂O. The emission factors used for the calculations are, where possible, site-specific or, alternatively, derived from available international literature.</p> <p>Scope 2: indirect GHG emissions relate to the generation of electricity, steam and heat purchased from third parties and comprise CO₂, CH₄ and N₂O contributions.</p> <p>There are no contributions of biogenic CO₂ emissions.</p>
EMISSION INTENSITY	<p>Numerator: direct GHG emissions (Scope 1) including CO₂, CH₄ and N₂O.</p> <p>Denominator:</p> <ul style="list-style-type: none"> • UPS: 100% operated hydrocarbon gross production • R&M: incoming processed quantities [raw materials and semi-finished products] from own refineries • EniPower: equivalent electrical energy produced
OPERATING EFFICIENCY	<p>It expresses the GHG emissions intensity (scope 1 and scope 2 calculated on an operated basis expressed in tonCO₂eq) of Eni’s main industrial productions compared to operated production (converted by homogeneity into barrels of oil equivalent using the Eni average conversion factors) in the individual businesses of reference, thus measuring their degree of operating efficiency in a decarbonization scenario.</p>
ENERGY CONSUMPTION	<p>Primary sources consumption: sum of consumption of fuel gas, natural gas, refinery/process gas, LPG, light distillates/ petrol, diesel, kerosene, fuel oil, FOK and coke from FCC. Primary energy purchased from other companies: sum of purchases of electricity, heat and steam from third parties. Consumption from renewable sources depends on the national electric mix because consumption from photovoltaic panels installed by Eni on its assets is currently negligible.</p>
ENERGY INTENSITY	<p>The refining energy intensity index represents the total value of energy actually used in a given year in the various refinery processing plants, divided by the corresponding value determined on the basis of predefined standard consumption values for each processing plant. In order to compare the data over the years, the data for 2009 was taken as a reference (100%). For the other sectors, the index represents the ratio between significant energy consumption associated to operated plants and the related production.</p>

[51] In addition to fully consolidated companies, the boundary includes the following non fully consolidated companies: Agiba Petroleum Co, CARDÓN IV SA, Eni Denmark BV, Eni India Ltd, Eni Iran BV, Eni Liverpool Bay Operating Co Ltd, Eni Portugal BV, Eni RD Congo SA, Eni Ukraine Llc, Eni Yemen Ltd, EniProgetti Egypt Ltd, Groupment Sonatrach-Agip, Karachaganak Petroleum Operating BV, Mellitah Oil & Gas BV, Mozambique Rovuma Venture SpA, Petrobel Belajim Petroleum Co, PetroJunín SA, PetroSucre SA, United Gas Derivatives Co, Vår Energi AS, Servizi Fondo Bombe Metano SpA, Eni USA R&M Co Inc, Esacontrol SA, Oléoduc du Rhône SA, 000 “Eni-Nefto”, Tecnoesa SA, Costiero Gas Livorno SpA, Eni Gas Transport Services Srl, Società EniPower Ferrara Srl, Versalis Kimya Ticaret Limited Sirketi, Versalis Pacific (India) Private Ltd, Société Energies Renouvelables Eni-ETAP SA, Industria Siciliana Acido Fosforico - ISAF - SpA (in liquidation), Oleodotto del Reno SA.

KPI | **METHOD**

 **PEOPLE, HEALTH AND SAFETY**

INDUSTRIAL RELATIONS	Regarding industrial relations, the minimum notice period for operational changes is in line with the provisions of the laws in force and the trade union agreements signed in the Countries in which Eni operates. Employees covered by collective bargaining: are those employees whose employment relationship is governed by collective agreements or contracts, whether national, industry, company or site.
SENIORITY	Average number of years worked by employees at Eni and its subsidiaries.
TRAINING HOURS	Hours delivered to Eni employees through training courses managed and carried out by Eni Corporate University (classroom and distance) and through activities carried out by the organisational units of Eni Business areas/Companies independently, also through on-the-job training. Average training hours are calculated as total training hours divided by the average number of employees in the year.
LOCAL SENIOR AND MIDDLE MANAGERS ABROAD	Number of local senior + middle managers (employees born in the Country in which their main working activity is based) divided by total employment abroad.
SAFETY	Eni uses a large number of contractors to carry out the activities within its own sites. TRIR: total recordable injuries rate (injuries leading to days of absence, medical treatments and cases of work limitations). Numerator: number of total recordable injuries; denominator: hours worked in the same period. Result of the ratio multiplied by 1,000,000. High-consequence work-related injuries rate (excluding fatalities): injuries at work with days of absence exceeding 180 days or resulting in total or permanent disability. Numerator: number of injuries at work with serious consequences; denominator: hours worked in the same period. Result of the ratio multiplied by 1,000,000. Near miss: an incidental event, the origin, execution and potential effect of which is accidental in nature, but which is however different from an accident only in that the result has not proved damaging, due to luck or favourable circumstances, or to the mitigating intervention of technical and/or organizational protection systems. Accidental events that do not turn into accidents or injuries are therefore considered to be near misses. The main hazards identified in 2019 at Eni were found in the following types of activities: <ul style="list-style-type: none"> • load handling: events related to lifting or moving loads on the same plane; • energized systems: events connected to equipment under pressure or containing high/low temperature fluids, exposed electrical parts or moving mechanical parts, most often associated with accidents occurring during the use of moving mechanical parts, in particular cutting and grinding tools.
HEALTH	Number of occupational disease reports filed by heirs: indicator used as a proxy for the number of deaths due to occupational diseases. Recordable cases of occupational diseases: number of occupational disease reports. Main types of diseases: reports of suspected occupational disease made known to the employer concern pathologies that may have a causal connection with the risk at work, as they may have been contracted in the course of work and due to prolonged exposure to risk agents present in the workplace. The risk may be caused by the processing carried out, or by the environment in which the processing takes place. The main risk agents whose prolonged exposure may lead to an occupational disease are: (i) chemical agents (example of disease: neoplasms, respiratory system diseases, blood diseases); (ii) biological agents (example of disease: malaria); (iii) physical agents (example of disease: hypoacusia).

 **ENVIRONMENT**

WATER WITHDRAWALS	Sum of sea water, freshwater, and brackish water from subsoil or surface withdrawn. TAF (groundwater treatment plant) water represents the amount of polluted groundwater treated and reused in the production cycle.
BIODIVERSITY	Number of sites overlapping with protected areas and Key Biodiversity Areas (KBAs): R&M, Versalis and EniPower operational sites in Italy and abroad, which are located within (or partially within) the boundaries of one or more protected areas or KBAs (as of December 2019). Number of sites “adjacent” to protected areas or Key Biodiversity Areas (KBAs): R&M, Versalis and EniPower operational sites in Italy and abroad which, although outside the boundaries of protected areas or KBAs, are less than 1 km away (as of December 2019). Number of upstream concessions overlapping protected areas and Key Biodiversity Areas (KBAs), with activities in the overlapping area: active national and international concessions, whether operated, under development or in production, present in the Company’s databases (last updated in June 2019) that overlap one or more protected areas or KBAs, where development/production operations (wells, sealines, pipelines and onshore and offshore installations as documented in the Company’s GIS geodatabase) are located within the intersection area. Number of upstream concessions overlapping protected areas and Key Biodiversity Areas (KBAs), without activities in the overlapping area: active national and international concessions, whether operated, under development or in production, present in the Company’s databases (last updated in June 2019) that overlap one or more protected areas or KBAs, where development/production operations (wells, sealines, pipelines and onshore and offshore installations as documented in the Company’s GIS geodatabase) are located outside the intersection area. The sources used for the census of protected areas and KBAs are the “World Database on Protected Areas” and the “World Database of Key Biodiversity Areas” (last updated in December 2019), respectively; the data was made available to Eni in the framework of its membership in the UNEP-WCMC Proteus Partnership. There are some limitations to consider when interpreting the results of this analysis: <ul style="list-style-type: none"> • it is globally recognised that there is an overlap between the different databases of protected areas and KBAs, which may have led to a certain degree of duplication in the analysis (some protected areas/KBAs could be counted several times); • the databases of protected or key biodiversity areas used for the analysis, while representing the most up-to-date information available at global level, may not be complete for each Country.

KPI	METHOD
OIL SPILLS	Spills from primary or secondary containment into the environment of oil or petroleum derivative from refining or oil waste occurring during operation or as a result of sabotage, theft or vandalism.
WASTE	Waste from production: waste from production activities, including waste from drilling activities and construction sites. Waste from remediation activities: this includes waste from soil securing and remediation activities, demolition and groundwater classified as waste. The waste disposal method is communicated to Eni by the subject authorised for disposal.
AIR PROTECTION	NO_x: total direct emissions of nitrogen oxide due to combustion processes with air. It includes emissions of NO _x from flaring activities, sulphur recovery processes, FCC regeneration, etc. It includes emissions of NO and NO ₂ , excludes N ₂ O. SO_x: total direct emissions of sulphur oxides, including emissions of SO ₂ and SO ₃ . NM VOC: total direct emissions of hydrocarbons, hydrocarbon substitutes and oxygenated hydrocarbons that evaporate at normal temperature. They include LPG and exclude methane. TSP: direct emissions of Total Suspended Particulates, finely divided solid or liquid material suspended in gaseous flows. Standard emission factors.

HUMAN RIGHTS

SECURITY CONTRACTS WITH HUMAN RIGHTS CLAUSES	The indicator "percentage of security contracts with human rights clauses" is obtained by calculating the ratio between the "Number of security and security concierge contracts with human rights clauses" and the "Total number of security and security concierge contracts".
WHISTLEBLOWING REPORTS	The indicator refers to the reporting files relating to Eni SpA and its subsidiaries, closed during the year and relating to Human Rights; of the files thus identified, the number of separate claims is reported as a result of the investigation conducted on the facts reported (founded, not founded with actions, not founded).

SUPPLIERS

SUPPLIERS SUBJECTED TO ASSESSMENT	This indicator relates to processes managed by Eni SpA, Eni Ghana, Eni Pakistan, Eni US and Eni Angola and represents all suppliers subjected to Due Diligence, a qualification process, HSE areas, compliance or business conduct performance assessment, feedback process, or human rights assessment (SA8000). It relates to all suppliers for which Vendor Management activities are centralized in Eni SpA (i.e. all Italian suppliers, mega-suppliers and international suppliers) and to local suppliers of Eni Ghana, Eni Pakistan, Eni US and Eni Angola.
NEW SUPPLIERS ASSESSED ACCORDING TO SOCIAL CRITERIA	The indicator is included in that dedicated to "suppliers subjected to assessment", as this assessment also applies to new suppliers (in addition to those with which a relationship is already in place).

ANTI-CORRUPTION

ANTI-CORRUPTION TRAINING	E-learning for resources in a medium/high risk context. E-learning for resources in a low risk context. General workshop: classroom training events for staff in a context at high risk of corruption. Job specific training: in-class training events for professional areas at risk of corruption.
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LOCAL DEVELOPMENT

LOCAL DEVELOPMENT INVESTMENTS	The indicator refers to Eni's share of spending in local development projects carried out by Eni in favour of local communities to promote the improvement of the quality of life and sustainable socio-economic development of communities in operational contexts.
SPENDING TO LOCAL SUPPLIERS	The indicator refers to the 2019 share of expenditure to local suppliers. "Spending to local suppliers" has been defined according to the following alternative methods on the basis of the specific characteristics of the Countries analysed: 1) "Equity Method" (Ghana): the share of spending to local suppliers is determined on the basis of the percentage of ownership of the corporate structure (e.g., for a JV with 60% local component, 60% of total spending to the JV is considered as spending to local suppliers); 2) "Local Currency Method" (Angola and UK): the portion paid in local currency is identified as spending to local suppliers; 3) "Country registration method" (Iraq and Nigeria): spending to suppliers registered in the Country and not belonging to international/megasupplier groups (e.g., drilling service/drilling support service providers) is identified as local; 4) "Country registration + Local Currency Method": (Congo): spending to suppliers registered in the Country and not belonging to international/megasupplier groups (e.g., drilling service/drilling support service providers) is identified as local. For the latter, spending in local currency is considered to be local. The Countries selected are those where a higher expenditure component was recorded compared to the Eni Group overall expenditure.

GRI Content Index

DISCLOSURE	INDICATOR DESCRIPTION	SECTION AND/OR PAGE NUMBER
Organizational profile		
102-1	Name of the organization	Annual Report 2019, p. 1
102-2	Activities, brands, products, and services	Annual Report 2019, p. 3
102-3	Location of headquarters	Annual Report 2019, inside back cover
102-4	Location of operations	Annual Report 2019, p. 3
102-5	Ownership and legal form	Annual Report 2019, inside back cover https://www.eni.com/en_IT/company/governance/shareholders.page
102-6	Markets served	Annual Report 2019, p. 3
102-7	Scale of the organization	Annual Report 2019, pp. 12-13 NFI, pp. 118; 131
102-8	Information on employees and other workers	NFI, pp. 118; 131
102-9	Supply chain	NFI, p. 125
102-10	Significant changes to the organization and its supply chain	Annual Report 2019, pp. 152-155; 295
102-11	Precautionary Principle or approach	Annual Report 2019, pp. 20-23
102-12	External initiatives	Annual Report 2019, p. 15
102-13	Membership of associations	Annual Report 2019, p. 15
Strategy		
102-14	Statement from senior decision-maker	Annual Report 2019, pp. 6-11
102-15	Key impacts, risks, and opportunities	Annual Report 2019, pp. 20-23; 88-104
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Annual Report 2019, pp. 2; 4-5; 29 NFI, p. 109
Governance		
102-18	Governance structure	Annual Report 2019, pp. 24-29
Stakeholder engagement		
102-40	List of stakeholder groups	Annual Report 2019, pp. 14-15
102-41	Collective bargaining agreements	NFI, pp. 118; 131
102-42	Identifying and selecting stakeholders	Annual Report 2019, pp. 14-15
102-43	Approach to stakeholder engagement	Annual Report 2019, pp. 14-15
102-44	Key topics and concerns raised	Annual Report 2019, pp. 14-15
Reporting practice		
102-45	Entities included in the consolidated financial statements	Annual Report 2019, p. 272-295 NFI, p. 130
102-46	Defining report content and topic Boundaries	NFI, pp. 130; 134-135
102-47	List of material topics	NFI, pp. 130; 133-135
102-48	Restatements of information	NFI, pp. 122; 130
102-49	Changes in reporting	NFI, pp. 130; 134-135
102-50	Reporting period	NFI, p. 130
102-51	Date of most recent report	https://www.eni.com/en-IT/publications.html
102-52	Reporting cycle	NFI, p. 130
102-53	Contact point for questions regarding the report	https://www.eni.com/en_IT/sustainability/contacts-sustainability.page
102-54 / 102-55	Claims of reporting in accordance with the GRI Standards and content index	NFI, pp. 130; 133-135
102-56	External assurance	NFI, p. 136-139

Specific Standard disclosures

Material Aspect/ GRI Disclosure	GRI DISCLOSURE DESCRIPTION	SECTION AND/ OR PAGE NUMBER	OMISSION
COMBATING CLIMATE CHANGE			
GHG emissions, promotion of natural gas, renewables, biofuels and green chemistry			
Economic performance - Management Approach (103-1; 103-2; 103-3)		Boundary: External and Internal (Suppliers - RNES¹, customers RNEC²) NFI, pp. 109-111; 129; 134	
201-2	Financial implications and other risks and opportunities due to climate change	Annual Report 2019, pp.22-23; 92-95 NFI, pp. 111-115	
Emissions - Management Approach (103-1; 103-2; 103-3)		Boundary: External and Internal (Suppliers - RNES¹, customers RNEC²) NFI, pp.109-110; 111-115; 129-130; 134	
305-1	Direct (Scope 1) GHG emissions	NFI, pp. 114-115; 130	
305-4	GHG emissions intensity	NFI, pp. 114-115; 130	
Energy - Management Approach (103-1; 103-2; 103-3)		Boundary: Internal NFI, pp. 109-110; 111-115; 129-130; 134	
302-3	Energy intensity	NFI, pp. 114-115; 130	
PEOPLE			
Employment, diversity and inclusion, Training, Occupational health and local communities health			
Market presence - Management Approach (103-1; 103-2; 103-3)		Boundary: Internal NFI, pp. 109-110; 116-118; 129; 132; 134	
202-2	Proportion of senior management hired from the local community	NFI, pp. 117-118; 131	
Employment - Management Approach (103-1; 103-2; 103-3)		Boundary: Internal NFI, pp. 109-110; 116-118; 129; 132; 134	
401-1	New employee hires and employee turnover	NFI, pp. 117-118; 131	
Occupational health and safety - Management Approach (103-1; 103-2; 103-3; 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7)		Boundary: Internal NFI, pp. 109-110; 116-119; 131; 134	
403-10	Work-related ill health	NFI, pp. 117-118; 131	
Training and education - Management Approach (103-1; 103-2; 103-3)		Boundary: Internal NFI, pp. 109-110; 116-118; 129; 132; 134	
404-1	Average hours of training per year per employee	NFI, pp. 117-118; 131	
Diversity and equal opportunity - Management Approach (103-1; 103-2; 103-3)		Boundary: Internal NFI, pp. 109-110; 116-118; 129; 134	
405-1	Diversity of governance bodies and employees	NFI, pp. 117-118	
SAFETY			
People safety and asset integrity			
Occupational health and safety - Management Approach (103-1; 103-2; 103-3; 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7)		Boundary: External and Internal (Suppliers) NFI, pp. 109-110; 116-119; 131; 134	
403-9	Work-related injuries	NFI, pp. 119; 131	
REDUCTION OF ENVIRONMENTAL			
Impacts Water resources, Biodiversity Oil spill			
Water - Management Approach (103-1; 103-2; 103-3)		Boundary: Internal NFI, pp. 109-110; 120-122; 129; 131-132; 134	
303-1	Water withdrawal by source	NFI, pp. 121-122; 131-132	
Biodiversity - Management Approach (103-1; 103-2; 103-3)		Boundary: Internal NFI, pp. 109-110; 120-122; 129; 131-132; 134	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	NFI, pp. 121-122; 131-132	
Effluents and waste - Management Approach (103-1; 103-2; 103-3)		Boundary: Internal NFI, pp. 109-110; 120-122; 129; 131-132; 134	
306-2	Waste by type and disposal method	NFI, pp. 121-122; 131-132	

Material Aspect/ GRI Disclosure	GRI DISCLOSURE DESCRIPTION	SECTION AND/ OR PAGE NUMBER	OMISSION
306-3	Significant spills	NFI, pp. 121-122; 131-132	
Environmental compliance - Management Approach (103-1; 103-2; 103-3)		Boundary: Internal NFI, pp. 109-110; 120-122; 129; 131-132; 135	
307-1	Environmental compliance	Annual Report 2019, p. 214-219	
HUMAN RIGHTS Rights of workers and local communities, Supply chain, Security			
Non-discrimination - Management Approach (103-1; 103-2; 103-3)		Boundary: External and Internal (Local security forces, Suppliers - RNES¹) NFI, pp. 109-110; 123-124; 129; 135	
406-1	Incidents of discrimination and corrective actions taken	NFI, pp. 123-124	
Security practices - Management Approach (103-1; 103-2; 103-3)		Boundary: External and Internal (Local security forces, Suppliers - RNES¹) NFI, pp. 109-110; 123-124; 129; 135	
410-1	Security personnel trained in human rights policies or procedures	NFI, pp. 123-124	
Human rights assessment - Management Approach (103-1; 103-2; 103-3)		Boundary: External and Internal (Local security forces, Suppliers - RNES¹) NFI, pp. 109-110; 123-124; 129; 135	
412-2	Employee training on human rights policies or procedures	NFI, pp. 123-124	
Supplier social assessment - Management Approach (103-1; 103-2; 103-3)		Boundary: External and Internal (Local security forces, Suppliers - RNES¹) NFI, pp. 109-110; 125; 129; 132; 135	
414-1	New suppliers that were screened using social criteria	NFI, pp. 125; 132	
INTEGRITY IN BUSINESS MANAGEMENT Transparency and anti-corruption			
Anti-corruption - Management Approach (103-1; 103-2; 103-3)		Boundary: External and Internal (Suppliers - RNES³) NFI, pp. 109-110; 126-129; 135	
205-2	Communication and training about anti-corruption policies and procedures	NFI, pp. 126-127; 135	
ACCESS TO ENERGY, LOCAL DEVELOPMENT THROUGH PUBLIC-PRIVATE PARTNERSHIPS Economic diversification, Education and training, Access to water and hygiene, Health			
Indirect economic impacts - Management Approach (103-1; 103-2; 103-3)		Boundary: Internal NFI, pp. 109-110; 127-129; 135	
203-1	Infrastructure investments and services supported	NFI, p. 128; 132	
Local communities - Management Approach (103-1; 103-2; 103-3)		Boundary: Internal NFI, pp. 109-110; 127-129; 135	
413-1	Operations with local community engagement, impact assessments, and development programs	NFI, pp. 127-128	
LOCAL CONTENT			
Procurement practices - Management Approach (103-1; 103-2; 103-3)		Boundary: External and Internal (Suppliers - RNES¹) NFI, pp. 109-110; 127-129; 135	
204-1	Proportion of spending on local suppliers	NFI, pp. 127-128; 135	
TECHNOLOGICAL INNOVATION			
Innovation - Management Approach (103-1; 103-2; 103-3)		Boundary: Internal NFI, pp. 109-115; 129; 135	

(1) RNES: Reporting not extended to suppliers.

(2) RNEC: Reporting not extended to customers.

(3) RPES: Reporting partially extended to suppliers.

Independent auditors' report



Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018

To the Board of Directors of Eni SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of Eni SpA and its subsidiaries (hereafter the "Group") for the year ended 31 December 2019 prepared in accordance with article 4 of the Decree, presented in a specific section of the Management report and approved by the Board of Directors on 27 February 2020 (hereafter the "NFS").

Responsibility of Management and those charged with Governance for the NFS

The Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "GRI-Sustainability Reporting Standards" defined in 2016 and subsequent versions (hereafter the "GRI Standards"), disclosed in the chapter "Reporting principles and criteria" of the NFS, identified by them as the reporting standards.

The Directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in *the Code of Ethics for Professional Accountants* published by the *International Ethics Standards Board for Accountants*, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts *International Standard on Quality Control 1 (ISQC Italy 1)* and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with *"International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* (hereafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised ("*reasonable assurance engagement*") and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standards adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with that reported in the Eni Group's Consolidated Financial Statements;
4. understanding of the following matters:
 - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;



5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of Eni SpA and with the personnel of Eni Pakistan Ltd, Versalis SpA, Eni Muara Bakau BV, Agiba Petroleum Co., Eni Angola SpA and Société de Service du Gazoduc Transtunisien SA and we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at holding level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for Eni Pakistan Ltd (Bhit Bhadra oil & gas field), Eni SpA (Centro Oli Val D'Agri – Distretto Meridionale and Sannazzaro refinery), Versalis SpA (Ravenna plant), Eni Muara Bakau BV (FPSO Jangkrik), Agiba Petroleum Co. (Meleiha oil & gas field), Eni Angola SpA (FPSO Ngoma and FPSO Olombendo) and Société de Service du Gazoduc Transtunisien SA (Feriana, Sbeitla, Sbikha, Korba and El Haouria stations), which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Eni Group as of 31 December 2019 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.



Other aspects

The NFS for the year ended 31 December 2018, which data are presented for comparative purposes, have been subject to limited assurance procedures by another auditor who, on 5 April 2019, expressed a conclusion without any remarks on that NFS.

Milan, 2 April 2020

PricewaterhouseCoopers SpA

Signed by

Giovanni Andrea Toselli
(Partner)

Signed by

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2019 translation.

Other information

Acceptance of Italian responsible payments code

Coherently with Eni's policy on transparency and accuracy in managing its suppliers, Eni SpA adhered to the Italian responsible payments code established by Assolombarda in 2014. In 2019, payments to Eni's suppliers were made within 55 days, in line with contractual provisions.

Article No. 15 (former Article No. 36) of Italian regulatory exchanges

(Consob Resolution No. 20249 published on December 28, 2017). Continuing listing standards about issuers that control subsidiaries incorporated or regulated in accordance with laws of extra-EU Countries. Certain provisions have been enacted to regulate continuing Italian listing standards of issuers controlling subsidiaries that are incorporated or regulated in accordance with laws of extra-EU Countries, also having a material impact on the consolidated financial statements of the parent company.

Regarding the aforementioned provisions, the Company discloses that:

- as of December 31, 2019, nine of Eni's subsidiaries: NAOC - Nigerian Agip Oil Co. Ltd, Eni Petroleum Co Inc, Eni Congo SA, Nigerian Agip Exploration Ltd, Eni Turkmenistan Ltd, Eni Canada Holding Ltd, Eni Ghana Exploration and Production Ltd, Eni Trading & Shipping Inc, Eni Finance USA Inc - fall within the scope of the new continuing listing standards;

- the Company has already adopted adequate procedures to ensure full compliance with the new regulations.

Rules for transparency and substantial and procedural fairness of transactions with related parties

The rules for transparency and substantial and procedural fairness of transactions with related parties adopted by the Company, in line with the Consob listing standards are available on the Company's website and in the Corporate Governance and Shareholding Structure Report.

Branches

In accordance with Article No. 2428 of the Italian Civil Code, it is hereby stated that Eni has the following branches:

San Donato Milanese (MI) - Via Emilia, 1;

San Donato Milanese (MI) - Piazza Vanoni, 1.

Subsequent events

Subsequent business developments are described in the operating review of each of Eni's business segments.

Recent developments related to the spread of pandemic disease COVID-19 and the trade war started by Saudi Arabia in the international crude oil markets are described in Risk factors and uncertainties are not reflected in the financial evaluations because they are considered not-adjusting events.

Glossary

The glossary of oil and gas terms is available on Eni's web page at the address eni.com. Below is a selection of the most frequently used terms.

- | **2nd and 3rd generation feedstock** Are feedstocks not in competition with the food supply chain as the first generation feedstock (vegetable oils). Second generation are mostly agricultural non-food and agro/urban waste (such as animal fats, used cooking oils and agricultural waste) and the third generation feedstocks are non-agricultural high innovation feedstocks (deriving from algae or waste).
- | **Average reserve life index** Ratio between the amount of reserves at the end of the year and total production for the year.
- | **Barrel/bbl** Volume unit corresponding to 159 liters. A barrel of oil corresponds to about 0.137 metric tonnes.
- | **Boe (Barrel of Oil Equivalent)** Is used as a standard unit measure for oil and natural gas. Effective January 1, 2019, Eni has updated the conversion rate of gas produced to 5,408 cubic feet of gas equals 1 barrel of oil.
- | **Conversion** Refinery process allowing the transformation of heavy fractions into lighter fractions. Conversion processes are cracking, visbreaking, coking, the gasification of refinery residues, etc. The ration of overall treatment capacity of these plants and that of primary crude fractioning plants is the conversion rate of a refinery. Flexible refineries have higher rates and higher profitability.
- | **Elastomers (or Rubber)** Polymers, either natural or synthetic, which, unlike plastic, when stress is applied, return, to a certain degree, to their original shape, once the stress ceases to be applied. The main synthetic elastomers are polybutadiene (BR), styrene-butadiene rubber (SBR), ethylenepropylene rubber (EPR), thermoplastic rubber (TPR) and nitrilic rubber (NBR).
- | **Emissions of NO_x (Nitrogen Oxides)** Total direct emissions of nitrogen oxides deriving from combustion processes in air. They include NO_x emissions from flaring activities, sulphur recovery processes, FCC regeneration, etc. They include NO and NO₂ emissions and exclude N₂O emissions.
- | **Emissions of SO_x (Sulphur Oxides)** Total direct emissions of sulfur oxides including SO₂ and SO₃ emissions. Main sources are combustion plants, diesel engines (including maritime engines), gas flaring (if the gas contains H₂S), sulphur recovery processes, FCC regeneration, etc.
- | **Enhanced recovery** Techniques used to increase or stretch over time the production of wells.
- | **Eni carbon efficiency index** Ratio between 100% Scope 1 and Scope 2 GHG emissions of Eni's main activities (on an operatorship basis) and produced energy, converted for homogeneity into barrels of oil equivalent.
- | **Green House Gases (GHG)** Gases in the atmosphere, transparent to solar radiation, that trap infrared radiation emitted by the earth's surface. The greenhouse gases relevant within Eni's activities are carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). GHG emissions are commonly reported in CO₂ equivalent (CO₂eq) according to Global Warming Potential values in line with IPCC AR4, 4th Assessment Report.
- | **Infilling wells** Infilling wells are wells drilled in a producing area in order to improve the recovery of hydrocarbons from the field and to maintain and/or increase production levels.
- | **LNG** Liquefied Natural Gas obtained through the cooling of natural gas to minus 160 °C at normal pressure. The gas is liquefied to allow transportation from the place of extraction to the sites at which it is transformed and consumed.
One ton of LNG corresponds to 1,400 cubic meters of gas.
- | **LPG** Liquefied Petroleum Gas, a mix of light petroleum fractions, gaseous at normal pressure and easily liquefied at room temperature through limited compression.
- | **Mineral Potential (potentially recoverable hydrocarbon volumes)** Estimated recoverable volumes which cannot be defined as reserves due to a number of reasons, such as the temporary lack of viable markets, a possible commercial recovery dependent on the development of new technologies, or for their location in accumulations yet to be developed or where evaluation of known accumulations is still at an early stage.
- | **Natural gas liquids** Liquid or liquefied hydrocarbons recovered from natural gas through separation equipment or natural gas treatment plants. Propane, normal-butane and isobutane, isopentane and pentane plus, that used to be defined natural gasoline, are natural gas liquids.
- | **Net-Absolute GHG Lifecycle Emissions** Overall Scope 1, 2 and Scope 3 GHG emissions associated with our products and activities along their value chain, net of carbon sinks.
- | **Net Carbon Footprint** Overall Scope 1 and Scope 2 GHG emissions associated with Eni's operations, net of carbon sinks.
- | **Net-Carbon Intensity** Ratio between the net-absolute GHG lifecycle emissions and the energy content of products sold.
- | **Oil spills** Discharge of oil or oil products from refining or oil waste occurring in the normal course of operations (when accidental) or deriving from actions intended to hinder operations of business units or from sabotage by organized groups (when due to sabotage or terrorism).
- | **Olefins (or Alkenes)** Hydrocarbons that are particularly active chemically, used for this reason as raw materials in the synthesis of intermediate products and of polymers.
- | **Over/underlifting** Agreements stipulated between partners regulate the right of each to its share in the production of a set period of time. Amounts different from the agreed ones determine temporary over/underlifting situations.
- | **Plasmix** The collective name for the different plastics that currently have no use in the market of recycling and can be used as a feedstock in the new circular economy businesses of Eni.
- | **Production Sharing Agreement (PSA)** Contract in use in African, Middle Eastern, Far Eastern and Latin American Countries, among others, regulating relationships between states and oil companies with regard to the exploration and production of hydrocarbons. The mineral right is awarded to the national oil company jointly with the foreign oil company that has an exclusive right to perform exploration, development and production activities and can enter into agreements with other local or international entities. In this type of contract, the national oil company assigns to the international contractor the task of performing exploration and production with the contractor's equipment and financial resources. Exploration risks are borne by the contractor and production is divided into two portions: "cost oil" is used to recover costs borne by the contractor and "profit oil" is divided between the contractor and the national company according to variable schemes and represents the profit deriving from exploration and production. Further terms and conditions of these contracts may vary from Country to Country.

- | **Proved reserves** Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.
- | **Reserves** Quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project. Reserves can be: (i) developed reserves quantities of oil and gas anticipated to be through installed extraction equipment and infrastructure operational at the time of the reserves estimate; (ii) undeveloped reserves: oil and gas expected to be recovered from new wells, facilities and operating methods.
- | **Scope 1 GHG Emissions** Direct greenhouse gas emissions from company's operations, produced from sources that are owned or controlled by the company.
- | **Scope 2 GHG Emissions** Indirect greenhouse gas emissions resulting from the generation of electricity, steam and heat purchased from third parties and consumed in assets that are owned or controlled by the company.
- | **Scope 3 GHG Emissions** Indirect emissions associated with Eni products along their full value chain.
- | **Ship-or-pay** Clause included in natural gas transportation contracts according to which the customer for which the transportation is carried out is bound to pay for the transportation of the gas also in case the gas is not transported.
- | **Take-or-pay** Clause included in natural gas purchase contracts according to which the purchaser is bound to pay the contractual price or a fraction of such price for a minimum quantity of the gas set in the contract also in case it is not collected by the customer. The customer has the option of collecting the gas paid and not delivered at a price equal to the residual fraction of the price set in the contract in subsequent contract years.
- | **UN SDGs** The Sustainable Development Goals (SDGs) are the blueprint to achieve a better and more sustainable future for all by 2030. Adopted by all United Nations Member States in 2015, they address the global challenges the world is facing, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. For further detail see the website <https://unsdg.un.org>
- | **Upstream/downstream** The term upstream refers to all hydrocarbon exploration and production activities. The term mid-downstream includes all activities inherent to oil industry subsequent to exploration and production. Process crude oil and oil-based feedstock for the production of fuels, lubricants and chemicals, as well as the supply, trading and transportation of energy commodities. It also includes the marketing business of refined and chemical products.
- | **Upstream GHG Emission intensity** Ratio between 100% Scope 1 GHG emissions from upstream operated assets and 100% gross operated production (expressed in barrel of oil equivalent).
- | **Wholesale sales** Domestic sales of refined products to wholesalers/distributors (mainly gasoil), public administrations and end consumers, such as industrial plants, power stations (fuel oil), airlines (jet fuel), transport companies, big buildings and households. They do not include distribution through the service station network, marine bunkering, sales to oil and petrochemical companies, importers and international organizations.
- | **Work-over** Intervention on a well for performing significant maintenance and substitution of basic equipment for the collection and transport to the surface of liquids contained in a field.

Abbreviations

/d	per day
/y	per year
bbbl	billion barrels
bbl	barrels
bboe	billion barrels of oil equivalent
bcf	billion cubic feet
bcm	billion cubic meters
bln liters	billion liters
bln tonnes	billion tonnes
boe	barrels of oil equivalent
cm	cubic meter
GWh	gigawatt-hour
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
kbbl	thousand barrels
kboe	thousand barrels of oil equivalent

km	kilometers
ktoe	thousand tonnes of oil equivalent
ktonnes	thousand tonnes
mmbbl	million barrels
mmboe	million barrels of oil equivalent
mmcf	million cubic feet
mmcm	million cubic meters
mmtonnes	million tonnes
MTPA	Million Tonnes Per Annum
No.	number
NGL	Natural Gas Liquids
PCA	Production Concession Agreement
ppm	parts per million
PSA	Production Sharing Agreement
Tep	Ton of equivalent petroleum
TWh	Terawatt hour

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CONSOLIDATED BALANCE SHEET

January 1, 2018				December 31, 2019		December 31, 2018	
Total amount	of which with related parties	(€ million)	Note	Total amount	of which with related parties	Total amount	of which with related parties
ASSETS							
Current assets							
7,363		Cash and cash equivalents	(5)	5,994		10,836	
6,219		Financial assets held for trading	(6)	6,760		6,552	
316	73	Other current financial assets	(16)	384	60	300	49
14,156	834	Trade and other receivables	(7)	12,873	704	14,101	633
4,621		Inventories	(8)	4,734		4,651	
191		Income tax receivables	(9)	192		191	
2,768	30	Other current assets	(10) (23)	3,972	219	2,819	71
35,634				34,909		39,450	
Non-current assets							
63,158		Property, plant and equipment	(11)	62,192		60,302	
		Right-of-use assets	(12)	5,349			
3,012		Intangible assets	(13)	3,059		3,170	
1,283		Inventory - Compulsory stock	(8)	1,371		1,217	
3,474		Equity-accounted investments	(15)	9,035		7,044	
900		Other investments	(15)	929		919	
1,675	1,214	Other non-current financial assets	(16)	1,174	911	1,253	915
4,315		Deferred tax assets	(22)	4,360		3,931	
182		Income tax receivables	(9)	173		168	
1,141	46	Other non-current assets	(10) (23)	871	181	624	160
79,140				88,513		78,628	
323		Assets held for sale	(24)	18		295	
115,097		TOTAL ASSETS		123,440		118,373	
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities							
2,242	164	Short-term debt	(18)	2,452	46	2,182	661
2,286		Current portion of long-term debt	(18)	3,156		3,601	
		Current portion of long-term lease liabilities	(12)	889	5		
15,305	2,808	Trade and other payables	(17)	15,545	2,663	16,747	3,664
472		Income tax payables	(9)	456		440	
4,317	60	Other current liabilities	(10) (23)	7,146	155	5,412	63
24,622				29,644		28,382	
Non-current liabilities							
20,179		Long-term debt	(18)	18,910		20,082	
		Long-term lease liabilities	(12)	4,759	8		
13,124		Provisions	(20)	14,106		11,626	
1,022		Provisions for employee benefits	(21)	1,136		1,117	
5,937		Deferred tax liabilities	(22)	4,920		4,272	
359		Income tax payables	(9)	454		287	
1,443	23	Other non-current liabilities	(10) (23)	1,611	23	1,475	23
42,064				45,896		38,859	
87		Liabilities directly associated with assets held for sale	(24)			59	
66,773		TOTAL LIABILITIES		75,540		67,300	
SHAREHOLDERS' EQUITY							
49		Non-controlling interest	(25)	61		57	
Eni shareholders' equity							
4,005		Share capital		4,005		4,005	
36,211		Retained earnings		37,436		36,702	
4,818		Cumulative currency translation differences		7,209		6,605	
1,889		Other reserves		1,564		1,672	
(581)		Treasury shares		(981)		(581)	
(1,441)		Interim dividend		(1,542)		(1,513)	
3,374		Net profit		148		4,126	
48,275		Total Eni shareholders' equity		47,839		51,016	
48,324		TOTAL SHAREHOLDERS' EQUITY		47,900		51,073	
115,097		TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		123,440		118,373	

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(€ million)	Note	2019		2018		2017	
		Total amount	of which with related parties	Total	of which with related parties	Total	of which with related parties
REVENUES AND OTHER INCOME	(28)						
Sales from operations		69,881	1,248	75,822	1,383	66,919	1,567
Other income and revenues		1,160	4	1,116	8	4,058	41
		71,041		76,938		70,977	
COSTS							
Purchases, services and other	(29)	(50,874)	(9,173)	(55,622)	(8,009)	(51,548)	(9,164)
Net (impairment losses) reversals of trade and other receivables	(7)	(432)	28	(415)	26	(913)	
Payroll and related costs	(29)	(2,996)	(28)	(3,093)	(22)	(2,951)	(34)
Other operating income (expense)	(23)	287	19	129	319	(32)	331
Depreciation and amortization	(11) (12) (13)	(8,106)		(6,988)		(7,483)	
Net (impairment losses) reversals of tangible and intangible assets and right-of-use assets	(14)	(2,188)		(866)		225	
Write-off of tangible and intangible assets	(11) (13)	(300)		(100)		(263)	
OPERATING PROFIT		6,432		9,983		8,012	
FINANCE INCOME (EXPENSE)							
Finance income	(30)	3,087	96	3,967	115	3,924	191
Finance expense	(30)	(4,079)	(36)	(4,663)	(283)	(5,886)	(4)
Net finance income (expense) from financial assets held for trading	(30)	127		32		(111)	
Derivative financial instruments	(23) (30)	(14)		(307)		837	
		(879)		(971)		(1,236)	
INCOME (EXPENSE) FROM INVESTMENTS	(15) (31)						
Share of profit (loss) from equity-accounted investments		(88)		(68)		(267)	
Other gain (loss) from investments		281		1,163		335	
		193		1,095		68	
PROFIT BEFORE INCOME TAXES		5,746		10,107		6,844	
Income taxes	(32)	(5,591)		(5,970)		(3,467)	
Net profit		155		4,137		3,377	
Attributable to Eni		148		4,126		3,374	
Attributable to non-controlling interest		7		11		3	
		155		4,137		3,377	
Earnings per share attributable to Eni (€ per share)	(33)						
Basic		0.04		1.15		0.94	
Diluted		0.04		1.15		0.94	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ million)	Note	2019	2018	2017
Net profit		155	4,137	3,377
Other items of comprehensive income (loss)				
<i>Items that are not reclassified to profit or loss in later periods</i>				
Remeasurements of defined benefit plans	(25)	(42)	(15)	(33)
Share of other comprehensive income (loss) on equity-accounted investments related to benefit plans remeasurements	(25)	(7)		
Change of minor investments measured at fair value with effects to other comprehensive income	(25)	(3)	15	
Tax effect	(25)	5	(2)	29
		(47)	(2)	(4)
<i>Items that may be reclassified to profit or loss in later periods</i>				
Currency translation differences	(25)	604	1,787	(5,573)
Change in the fair value of available-for-sale financial instruments				(5)
Change in the fair value of cash flow hedging derivatives	(25)	(679)	(243)	(6)
Share of other comprehensive income (loss) on equity-accounted investments	(25)	(6)	(24)	69
Tax effect	(25)	197	58	1
		116	1,578	(5,514)
Total other items of comprehensive income (loss)		69	1,576	(5,518)
Total comprehensive income (loss)		224	5,713	(2,141)
Attributable to Eni		217	5,702	(2,144)
Attributable to non-controlling interest		7	11	3
		224	5,713	(2,141)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

		Eni shareholders' equity										
(€ milioni)	Note	Share capital	Retained earnings	Cumulative currency translation differences	Other reserves	Treasury shares	Interim dividend	Net profit for the year	Total	Non-controlling interest	Total shareholders' equity	
Balance at December 31, 2018	(25)	4,005	36,702	6,605	1,672	(581)	(1,513)	4,126	51,016	57	51,073	
Changes in accounting policies (IAS 28)	(3)		(4)						(4)		(4)	
Balance at January 1, 2019		4,005	36,698	6,605	1,672	(581)	(1,513)	4,126	51,012	57	51,069	
Net profit for the year								148	148	7	155	
Other items of comprehensive income (loss)												
Items that are not reclassified to profit or loss in later periods												
Remeasurements of defined benefit plans net of tax effect	(25)				(37)				(37)		(37)	
Share of other comprehensive income (loss) on equity-accounted investments related to benefit plans remeasurements	(25)				(7)				(7)		(7)	
Change of minor investments measured at fair value with effects to OCI	(25)				(3)				(3)		(3)	
					(47)				(47)		(47)	
Items that may be reclassified to profit or loss in later periods												
Currency translation differences	(25)			604					604		604	
Change in the fair value of cash flow hedge derivatives net of tax effect	(25)				(482)				(482)		(482)	
Share of "Other comprehensive income (loss)" on equity-accounted investments	(25)				(6)				(6)		(6)	
				604	(488)				116		116	
Total comprehensive income (loss) of the year				604	(535)			148	217	7	224	
Transactions with shareholders												
Dividend distribution of Eni SpA (€0.41 per share in settlement of 2018 interim dividend of €0.42 per share)	(25)						1,513	(2,989)	(1,476)		(1,476)	
Interim dividend distribution of Eni SpA (€0.43 per share)	(25)						(1,542)		(1,542)		(1,542)	
Dividend distribution of other companies										(4)	(4)	
Allocation of 2018 net income			1,137					(1,137)				
Reimbursements to minority shareholders										(1)	(1)	
Acquisition of treasury shares	(25)		(400)		400	(400)			(400)		(400)	
			737		400	(400)	(29)	(4,126)	(3,418)	(5)	(3,423)	
Other changes in shareholders' equity												
Long-term share-based incentive plan			9						9		9	
Other changes			(8)		27				19	2	21	
			1		27				28	2	30	
Balance at December 31, 2019	(25)	4,005	37,436	7,209	1,564	(981)	(1,542)	148	47,839	61	47,900	

continued CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Eni shareholders' equity							Total	Non-controlling interest	Total shareholders' equity
		Share capital	Retained earnings	Cumulative currency translation differences	Other reserves	Treasury shares	Interim dividend	Net profit for the year			
(€ million)											
Balance at December 31, 2017		4,005	35,966	4,818	1,889	(581)	(1,441)	3,374	48,030	49	48,079
Changes in accounting policies (IFRS 9 and 15)			245						245		245
Balance at January 1, 2018		4,005	36,211	4,818	1,889	(581)	(1,441)	3,374	48,275	49	48,324
Net profit for the year								4,126	4,126	11	4,137
Other items of comprehensive income (loss)											
Items that are not reclassified to profit or loss in later periods											
Remeasurements of defined benefit plans net of tax effect	(25)				(17)				(17)		(17)
Change of minor investments measured at fair value with effects to OCI	(25)				15				15		15
					(2)				(2)		(2)
Items that may be reclassified to profit or loss in later periods											
Currency translation differences	(25)			1,787					1,787		1,787
Change in the fair value of cash flow hedge derivatives net of tax effect	(25)				(185)				(185)		(185)
Share of "Other comprehensive income (loss)" on equity-accounted investments	(25)				(24)				(24)		(24)
				1,787	(209)				1,578		1,578
Total comprehensive income (loss) of the year				1,787	(211)			4,126	5,702	11	5,713
Transactions with shareholders											
Dividend distribution of Eni SpA (€0.40 per share in settlement of 2017 interim dividend of €0.40 per share)	(25)						1,441	(2,881)	(1,440)		(1,440)
Interim dividend distribution of Eni SpA (€0.42 per share)	(25)						(1,513)		(1,513)		(1,513)
Dividend distribution of other companies										(3)	(3)
Allocation of 2017 net income			493					(493)			
			493				(72)	(3,374)	(2,953)	(3)	(2,956)
Other changes in shareholders' equity											
Long-term share-based incentive plan			5						5		5
Other changes			(7)		(6)				(13)		(13)
			(2)		(6)				(8)		(8)
Balance at December 31, 2018	(25)	4,005	36,702	6,605	1,672	(581)	(1,513)	4,126	51,016	57	51,073

segue CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Eni shareholders' equity										
	Note	Share capital	Retained earnings	Cumulative currency translation differences	Other reserves	Treasury shares	Interim dividend	Net profit (loss) for the year	Total	Non-controlling interest	Total shareholders' equity
(€ million)											
Balance at December 31, 2016		4,005	40,367	10,319	1,832	(581)	(1,441)	(1,464)	53,037	49	53,086
Net profit for the year								3,374	3,374	3	3,377
Other items of comprehensive income (loss)											
Items that are not reclassified to profit or loss in later periods											
Remeasurements of defined benefit plans net of tax effect					(4)			(4)			(4)
					(4)			(4)			(4)
Items that may be reclassified to profit or loss in later periods											
Currency translation differences			(5,575)	2				(5,573)			(5,573)
Change in the fair value of other available-for-sale financial instruments net of tax effect					(4)			(4)			(4)
Change in the fair value of cash flow hedge derivatives net of tax effect					(6)			(6)			(6)
Share of "Other comprehensive income (loss)" on equity-accounted investments					69			69			69
			(5,575)	61				(5,514)			(5,514)
Total comprehensive income (loss) of the year			(5,575)	57				3,374	(2,144)	3	(2,141)
Transactions with shareholders											
Dividend distribution of Eni SpA (€0.40 per share in settlement of 2016 interim dividend of €0.40 per share)							1,441	(2,881)	(1,440)		(1,440)
Interim dividend distribution of Eni SpA (€0.40 per share)							(1,441)		(1,441)		(1,441)
Dividend distribution of other companies										(3)	(3)
Allocation of 2016 net loss			(4,345)					4,345			
			(4,345)					1,464	(2,881)	(3)	(2,884)
Other changes in shareholders' equity											
Other changes			(56)	74					18		18
			(56)	74					18		18
Balance at December 31, 2017		4,005	35,966	4,818	1,889	(581)	(1,441)	3,374	48,030	49	48,079

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ million)	Note	2019	2018	2017
Net profit		155	4,137	3,377
Adjustments to reconcile net profit to net cash provided by operating activities				
Depreciation and amortization	(11) (12) (13)	8,106	6,988	7,483
Net Impairments (reversals) of tangible and intangible assets and right-of-use assets	(14)	2,188	866	(225)
Write-off of tangible and intangible assets	(11) (13)	300	100	263
Share of (profit) loss of equity-accounted investments	(15) (31)	88	68	267
Net gain on disposal of assets		(170)	(474)	(3,446)
Dividend income	(31)	(247)	(231)	(205)
Interest income		(147)	(185)	(283)
Interest expense		1,027	614	671
Income taxes	(32)	5,591	5,970	3,467
Other changes		(179)	(474)	894
Changes in working capital:				
- inventories		(200)	15	(346)
- trade receivables		1,023	334	657
- trade payables		(940)	642	284
- provisions		272	(238)	96
- other assets and liabilities		211	879	749
Cash flow from changes in working capital		366	1,632	1,440
Net change in the provisions for employee benefits		(23)	109	38
Dividends received		1,346	275	291
Interest received		88	87	104
Interest paid		(1,029)	(609)	(582)
Income taxes paid, net of tax receivables received		(5,068)	(5,226)	(3,437)
Net cash provided by operating activities		12,392	13,647	10,117
- of which with related parties	(36)	(6,356)	(2,707)	(2,843)
Investing activities:				
- tangible assets	(11)	(8,049)	(8,778)	(8,490)
- prepaid right-of-use assets	(12)	(16)		
- intangible assets	(13)	(311)	(341)	(191)
- consolidated subsidiaries and businesses net of cash and cash equivalent acquired	(26)	(5)	(119)	
- investments	(15)	(3,003)	(125)	(510)
- securities held for operating purposes		(8)	(8)	
- financing receivables held for operating purposes		(229)	(358)	(585)
- change in payables in relation to investing activities		(307)	408	152
Cash flow from investing activities		(11,928)	(9,321)	(9,624)
Disposals:				
- tangible assets		264	1,089	2,745
- intangible assets		17	5	2
- consolidated subsidiaries and businesses net of cash and cash equivalent disposed of	(26)	187	(47)	2,662
- tax on disposals		(3)		(436)
- investments		39	195	482
- securities held for operating purposes		17	15	1
- financing receivables held for operating purposes		178	279	493
- change in receivables in relation to disposals		95	606	(434)
Cash flow from disposals		794	2,142	5,515
Net change in securities and financing receivables held for non-operating purposes ^(a)		(279)	(357)	341
Net cash used in investing activities		(11,413)	(7,536)	(3,768)
- of which with related parties	(36)	(2,912)	(3,314)	(3,115)

(a) From 2019, Eni's cash flow statement is reporting in a dedicated line-item the net cash outflow (investments minus divestments) in held-for-trading financial assets and current non-operating receivables financing, with the latter being investment of temporary cash surpluses. Those two assets are netted against financial liabilities to determine the Group net borrowings in accordance to applicable listing standards. In previous reporting periods, cash inflows and outflows relating those assets were reported among investing activities or divesting activities relating to securities and financing receivables, respectively. The cash flow statements of comparative periods have been reclassified accordingly.

continued CONSOLIDATED STATEMENT OF CASH FLOWS

(€ million)	Note	2019	2018	2017
Increase in long-term financial debt	(18)	1,811	3,790	1,842
Repayments of long-term financial debt	(18)	(3,512)	(2,757)	(2,973)
Payments of lease liabilities	(12)	(877)		
Increase (decrease) in short-term financial debt	(18)	161	(713)	(581)
		(2,417)	320	(1,712)
Dividends paid to Eni's shareholders		(3,018)	(2,954)	(2,880)
Dividends paid to non-controlling interest		(4)	(3)	(3)
Reimbursements to non-controlling interest		(1)		
Acquisition of additional interests in consolidated subsidiaries		(1)		
Acquisition of treasury shares		(400)		
Net cash used in financing activities		(5,841)	(2,637)	(4,595)
- of which with related parties	(36)	(817)	16	(16)
Effect of change in consolidation (inclusion/exclusion of significant/insignificant subsidiaries)		(7)		7
Effect of exchange rate changes and other changes on cash and cash equivalents		8	18	(72)
Net increase (decrease) in cash and cash equivalents		(4,861)	3,492	1,689
Cash and cash equivalents - beginning of the year	(5)	10,855	7,363	5,674
Cash and cash equivalents - end of the year^(b)	(5)	5,994	10,855	7,363

(b) In 2018, cash and cash equivalents at the end of the year included €19 million of cash and cash equivalents of consolidated subsidiaries held for sale that were reported in the item "Assets held for sale".

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

1 | Significant accounting policies, estimates and judgements

BASIS OF PREPARATION

The Consolidated Financial Statements of the Eni Group have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS)¹ as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) pursuant to article 6 of the EC Regulation No. 1606/2002 of the European Parliament and of the Council of July 19, 2002, and in accordance with article 9 of the Italian Legislative Decree No. 38/05.² The Consolidated Financial Statements have been prepared under the historical cost convention, taking into account, where appropriate, value adjustments, except for certain items that under IFRSs must be measured at fair value as described in the accounting policies that follow.

The 2019 Consolidated Financial Statements, approved by the Eni's Board of Directors on February 27, 2020, were audited by the external auditor PricewaterhouseCoopers SpA. The external auditor of Eni SpA, as the main external auditor, is wholly in charge of the auditing activities of the Consolidated Financial Statements; when there are other external auditors, PricewaterhouseCoopers SpA takes the responsibility of their work.

The Consolidated Financial Statements are presented in euros and all values are rounded to the nearest million euros (€ million), except where otherwise indicated.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Consolidated Financial Statements requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses recognised in the financial statements, as well as amounts included in the notes thereto, including disclosure of contingent assets and contingent liabilities. Estimates made are based on complex judgements and past experience of other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgements and estimates to be used in the preparation of the Consolidated Financial Statements are in relation to the accounting for oil and natural gas activities, specifically in the determination of proved and proved developed reserves, impairment of financial and non financial assets, leases, decommissioning and restoration liabilities, environmental liabilities business combinations, employee benefits, revenue from contracts with customers, fair value measurements and income taxes. Although the Company uses its best estimates and judgements, actual results could differ from the estimates and assumptions used. The accounting estimates and judgements relevant for the preparation of the Consolidated Financial Statement are described below.

PRINCIPLES OF CONSOLIDATION

SUBSIDIARIES

The Consolidated Financial Statements comprise the financial statements of the parent Company Eni SpA and those of its subsidiaries, being those entities over which the Company has control, either directly or indirectly, through exposure or rights to their variable returns and the ability to affect those returns through its power over the investees. To have power over an investee, the investor must have existing rights that give it the current ability to direct the relevant activities of the investee, i.e. the activities that significantly affect the investee's returns.

Subsidiaries are consolidated, on the basis of consistent accounting policies, from the date on which control is obtained until the date that control ceases. Assets, liabilities, income and expenses of consolidated subsidiaries are fully recognised with those of the parent in the Consolidated Financial Statements; the parent's investment in each subsidiary is eliminated against the corresponding parent's portion of equity of each subsidiary. Non-controlling interests are presented separately on the balance sheet within equity; the profit or loss attributable to non-controlling interests is presented in a specific line item of the profit and loss account.

For entities acting as sole-operator in the management of Oil & Gas contracts on behalf of companies participating in a joint project, the activities are financed proportionally based on a budget approved by the participating companies upon presentation of periodical reports of proceeds and expenses. Costs and revenue and other operating data (production, reserves, etc.) of the project, as well as the related obligations arising from the project, are recognised directly in the financial statements of the companies involved based on their own share. Some subsidiaries are not consolidated because they are immaterial, either individually or in the aggregate; this exclusion has not produced material³ effects on the Consolidated Financial Statements⁴.

When the proportion of the equity held by non-controlling interests changes, any difference between the consideration paid/received and the amount by which the non-controlling interests are adjusted is attributed to Eni shareholders' equity. Conversely, the sale of equity interests with loss of control determines the recognition in the profit and loss account of: (i) any gain or loss calculated as the difference between the consideration received and the corresponding transferred net assets; (ii) any gain or loss recognised as a result of the remeasurement of any investment retained in the former subsidiary at its fair value; and (iii) any amount related to the former subsidiary previously recognised in other comprehensive income which may be reclassified subsequently to the profit and loss account⁵. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost and shall be accounted for in accordance with the applicable measurement criteria.

(1) IFRSs include also International Accounting Standards (IAS), currently effective, as well as the interpretations developed by the IFRS Interpretations Committee, previously named International Financial Reporting Interpretations Committee (IFRIC) and initially Standing Interpretations Committee (SIC).

(2) The Consolidated Financial Statements are compliant with IFRSs as issued by the IASB and effective for the year 2019.

(3) According to the requirements of the Conceptual Framework for Financial Reporting, "information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about a specific reporting entity".

(4) Unconsolidated subsidiaries are accounted for as described in the accounting policy for "The equity method of accounting"; for further information, see the annex "List of companies owned by Eni SpA as of December 31, 2019".

(5) Conversely, any amount related to the former subsidiary previously recognised in other comprehensive income, which may not be reclassified subsequently to the profit and loss account, are reclassified in another item of equity.

INTERESTS IN JOINT ARRANGEMENTS

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method as described in the accounting policy for “The equity method of accounting”.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have enforceable rights to the assets, and enforceable obligations for the liabilities, relating to the arrangement. In the Consolidated Financial Statements, Eni recognises its share of the assets/liabilities and revenue/expenses of joint operations on the basis of its rights and obligations relating to the arrangements.

After the initial recognition, the assets/liabilities and revenue/expenses of the joint operations are measured in accordance with the applicable measurement criteria. Immaterial joint operations structured through a separate vehicle are accounted for using the equity method or, if this does not result in a misrepresentation of the Company’s financial position and performance, at cost net of any impairment losses.

INVESTMENTS IN ASSOCIATES

An associate is an entity over which Eni has significant influence, that is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control of those policies. Investments in associates are accounted for using the equity method as described in the accounting policy for “The equity method of accounting”.

Consolidated companies’ financial statements are audited by external auditors who audit also the information required for the preparation of the Consolidated Financial Statements.

THE EQUITY METHOD OF ACCOUNTING

Investments in joint ventures, associates and immaterial unconsolidated subsidiaries are accounted for using the equity method^{6,7}.

Under the equity method, investments are initially recognised at cost, allocating, similarly to business combinations procedures, the purchase price of the investment to the investee’s identifiable assets/liabilities; if this allocation is provisionally recognised at initial recognition, it can be retrospectively adjusted within one year from the date of initial recognition, to reflect new information obtained about facts and circumstances that existed at the date of initial recognition. Subsequently, the carrying amount is adjusted to reflect: (i) the investor’s share of the profit or loss of the investee after the date of acquisition, adjusted to account for depreciation, amortization and any impairment losses of the equity-accounted entity’s assets based on

their fair values at the date of acquisition; and (ii) the investor’s share of the investee’s other comprehensive income. Distributions received from an equity-accounted investee reduce the carrying amount of the investment. In applying the equity method, consolidation adjustments are considered (see also the accounting policy for “Subsidiaries”). Losses arising from the application of the equity method in excess of the carrying amount of the investment, recognised in the profit and loss account within “Income (Expense) from investments”, reduce the carrying amount, net of the related expected credit losses (see below), of any financing receivables towards the investee for which settlement is neither planned nor likely to occur in the foreseeable future (the so-called long-term interests), which are, in substance, an extension of the investment in the investee. The investor’s share of any losses of an equity-accounted investee that exceeds the carrying amount of the investment and any long-term interests (the so-called net investment), is recognised in a specific provision only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the investee.

Whenever there is objective evidence of impairment (e.g. relevant breaches of contracts, significant financial difficulty, probable default of the counterparty, etc.), the net investment is tested for impairment by comparing its carrying amount with the related recoverable amount, determined by adopting the criteria indicated in the accounting policy for “Impairment of non-financial assets”. When an impairment loss no longer exists or has decreased, any reversal of the impairment loss is recognised in the profit and loss account within “Income (Expense) from investments”. The impairment reversal of the net investment shall not exceed the previously recognised impairment losses.

The sale of equity interests with loss of joint control or significant influence over the investee determines the recognition in the profit and loss account of: (i) any gain or loss calculated as the difference between the consideration received and the corresponding transferred share; (ii) any gain or loss recognised as a result of the remeasurement of any investment retained in the former joint venture/associate at its fair value⁸; and (iii) any amount related to the former joint venture/associate previously recognised in other comprehensive income which may be reclassified subsequently to the profit and loss account⁹. Any investment retained in the former joint venture/associate is recognised at its fair value at the date when joint control or significant influence is lost and shall be accounted for in accordance with the applicable measurement criteria.

BUSINESS COMBINATION

Business combinations are accounted for by applying the acquisition method. The consideration transferred in a business combination is the sum of the acquisition-date fair value of the assets transferred, the liabilities incurred and the equity interests issued by the acquirer. Acquisition-related costs are accounted for as expenses when incurred.

[6] In the case of step acquisition of significant influence (joint control), the investment is recognised, at the acquisition date of significant influence (joint control), at the amount deriving from the use of the equity method assuming the adoption of this method since initial acquisition; the “step-up” of the carrying amount of interests owned before the acquisition of significant influence (joint control) is taken to equity.

[7] Joint ventures, associates and immaterial unconsolidated subsidiaries are accounted for at cost less any accumulated impairment losses, if this does not result in a misrepresentation of the Company’s financial position and performance.

[8] If the retained investment continues to be accounted for using the equity method, no remeasurement at fair value is recognised in the profit and loss account.

[9] Conversely, any amount related to the former joint venture/associate previously recognised in other comprehensive income, which may not be reclassified subsequently to the profit and loss account, are reclassified in another item of equity.

The acquirer shall measure the identifiable assets acquired and liabilities assumed at their acquisition-date fair values¹⁰, unless another measurement basis is required by IFRSs. The excess of the consideration transferred over the Group's share of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed is recognised, on the balance sheet, as goodwill; conversely, a gain on a bargain purchase is recognised in the profit and loss account.

Any non-controlling interests are measured as the proportionate share in the recognised amounts of the acquiree's identifiable net assets at the acquisition date excluding the portion of goodwill attributable to them (partial goodwill method); as an alternative, non-controlling interests may be measured at fair value, which means that goodwill includes the portion attributable to them (full goodwill method)¹¹. The choice of measurement basis for goodwill (partial goodwill method vs. full goodwill method) is made on a transaction-by-transaction basis. In a business combination achieved in stages, the purchase price is determined by summing the acquisition-date fair value of previously held equity interests in the acquiree and the consideration transferred for obtaining control; the previously held equity interests are remeasured at their acquisition-date fair value and the resulting gain or loss, if any, is recognised in the profit and loss account. Furthermore, on obtaining control, any amount recognised in other comprehensive income related to the previously held equity interests is reclassified to the profit and loss account, or in another item of equity when such amount may not be reclassified to the profit and loss account.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the provisional amounts recognised at the acquisition date shall be retrospectively adjusted within one year from the acquisition date, to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

The acquisition of interests in a joint operation whose activity constitutes a business is accounted for applying the principles on business combinations accounting. In this regard, if the entity obtains control over a business that was a joint operation, the previously held interest in the joint operation is remeasured at the acquisition-date fair value and the resulting gain or loss is recognized in the profit and loss account¹².

Significant accounting estimates and judgements: investments and business combinations

The assessment of the existence of control, joint control, significant influence over an investee, as well as for joint operations, the assessment of the existence of enforceable rights and obligations imply that the management makes complex judgements on the basis of the characteristics of the investee's structure, arrangements between parties and other relevant facts and circumstances. Significant accounting estimates by management are required also for

measuring the identifiable assets acquired and the liabilities assumed in a business combination at their acquisition-date fair values. For such measurement, to be performed also for the application of the equity method, Eni adopts the valuation techniques generally used by market participants taking into account the available information; for the most significant business combinations, Eni engages external independent evaluators.

INTRAGROUP TRANSACTIONS

All balances and transactions between consolidated companies, and not yet realised with third parties, including unrealised profits arising from such transactions have been eliminated.

Unrealised profits arising from transactions between the Group and its equity-accounted entities are eliminated to the extent of the Group's interest in the equity-accounted entity. In both cases, unrealised losses are not eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

FOREIGN CURRENCY TRANSLATION

The financial statements of foreign operations having a functional currency other than the euro, that represents the parent's functional currency, are translated into euros using the spot exchange rates on the balance sheet date for assets and liabilities, historical exchange rates for equity and average exchange rates for the profit and loss account and the statement of cash flows (source: Reuters – WMR). The cumulative resulting exchange differences are presented in the separate component of Eni shareholders' equity "Cumulative currency translation differences"¹³. Cumulative amount of exchange differences relating to a foreign operation are reclassified to the profit and loss account when the entity disposes the entire interest in that foreign operation or when the partial disposal involves the loss of control, joint control or significant influence over the foreign operation. On a partial disposal that does not involve loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative exchange differences is reattributed to the non-controlling interests in that foreign operation. On a partial disposal of interests in joint arrangements or in associates that does not involve loss of joint control or significant influence, the proportionate share of the cumulative exchange differences is reclassified to the profit and loss account. The repayment of share capital made by a subsidiary having a functional currency other than the euro, without a change in the ownership interest, implies that the proportionate share of the cumulative amount of exchange differences relating to the subsidiary is reclassified to the profit and loss account.

The financial statements of foreign operations which are translated into euros are denominated in the foreign operations' functional currencies which generally is the US dollar.

The main foreign exchange rates used to translate the financial statements into the parent's functional currency are indicated below:

[10] Fair value measurement principles are described in the accounting policy for "Fair value measurements".

[11] The choice between the partial goodwill and full goodwill method is made also for business combinations resulting in the recognition of a gain on bargain purchase in the profit and loss account.

[12] If the entity acquires additional interests in a joint operation that is a business, while retaining joint control, the previously held interest in the joint operation is not remeasured.

[13] When the foreign subsidiary is partially owned, the cumulative exchange differences, that are attributable to the non-controlling interests, are allocated to and recognised as part of "Non-controlling interest".

(currency amount for €1)	Annual average exchange rate 2019	Exchange rate at December 31, 2019	Annual average exchange rate 2018	Exchange rate at December 31, 2018	Annual average exchange rate 2017	Exchange rate at December 31, 2017
US Dollar	1.12	1.12	1.18	1.15	1.13	1.20
Pound Sterling	0.88	0.85	0.88	0.89	0.88	0.89
Australian Dollar	1.61	1.60	1.58	1.62	1.47	1.53

SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting policies used in the preparation of the Consolidated Financial Statements are described below.

OIL AND NATURAL GAS EXPLORATION, APPRAISAL, DEVELOPMENT AND PRODUCTION ACTIVITIES

Oil and natural gas exploration, appraisal and development activities are accounted for using the principles of the successful efforts method of accounting as described below.

ACQUISITION OF EXPLORATION RIGHTS

Costs incurred for the acquisition of exploration rights (or their extension) are initially capitalised within the line item “Intangible assets” as “exploration rights – unproved” pending determination of whether the exploration and appraisal activities in the reference areas are successful or not. Unproved exploration rights are not amortised, but reviewed to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review is based on the confirmation of the commitment of the Company to continue the exploration activities and on the analysis of facts and circumstances that indicate the absence of uncertainties related to the recoverability of the carrying amount. If no future activity is planned, the carrying amount of the related exploration rights is recognised in the profit and loss account as write off. Lower value exploration rights are pooled and amortised on a straight-line basis over the estimated period of exploration. In the event of a discovery of proved reserves (i.e. upon recognition of proved reserves and internal approval for development), the carrying amount of the related unproved exploration rights is reclassified to “proved exploration rights”, within the line item “Intangible assets”. Upon reclassification, or when there is any indication of impairment, the carrying amount of exploration rights to reclassify as proved is tested for impairment considering the higher of their value in use and their fair value less costs of disposal. From the commencement of production, proved exploration rights are amortised according to the unit of production method (the so-called UOP method, described in the accounting policy for “UOP depreciation, depletion and amortisation”).

ACQUISITION OF MINERAL INTERESTS

Costs incurred for the acquisition of mineral interests are capitalised in connection with the assets acquired (such as exploration potential, possible and probable reserves and proved reserves). When the acquisition is related to a set of exploration potential and reserves, the cost is allocated to the different assets acquired based on their expected discounted cash flows.

Acquired exploration potential is measured in accordance with the criteria illustrated in the accounting policy for “Acquisition of exploration rights”. Costs associated with proved reserves are amortised according to the UOP method (see the accounting policy

for “UOP depreciation, depletion and amortisation”). Expenditure associated with possible and probable reserves (unproved mineral interests) is not amortised until classified as proved reserves; in case of a negative result, it is written off.

EXPLORATION AND APPRAISAL EXPENDITURE

Geological and geophysical exploration costs are recognised as an expense as incurred.

Costs directly associated with an exploration well are initially recognised within tangible assets in progress, as “exploration and appraisal costs – unproved” (exploration wells in progress) until the drilling of the well is completed and can continue to be capitalised in the following 12-month period pending the evaluation of drilling results (suspended exploration wells). If, at the end of this period, it is ascertained that the result is negative (no hydrocarbon found) or that the discovery is not sufficiently significant to justify the development, the wells are declared dry/unsuccessful and the related costs are written off. Conversely, these costs continue to be capitalised if and until: (i) the well has found a sufficient quantity of reserves to justify its completion as a producing well, and (ii) the entity is making sufficient progress assessing the reserves and the economic and operating viability of the project; on the contrary, the capitalised costs are recognised in the profit and loss account as write off. Analogous recognition criteria are adopted for the costs related to the appraisal activity. When proved reserves of oil and/or natural gas are determined, the relevant expenditure recognised as unproved is reclassified to proved exploration and appraisal costs within tangible assets in progress. Upon reclassification, as well as whether there is any indication of impairment, the carrying amount of the costs to reclassify as proved is tested for impairment considering the higher of their value in use and their fair value less costs of disposal. From the commencement of production, proved exploration and appraisal costs are depreciated according to the UOP method (see the accounting policy for “UOP depreciation, depletion and amortisation”).

DEVELOPMENT EXPENDITURE

Development expenditure, including the costs related to unsuccessful and damaged development wells, are capitalised as “Tangible asset in progress – proved”. Development costs are incurred to obtain access to proved reserves and to provide facilities for extracting, treating, gathering and storing the Oil & Gas. They are amortised, from the commencement of production, generally on a UOP basis. When development projects are unfeasible/not carried on, the related costs are written off when it is decided to abandon the project. Development costs are tested for impairment in accordance with the criteria described in the accounting policy for “Property, plant and equipment”.

UOP DEPRECIATION, DEPLETION AND AMORTISATION

Proved Oil & Gas assets are depreciated generally under the UOP method, as their useful life is closely related to the availability of proved

Oil & Gas reserves, by applying, to the depreciable amounts at the end of each quarter a rate representing the ratio between the volumes extracted during the quarter and the reserves existing at the end of the quarter, increased by the volumes extracted during the quarter. This method is applied with reference to the smallest aggregate representing a direct correlation between expenditures to be depreciated and Oil & Gas reserves. Proved exploration rights and acquired proved mineral interests are amortised over proved reserves; proved exploration and appraisal costs and development expenditure are depreciated over proved developed reserves, while common facilities are depreciated over total proved reserves.

PRODUCTION COSTS

Production costs are those costs incurred to operate and maintain wells and field equipment and are recognised as an expense as incurred.

PRODUCTION SHARING AGREEMENTS AND BUY-BACK CONTRACTS

Oil & Gas reserves related to Production Sharing Agreements and buy-back contracts are determined on the basis of contractual terms related to the recovery of the contractor's costs to undertake and finance exploration, development and production activities at its own risk (Cost Oil) and the Company's stipulated share of the production remaining after such cost recovery (Profit Oil). Revenues from the sale of the lifted production, against both Cost Oil and Profit Oil, are accounted for on an accrual basis, whilst exploration, development and production costs are accounted for according to the above-mentioned accounting policies. The Company's share of production volumes and reserves includes the share of hydrocarbons that corresponds to the taxes to be paid, according to the contractual agreement, by the national government on behalf of the Company. As a consequence, the Company has to recognise at the same time an increase in the taxable profit, through the increase of the revenue, and a tax expense.

PLUGGING AND ABANDONMENT OF WELLS

Costs expected to be incurred with respect to the plugging and abandonment of a well, dismantlement and removal of production facilities, as well as site restoration, are capitalised, consistent with the accounting policy described under "Property, plant and equipment", and then depreciated on a UOP basis.

Significant accounting estimates and judgements: oil and natural gas activities

Engineering estimates of the Company's Oil & Gas reserves are inherently uncertain. Proved reserves are the estimated volumes of crude oil, natural gas and gas condensates, liquids and associated substances which geological and engineering data demonstrate that can be economically producible with reasonable certainty from known reservoirs under existing economic conditions and operating methods. Although there are authoritative guidelines regarding the engineering and geological criteria that must be met before estimated Oil & Gas reserves can be categorised as "proved", the accuracy of reserve estimates depends on a number of factors, assumptions and variables, including: (i) the quality of available geological, technical and economic data and their interpretation and judgement; (ii) projections regarding future rates of production

and operating costs as well as the timing and amount of development expenditures; (iii) changes in the prevailing tax rules, other government regulations and contractual conditions; (iv) results of drilling, testing and the actual production performance of Eni's reservoirs after the date of the estimates which may drive substantial upward or downward revisions; and (v) changes in oil and natural gas prices which could affect expected future cash flows and the quantities of Eni's proved reserves since the estimates of reserves are based on prices and costs existing as of the date when these estimates are made. Lower oil prices or the projections of higher operating and development costs may impair the ability of the Company to economically produce reserves leading to downward reserve revisions.

Many of the factors, assumptions and variables involved in estimating proved reserves are subject to change over time and therefore affect the estimates of oil and natural gas reserves. The determination of whether potentially economic oil and natural gas reserves have been discovered by an exploration well is made within a year after well completion. The evaluation process of a discovery, which requires performing additional appraisal activities on the potential oil and natural gas field and establishing the optimum development plans, can take longer, in most cases, depending on the complexity of the project and on the size of capital expenditures required. During this period, the costs related to these exploration wells remain suspended on the balance sheet. In any case, all such capitalised costs are reviewed, at least, on an annual basis to confirm the continued intent to develop, or otherwise to extract value from the discovery.

Field reserves will be categorised as proved only when all the criteria for attribution of proved status have been met. Initially, all booked reserves are classified as proved undeveloped. Subsequently, volumes are reclassified from proved undeveloped to proved developed as a consequence of development activity. Generally, reserves are booked as proved developed when the first oil or gas is produced. Major development projects typically take one to four years from the time of initial booking to the start of production. Estimated proved reserves are used in determining depreciation, amortisation and depletion charges and impairment charges. Assuming all other variables are held constant, an increase in estimated proved developed reserves for each field decreases depreciation, amortisation and depletion charge under the UOP method. Conversely, a decrease in estimated proved developed reserves increases depreciation, amortisation and depletion charge.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including investment properties, are recognised using the cost model and stated at their purchase price or construction cost including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. For assets that necessarily take a substantial period of time to get ready for their intended use, the purchase price or construction cost comprises the borrowing costs incurred in the period to get the asset ready for use that would have been avoided if the expenditure had not been made.

In the case of a present obligation for dismantling and removal of assets and restoration of sites, the initial carrying amount of

an item of property, plant and equipment includes the estimated (discounted) costs to be incurred when the removal event occurs; a corresponding amount is recognised as part of a specific provision (see the accounting policy for “Decommissioning and restoration liabilities”).

Property, plant and equipment are not revalued for financial reporting purposes.

Expenditures on upgrading, revamping and reconversion are recognised as items of property, plant and equipment when it is probable that they will increase the expected future economic benefits of the asset. Assets acquired for safety or environmental reasons, although not directly increasing the future economic benefits of any particular existing item of property, plant and equipment, qualify for recognition as assets when they are necessary for running the business.

Depreciation of tangible assets begins when they are available for use, i.e. when they are in the location and condition necessary for it to be capable of operating as planned. Property, plant and equipment are depreciated on a systematic basis over their useful life. The useful life is the period over which an asset is expected to be available for use by the Company. When tangible assets are composed of more than one significant part with different useful lives, each part is depreciated separately. The depreciable amount is the asset's carrying amount less its residual value at the end of its useful life, if it is significant and can be reasonably determined. Land is not depreciated, even when acquired together with a building. Tangible assets held for sale are not depreciated (see the accounting policy for “Assets held for sale and discontinued operations”).

Changes in the asset's useful life, in its residual value or in the pattern of consumption of the future economic benefits embodied in the asset, are accounted for prospectively.

Assets to be handed over for no consideration are depreciated over the shorter term between the duration of the concession or the asset's useful life.

Replacement costs of identifiable parts in complex assets are capitalised and depreciated over their useful life; the residual carrying amount of the part that has been substituted is charged to the profit and loss account. Non-removable leasehold improvements are depreciated over the earlier of the useful life of the improvements and the lease term. Expenditures for ordinary maintenance and repairs are recognised as an expense as incurred.

The carrying amount of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal; the arising gain or loss is recognised in the profit and loss account.

LEASES^{14,15}

A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration¹⁶; such right exists whether, throughout the period of use, the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

At the commencement date of the lease (i.e. the date on which the underlying asset is available for use), a lessee recognises on the balance sheet an asset representing its right to use the underlying leased asset (hereinafter also referred as right-of-use asset) and a liability representing its obligation to make lease payments during the lease term (hereinafter also referred as lease liability¹⁷). The lease term is the non-cancellable period of a contract, together with, if reasonably certain, periods covered by extension options or by the non-exercise of termination options.

In particular, the lease liability is initially recognised at the present value of the following lease payments¹⁸ that are not paid at the commencement date: (i) fixed payments (including in-substance fixed payments), less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate¹⁹; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The latter is determined considering the term of the lease, the frequency and currency of the contractual lease payments, as well as the features of the lessee's economic environment (reflected in the country risk premium assigned to each Country where Eni operates).

After the initial recognition, the lease liability is measured on an amortised cost basis and is remeasured, normally, as an adjustment to the carrying amount of the related right-of-use asset, to reflect changes to the lease payments due, essentially, to: (i) modifications in the lease contract not accounted as a separate lease; (ii) changes in indexes or rates (used to determine the variable lease payments); or (iii) changes in the assessment of contractual options (e.g. options to purchase the underlying asset, extension or termination options).

The right-of-use asset is initially measured at cost, which comprises: (i) the amount of the initial measurement of the lease liability; (ii) any initial direct costs incurred by the lessee²⁰; (iii) any lease payments made at or before the commencement date, less any lease incentives received; and (iv) an estimate of costs to be incurred by the lessee in dismantling and

[14] The accounting policies related to leases have been defined on the basis of IFRS 16 “Leases” effective from January 1, 2019. As allowed by the accounting standard, the new requirements have been applied without restating the comparative years. The previous accounting policies about leases required essentially that: (i) assets held under finance lease, or under arrangements that did not take the legal form of a finance lease but substantially transferred all the risks and rewards incidental to ownership of the leased asset, were recognised, at the commencement of the lease, at their fair value, net of grants attributable to the lessee or, if lower, at the present value of the minimum lease payments, within property, plant and equipment as a contra account to a financing payable to the lessor; and (ii) lease payments under an operating lease were recognised as an expense over the lease term.

[15] As expressly provided for in IFRS 16, this accounting policy does not apply to leases to explore for and extract resources such as those for Oil & Gas rights, leases of land and any rights of way related to Oil & Gas activities.

[16] The assessment of whether the contract is, or contains, a lease is performed at the inception date, that is the earlier of the date of a lease agreement and the date of commitment by the parties to the principal terms and conditions of the lease.

[17] Eni applies the recognition exemptions allowed for short-term leases (for certain classes of underlying assets) and low-value leases, by recognising the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

[18] Eni, in accordance with the practical expedient allowed by the accounting standard, does not separate non-lease components from lease components except for main contracts related to upstream activities (drilling rigs), which provide for single payments relating to both lease and non-lease components.

[19] Conversely, the other kinds of variable lease payments (e.g. payments that depend on the use of an underlying leased asset) are not included in the carrying amount of the lease liability, but are recognised in the profit and loss account as operating expenses over the lease term.

[20] Initial direct costs are incremental costs of obtaining a lease that would not have been incurred if the lease had not been obtained.

removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. After the initial recognition, the right-of-use asset is adjusted for any accumulated depreciation²¹, any accumulated impairment losses (see the accounting policy for "Impairment of non-financial assets") and any remeasurement of the lease liability.

In the Oil & Gas activities, the operator of an unincorporated joint operation which enters into a lease contract as the sole signatory recognises on the balance sheet: (i) the entire lease liability if, based on the contractual provisions and any other relevant facts and circumstances, it has primary responsibility for the liability towards the third-party supplier; and (ii) the entire right-of-use asset, unless, on the basis of the terms and conditions of the contract, there is a sublease with the followers.

The followers' share of the right-of-use asset, recognised by the operator, will be recovered according to the joint operation's contractual arrangements by billing the project costs attributable to the followers and collecting the related cash calls. Costs recovered from the followers are recognised as "Other income and revenues" in the profit and loss account and as net cash provided by operating activities in the statement of cash flows.

Differently, if a lease contract is signed by all the partners, Eni recognises its share of the right-of-use asset and lease liability on the balance sheet based on its working interest.

If Eni does not have primary responsibility for the lease liability, it does not recognise any right-of-use asset and lease liability related to the lease contract.

When lease contracts are entered into by companies other than subsidiaries that act as operators on behalf of the other participating companies (the so-called operating companies), consistent with the provision to recover from the followers the costs related to the Oil & Gas activities, the participating companies recognise their share of the right-of-use assets and the lease liabilities based on their working interest, defined according to the expected use, to the extent that it is reliably determinable, of the underlying assets.

Significant accounting estimates and judgements: lease transactions

With reference to lease contracts, management made significant estimates and judgements related to: (i) determining the lease term, making assumptions about the exercise of extension and/or termination options; (ii) determining the lessee's incremental borrowing rate; (iii) identifying and, where appropriate, separating non-lease components from lease components, where an observable stand-alone price is not readily available, taking into account also the analysis performed with external experts; (iv) recognising lease contracts, for which the underlying assets are used in Oil & Gas activities (mainly drilling rigs and FPSOs), entered into as operator within an unincorporated joint operation, considering if the operator has primary responsibility for the liability towards the third-party supplier and the relationships with the followers; (v) identifying the variable lease payments and the related characteristics in order to include them in the measurement of the lease liability.

INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance, controlled by the Company and able to produce future economic benefits, and goodwill. An asset is classified as intangible when management is able to distinguish it clearly from goodwill. This condition is normally met when: (i) the intangible asset arises from contractual or other legal rights, or (ii) the asset is separable, i.e. can be sold, transferred, licensed, rented or exchanged, either individually or together with other assets. An entity controls an intangible asset if it has the power to obtain the future economic benefits flowing from the underlying asset and to restrict the access of others to those benefits.

Intangible assets are initially recognised at cost as determined by the criteria used for tangible assets and they are not revalued for financial reporting purposes.

Intangible assets with finite useful lives are amortised on a systematic basis over their useful life; the amount to be amortised and the recoverability of the carrying amount are determined in accordance with the criteria described in the accounting policy for "Property, plant and equipment".

Goodwill and intangible assets with indefinite useful lives are not amortised. For the recoverability of the carrying amounts of the goodwill and other intangible assets see the accounting policy "Impairment of non-financial assets".

Costs of obtaining a contract with a customer are recognised on the balance sheet if the Company expects to recover those costs. The intangible asset arising from those costs is amortised on a systematic basis, that is consistent with the transfer to the customer of the goods or services to which the asset relates, and is tested for impairment²². Costs of technological development activities are capitalised when: (i) the cost attributable to the development activity can be measured reliably; (ii) there is the intention and the availability of financial and technical resources to make the asset available for use or sale; and (iii) it can be demonstrated that the asset is able to generate probable future economic benefits.

The carrying amount of intangible assets is derecognised on disposal or when no future economic benefits are expected from its use or disposal; any resulting gain or loss is recognised in the profit and loss account.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets (tangible assets, intangible assets and right-of-use assets) are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable.

The recoverability assessment is performed for each cash-generating unit (hereinafter also CGU) represented by the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs are identified considering, inter alia, how management

[21] Depreciation charges are recognised on a systematic basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Nevertheless, if the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset.

[22] The accounting policies adopted until 2017 (before applying IFRS 15) required the capitalisation of directly attributable customer acquisition costs when all the following conditions were met: (i) the capitalised costs can be measured reliably; (ii) there is a contract binding the customer for a specified period of time; and (iii) it is probable that the costs will be recovered through the revenue from the sales, or, where the customer withdraws from the contract in advance, through the collection of a penalty.

monitors the entity's operations (such as by business lines) or how management makes decisions about continuing or disposing of the entity's assets and operations.

Cash-generating units may include corporate assets which do not generate cash inflows independently of other assets or group of assets, allocable on a reasonable and consistent basis. Corporate assets not attributable to a single cash-generating unit are allocated to a group of cash-generating units. Goodwill is tested for impairment at least annually, and whenever there is any indication of impairment, at the lowest level within the entity at which it is monitored for internal management purposes. Right-of-use assets, which generally do not generate cash inflows independently of other assets or groups of assets, are allocated to the CGU to which they belong; the right-of-use assets which cannot be fully attributed to a CGU are considered as corporate assets.

The recoverability of a CGU is assessed by comparing its carrying amount with the recoverable amount, which is the higher of the CGU's fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the CGU and, if significant and reliably measurable, the cash flows expected to be obtained from its disposal at the end of its useful life, after deducting the costs of disposal. The expected cash flows are determined on the basis of reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the cash-generating unit, giving greater weight to external evidence. The value in use of CGUs which include material right-of-use assets is calculated, normally, by ignoring lease payments included in the measurement of the lease liabilities.

With reference to commodity prices, management uses the price scenario adopted for economic and financial projections and for the evaluation of the investments over their entire life. In particular, for the cash flows associated with oil, natural gas and petroleum products prices (and prices derived from them), the price scenario is approved by the Board of Directors and is based on management's planning assumptions, in the short and medium term, takes into account the projections of market analysts and, if there is a sufficient liquidity and reliability level, on the forward prices prevailing in the marketplace.

For impairment test purposes, cash outflows expected to be incurred to guarantee compliance with laws and regulations regarding CO₂ emissions (e.g. Emission Trading Scheme) or on a voluntary basis (e.g. cash outflows related to forestry certificates acquired or produced consistent with the Company's decarbonization strategy – hereinafter also forestry) are taken into account. In particular, in estimating value in use, the cash outflows for forestry projects²³ are included, consistent with the medium term target of the decarbonization strategy, within the expected cash outflows of the segment whose emissions are offset. Currently, considering that the forestry projects can be developed in Countries where Eni does not carry out operating activities and considering the difficulty to allocate such cash outflows, on a reasonable and consistent basis, to the CGUs of the segment, the related discounted cash outflows are treated as a reduction of the headroom of that segment.

For the determination of value in use, the estimated future cash flows are discounted using a rate that reflects a current market assessment of the time value of money and of the risks specific to the asset that are not reflected in the estimated future cash flows. In particular, the discount rate used is the Weighted Average Cost of Capital (WACC) adjusted for the specific country risk of the CGU. These adjustments are measured considering information from external parties. WACC differs considering the risk associated with each operating segment/business where the asset operates. In particular, for the assets belonging to the Gas & Power segment and the Chemical business, taking into account their different risk compared to Eni as a whole, specific WACC rates have been defined on the basis of a sample of comparable companies, adjusted to take into account the specific country-risk premium. For the other segments/businesses, a single WACC is used considering that the risk is the same to that of Eni as a whole. Value in use is calculated net of the tax effect as this method results in values similar to those resulting from discounting pre-tax cash flows at a pre-tax discount rate derived, through an iteration process, from a post-tax valuation.

When the carrying amount of the CGU, including goodwill allocated thereto, determined taking into account any impairment loss of the non-current assets belonging to the CGU, exceeds its recoverable amount, the excess is recognised as an impairment loss. The impairment loss is allocated first to reduce the carrying amount of goodwill; any remaining excess is allocated to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the CGU, up to the recoverable amount of assets with finite useful lives. When an impairment loss no longer exists or has decreased, a reversal of the impairment loss is recognised in the profit and loss account. The impairment reversal shall not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. An impairment loss recognised for goodwill is not reversed in a subsequent period²⁴.

GRANTS RELATED TO ASSETS

Government grants related to assets are recognised by deducting them in calculating the carrying amount of the related assets when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

INVENTORIES

Inventories, including compulsory stock, are measured at the lower of purchase or production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, or, with reference to inventories of crude oil and petroleum products already included in binding sale contracts, the contractual selling price. Inventories which are principally acquired with the purpose of

[23] For the recognition criteria of forestry certificates see the accounting policy for "Costs".

[24] Impairment losses recognised for goodwill in an interim period are not reversed also when, considering conditions existing in a subsequent interim period, they would have been recognised in a smaller amount or would not have been recognised.

selling in the near future and generating a profit from fluctuations in price are measured at fair value less costs to sell. Materials and other supplies held for use in production are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

The cost of inventories of hydrocarbons (crude oil, condensates and natural gas) and petroleum products is determined by applying the weighted average cost method on a three-month basis, or on a different time period (e.g. monthly), when it is justified by the use and the turnover of inventories of crude oil and petroleum products; the cost of inventories of the Chemical business is determined by applying the weighted average cost on an annual basis.

When take-or-pay clauses are included in long-term gas purchase contracts, pre-paid gas volumes that are not withdrawn to fulfill minimum annual take obligations are measured using the pricing formulas contractually defined. They are recognised under "Other assets" as "Deferred costs" as a contra to "Other payables" or, after settlement, to "Cash and cash equivalents". The allocated deferred costs are charged to the profit and loss account: (i) when natural gas is actually withdrawn – the related cost is included in the determination of the weighted average cost of inventories; and (ii) for the portion which is not recoverable, when it is not possible to withdraw the previously pre-paid gas, within the contractually defined deadlines. Furthermore, the allocated deferred costs are tested for economic recoverability by comparing the related carrying amount and their net realisable value, determined adopting the same criteria described for inventories.

Significant accounting estimates and judgements: impairment of non-financial assets

The recoverability of non-financial assets is assessed whenever events or changes in circumstances indicate that carrying amounts of the assets are not recoverable. Such impairment indicators include changes in the Group's business plans, changes in commodity prices leading to unprofitable performance, a reduced capacity utilisation of plants and, for Oil & Gas properties, significant downward revisions of estimated proved reserve quantities or significant increase of the estimated development and production costs. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain and complex matters such as future commodity prices, future discount rates, future development expenditure and production costs, the effects of inflation and technology improvements on operating expenses, production profiles and the outlook for global or regional market supply-and-demand conditions also with reference to the decarbonization process and the effects of changes in regulatory requirements. Similar remarks are valid for assessing the physical recoverability of assets recognised on the balance sheet (deferred costs – see also the accounting policy for "Inventories") related to natural gas volumes not withdrawn under long-term supply contracts with take-or-pay clauses.

The expected future cash flows used for impairment analyses are based on judgemental assessments of future production volumes, prices and costs, considering available information at the date of review and are

discounted by using a rate which considers the risks specific to the asset. For oil and natural gas properties, the expected future cash flows are estimated principally based on developed and undeveloped proved reserves including, among other elements, production taxes and the costs to be incurred for the reserves yet to be developed. The estimate of the future amount of production is based on assumptions related to future commodity prices, lifting and development costs, field decline rates, market demand and other factors. The cash flows associated to Oil & Gas commodities are estimated on the basis of forward market information, if there is a sufficient liquidity and reliability level, on the consensus of independent specialised analysts and on management's forecasts about the evolution of the supply and demand fundamentals.

FINANCIAL INSTRUMENTS²⁵

FINANCIAL ASSETS

Financial assets are classified, on the basis of both contractual cash flow characteristics and the entity's business model for managing them, in the following categories: (i) financial assets measured at amortised cost; (ii) financial assets measured at fair value through other comprehensive income (hereinafter also OCI); (iii) financial assets measured at fair value through profit or loss.

At initial recognition, a financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable; at initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price. After initial recognition, financial assets whose contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (the so-called hold to collect business model). For financial assets measured at amortised cost, interest income determined using the effective interest rate, foreign exchange differences and any impairment losses²⁶ (see the accounting policy for "Impairment of financial assets") are recognised in the profit and loss account.

Conversely, financial assets that are debt instruments are measured at fair value through OCI (hereinafter also FVTOCI) if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the so-called hold to collect and sell business model). In these cases: (i) interest income determined using the effective interest rate, foreign exchange differences and any impairment losses (see the accounting policy for "Impairment of financial assets") are recognised in the profit and loss account; (ii) changes in fair value of the instruments are recognised in equity, within other comprehensive income. The accumulated changes in fair value, recognised in the equity reserve related to other comprehensive

(25) The accounting policies related to financial instruments were defined on the basis of IFRS 9 "Financial Instruments" effective from 2018; as required by the accounting standard, the new requirements have been applied starting from January 1, 2018 without restating the comparative information. With reference to the financial instruments held by the Company, the previous accounting policies (applied until 2017) required essentially: (i) the classification of financial assets on the basis of the categories under IAS 39; (ii) recognition and measurement of impairment losses if there was objective evidence that an impairment loss had been incurred (the so-called incurred loss model); and (iii) more stringent hedge accounting requirements (mainly referred to the assessment of hedge effectiveness).

(26) Receivables and other financial assets measured at amortised cost are presented on the balance sheet net of their loss allowance.

income, is reclassified to the profit and loss account when the financial asset is derecognised. Currently the Group does not have any financial assets measured at fair value through OCI. A financial asset represented by a debt instrument that is neither measured at amortised cost nor at FVTOCI, is measured at fair value through profit or loss (hereinafter FVTPL); financial assets held for trading fall into this category. Interest income on assets held for trading contributes to the fair value measurement of the instrument and is recognised in "Finance income (expense)", within "Net finance income (expense) from financial assets held for trading". When the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, the transaction is accounted for on the settlement date.

IMPAIRMENT OF FINANCIAL ASSETS

The expected credit loss model is adopted for the impairment of financial assets that are debt instruments, but are not measured at fair value through profit or loss.

In particular, the expected credit losses are generally measured by multiplying: (i) the exposure to the counterparty's credit risk net of any collateral held and other credit enhancements [Exposure At Default, EAD]; (ii) the probability that the default of the counterparty occurs (Probability of Default, PD); and (iii) the percentage estimate of the exposure that will not be recovered in case of default [Loss Given Default, LGD], considering the past experiences and the range of recovery tools that can be activated (e.g. extrajudicial and/or legal proceedings, etc.).

With reference to trade and other receivables, Probabilities of Default of counterparties are determined by adopting the internal credit ratings already used for credit worthiness and are periodically reviewed using, inter alia, back-testing analyses; for government entities (e.g. National Oil Companies), the Probability of Default, represented essentially by the probability of a delayed payment, is determined by using, as input data, the country risk premium adopted to determine WACC for the impairment review of non-financial assets.

For customers without internal credit ratings, the expected credit losses are measured by using a provision matrix, defined by grouping, where appropriate, receivables into adequate clusters to which apply expected loss rates defined on the basis of their historical credit loss experiences, adjusted, where appropriate, to take into account forward-looking information on credit risk of the counterparty or clusters of counterparties²⁷.

Considering the characteristics of the reference markets, financial assets with more than 180 days past due or, in any case, with counterparties undergoing litigation, restructuring or renegotiation, are considered to be in default. Counterparties are considered undergoing litigation when judicial/legal proceedings aimed to recover a receivable have been activated or are going to be activated. Impairment losses of trade and other receivables are recognised in the profit and loss account, net of any impairment reversal, within the line item of the profit and loss account "Net

(impairment losses) reversals of trade and other receivables". The financing receivables held for operating purposes, granted to associates and joint ventures, for which settlement is neither planned nor likely to occur in the foreseeable future and which in substance form part of the entity's net investment in these investees, are tested for impairment, first, on the basis of the expected credit loss model and, then, together with the carrying amount of the investment in the associate/joint venture, in accordance with the criteria indicated in the accounting policy for "The equity method of accounting". In applying the expected credit loss model, any adjustments to the carrying amount of long-term interest that arise from applying the accounting policy for "The equity method of accounting" are not taken into account.

Significant accounting estimates and judgements: impairment of financial assets

Measuring impairment losses of financial assets requires management evaluation of complex and highly uncertain elements such as, for example, Probabilities of Default of counterparties, the existence of any collateral or other credit enhancements, the expected exposure that will not be recovered in case of default, as well as the definition of customers' clusters to be adopted.

INVESTMENTS IN EQUITY INSTRUMENTS

Investments in equity instruments that are not held for trading are measured at fair value through other comprehensive income, without subsequent transfer of fair value changes to profit or loss on derecognition of these investments; conversely, dividends from these investments are recognised in the profit and loss account, within the line item "Income (Expense) from investments", unless they clearly represent a recovery of part of the cost of the investment. In limited circumstances, an investment in equity instruments can be measured at cost if it is an appropriate estimate of fair value.

FINANCIAL LIABILITIES

At initial recognition, financial liabilities, other than derivative financial instruments, are measured at their fair value, minus transaction costs that are directly attributable, and are subsequently measured at amortised cost.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative financial instruments, including embedded derivatives (see below) that are separated from the host contract, are assets and liabilities measured at their fair value.

With reference to the defined risk management objectives and strategy, the qualifying criteria for hedge accounting requires: (i) the existence of an economic relationship between the hedged item and the hedging instrument in order to offset the related value changes and the effects of counterparty credit risk do not dominate the economic relationship between the hedged item and the hedging instrument; and (ii) the definition of the relationship between the

[27] For credit exposures arising from intragroup transactions, the recovery rate is normally assumed equal to 100% taking into account, inter alia, the Group central treasury function which supports both financial and capital needs of subsidiaries.

quantity of the hedged item and the quantity of the hedging instrument (the so-called hedge ratio) consistent with the entity's risk management objectives, under a defined risk management strategy; the hedge ratio is adjusted, where appropriate, after taking into account any adequate rebalancing. A hedging relationship is discontinued prospectively, in its entirety or a part of it, when it no longer meets the risk management objectives on the basis of which it qualified for hedge accounting, it ceases to meet the other qualifying criteria or after rebalancing it. When derivatives hedge the risk of changes in the fair value of the hedged items (fair value hedge, e.g. hedging of the variability in the fair value of fixed interest rate assets/liabilities), the derivatives are measured at fair value through profit and loss account. Consistently, the carrying amount of the hedged item is adjusted to reflect, in the profit and loss account, the changes in fair value of the hedged item attributable to the hedged risk; this applies even if the hedged item should be otherwise measured.

When derivatives hedge the exposure to variability in cash flows of the hedged items (cash flow hedge, e.g. hedging the variability in the cash flows of assets/liabilities as a result of the fluctuations of exchange rate), the effective changes in the fair value of the derivatives are initially recognised in the equity reserve related to other comprehensive income and then reclassified to the profit and loss account in the same period during which the hedged transaction affects the profit and loss account.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the accumulated changes in fair value of hedging derivatives recognised in equity, are included directly in the carrying amount of the hedged non-financial asset/liability (commonly referred to as a "basis adjustment").

The changes in the fair value of derivatives that are not designated as hedging instruments, including any ineffective portion of changes in fair value of hedging derivatives, are recognised in the profit and loss account. In particular, the changes in the fair value of non-hedging derivatives on interest rates and exchange rates are recognised in the profit and loss account line item "Finance income (expense)"; conversely, the changes in the fair value of non-hedging derivatives on commodities are recognised in the profit and loss account line item "Other operating (expense) income". Derivatives embedded in financial assets are not accounted for separately; in such circumstances, the entire hybrid instrument is classified depending on the contractual cash flow characteristics of the financial instrument and the business model for managing it (see the accounting policy for "Financial assets"). Derivatives embedded in financial liabilities and/or non-financial assets are separated if: (i) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (iii) the entire hybrid contract is not measured at FVTPL.

Eni assesses the existence of embedded derivatives to be separated when it becomes party to the contract and, afterwards, when a change in the terms of the contract that modifies its cash flows occurs.

Contracts to buy or sell commodities entered into and continued to be held for the purpose of their receipt or delivery in accordance with the Group's expected purchase, sale or usage requirements are recognised on an accrual basis (the so-called normal sale and normal purchase exemption or own use exemption).

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are set off on the balance sheet if the Group currently has a legally enforceable right to set off and intends to settle on a net basis (or to realise the asset and settle the liability simultaneously).

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Transferred financial assets are derecognised when the contractual rights to receive the cash flows from the financial assets expire or are transferred to another party. Financial liabilities are derecognised when they are extinguished, or when the obligation specified in the contract is discharged, cancelled or expired.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits, as well as financial assets originally due, generally, within 90 days, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is a liability of uncertain timing or amount on the balance sheet date. Provisions are recognised when: (i) there is a present obligation, legal or constructive, as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) the amount of the obligation can be reliably estimated. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation or to transfer it to third parties at the balance sheet date. The amount recognised for onerous contracts is the lower of the cost necessary to fulfill the obligations, net of expected economic benefits deriving from the contracts, and any compensation or penalties arising from failure to fulfill these obligations. Where the effect of the time value is material, and the payment date of the obligations can be reasonably estimated, provisions to be accrued are the present value of the expenditures expected to be required to settle the obligation at a discount rate that reflects the Company's average borrowing rate taking into account the risks associated with the obligation. The increase in the provision due to the passage of time is recognised as "Finance income (expense)".

A provision for restructuring costs is recognised only when the Company has a detailed formal plan for the restructuring and has raised a valid expectation in the affected parties that it will carry out the restructuring.

Provisions are periodically reviewed and adjusted to reflect changes in the estimates of costs, timing and discount rates. Changes in provisions are recognised in the same profit and loss account line item where the original provision was charged.

Contingent liabilities are: (i) possible obligations arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or (ii) present obligations arising from past events, whose amount cannot be reliably measured or whose settlement will probably not result in an outflow of resources

embodying economic benefits. Contingent liabilities are not recognised in the financial statements, but are disclosed.

Contingent assets, that are possible assets arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, are not recognised unless the realisation of economic benefits is virtually certain. Contingent assets are disclosed when an inflow of economic benefits is probable.

Contingent assets are assessed periodically to ensure that developments are appropriately reflected in the financial statements; if it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

DECOMMISSIONING AND RESTORATION LIABILITIES

Liabilities for decommissioning and restoration costs are recognized, together with a corresponding amount as part of the related property, plant and equipment, when the Group has a legal or constructive obligation and when a reliable estimate can be made²⁸.

Considering the long time span between the recognition of the obligation and its settlement, the amount recognised is the present value of the future expenditures expected to be required to settle the obligation. The increase in the provision due to the unwinding of the discount is recognised as "Finance income (expense)".

Such liabilities are reviewed regularly to take into account the changes in the expected costs to be incurred, contractual obligations, regulatory requirements and practices in force in the Countries where the tangible assets are located.

The effects of any changes in the estimate of the liability are recognised generally as an adjustment to the carrying amount of the related property, plant and equipment; however, if the resulting decrease in the liability exceeds the carrying amount of the related asset, the excess is recognised in the profit and loss account.

Significant accounting estimates and judgements: decommissioning and restoration liabilities, environmental liabilities and other provisions

The Group holds provisions for dismantling and removing items of property, plant and equipment, and restoring land or seabed at the end of the Oil & Gas production activity. Estimating obligations to dismantle, remove and restore items of property, plant and equipment is complex. It requires management to make estimates and judgements with respect to removal obligations that will come to term many years into the future and contracts and regulations are often unclear as to what constitutes removal. In addition, the ultimate financial impact of environmental laws and regulations is not always clearly known as asset removal technologies and costs constantly evolve in the Countries where Eni operates, as do political, environmental, safety and public expectations.

The discount rate used to determine the provision and the timing of future cash outflows, as well as any related update, are based on complex managerial judgements.

As other oil and gas companies, Eni is subject to numerous EU, national, regional and local environmental laws and regulations concerning its oil and gas operations, production and other activities. They include legislations that implement international conventions or protocols.

Environmental liabilities are recognised when it becomes probable that an outflow of resources will be required to settle the obligation and such obligation can be reliably estimated²⁹.

Management, considering the actions already taken, insurance policies obtained to cover environmental risks and provisions already recognised, does not expect any material adverse effect on Eni's consolidated results of operations and financial position as a result of such laws and regulations. However, there can be no assurance that there will not be a material adverse impact on Eni's consolidated results of operations and financial position due to: (i) the possibility of an unknown contamination; (ii) the results of the ongoing surveys and other possible effects of statements required by applicable laws; (iii) the possible effects of future environmental legislations and rules; (iv) the effects of possible technological changes relating to future remediation; and (v) the possibility of litigation and the difficulty of determining Eni's liability, if any, against other potentially responsible parties with respect to such litigations and the possible reimbursements.

In addition to environmental and decommissioning and restoration liabilities, Eni recognises provisions primarily related to legal and trade proceedings. These provisions are estimated on the basis of complex managerial judgements related to the amounts to be recognised and the timing of future cash outflows. After the initial recognition, provisions are periodically reviewed and adjusted to reflect the current best estimate.

EMPLOYEE BENEFITS

Employee benefits are considerations given by the Group in exchange for service rendered by employees or for the termination of employment.

Post-employment benefit plans, including informal arrangements, are classified as either defined contribution plans or defined benefit plans depending on the economic substance of the plan as derived from its principal terms and conditions. Under defined contribution plans, the Company's obligation, which consists in making payments to the State or to a trust or a fund, is determined on the basis of contributions due. The liabilities related to defined benefit plans, net of any plan assets, are determined on the basis of actuarial assumptions and charged on an accrual basis during the employment period required to obtain the benefits.

Net interest includes the return on plan assets and the interest cost to be recognised in the profit and loss account. Net interest is measured by applying to the liability, net of any plan assets, the discount rate used to calculate the present value of the liability; net interest of defined benefit plans is recognised in "Finance income (expense)".

Remeasurements of the net defined benefit liability, comprising actuarial gains and losses, resulting from changes in the actuarial assumptions used or from changes arising from experience adjustments, and the return on plan assets excluding amounts included in net interest, are recognised within the statement of

[28] These liabilities relate essentially to the Exploration & Production segment's assets. The decommissioning and restoration liabilities associated with the Refining & Marketing and Chemicals and Gas & Power segments' assets are generally not recognised, as the obligations cannot be reliably estimated, given their indeterminate settlement dates. In this regard, Eni performs periodic reviews of Refining & Marketing and Chemicals and Gas & Power segments' tangible assets for any changes in facts and circumstances that might require recognition of a decommissioning and restoration liability.

[29] With reference to the environmental liabilities assumed, the expected operating costs to be incurred for managing groundwater treatment plants are not included in the estimates of environmental liabilities because it is not possible to reliably define a time horizon within which the operations of the plant will be terminated. In this regard, Eni performs periodic reviews for any changes in facts and circumstances, including changes in regulatory framework and technology, that might require the recognition of the environmental liability.

comprehensive income. Remeasurements of the net defined benefit liability, recognised within other comprehensive income, are not reclassified subsequently to the profit and loss account.

Obligations for long-term benefits are determined by adopting actuarial assumptions. The effects of remeasurements are taken to profit and loss account in their entirety.

SHARE-BASED PAYMENTS

The line item "Payroll and related costs" includes the cost of the share-based incentive plan, consistent with its actual remunerative nature³⁰. The cost of the share-based incentive plan is measured by reference to the fair value of the equity instruments granted and the estimate of the number of shares that eventually vest; the cost is recognised on an accrual basis pro rata temporis over the vesting period, that is the period between the grant date and the settlement date. The fair value of the shares underlying the incentive plan is measured at the grant date, taking into account the estimate of achievement of market conditions (e.g. Total Shareholder Return), and is not adjusted in subsequent periods; when the achievement is linked also to non-market conditions, the number of shares expected to vest is adjusted during the vesting period to reflect the updated estimate of these conditions. If, at the end of the vesting period, the incentive plan does not vest because of failure to satisfy the performance conditions, the portion of cost related to market conditions is not reversed to the profit and loss account.

Significant accounting estimates and judgements: employee benefits and share-based payments

Defined benefit plans are evaluated with reference to uncertain events and based upon actuarial assumptions including, among others, discount rates, expected rates of salary increases, mortality rates, estimated retirement dates and medical cost trends. The significant assumptions used to account for defined benefit plans are determined as follows: (i) discount and inflation rates are based on the market yields on high quality corporate bonds (or, in the absence of a deep market of these bonds, on the market yields on government bonds) and on the expected inflation rates in the reference currency area; (ii) the future salary levels of the individual employees are determined including an estimate of future changes attributed to general price levels (consistent with inflation rate assumptions), productivity, seniority and promotion; (iii) healthcare cost trend assumptions reflect an estimate of the actual future changes in the cost of the healthcare related benefits provided to the plan participants and are based on past and current healthcare cost trends, including healthcare inflation, changes in healthcare utilisation, changes in health status of the participants and the contributions paid to health funds; and (iv) demographic assumptions such as mortality, disability and turnover reflect the best estimate of these future events for individual employees involved.

Differences in the amount of the net defined benefit liability (asset), deriving from the remeasurements, comprising, among others, changes in the current actuarial assumptions, differences in the

previous actuarial assumptions and what has actually occurred and differences in the return on plan assets, excluding amounts included in net interest, usually occur. Similar to the approach followed for the fair value measurement of financial instruments, the fair value of the shares underlying the incentive plans is measured by using complex valuation techniques and identifying, through structured judgements, the assumptions to be adopted.

TREASURY SHARES

Treasury shares, including shares held to meet the future requirements of the share-based incentive plans, are recognised as deductions from equity at cost. Any gain or loss resulting from subsequent sales is recognised in equity.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised on the basis of the following five steps: (i) identifying the contract with the customer; (ii) identifying the performance obligations, that are promises in a contract to transfer goods and/or services to a customer; (iii) determining the transaction price; (iv) allocating the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each good or service; and (v) recognising revenue when (or as) a performance obligation is satisfied, that is when a promised good or service is transferred to a customer. A promised good or service is transferred when (or as) the customer obtains control of it. Control can be transferred over time or at a point in time. With reference to the most important products sold by Eni, revenue is generally recognised for:

- crude oil, upon shipment;
- natural gas and electricity, upon delivery to the customer;
- petroleum products sold to retail distribution networks, upon delivery to the service stations, whereas all other sales of petroleum products are recognised upon shipment; and
- chemical products and other products, upon shipment.

Revenue from crude oil and natural gas production from properties in which Eni has an interest together with other producers is recognised on the basis of the quantities actually lifted and sold (sales method); costs are recognised on the basis of the quantities actually sold³¹.

Revenue is measured at the fair value of the consideration to which the Company expects to be entitled in exchange for transferring promised goods and/or services to a customer, excluding amounts collected on behalf of third parties. In determining the transaction price, the promised amount of consideration is adjusted for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. The promised amount of consideration is not adjusted for the effect of the significant financing component if, at contract inception, it is expected that the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less. If the consideration promised in a contract includes a variable amount,

[30] The current share-based incentive plan, to be settled by treasury shares, was approved by the shareholders' meeting held on April 13, 2017.

[31] In accordance with the accounting policy adopted until 2017 (entitlement method, before applying IFRS 15), revenue from crude oil and natural gas production from properties in which Eni has an interest together with other producers were recognised on the basis of Eni's net working interest in those properties. On the balance sheet, lifting imbalances were recognised respectively as payables and receivables and measured at current prices at the balance sheet date.

the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods and/or services to a customer; in particular, the amount of consideration can vary because of discounts, refunds, incentives, price concessions, performance bonuses, penalties or if the price is contingent on the occurrence or non-occurrence of future events.

If, in a contract, the Company grants a customer the option to acquire additional goods or services for free or at a discount (e.g. sales incentives, customer award points, etc.), this option gives rise to a separate performance obligation in the contract only if the option provides a material right to the customer that it would not receive without entering into that contract. When goods or services are exchanged for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction which generates revenue.

Significant accounting estimates and judgements: revenue from contracts with customers

Revenue from sales of electricity and gas to retail customers includes amount accrued for electricity and gas supplied between the date of the last invoiced meter reading (actual or estimated) of volumes consumed and the end of the year. These estimates consider mainly information provided by the grid managers about the volumes allocated among the customers of the secondary distribution network, about the actual and estimated volumes consumed by customers. Therefore, revenue is accrued as a result of a complex estimate based on the volumes distributed and allocated, communicated by third parties, likely to be adjusted, according to applicable regulations, within the fifth year following the one in which they are accrued. Considering the contractual obligations on the supply delivery points, revenue from sales of electricity and gas to retail customers includes costs for transportation and dispatching and in these cases the gross amount of consideration to which the Company is entitled is recognised.

COSTS

Costs are recognised when the related goods and services are sold or consumed during the year, when they are allocated on a systematic basis or when their future economic benefits cannot be identified. Costs associated with emission quotas, incurred to meet the compliance requirements (e.g. Emission Trading Scheme) determined on the basis of market prices, are recognised in relation to the amounts of the carbon dioxide emissions that exceed free allowances. Costs related to the purchase of the emission rights that exceed the amount necessary to meet regulatory obligations are recognised as intangible assets. Revenue related to emission quotas is recognised when they are sold. Monetary receivables granted to replace the free award emission rights are recognised as a contra to the line item "Other income and revenues". The costs incurred on a voluntary basis for the acquisition or production of forestry certificates, also taking into account the absence of an active market, are recognised in the profit and loss account when incurred. The costs for the acquisition of new knowledge or discoveries, the study of products or alternative processes, new techniques or models, the planning and construction of prototypes or, in any case, costs incurred for other scientific research activities or technological development, which cannot be capitalised (see also the accounting policy for "Intangible assets"), are included in the profit and loss account when they are incurred.

EXCHANGE DIFFERENCES

Revenues and costs associated with transactions in foreign currencies are translated into the functional currency by applying the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate on the balance sheet date and any resulting exchange differences are included in the profit and loss account within "Finance income (expense)" or, if designated as hedging instruments for the foreign currency risk, in the same line item in which the economic effects of the hedged item are recognised. Non-monetary assets and liabilities denominated in foreign currencies, measured at cost, are not retranslated subsequent to initial recognition. Non-monetary items measured at fair value, recoverable amount or net realisable value are retranslated using the exchange rate at the date when the value is determined.

DIVIDENDS

Dividends are recognised when the right to receive payment of the dividend is established.

Dividends and interim dividends to owners are shown as changes in equity when the dividends are declared by, respectively, the shareholders' meeting and the Board of Directors.

INCOME TAXES

Current income taxes are determined on the basis of estimated taxable profit. Current income tax assets and liabilities are measured at the amount expected to be paid to (recovered from) the taxation authorities, using tax rates and the tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognised for temporary differences arising between the carrying amounts of the assets and liabilities and their tax bases, based on tax rates and tax laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised when their recoverability is considered probable, i.e. when it is probable that sufficient taxable profit will be available in the same year as the reversal of the deductible temporary difference. Similarly, deferred tax assets for the carry-forward of unused tax credits and unused tax losses are recognised to the extent that their recoverability is probable. The carrying amount of the deferred tax assets is reviewed, at least, on an annual basis.

If there is uncertainty over income tax treatments, if the company concludes it is probable that the taxation authority will accept an uncertain tax treatment, it determines the (current and/or deferred) income taxes to be recognised in the financial statements consistent with the tax treatment used or planned to be used in its income tax filings. Conversely, if the Company concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the Company reflects the effect of uncertainty in determining the (current and/or deferred) income taxes to be recognised in the financial statements. Relating to the taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, the related deferred tax liabilities are not recognised if the investor is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are presented within non-current assets and

liabilities and are offset at a single entity level if related to off-settable taxes. The balance of the offset, if positive, is recognised in the line item “Deferred tax assets” and, if negative, in the line item “Deferred tax liabilities”. When the results of transactions are recognised directly in shareholders’ equity, the related current and deferred taxes are also charged to the shareholders’ equity.

Significant accounting estimates and judgements: income taxes

The computation of income taxes involves the interpretation of applicable tax laws and regulations in many jurisdictions throughout the world. Although Eni aims to maintain a relationship with the taxation authorities characterised by transparency, dialogue and cooperation (e.g. by not using aggressive tax planning and by using, if available, procedures intended to eliminate or reduce tax litigations), there can be no assurance that there will not be a tax litigation with the taxation authorities where the legislation could be open to more than one interpretation. The resolution of tax disputes, through negotiations with relevant taxation authorities or through litigation, could take several years to complete. The estimate of liabilities related to uncertain tax treatments requires complex judgements by management. After the initial recognition, these liabilities are periodically reviewed for any changes in facts and circumstances.

Moreover, management makes complex judgements regarding the assessment of the recoverability of deferred tax assets, related both to deductible temporary differences and unused tax losses, which requires estimates and evaluations about the amount and the timing of future taxable profits.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and current and non-current assets included within disposal groups, are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through their continuing use. This condition is regarded as met only when the sale is highly probable and the asset or the disposal group is available for immediate sale in its present condition. When there is a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether a non-controlling interest in its former subsidiary will be retained after the sale.

Non-current assets held for sale, current and non-current assets included within disposal groups that have been classified as held for sale and the liabilities directly associated with them are recognised on the balance sheet separately from other assets and liabilities. Immediately before the initial classification of a non-current asset and/or a disposal group as held for sale, the non-current asset and/or the assets and liabilities in the disposal group are measured in accordance with applicable IFRSs. Subsequently, non-current assets held for sale are not depreciated or amortised and they are measured at the lower of the fair value less costs to sell and their carrying amount. If an equity-accounted investment, or a portion of that investment meets the criteria to be classified as held for sale, it is no longer accounted for using the equity method and it is measured at the lower of its carrying amount at the date the equity method is discontinued, and its fair value less costs to sell. Any retained portion of the equity-accounted investment that has not been classified as held for sale is accounted for using the equity method until disposal of

the portion that is classified as held for sale takes place. After the disposal, any retained interest in the investee is measured in accordance with the measurement criteria indicated in the accounting policy for “Investments in equity instruments”, unless the retained interest continues to be an equity-accounted investment.

Any difference between the carrying amount of the non-current assets and the fair value less costs to sell is taken to the profit and loss account as an impairment loss; any subsequent reversal is recognised up to the cumulative impairment losses, including those recognised prior to qualification of the asset as held for sale. Non-current assets classified as held for sale and disposal groups are considered a discontinued operation if they, alternatively: (i) represent a separate major line of business or geographical area of operations; (ii) are part of a disposal program of a separate major line of business or geographical area of operations; or (iii) are a subsidiary acquired exclusively with a view to resale. The results of discontinued operations, as well as any gain or loss recognised on the disposal, are indicated in a separate line item of the profit and loss account, net of the related tax effects; the economic figures of discontinued operations are indicated also for prior periods presented in the financial statements.

If events or circumstances occur that no longer allow to classify a non-current asset or a disposal group as held for sale, the non-current asset or the disposal group is reclassified into the original line items of the balance sheet and measured at the lower of: (i) its carrying amount at the date of classification as held for sale adjusted for any depreciation, amortisation impairment losses and reversals that would have been recognised had the asset or disposal group not been classified as held for sale, and (ii) its recoverable amount at the date of the subsequent decision not to sell. If the interruption of a plan of sale concerns a subsidiary, joint operation, joint venture, associate, or a portion of an interest in a joint venture or an associate, financial statements for the period since classification as held for sale are amended.

FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (not in a forced liquidation or a distress sale) at the measurement date (exit price). Fair value measurement is based on the market conditions existing at the measurement date and on the assumptions of market participants (market-based measurement). A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market to which the entity has access, independently from the entity’s intention to sell the asset or transfer the liability to be measured.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Highest and best use is determined from the perspective of market participants, even if the entity intends a different use; an entity’s current use of a non-financial asset is presumed to be its highest and best use, unless market or other

factors suggest that a different use by market participants would maximise the value of the asset.

The fair value of a liability, both financial and non-financial, or of the Company's own equity instrument, in the absence of a quoted price, is measured from the perspective of a market participant that holds the identical item as an asset at the measurement date. The fair value of financial instruments takes into account the counterparty's credit risk for a financial asset (Credit Valuation Adjustment, CVA) and the Company's own credit risk for a financial liability (Debit Valuation Adjustment, DVA). In the absence of available market quotation, fair value is measured by using valuation techniques that are appropriate in the circumstances, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Significant accounting estimates and judgements: fair value

Fair value measurement, although based on the best available information and on the use of appropriate valuation techniques, is inherently uncertain, requires the use of professional judgement and could result in expected values other than the actual ones.

2 | Primary financial statements³²

Assets and liabilities on the balance sheet are classified as current and non-current. Items in the profit and loss account are presented by nature³³. Assets and liabilities are classified as current when: (i) they are expected to be realised/settled in the entity's normal operating cycle or within twelve months after the balance sheet date; (ii) they are cash or cash equivalents unless they are restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date; or (iii) they are held primarily for the purpose of trading. Derivative financial instruments held for trading are classified as current, apart from their maturity date. Non hedging derivative financial instruments, which are entered into to manage risk exposures but do not satisfy the formal requirements to be considered as hedging, and hedging derivative financial instruments are classified as current when they are expected to be realised/settled within twelve months after the balance sheet date; on the contrary they are classified as non-current.

The statement of comprehensive income (loss) shows net profit integrated with income and expenses that are not recognised directly in the profit and loss account according to IFRSs.

The statement of changes in shareholders' equity includes the total comprehensive income (loss) for the year, transactions with shareholders in their capacity as shareholders and other changes in shareholders' equity.

The statement of cash flows is presented using the indirect method, whereby net profit (loss) is adjusted for the effects of non-cash transactions.

3 | Changes in accounting policies

Starting from January 1, 2019, Eni has applied IFRS 16 (hereinafter IFRS 16), adopted by the Commission Regulation No. 2017/1986 issued by the European Commission on October 31, 2017, which replaces IAS 17 and related interpretations. In particular, IFRS 16 eliminates the classification of leases as either operating leases or finance leases for the preparation of lessees' financial statements. Conversely, a lessor continues to classify its leases as either operating leases or finance leases. IFRS 16 enhances disclosures both for lessees and lessors.

With reference to the lessee's primary financial statements, starting from January 1, 2019:

- on the balance sheet, right-of-use assets and lease liabilities are recognised and presented separately from other assets and other liabilities;
- in the profit and loss account, depreciation charges and any impairment losses/write offs of the right-of-use asset are recognised within operating expenses and the interest expense on the lease liability, if not capitalised, is recognised within finance expense rather than recognising the operating lease payments within operating expenses under IAS 17. The depreciation charges of the right-of-use asset and the interest expenses on the lease liability directly attributable to the construction of an asset are capitalised as part of the cost of such asset and subsequently recognised in the profit and loss account through depreciation/impairments or write off, mainly in the case of exploration assets. Moreover, the profit and loss account includes: (i) the expenses relating to short-term leases and low-value leases; (ii) the expenses relating to variable lease payments that are not included in the measurement of the lease liability (e.g. payments that depend on the use of the underlying asset); and (iii) the expenses relating to any non-lease components accounted for separately from the lease component;
- in the statement of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities, whereas interest expense is classified within operating activities, if they are recognised in the profit and loss account, or within investing activities if they are capitalised in reference to leased assets that are used for the construction of other assets³⁴. Consequently, compared to the requirements of IAS 17 related to operating leases, the adoption of IFRS 16 has a significant impact in the statement of cash flows, by determining: (a) an improvement of the net cash provided by operating activities, which no longer includes operating lease payments, not capitalised, but only includes the cash payments for the interest portion of the lease liability that are not capitalised³⁵; (b) an improvement of the net cash used in investing activities, which no longer includes capitalised lease payments, but only includes cash payments for the capitalised interest portion of the lease liability; and (c) a worsening in the net cash used in financing activities, which includes cash payments for the principal portion of the lease liability.

[32] The impacts on the primary financial statements arising from the adoption, starting from January 1, 2019, of the new IFRSs, as well as the other changes in the primary financial statements, are described in note 3 – Changes in accounting policies.

[33] Further information about classification of financial instruments is provided in note 27 – Guarantees, commitments and risks – Other information about financial instruments.

[34] The prepayments for right-of-use assets, made before the commencement date of lease contracts, are classified within investing activities.

[35] The net cash provided by operating activities will include also: (i) short-term lease payments and payments for low-value leases; (ii) variable lease payments not included in the measurement of lease liabilities; and (iii) payments for non-lease components.

The adoption of the new requirements affects most of the Group companies; in terms of amounts and/or volumes, the main cases are the following: (i) in the Exploration & Production segment, contracts for the lease of drilling rigs and floating production storage and offloading vessels (the so-called FPSOs); (ii) in the Refining & Marketing and Chemicals segment, highway concessions, leases of land, service stations for the sale of oil products, as well as the car fleet dedicated to the car sharing business (enjoy); (iii) in the Gas & Power segment, leases of vessels used for shipping activities and gas distribution facilities, as well as tolling contracts; (iv) for Corporate activities, leases of property.

IFRS 16 has been applied, starting from January 1, 2019, by recognising, as allowed by the transition requirements of the accounting standard, the cumulative effect of the initial application as an adjustment to the opening balance of equity at January 1, 2019, with no restatement of comparative information (the so-called modified retrospective approach). In particular, the adoption of IFRS 16 resulted in the recognition of right-of-use assets for €5.7 billion and lease liabilities for €5.8 billion; the amount of the lease liabilities includes also the payables for lease fees outstanding at January 1, 2019, previously classified as trade payables. Such impacts take into account the indications of the IFRS Interpretations Committee according to which, in the case of unincorporated joint operations, the operator recognises the entire lease liability, as, by signing the contract, it has primary responsibility for the liability towards the third-party supplier. Therefore, if based on the contractual provisions and any other relevant facts and circumstances, Eni has primary responsibility,

it recognises on the balance sheet: (i) the entire lease liability and (ii) the entire right-of-use asset, unless, based on the contractual provisions, there is a sublease with the followers. In particular, the amount of the lease liabilities at January 1, 2019, includes the share of the lease liabilities corresponding to the followers' working interest for €2.0 billion, while the Eni working interest is €3.7 billion. On initial application, Eni has elected to apply the following practical expedients allowed by IFRS 16:

- possibility to not reassess each contract existing at January 1, 2019, by applying IFRS 16 to all contracts previously identified as leases (under IAS 17 and IFRIC 4), while not applying IFRS 16 to contracts that were not previously identified as leases;
- for contracts previously classified as operating leases, possibility to measure the right-of-use asset at an amount equal to lease liability, adjusted, if necessary, by any prepaid amounts already recognised on the balance sheet;
- as an alternative to performing an impairment review, possibility to adjust the right-of-use asset, existing at January 1, 2019, by the amount of any provision for onerous lease contracts recognised at December 31, 2018;
- possibility to exclude initial direct costs from the measurement of the right-of-use asset at January 1, 2019.

Moreover, on transition, Eni has elected to not consider leases for which the lease term ends within 12 months of January 1, 2019 as short-term leases.

The breakdown of the abovementioned quantitative effects and reclassifications deriving from the initial application, as at January 1, 2019, of IFRS 16, is as follows:

(€ million)	December 31, 2018	Adoption of IFRS 16	Reclassifications IFRS 16	Total effect of the first application	As restated January 1, 2019
Selected line items only					
Current assets	39,450		(12)	(12)	39,438
<i>of which: Trade and other receivables</i>	14,101		(12)	(12)	14,089
Non-current assets	78,628	5,656	(13)	5,643	84,271
<i>of which: Property, plant and equipment</i>	60,302		(46)	(46)	60,256
<i>of which: Right-of-use assets</i>		5,656	33	5,689	5,689
Assets held for sale	295		13	13	308
Current liabilities	28,382	665	(15)	650	29,032
<i>of which: Current portion of long-term debt</i>	3,601		(16)	(16)	3,585
<i>of which: Current portion of long-term lease liabilities</i>		665	129	794	794
<i>of which: Trade and other payables</i>	16,747		(128)	(128)	16,619
Non-current liabilities	38,859	4,991	(10)	4,981	43,840
<i>of which: Long-term debt</i>	20,082		(36)	(36)	20,046
<i>of which: Long-term lease liabilities</i>		4,991	26	5,017	5,017
Liabilities directly associated with assets held for sale	59		13	13	72

The reconciliation between the amount of future minimum lease payments under non-cancellable operating leases at December 31, 2018, discounted using the lessee's incremental borrowing rate at the

date of initial application of IFRS 16, and the opening balance of the lease liabilities at January 1, 2019, is provided below:

(€ billion)	
Future minimum lease payments under non-cancellable operating leases at December 31, 2018	4.0
- Recognition of the shares of leases related to followers	2.0
- Effect of discounting	(1.5)
- Extension options	1.2
- Other changes	0.1
Lease liability at January 1, 2019	5.8

In particular, the weighted average discount rate used to measure the lease liabilities as at January 1, 2019 is equal to 6.8%. Moreover, starting from January 1, 2019, the following IFRSs are effective:

- (i) the amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures", adopted by the Commission Regulation No. 2019/237 issued by the European Commission on February 8, 2019, which clarify that entities account for any financing receivables towards an associate or joint venture, for which settlement is neither planned nor likely to occur in the foreseeable future (the so-called long-term interests), that, in substance, form part of the entity's net investment in the investee, using the requirements of IFRS 9, including those related to impairment. These amendments did not have a significant impact on the Consolidated Financial Statements;
- (ii) IFRIC 23 "Uncertainty over Income Tax Treatments", adopted by the Commission Regulation No. 2018/1595 issued by the European Commission on October 23, 2018, which clarifies the accounting for (current and/or deferred) tax assets and liabilities when there is uncertainty over income tax treatments. In particular, if there is uncertainty over income tax treatments, if the Company concludes it is probable that the taxation authority will accept an uncertain tax treatment, it determines the (current and/or deferred) income taxes to be recognised in the financial statements consistent with the tax treatment used or planned to be used in its income tax filings. Conversely, if the Company concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the company reflects the effect of uncertainty in determining the (current and/or deferred) income taxes to be recognised in the financial statements. IFRIC 23 did not have a significant impact on the measurement of income taxes. Nevertheless, with reference to the presentation on the primary financial statements, in September 2019, the IFRS Interpretations Committee has indicated that the uncertain tax assets and liabilities shall be presented in the line items where income tax assets and income tax liabilities are recognised, and not in other line items. In this regard, as the uncertain tax liabilities include also the provisions for litigation concerning income taxes, these provisions have been reclassified out of the line item "Provisions" into the new line item "Income tax liabilities" within the non-current section of the balance sheet. Moreover, the balance sheet has been

integrated with the new line items "Income tax assets", within the non-current section, to present assets (other than deferred tax assets) related to income taxes, in specific, and not residual, line items³⁶.

Furthermore, starting from 2019, on the balance sheet, within the current section, the line items "Other tax receivables" and "Other tax payables" have been deleted and the related amounts have been reclassified into the line items "Other assets" and "Other liabilities". This change has been carried out because the separate presentation is not considered useful to understand the Group's financial position.

The balance sheet as at January 1, 2018 has been presented due to the material effect of such reclassifications.

4 | IFRSs not yet effective

IFRSs ISSUED BY THE IASB AND ADOPTED BY THE EU

By the Commission Regulation No. 2019/2075 issued by the European Commission on November 29, 2019, the document "Amendments to References to the Conceptual Framework in IFRS Standards" was adopted. The document includes, basically, technical and editorial changes to existing IFRS standards in order to update references in those standards to previous versions of the IFRS Framework with the new Conceptual Framework for Financial Reporting, issued by the IASB on the same date. These amendments shall be applied for annual reporting periods beginning on or after January 1, 2020.

By the Commission Regulation No. 2019/2104 issued by the European Commission on November 29, 2019, amendments to IAS 1 and IAS 8 "Definition of Material" (hereinafter the amendments to IAS 1 and IAS 8) were adopted. The amendments to IAS 1 and IAS 8 clarify, and align across all IFRS standards and other publications, the definition of material to help companies make better materiality judgements. In particular, information is material if omitting, misstating or obscuring it could be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments to IAS 1 and IAS 8 shall be applied for annual reporting periods beginning on or after January 1, 2020.

By the Commission Regulation No. 2020/34 issued by the European Commission on January 15, 2020, amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform" (hereinafter amendments to IFRS 9, IAS 39 and IFRS 7) were adopted. The amendments to IFRS 9,

⁽³⁶⁾ In previous reporting periods, income tax receivables and income tax payables were recognised within the non-current section of the balance sheet, respectively, in the line items "Other assets" and "Other liabilities".

IAS 39 and IFRS 7 provide temporary exceptions from applying specific hedge accounting requirements to all hedging relationships directly affected by the interest rate benchmark reform. The amendments to IFRS 9, IAS 39 and IFRS 7 shall be applied for annual reporting periods beginning on or after January 1, 2020.

IFRSs ISSUED BY THE IASB AND NOT YET ADOPTED BY THE EU

On May 18, 2017, the IASB issued IFRS 17 "Insurance Contracts" (hereinafter IFRS 17), which sets out the accounting for the insurance contracts issued and the reinsurance contracts held. IFRS 17, which replaces IFRS 4 "Insurance Contracts", shall be applied for annual reporting periods beginning on or after January 1, 2021.

On October 22, 2018, the IASB issued amendments to IFRS 3

"Business Combinations" (hereinafter the amendments to IFRS 3), which clarify the definition of a business. The amendments to IFRS 3 shall be applied for annual reporting periods beginning on or after January 1, 2020.

On January 23, 2020, the IASB issued amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" (hereinafter amendments to IAS 1), which clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 shall be applied for annual reporting periods beginning on or after January 1, 2022.

Eni is currently reviewing the IFRSs not yet adopted in order to determine the likely impact on the Consolidated Financial Statements.

5 | Cash and cash equivalents

Cash and cash equivalents of €5,994 million (€10,836 million at December 31, 2018) included financial assets with maturity generally of up to three months at the date of inception amounting to €3,984 million (€8,732 million at December 31, 2018) and mainly included short-term deposits in euro and US dollars with financial institutions, having notice of more than 48 hours, to meet the Group's short-term financing needs.

Restricted cash amounted to €198 million.

The average maturity of bank deposits in euro of €3,086 million was 9 days and the effective interest rate was a negative 0.22%; the average maturity of bank deposits in US dollars of €864 million was 8 days with an effective interest rate of 1.95%.

6 | Financial assets held for trading

(€ million)	December 31, 2019	December 31, 2018
Bonds issued by sovereign states	1,462	1,083
Other	5,298	5,469
	6,760	6,552

The Company has established a liquidity reserve as part of its internal targets and financial strategy with a view of ensuring an adequate level of flexibility to the Group development plans and of coping with unexpected fund requirements or difficulties in accessing financial markets. The management of this liquidity reserve is performed through trading activities in view of the financial optimization of returns, within a predefined and authorized

level of risk tolerance, targeting the preservation of the invested capital and the ability to promptly convert it into cash.

Financial assets held for trading include securities subject to lending agreements of €1,347 million (€1,301 million at December 31, 2018).

The breakdown by currency is provided below:

(€ million)	December 31, 2019	December 31, 2018
Euro	4,272	4,573
US dollars	2,279	1,614
Other currencies	209	365
	6,760	6,552

The breakdown by issuing entity and credit rating is presented below:

	Nominal value (€ million)	Fair Value (€ million)	Rating - Moody's	Rating - S&P
Quoted bonds issued by sovereign states				
<i>Fixed rate bonds</i>				
Italy	734	743	Baa3	BBB
Chile	177	181	A1	A+
Other ^(*)	216	224	from Aaa to Baa1	from AAA to BBB+
	1,127	1,148		
<i>Floating rate bonds</i>				
Italy	126	126	Baa3	BBB
Germany	106	106	Aaa	AAA
Other ^(*)	81	82	from Aaa to Baa3	from AAA to BBB
	313	314		
Total quoted bonds issued by sovereign states	1,440	1,462		
Other Bonds				
<i>Fixed rate bonds</i>				
Quoted bonds issued by industrial companies	1,183	1,212	from Aa2 to Baa3	from AA to BBB-
Quoted bonds issued by financial and insurance companies	862	879	from Aa3 to Baa3	from AA- to BBB-
Other bonds	105	106	from Aaa to Baa2	from AAA to BBB
	2,150	2,197		
<i>Floating rate bonds</i>				
Quoted bonds issued by industrial companies	1,530	1,535	from Aa1 to Baa3	from AA+ to BBB-
Quoted bonds issued by financial and insurance companies	1,116	1,122	from Aa1 to Baa3	from AA+ to BBB-
Other bonds	444	444	from Aaa to Baa2	from AAA to BBB
	3,090	3,101		
Total other bonds	5,240	5,298		
Total other financial assets held for trading	6,680	6,760		

[*] Amounts included herein are lower than €50 million.

The fair value hierarchy is level 1 for €6,219 million and level 2 for €541 million. During 2019, there were no transfers between the different hierarchy levels of fair value.

7 | Trade and other receivables

(€ million)	December 31, 2019	December 31, 2018
Trade receivables	8,519	9,520
Receivables from divestments	30	122
Receivables from joint ventures in exploration and production activities	2,637	3,024
Other receivables	1,687	1,435
	12,873	14,101

Generally, trade receivables do not bear interest and provide payment terms within 180 days.

Trade receivables decreased by €1,001 million, of which €874 million related to the Gas & Power segment following a drop in prices and volumes of gas sold in the fourth quarter 2019 compared to the same period of 2018.

At December 31, 2019, Eni sold without recourse receivables due in 2020 for €1,782 million (€1,769 million at December 31, 2018 due in 2019). Derecognized receivables related to the Gas & Power segment for €1,369 million and to the Refining & Marketing and Chemicals

segment for €413 million.

Receivables from divestments decreased by €92 million during 2019 due to the collection of the last installment of €123 million related to the sale of a 10% interest in the Zohr asset in Egypt made to BP in 2017.

Receivables from joint ventures in exploration and production activities included amounts due by partners in unincorporated joint operations in Nigeria for €1,052 million (€977 million at December 31, 2018) in respect of the contractual recovery of expenditures incurred at certain projects operated by Eni. The amount due by the Nigerian national

oil company NNPC was €764 million (€681 million at December 31, 2018), of which 70% is overdue. This overdue amount is subject to a "Repayment Agreement", whereby Eni is to be reimbursed through the sale of the profit oil attributable to NNPC in certain rig-less petroleum initiatives with low mineral risk. Based on Eni's Brent price scenario, the reimbursement will be accomplished over a time horizon of three to five years. This plan has allowed to recover about 45% of the original amount from the implementation of the agreement two years ago. The overdue receivable is stated net of a discount factor. A local oil company owed us about €113 million, net of a provision based on the loss given default (LGD) defined by Eni for international oil companies. Initiatives for the definition of a repayment plan are underway. A receivable of equivalent amount was reclassified to non-current assets following the definition of a repayment plan based on the attribution to Eni of the proceeds for the sale of the productions attributable to the partner. This receivable has been considered as performing because the production is operated by Eni.

Other receivables comprised the recoverable amounts for €373 million (€300 million at December 31, 2018) of certain overdue trade receivables towards the State-owned oil company of Venezuela, PDVSA, in relation to gas equity volumes supplied by the joint venture Cardón IV, equally participated by Eni and Repsol. Those trade receivables were agreed to be transferred from the joint venture to the two shareholders. The receivables are stated net of an allowance for doubtful accounts determined on the basis of the average recovery percentages obtained by creditors in the context of sovereign defaults, adjusted to reflect the strategic value of the Oil & Gas sector, and also applied for assessing the recoverability of the carrying amount of the investment and the long-term interest in the initiative, as described in note 16 – Other financial assets.

Trade and other receivables stated in euro and US dollars amounted to €6,303 million and €5,480 million, respectively.

Credit risk exposure and expected losses relating to trade and other receivables has been prepared on the basis of internal ratings as follows:

(€ million)	Performing receivables			Defaulted receivables	Eni gas e luce customers	Total
	Low risk	Medium Risk	High Risk			
December 31, 2019						
Business customers	1,922	2,882	840	1,396		7,040
National Oil Companies and public administrations	1,201	472	244	2,710		4,627
Other counterparties	1,646	103	381	217	2,105	4,452
Gross amount	4,769	3,457	1,465	4,323	2,105	16,119
Allowance for doubtful accounts	(13)	(4)	(16)	(2,547)	(666)	(3,246)
Net amount	4,756	3,453	1,449	1,776	1,439	12,873
Expected loss [% net of counterpart risk mitigation factors]	0.3	0.1	1.1	58.9	31.6	20.1
December 31, 2018						
Business customers	2,454	3,585	1,152	1,350		8,541
National Oil Companies and public administrations	1,292	157	672	2,217		4,338
Other counterparties	1,494	77	156	271	2,374	4,372
Gross amount	5,240	3,819	1,980	3,838	2,374	17,251
Allowance for doubtful accounts	(9)	(3)	(44)	(2,237)	(857)	(3,150)
Net amount	5,231	3,816	1,936	1,601	1,517	14,101
Expected loss [% net of counterpart risk mitigation factors]	0.2	0.1	2.6	62.5	36.1	18.3

Eni has classified its business customers and the associated commercial or industrial exposures based on an individual assessment of the credit merit and the counterparty risks. Business customers other than National Oil Companies (NOC) and public administrations, each of whom have undergone specific credit evaluations, have been assigned a probability of default calculated based on internal ratings which factor in: (i) a full assessment of each customer profitability, financial condition and liquidity and business a financial prospects on an ongoing basis; (ii) history of the contractual relationship (timeliness in invoice payment, number of claims, etc.); (iii) presence of mitigation factors of the credit risk (e.g. securitization package, insurance against the credit risk, guarantee from third parties, etc.); (iv) other specialized pieces of information obtained by the Company's business commercial departments or by specialized info-providers; (v) industrial and market trends. Internal ratings and the probability of default are constantly updated by means of back-testing analysis and risk assessment of the current credit portfolio.

The loss given default associated with those industrial customers is estimated by the business departments based on the past experience in credit recoverability; in the case of defaulting customers, loss given default is estimated based on the recovery rates obtained in situations of credit restructurings or litigation procedures.

The probability of default associated with NOCs and public administrations is estimated based on the country risk premium incorporated in the risk-adjusted weighted average cost of capital utilized by the Company to perform the impairment review of its fixed assets. The loss given default of these business partners, essentially represented by the probability of a delay in repaying due amounts, is estimated based on historical averages of delays in collecting overdue receivables, substantially assessing the time value of money. The resulting loss given default is adjusted to factor in any existing mitigation factor. In case of particular market conditions or sovereign defaults, the expected loss associated with NOCs is rated based on the empirical evidence and outcomes obtained from

restructuring of sovereign debts considering the specificities of trading relationships with energy companies. Customers of the Eni subsidiary "Eni gas e luce", which engages in marketing gas and power to residential customers, were grouped into homogeneous clusters with different credit risk and probability of default which have been estimated based on past experience on credit

collection, systematically updated and, in case of particular market conditions, adjusted to take into account expected market and credit trends in any given cluster.

The exposure to credit risk and expected losses relating to retail customers of the Gas & Power segment was assessed on the basis of a provision matrix as follows:

Ageing	Not-past due	Ageing				Total
		from 0 to 3 months	from 3 to 6 months	from 6 to 12 months	over 12 months	
December 31, 2019						
Customers - Eni gas e luce:						
- Retail	991	105	60	86	376	1,618
- Middle	93	29	4	14	263	403
- Other	76	3	1	2	2	84
Gross amount	1,160	137	65	102	641	2,105
Allowance for doubtful accounts	(16)	(27)	(26)	(49)	(548)	(666)
Net amount	1,144	110	39	53	93	1,439
Expected loss (%)	1.4	19.7	40.0	48.0	85.5	31.6
December 31, 2018						
Customers - Eni gas e luce:						
- Retail	575	49	34	64	554	1,276
- Middle	449	43	13	29	349	883
- Other	207	2	1	2	3	215
Gross amount	1,231	94	48	95	906	2,374
Allowance for doubtful accounts	(20)	(18)	(18)	(56)	(745)	(857)
Net amount	1,211	76	30	39	161	1,517
Expected loss (%)	1.6	19.1	37.5	58.9	82.2	36.1

Trade and other receivables are stated net of the allowance for doubtful accounts which has been determined considering the counterparty risk mitigation factors amounting to €2,914 million (€3,072 million at December 31, 2018):

	2019	2018
(€ million)		
Carrying amount - beginning of the year	3,150	2,639
Changes in accounting policies (IFRS 9)		427
Carrying amount - restated	3,150	3,066
Additions on trade and other performing receivables	95	126
Additions on trade and other defaulted receivables	525	372
Deductions on trade and other performing receivables	(119)	(189)
Deductions on trade and other defaulted receivables	(484)	(532)
Other changes	79	307
Carrying amount - end of the year	3,246	3,150

Additions to allowance for doubtful accounts on trade and other performing receivables related for €67 million (€108 million in 2018) to the Gas & Power segment, particularly in the retail business; in the Exploration & Production segment provisions of €23 million (€16 million in 2018) related to cash calls towards joint operators – State oil Companies or International Oil Companies – in oil projects operated by Eni.

Additions to allowance for doubtful accounts on trade and other defaulted receivables related to the Exploration & Production segment for €339 million (€291 million in 2018) and were in relation with receivables for the supply of equity hydrocarbons to State-owned companies and receivables towards joint operators for cash calls in oil projects operated by Eni.

Utilizations of allowance for doubtful accounts on trade and other performing and defaulted receivables amounted to €603 million (€721 million in 2018) and mainly related to the Gas & Power segment for €385 million (€613 million in 2018), in particular utilizations against charges of €344 million (€579 million in 2018) mainly in the retail business. The mitigation measures regarding the counterparty risk executed by the Company, including better customer selection, allowed to reduce the incidence of unpaid amounts on retail sales of gas and power to physiological levels. Utilizations in Exploration & Production segment of €177 million (€66 million in 2018) related to the progress in the collection of overdue amounts for cash calls.

Net (impairment losses) reversals of trade and other receivables are disclosed as follows:

(€ million)	2019	2018
Net (impairment losses) reversals of trade and other receivables		
New or increased provisions	(620)	(498)
Credit losses	(45)	(37)
Reversals	233	120
	(432)	(415)

Receivables with related parties are disclosed in note 36 – Transactions with related parties.

8 | Non-current and current inventories

Current inventories are disclosed as follows:

(€ million)	December 31, 2019	December 31, 2018
Raw and auxiliary materials and consumables	950	889
Consumables for infrastructure and facility maintenance of perforation activities	1,477	1,451
Finished products and goods	2,284	2,274
Work in progress	8	
Certificates and emission rights	15	37
	4,734	4,651

Raw and auxiliary materials and consumables include oil-based feedstock, catalysts and other consumables pertaining to refining and chemical activities.

Materials and supplies include materials to be consumed in drilling activities and spare parts related to the Exploration & Production segment for €1,359 million (€1,334 million at December 31, 2018). Finished products and goods included gas and petroleum products for €1,467 million (€1,543 million at December 31, 2018) and chemical products for €547 million (same amount at December 31, 2018). Certificates and emission rights are measured at the fair value based on market prices. The fair value hierarchy is level 1.

Inventories of €95 million (same amount at December 31, 2018) were pledged to guarantee the estimated imbalance in volumes input to/off-taken from the national gas network operated by Snam Rete Gas SpA.

Inventories are stated net of write-down provisions of €377 million (€578 million at December 31, 2018).

Inventories held for compliance purposes of €1,371 million (€1,217 million at December 31, 2018) related to Italian subsidiaries for €1,353 million (€1,200 million at December 31, 2018) in accordance with minimum stock requirements for oil and petroleum products set forth by applicable laws.

9 | Income tax receivables and payables

(€ million)	December 31, 2019				December 31, 2018			
	Receivables		Payables		Receivables		Payables	
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
Income taxes	192	173	456	454	191	168	440	287

Income taxes are described in note 32 – Income tax expense.

Non-current income tax payables include the likely outcome of pending litigation with tax authorities in relation to uncertain

tax matters relating to foreign subsidiaries of the Exploration & Production segment for €362 million (€255 million at December 31, 2018).

10 | Other assets and liabilities

(€ million)	December 31, 2019				December 31, 2018			
	Assets		Liabilities		Assets		Liabilities	
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
Fair value of derivate financial instruments	2,573	54	2,704	50	1,594	68	1,445	40
Contract liabilities			1,669	456			1,108	518
Other Taxes	766	223	1,411	63	561	254	1,432	34
Other	633	594	1,362	1,042	664	302	1,427	883
	3,972	871	7,146	1,611	2,819	624	5,412	1,475

The fair value related to derivative financial instruments is disclosed in note 23 – Derivative financial instruments and hedge accounting. Assets related to other current taxes refer to VAT for €742 million, of which €557 million are current, and related to advances made in December (€608 million at December 31, 2018, of which €383 million current).

Other assets include: (i) gas volumes prepayments that were made in previous years due to the take-or-pay obligations in relation to the Company's long-term supply contracts of €174 million (€26 million at December 31, 2018); in 2019 the Company opted to increase the take-or-pay advance with a view of optimizing its gas portfolio, expecting to recover the underlying volumes within the next year; (ii) non-current receivables for investing activities for €11 million (€9 million at December 31, 2018).

Contract liabilities included: (i) advances denominated in local currency of €1,228 million (€716 million at December 31, 2018) to offset future supplies of equity hydrocarbons to our Egyptian State-owned partners in relation to the operations of Eni's Concession

Agreements in the Country, in particular, among these, the Zohr project; (ii) the current portion of advances received by Engie SA (former Suez) relating to a long-term agreement for supplying natural gas and electricity for €64 million (€66 million at December 31, 2018); the non-current portion amounted to €455 million (€518 million at December 31, 2018).

Other current liabilities included overlifting imbalances of the Exploration & Production segment for €917 million (€1,004 million at December 31, 2018).

Liabilities related to other current taxes include excise duties and consumer taxes for €628 million (€636 million at December 31, 2018) and VAT liabilities for €311 million (€359 million at December 31, 2018).

Other non-current liabilities include cautionary deposits from retail customers for the supply of gas and electricity of €231 million (€233 million at December 31 2018).

Transactions with related parties are described in note 36 – Transactions with related parties.

11 | Property, plant and equipment

(€ million)	Land and buildings	E&P wells, plant and machinery	Other plant and machinery	E&P exploration assets and appraisal	E&P tangible assets in progress	Other tangible assets in progress and advances	Total
2019							
Net carrying amount - beginning of the year	1,274	42,856	3,901	1,267	9,195	1,809	60,302
Additions	12	144	223	508	6,170	992	8,049
Depreciation capitalized				14	202		216
Depreciation ^(a)	(60)	(6,435)	(537)				(7,032)
Reversals	44	65	69		65	139	382
Impairment	(47)	(659)	(500)		(669)	(537)	(2,412)
Write-off			(5)	(216)	(49)		(270)
Disposals	(1)	(3)	(1)	(22)	(80)	(6)	(113)
Currency translation differences	2	815	21	24	181	1	1,044
Initial recognition and changes in estimates		2,028		25	21		2,074
Transfers	42	7,568	597	(42)	(7,526)	(639)	
Other changes	(48)	113	(136)	5	(98)	116	(48)
Net carrying amount - end of the year	1,218	46,492	3,632	1,563	7,412	1,875	62,192
Gross carrying amount - end of the year	4,067	144,789	28,191	1,563	11,406	2,799	192,815
Provisions for depreciation and impairments	2,849	98,297	24,559		3,994	924	130,623
2018							
Net carrying amount - beginning of the year	1,313	45,782	3,877	1,371	9,469	1,346	63,158
Additions	18	432	173	330	6,947	878	8,778
Depreciation ^(a)	(65)	(6,012)	(529)				(6,606)
Reversal	41	299	86				426
Impairment	(61)	(477)	(73)		(548)	(117)	(1,276)
Write-off		(12)	(1)	(66)	(4)	(1)	(84)
Disposals	(2)	(400)	(9)	(32)	(198)	2	(639)
Currency translation differences	2	1,623	36	53	385	(1)	2,098
Changes in the scope of consolidation	1	(4,388)	32	(58)	(474)	10	(4,877)
Transfers	81	6,795	461	(294)	(6,501)	(542)	
Other changes	(54)	(786)	(152)	(37)	119	234	(676)
Net carrying amount - end of the year	1,274	42,856	3,901	1,267	9,195	1,809	60,302
Gross carrying amount - end of the year	4,060	135,467	27,516	1,267	12,559	2,415	183,284
Provisions for depreciation and impairments	2,786	92,611	23,615		3,364	606	122,982

(a) Before capitalization of depreciation.

Capital expenditures included capitalized finance expenses of €93 million (€52 million in 2018) related to the Exploration & Production segment for €71 million (€37 million in 2018). The interest rate used for capitalizing finance expense ranged from 2.6% to 2.8% (2.3% to 2.4% at December 31, 2018).

Capital expenditures primarily related to the Exploration & Production segment for €6,889 million (€7,757 million in 2018) and included the consideration of €400 million paid for the acquisition of a proved and unproved mineral interest in an already participated producing field in

the United States, an entry bonus in a property under development in Algeria and the residual entry bonus in a concession in the United Arab Emirates; therefore, part of those expenditures increased unproved mineral properties.

More information is reported in note 35 – Segment information and information by geographical area.

The main depreciation rates used were substantially unchanged from the previous year and ranged as follows:

(%)	
	Buildings
2 - 10	Mineral exploration wells and plants
UOP	Refining and chemical plants
3 - 17	Gas pipelines and compression stations
4 - 12	Power plants
4 - 5	Other plant and machinery
6 - 12	Industrial and commercial equipment
5 - 25	Other assets
10 - 20	

The criteria adopted by Eni for determining impairment losses and reversal is reported in note 14 – Impairment review of tangible and intangible assets and right-of-use assets.

Foreign currency translation differences primarily related to subsidiaries which utilize the US dollar as functional currency (€976 million).

Initial recognition and changes in estimates include the increase in the asset retirement cost of Exploration & Production tangible assets due to the decrease in the discount rate curve and new obligations recorded during the year.

Transfers from E&P tangible assets in progress to E&P UOP wells, plant and machinery related for €4,560 million to progress in the development

of reserves primarily in Egypt, Mexico, Libya, Ghana and Angola.

Changes in exploration and appraisal activities related to: (i) the successful completion of exploration and appraisal activities at certain suspended exploration wells and their transfer to tangible assets for €46 million, primarily in Egypt and Angola; (ii) write-off of unsuccessful exploration wells costs for €183 million mainly in Australia, Kazakhstan, Pakistan, China and United Kingdom.

Exploration and appraisal activities related for €1,246 million to costs of suspended exploration wells pending final determination and for €317 million to costs of exploration wells in progress at the end of the year.

Changes relating to suspended wells are showed:

(€ million)	2019	2018	2017
Costs for exploratory wells suspended - beginning of the year	1,101	1,263	1,684
Increases for which is ongoing the determination of proved reserves	368	235	451
Amounts previously capitalized and expensed in the year	(183)	(61)	(217)
Reclassification to successful exploratory wells following the estimation of proved reserves	(46)	(297)	(278)
Disposals	(15)	(6)	(199)
Changes in the scope of consolidation		(58)	
Reclassification to assets held for sale		(24)	
Currency translation differences	21	49	(178)
Costs for exploratory wells suspended - end of the year	1,246	1,101	1,263

The following information relates to the stratification of the suspended wells pending final determination (ageing):

	2019		2018		2017	
	(€ million)	(number of wells in Eni's interest)	(€ million)	(number of wells in Eni's interest)	(€ million)	(number of wells in Eni's interest)
Costs capitalized and suspended for exploratory well activity						
- within 1 year	185	7.7	111	7.0	222	8.0
- between 1 and 3 years	171	6.4	87	2.9	241	3.9
- beyond 3 years	890	26.4	903	24.2	800	21.4
	1,246	40.5	1,101	34.1	1,263	33.3
Costs capitalized for suspended wells						
- fields including wells drilled over the last 12 months	185	7.7	111	7.0	148	5.9
- fields for which the delineation campaign is in progress	556	11.3	217	4.7	261	4.7
- fields including commercial discoveries that proceeds to sanctioning	505	21.5	773	22.4	854	22.7
	1,246	40.5	1,101	34.1	1,263	33.3

Suspended wells costs awaiting a final investment decision amounted to €505 million and included a significant amount relating to the exploration costs incurred for the Mamba discovery in Mozambique's offshore Area 4, for which the venture partners are completing the activities for sanctioning the project. The other suspended costs refer to initiatives ongoing in the main Countries of presence (Nigeria,

Angola, Congo and Egypt), none of which, however, represents an individually significant amount.

Unproved mineral interests include the purchase price allocated to unproved reserves following business combinations or acquisition of individual properties. Unproved mineral interests were as follows:

(€ million)	Congo	Nigeria	Turkmenistan	USA	Algeria	Egypt	United Arab Emirates	Total
2019								
Book amount at the beginning of the year	769	921	77	103	77	29	502	2,478
Additions				97	135	1	23	256
Net (impairments) reversals	(533)		65	(27)				(495)
Reclassification to proved mineral interest			(4)	(14)	(99)	(12)		(129)
Currency translation differences	17	18	1	3	2	1	10	52
Book amount at the end of the year	253	939	139	162	115	19	535	2,162
2018								
Book amount at the beginning of the year	1,162	825	192	99	105	7		2,390
Additions	26	56				23	487	592
Net (impairments) reversals	(429)		(76)					(505)
Reclassification to proved mineral interest	(32)		(44)		(32)	(2)		(110)
Other changes and currency translation differences	42	40	5	4	4	1	15	111
Book amount at the end of the year	769	921	77	103	77	29	502	2,478

Unproved mineral interests comprised a property denominated Oil Prospecting License 245 (OPL 245), offshore Nigeria, with a net book value of €874 million corresponding to the price paid in 2011 to the Nigerian Government to acquire a 50% interest in the property, together with the partner Shell which acquired the remaining 50%. As of December 31, 2019, the net book value of the property amounted to €1,184 million, including capitalized exploration and pre-development costs. The acquisition of OPL 245 is subject to judicial proceedings in Italy and in Nigeria for alleged corruption and money laundering in respect of the Resolution Agreement signed on April 29, 2011, relating to the purchase of the license by Eni and Shell. Those proceedings are disclosed in note 27 – Guarantees, Commitments and Risks. The impairment test of the asset confirmed the book value also considering a stress test assuming possible delays in the start of development activities.

Accumulated provisions for impairments amounted to €18,226 million (€16,471 million at December 31, 2018).

Property, plant and equipment include assets subject to leases for €241 million.

At December 31, 2019, Eni pledged property, plant and equipment for €24 million to guarantee payments of excise duties (same amount as of December 31, 2018).

Government grants recorded as a decrease of property, plant and equipment amounted to €112 million (€125 million at December 31, 2018).

Contractual commitments related to the purchase of property, plant and equipment are disclosed in note 27 – Guarantees, commitments and risks – Liquidity risk.

Property, plant and equipment under concession arrangements are described in note 27 – Guarantees, commitments and risks – Assets under concession arrangements.

12 | Right-of-use assets and lease liabilities

(€ million)	Floating production storage and offloading vessels (FPSO)	Drilling rig	Naval facilities and related logistic bases for Oil & Gas transportation	Motorway concessions and service stations	Oil & Gas distribution facilities	Office buildings	Vehicles	Other	Total
First adoption IFRS 16	3,294	346	569	462	7	720	43	215	5,656
Reclassifications				30				16	46
Reclassifications to assets held for sale								(13)	(13)
Net carrying amount at January 1, 2019	3,294	346	569	492	7	720	43	218	5,689
Additions	32	192	219	54	1	108	22	56	684
Depreciation ^(a)	(240)	(224)	(272)	(61)	(1)	(115)	(23)	(63)	(999)
Impairment losses				(13)				(28)	(41)
Currency translation differences	67	6	4	2		3		3	85
Other changes		(7)	(23)	(14)	(1)	(9)	(10)	(5)	(69)
Net carrying amount at December 31, 2019	3,153	313	497	460	6	707	32	181	5,349
Gross carrying amount	3,393	528	757	532	7	806	54	274	6,351
Provisions for depreciation and impairment	240	215	260	72	1	99	22	93	1,002

(a) Before the capitalization of depreciation for tangible and intangible assets.

The first application of IFRS 16 is disclosed in note 3 – Changes in accounting policies.

Right-of-use assets (RoU) related: (i) for €3,895 million to the Exploration & Production segment and mainly comprised the operating leases of certain FPSO vessels hired in connection with operations at offshore development projects in Ghana (OCTP) and Angola (Block 15/06 West and East hub) with expiry date between 10 and 18 years including a renewal option and in addition the lease component of long-term leases of offshore rigs; (ii) for €512 million to the Refining & Marketing and Chemicals segment relating to motorway concessions, land leases, leases of service stations for the sale of oil products and the car fleet dedicated to the car sharing business; (iii) for €365 million to the Gas & Power segment relating to the leasing of naval vessels for shipping activities and logistics structures for gas distribution; (iv) for €577 million to the Corporate and Other activities

segment mainly regarding property rental contracts.

The main leasing contracts signed for which the asset is not yet available concern : (i) a contract with a nominal value of €2.1 billion relating to an FPSO vessel that will be deployed for the development of Area 1 in Mexico. The asset is expected to enter under the Group's control and be accounted as RoU in 2021, expiring in 2040; (ii) a contract with a nominal value of €438 million relating to leasing of offices buildings with an expiry date of 20 years with an extension option of 6 years.

The main future cash outflows potentially due not reflected in the measurements of lease liabilities related to: (i) options for the extension or termination of lease for office buildings of €297 million; (ii) service stations for the sale of oil products of €155 million; (iii) other extension options related to concessions of land for €60 million and ancillary assets in the upstream business for €84 million.

Liabilities for leased assets were as follows:

(€ million)	Current portion of long-term lease liabilities	Long term lease liabilities	Total
First adoption IFRS 16	665	4,991	5,656
Reclassifications	132	36	168
Reclassifications to liabilities directly associated with assets held for sale	(3)	(10)	(13)
Carrying amount at January 1, 2019	794	5,017	5,811
Additions		668	668
Decreases	(875)	(2)	(877)
Currency translation differences	10	77	87
Other changes	960	(1,001)	(41)
Carrying amount at December 31, 2019	889	4,759	5,648

Lease liabilities related for €1,976 million to the portion of the liabilities attributable to the joint operators in Eni-led projects which will be recovered through the mechanism of the cash calls. Total cash outflows for leases consisted of the following: (i) cash payments for the principal portion of the lease liability for €877

million; (ii) cash payments for the interest portion of €347 million; (iii) prepayment RoU for leased assets for €16 million. The amounts recognised in the profit and loss account consist of the following:

(€ million)	2019
Other income and revenues	
Income from remeasurement of lease liability	6
	6
Purchases, services and other	
Short-term leases	115
Low-value leases	39
Variable lease payments not included in the measurement of lease liabilities	16
Capitalised direct cost associated with self-constructed assets - tangible assets	(2)
	168
Depreciation and impairments	
Depreciation of RoU leased assets	999
Capitalised direct cost associated with self-constructed assets - tangible assets	(210)
Impairment losses of RoU leased assets	41
	830
Finance income (expense) from leases	
Interests on lease liabilities	(378)
Capitalised finance expense of ROU leased assets - tangible assets	17
Net currency translation differences on lease liabilities	(6)
	(367)

13 | Intangible assets

(€ million)	Exploration rights	Industrial patents and intellectual property rights	Other intangible assets	Intangible assets with finite useful lives	Goodwill	Total
2019						
Net carrying amount - beginning of the year	1,081	221	584	1,886	1,284	3,170
Additions	78	23	210	311		311
Amortization	(81)	(93)	(117)	(291)		(291)
Impairments	(19)		(72)	(91)	(26)	(117)
Write-off	(28)	(1)	(1)	(30)		(30)
Currency translation differences	18		1	19	3	22
Other changes	(18)	45	(37)	(10)	4	(6)
Net carrying amount at the end of the year	1,031	195	568	1,794	1,265	3,059
Gross carrying amount at the end of the year	1,748	1,597	4,373	7,718		
Provisions for amortization and impairment	717	1,402	3,805	5,924		
2018						
Net carrying amount - beginning of the year	995	240	486	1,721	1,204	2,925
Changes in accounting policies (IFRS 15)			87	87		87
Net carrying amount restated - beginning of the year	995	240	573	1,808	1,204	3,012
Additions	133	28	180	341		341
Amortization	(71)	(87)	(226)	(384)		(384)
Impairments			(16)	(16)		(16)
Write-off	(15)		(1)	(16)		(16)
Currency translation differences	39			39	8	47
Changes in the scope of consolidation			74	74	46	120
Other changes		40		40	26	66
Net carrying amount at the end of the year	1,081	221	584	1,886	1,284	3,170
Gross carrying amount at the end of the year	1,686	1,534	4,188	7,408		
Provisions for amortization and impairment	605	1,313	3,604	5,522		

Exploration rights comprised the residual book value of license and leasehold property acquisition costs relating to areas with proved reserves, which are amortized based on UOP criteria and are regularly reviewed for impairment. Furthermore, they include the cost of unproved areas which are suspended pending a final determination of the success of the exploration activity or until

management confirms its commitment to the initiative. Additions for the year related to signature bonuses paid for the acquisition of new exploration acreage mainly in United Arab Emirates, Mozambique, Mexico and Indonesia.

The breakdown of exploration rights by type of asset was as follows:

(€ million)	December 31, 2019	December 31, 2018
Proved licence and leasehold property acquisition costs	291	357
Unproved licence and leasehold property acquisition costs	709	684
Other mineral interests	31	40
	1,031	1,081

Industrial patents and intellectual property rights mainly regarded the acquisition and internal development of software and rights for the use of production processes and software.

Other intangible assets comprised: (i) customer acquisition costs relating to the retail gas business for €226 million (€166 million at December 31, 2018); (ii) concessions, licenses, trademarks and

similar items for €102 million (€151 million at December 31, 2018) comprised transmission rights for natural gas imported from Algeria of €30 million (€27 million at December 31, 2018); (iii) capital expenditures in progress on natural gas pipelines for which Eni has acquired transport rights for €78 million (same amount at December 31, 2018).

The main amortization rates used were substantially unchanged from the previous year and ranged as follows:

(%)	
Exploration rights	UOP - 33
Transport rights of natural gas	3
Other concessions, licenses, trademarks and similar items	3 - 33
Service concession arrangements	20 - 33
Capitalized costs for customer acquisition	25 - 33
Other intangible assets	4 - 20

The carrying amount of goodwill at the end of the year amounted €2,454 million, net of cumulative impairments charges. The breakdown by segment is provided below:

(€ million)	December 31, 2019	December 31, 2018
Gas & Power	981	977
Exploration & Production	190	187
Refining & Marketing and Chemicals	93	119
Other activities	1	1
	1,265	1,284

An impairment loss the entire of allocated goodwill was recorded by the Chemical business line in relation to activities concerning the development, industrialization, licensing of bio-chemical technologies and processes based on the use of renewable sources. An increase in goodwill was recorded in connection with the allocation of the acquisition cost of the company SEA SpA, which engages in providing services and solutions for energy efficiency in

the residential and industrial segments.

Goodwill acquired through business combinations has been allocated to the CGUs that are expected to benefit from the synergies of the acquisition.

The amount of goodwill outstanding at the reporting date mainly related to the Gas & Power segment.

A breakdown is disclosed below:

(€ million)	December 31, 2019	December 31, 2018
Domestic gas market	839	835
Foreign gas market	142	142
	981	977

Goodwill allocated to the CGU domestic gas market was recognized upon the buy-out of the former Italgas SpA minorities in 2003 through a public offering (€706 million). The acquired entity engaged in the retail sale of gas to the residential sector and middle and small-sized businesses in Italy. In addition, further goodwill amounts have been allocated over the years following business combinations with small, local companies selling gas to residential customers in focused territorial reach and municipalities synergic to Eni's activities. The impairment review performed at the balance sheet date confirmed the recoverability of the carrying amount of this CGU, including the allocated goodwill.

In assessing the recoverability of the carrying amount of the CGU domestic gas market, including the allocated portion of goodwill, management determined the value in use of the CGU considering the sales margin exclusively of the retail market (excluding margins on sales to wholesalers, industrial and power generation customers). The assessment was performed considering the cash flows of the four-year plan approved by management and incorporating a terminal value calculated as perpetuity of the last year of the plan by assuming a nominal long-term growth rate equal to zero, unchanged from the

previous reporting period. These cash flows were discounted by using the post-tax WACC adjusted considering the specific country risk of 5.3% for Italy. Post-tax cash flows and discount rates were adopted as they resulted in an assessment that substantially approximated a pre-tax assessment.

There are no realistic hypotheses of changes in the discount rate, growth rate, profitability or volumes that would lead to zeroing the headroom amounting to €1,701 million of the value in use of the Italian Market CGU with respect to its book value, including the goodwill.

Goodwill allocated to the CGU European gas market related for €95 million to Eni Gas & Power France SA (former Altergaz SA) operating in France and for €45 million to the acquisition in 2018 of the residual 51% interest in Gas Supply Company Thessaloniki-Thessalia SA operating in Greece, previously participated with a 49% of the share capital. The impairment review performed at the balance sheet date by using a method similar to the Domestic gas market CGU confirmed the recoverability of the carrying amount of these gas market CGUs, including any allocated goodwill, by using a post-tax WACC adjusted considering a country risk for France of 5.9%, and 6.2% for Greece.

14 | Impairment review of tangible and intangible assets and right-of-use assets

In assessing whether impairment is required, the carrying amounts of the assets are compared with their recoverable amounts. The recoverable amount is the higher between an asset's fair value less costs to sell and its value-in-use. In the event of an asset's impairment being reversed, the reversal may not raise the carrying amount above the value it would have stood at taking into account depreciation, if no impairment had originally been recognized. Impairment losses of goodwill cannot be reversed.

Given the nature of Eni's activities, information on asset fair value is usually difficult to obtain unless negotiations with a potential buyer are ongoing. Therefore, the recoverability is verified by estimating assets' values-in-use. The valuation is carried out for individual assets or for the smallest identifiable group of assets that generates cash inflows that are largely independent from the cash inflows from other assets, or groups of assets (cash generating unit – CGU). The Group has identified the following CGUs: (i) in the Exploration & Production segment, individual oilfields or pools of oilfields when technical, economic or contractual features make underlying cash flows interdependent; (ii) in the Gas & Power segment, the CGUs to which goodwill arisen from business combinations was allocated and costs for customer acquisition (Italian retail market and other foreign markets), electric power plants, international pipelines and other minor activities; (iii) in the Refining & Marketing business line, refining plants, and assets related to distribution channels grouped by Country of operations and type of network (retail outlets located along ordinary routes and high-ways, wholesale facilities); and (iv) in the Chemical business five lines of activities have been identified as autonomous CGUs: intermediates, polyethylene, styrenes, elastomers and biotech activities.

As of 2019, following the application of IFRS 16, the book values of the identified CGUs include the right of use assets (RoU), associated to plants and equipment hired in connection with operations at specific CGUs operations. Because they are instrumental to specific CGUs operation, those RoU assets lack the requisites to be evaluated as autonomous CGUs. The CGUs' cash flows to which the RoUs have been allocated, exclude lease liability repayments according to the unlevered valuation methodology used for capital projects. Rather, a small number of RoU not allocated to CGU are considered corporate assets, whose recoverability depends on the whole of the Company's CGUs.

The value-in-use is calculated by discounting the estimated future cash flows deriving from the continuing use of the CGUs and, if significant and reasonably determinable, the cash flows deriving from disposal at the end of their useful lives. Cash flows are determined based on the best information available at the time of the assessment. Cash flow projections for the first four years of each CGU evaluation are extracted from the Company's four-year plan adopted by the top management. The plan includes data points on expected Oil & Gas production volumes, reserves, sales volumes, capital expenditure, operating costs and margins and industrial and marketing set-up, as well as trends on the main macroeconomic variables, including inflation, nominal interest rates and exchange rates. The estimation of CGUs' terminal values is based on cash flow projections beyond the four-year plan horizon, which are estimated based on management's long-term assumptions regarding the main macroeconomic variables (inflation rates, commodity prices, etc.) and considering the expected useful lives of the Company's CGUs

and certain assumptions regarding future trends in revenues and costs. In the case of the Oil & Gas CGUs, management assumed the residual life of the reserves considering the expected production rates and the associated projections of operating costs and development expenditures. The CGUs of Refining & Marketing, Chemicals and Gas & Power, with a definite useful life, (i.e. power plants) are evaluated based on the plant economic and technical life and the associated, normalized projections of operating costs and expenditures to support plant efficiency. The CGUs of the gas market business to which goodwill has been allocated are evaluated based on the perpetuity method of the last year-plan result assuming nominal growth rates equal to 0%. In the forecast of the operating expenses are considered expected costs to be incurred in compliance to the so-called CO₂ Emission Trading Scheme applicable to CGUs operating within the EU economic space. In projecting future commodity prices, management assumed the price scenario adopted for the economic and financial projections of the Company's four-year industrial plans and for the assessment of capital projects returns.

The Company's price scenario is approved by the Board of Directors and is based on internal assumptions about future trends in the fundamentals of demand and supply of crude oil and other commodities as benchmarked against the market consensus forecasts and on forward prices of commodities for future delivery in case the level of liquidity and reliability of future contracts is deemed fair.

The oil market continues to be affected by weak fundamentals against the backdrop of an unabated supply glut, fueled by continuing grow in US tight oil output and a seemingly fading commitment on part of the oil producers of the OPEC+ agreement at supporting crude oil prices going forward. The market is also weighed down by uncertainties about the strength of the global economic recovery, exposed to a wide range of systemic risks, including geopolitical risks, any possible development in the trade dispute between USA and China, the relationship between the EU and the UK post Brexit and the risks of pandemic diseases. Eni's management forecast a gradual rebalancing of global supplies and demand for crude oil over the medium term, under the assumptions of moderate economic growth and taking into account the stricter capital discipline adopted by major oil companies designed to curtail growth plans to boost shareholders' returns and lately a shift in the financial approach retained by the US independent producers which have de-emphasized growth to preserve the free cash flow. Based on these considerations and taking into account the forecasts made by specialized observatories and investment banks, management has retained its assumption of a long-term Brent crude oil price of 70 \$/bbl in real terms 2022, substantially in line with the assumption made in the annual report 2018.

The oversupply condition is even more severe in the gas market due to excess production of associated gas in the USA and to the ramp-up of several liquefaction projects which have significantly increased global supplies of LNG at a time when the greatest consuming countries have slowed down (China, South Korea and Japan). Management expect gas prices to rebalance in the medium term considering an anticipated recovery of the Asian economies and also considering an ongoing switch from coal to gas in the power generation in Europe. Overall, price assumptions for the main gas benchmarks in Europe have been retained at the same level as the

previous planning projections, whilst gas prices assumptions have been revised downward for the reference Henry Hub gas prices in USA due to structural headwinds.

Having retained management's long-term assumptions for crude oil prices unchanged from the previous financial statements, the net impairment indicators at the Company's oil&gas assets were mainly driven by downward reserves revisions and a lowered operating performance.

Furthermore, management is forecasting unchanged spreads for natural gas between the selling prices at Eni's reference market, Italy, and the spot prices at continental hub to which the gas procurement costs of our long-term contracts are indexed. This latter assumption excludes any evidence of impairment indicator in relation to the G&P fixed assets (particularly the goodwill recorded in the retail segment). The Company's downstream businesses of the refining and the petrochemicals sectors are currently in a down-cycle due to weak end-demands, excess production capacity and oversupplies and continuing competitive pressures from overseas operators who can leverage better cost positions and scale economies (for example Middle East refiners and the ethane-based cracking of US chemicals producers), while environmental issues are expected to negatively affect consumption and profitability of gasoil and single-use plastics. Operating costs for emission allowances as part of the European Emission Scheme are also forecast to increase. Furthermore, Eni's complex refineries have been negatively affected by narrowing price differentials between sour crudes with high sulfur content and the light benchmark Brent crude, thus impairing the cost-advantage of complex refineries of processing low-quality crudes that under normal market conditions trade at a discount vs. the Brent. Due to those structural weaknesses, management has reduced the profitability outlook of its refineries and petrochemicals plants.

Management tested for impairment the totality of the Group's fixed assets as provided by the Company's internal guidelines. Values-in-use is estimated by discounting post-tax cash flows at a rate, which corresponds for the Exploration & Production segment and Refining & Marketing business line to the Company's weighted average cost of capital (WACC) net of specific risk factors attributable to the Gas & Power segment and the Chemical business line, the WACC of which is assessed on a stand-alone basis. Then the discount rates are adjusted to factor in risks specific to each Country of activity (adjusted post-tax WACC). Post-tax cash flows and discount rates were adopted as they resulted in an assessment that substantially approximated a pre-tax assessment.

In 2019 the weighted-average cost of capital (WACC) to the Group increased marginally from 7.3% in 2018 to 7.4%. Based on our estimation the cost of equity has significantly appreciated driven by a sharp decline in government bond yields in 2019 that lifted the so-called equity risk premium, or the excess return for equities over a risk-free rate of return such as yields on treasuries of benchmark Countries like USA and Germany and a step-up in the equity risk premium applied by financial markets to the Oil & Gas sector reflecting recent underperformance of the sector and uncertainties over future returns considering the structural decline in hydrocarbons prices and the risks associated with the energy transition. However, this impact has been mitigated by a higher leverage following the adoption of the accounting standard IFRS 16 which increased the total finance debt recorded in the balance sheet and by this way reduced the increase in the weighted average cost of capital to the Group due to the higher equity risk.

Finally, a weighted-average premium for the country risk is added to the cost of equity; the weighting factor is the amount of invested capital in each Country of operations. Calculation of country-specific WACC for each Country is obtained by adjusting the Group WACC by the difference between the specific risk premium applicable to a given Country and the average country risk premium of the Group portfolio. Based on those assumptions, the existence of impairment indicators and estimates of discount rates, management recorded the following impairment losses: (i) in the Exploration & Production segment the Company recorded impairment losses before taxes for €1,217 million driven by downward reserve revisions and lowered future production rates mainly at properties in Congo (Wacc at 7.6%), Italy (Wacc at 6.4%) and USA (Wacc at 6.5%), in this latter Country upward estimates of operating costs and expenditures were projected, as well as a loss on the disposal of a property in Ecuador. In the case of an impairment loss higher than €100 million post-tax, a post-tax WACC of 6.4% was applied, corresponding to pre-tax rate of 6.9%; (ii) in the Refining & Marketing business line impairment losses of €819 million were recorded, with the largest amount relating to the Sannazzaro refinery for €684 million driven by the above mentioned revised profitability outlook and also in connection to higher projected costs for CO₂ emissions; the remaining amount related to the investments of the year for compliance and stay-in-business made at CGUs fully impaired in prior years for which profitability expectations have remained unchanged from the previous-year impairment review. In the case of an impairment loss higher than €100 million post-tax, a post-tax WACC of 6.6% was applied, corresponding to pre-tax rate of 7.1%; (iii) in the Chemicals business impairment losses amounted to €103 million driven by the deteriorated market outlook described above; and (iv) in the G&P segment, €37 million of impairment losses were recorded at power generation plants in connection to a downward revision to the outlook for electricity margins due to higher competition and overcapacity.

Furthermore, management assessed the recoverability of the expected costs associated with the Company's plans to ramp up the participation in projects for forestry conservation and protection from degradation. Those projects which have been started in 2019 envisage the purchase of carbon credits certified in accordance with generally accepted international standards. Management projects to build in future years a portfolio of forestry projects intended to allow the Company to offset the net residual "Scope 1 and 2" carbon emissions of the E&P business calculated on equity production for the achievement of the carbon neutrality of the business from 2030 onwards. Those costs are considered part of the operating expenses of the E&P business and their recoverability has been evaluated in relation to the CGU E&P segment as a whole. When including those costs extrapolated along the reserves residual life in the determination of the value-in-use of the E&P segment, a 2% reduction in the headroom of the segment is observed.

Ultimately, under management's assumptions for a long-term Brent price at 70 \$/bbl (real terms 2022), which has remained unchanged for the last few years, and at a reference price for the Italian spot gas benchmark of 7.8 \$/Mbtu, Eni's Oil & Gas properties have exhibited a substantial resilience of their carrying amounts, as highlighted by the trend in the recognition of impairment losses in the last three years. In 2017 we recorded a net reversal of €158 million and in 2018 we recorded net impairment losses of €726 million. Impairment losses in those three years have been driven mainly by asset-specific issues, which were acquired during a historic phase of suspected peak

supply, and in relation to certain complex operating environments. However, considered the following trends of the sector: the increased volatility of crude oil prices which have been increasingly exposed to macro and global risks; the continued oversupply in the oil markets which has determined a reset in hydrocarbons realized prices and cash flows of oil companies; growing uncertainty about long-term evolution of the global oil demand in light of the rising commitment on part of the international community at fighting climate change and speeding up the pace of the energy transition, the increase in energy alternatives to fossil fuels and changing consumers' preferences, management has evaluated the recoverability of the book values of Eni's Oil & Gas properties at different stress-test scenarios, including

the risk of stranded assets. Particularly, under the toughest of the assumptions at a flat long-term Brent price of 50 \$/bbl and at a flat Italian gas price of 5 \$/Mbtu, management is estimating that approximately 85% of the Company's proven and probable/possible reserves (risked at 70% and 30% respectively) will be produced within 2035 realizing 94% of the overall net present value in the same period. The net present value of those production volumes, valued under the most conservative of the scenarios considered, is substantially aligned with the book values of the net fixed assets of Eni's Oil & Gas properties, including Eni's share of the fixed assets of our joint ventures like Vår Energi AS, and including in the calculation the expected cash outflows committed to the Company's forestry projects.

15 | Investments

EQUITY-ACCOUNTED INVESTMENTS

(€ million)	2019				2018			
	Investments in unconsolidated entities controlled by Eni	Joint ventures	Associates	Total	Investments in unconsolidated entities controlled by Eni	Joint ventures	Associates	Total
Carrying amount - beginning of the year	95	5,497	1,452	7,044	116	2,332	1,063	3,511
Changes in accounting policies (IFRS 9 and 15)					(34)		(3)	(37)
Changes in accounting policies (IAS 28)		22		22				
Carrying amount restated - beginning of the year	95	5,519	1,452	7,066	116	2,298	1,060	3,474
Additions and subscriptions	6	76	2,910	2,992	28	92	120	240
Divestments and reimbursements	(5)		(17)	(22)	(33)	(3)	(115)	(151)
Share of profit of equity-accounted investments	6	80	75	161	8	16	385	409
Share of loss of equity-accounted investments	(10)	(157)	(17)	(184)	(5)	(415)	(10)	(430)
Deduction for dividends	(4)	(1,073)	(61)	(1,138)	(6)	(19)	(25)	(50)
Change in the scope of consolidation	1			1		3,448		3,448
Currency translation differences	2	67	17	86	2	25	54	81
Other changes	(5)	80	(2)	73	13	119	11	143
Carrying amount - end of the year	86	4,592	4,357	9,035	95	5,497	1,452	7,044

In 2019 additions and subscriptions related to: (i) a 20% equity interest in Abu Dhabi Oil Refining Co (Takraer), UAE acquired for a cash consideration of €2,896 million. The investee operates three refineries in Ruwais (Ruwais East and Ruwais West) and Abu Dhabi, with a refining capacity in excess of 900 kbbl per day. With this transaction, Eni enters the UAE downstream sector and increases its global refining capacity by 35%, in line with the Company's strategy of making Eni's overall portfolio more geographically diversified and more balanced along the value chain; (ii) a capital contribution of €39 million made to Lotte Versalis Elastomers Co Ltd, joint venture operating in production of elastomers in South Korea. Share of profit of equity-accounted investments included a gain of €49 million related to Vår Energi AS and of €47 million to Angola LNG Ltd. The accounting under the equity method of Saipem SpA resulted in a gain of €4 million. Considering the volatility of the Saipem shares and the ongoing uncertainties surrounding a recovery in

the investing cycle of oil companies and competitive pressure in the Engineering & Construction segment, management performed an impairment review of the investment to assess its recoverability based on an internal financial model of future cash flows of Saipem. Inputs to that model were estimated based on financial projections made by the sell-side analysts who cover the Saipem shares, publicly available data on Saipem and the observed historical correlation which link the Saipem turnover to crude oil prices and spending in capital projects made by oil companies. This review supported the book value of the investment. Share of losses of equity-accounted investments included a loss of €90 million accounted at the joint venture Cardón IV SA (Eni's interest 50%) which is operating the Perla gas field affected by the slowdown in the gas supplies to the buyer PDVSA due to a deteriorated operating environment. Deduction for dividends related for 1,057 million to Vår Energi AS.

Net carrying amount related to the following companies:

	December 31, 2019		December 31, 2018	
	Net carrying amount	% of the investment	Net carrying amount	% of the investment
(€ million)				
Investments in unconsolidated entities controlled by Eni				
Eni BTC Ltd	30	100.00	31	100.00
Other ^(*)	56		64	
	86		95	
Joint ventures				
Vår Energi AS	2,518	69.60	3,498	69.60
Saipem SpA	1,250	30.99	1,228	30.99
Unión Fenosa Gas SA	326	50.00	335	50.00
Cardón IV SA	148	50.00	98	50.00
Gas Distribution Company of Thessaloniki - Thessaly SA	139	49.00	137	49.00
Lotte Versalis Elastomers Co Ltd	74	50.00	75	50.00
PetroJunín SA	53	40.00	47	40.00
AET - Raffineriebetriebsgesellschaft mbH	35	33.33	32	33.33
Other ^(*)	49		47	
	4,592		5,497	
Associates				
Abu Dhabi Oil Refining Co (Takreer)	2,829	20.00		
Angola LNG Ltd	1,159	13.60	1,106	13.60
Coral FLNG SA	102	25.00	102	25.00
Novamont SpA	71	25.00	67	25.00
United Gas Derivatives Co	69	33.33	62	33.33
Commonwealth Fusion Systems Llc ^(a)	37		42	
Other ^(*)	90		73	
	4,357		1,452	
	9,035		7,044	

(*) Each individual amount included herein was lower than €25 million.

(a) The ownership cannot be determined.

As of December 31, 2019, the book value of investments included Vår Energi SA which was established at the end of 2018 following the merger between the former Eni subsidiary Eni Norge AS and Point Resources AS for maximizing synergies in the development of hydrocarbon reserves in Norway through the sharing of assets and know-how. The decrease of €980 million compared to the opening balance was due to the distribution of dividends classified as part of the cash flow from operating activities considering that Vår Energi SA is an investment integrated in the industrial plans and the upstream growth strategy of Eni. This decrease was partially absorbed by Eni's share of profit.

Results of equity-accounted investments by segment are disclosed in note 35 – Segment information and information by geographical area. The carrying amounts of equity-accounted investments included differences between the purchase price of acquired interests and their underlying book value of net assets amounting to €72 million, related to Novamont SpA for €43 million and Unión Fenosa Gas SA for €29 million. These surpluses were driven by the long-term profitability outlook of the acquired companies at the time of the acquisition. As of December 31, 2019, the market value of the investments listed in regulated stock markets was as follows:

	Saipem SpA
Number of shares held	308,767,968
% of the investment	30.99
Share price (€)	4.356
Market value (€ million)	1,345
Book value (€ million)	1,250

Additional information is included in note 37 – Other information about investments.

OTHER INVESTMENTS

(€ million)	2019	2018
Carrying amount - beginning of the year	919	219
Changes in accounting policies (IFRS 9)		681
Carrying amount restated - beginning of the year	919	900
Additions and subscriptions	11	5
Change in the fair value	(3)	15
Divestments and reimbursements	(12)	(22)
Currency translation differences	15	31
Other changes	(1)	(10)
Carrying amount - end of the year	929	919

The fair value of the main non-controlling interests in non-listed investees on regulated markets, classified within level 3 of the fair value hierarchy, was estimated based on a methodology that combines future expected earnings and the sum-of-the-parts methodology (so-called residual income approach) and takes into account, inter alia, the following inputs: (i) expected results, as a gauge of the future profitability of the investees, derived from the business plans, but adjusted, where appropriate, to include the assumptions that market participants would incorporate; (ii) the cost of capital, adjusted to include the risk premium of the specific

Country in which each investee operates. A stress test based on a 1% change in the cost of capital considered in the valuation did not produce significant changes at the fair value evaluation.

Dividend income from these investments is disclosed in note 31 – Income (expense) from investments.

The investment book value as of December 31, 2019 primarily related to Nigeria LNG Ltd for €657 million (€651 million at December 31, 2018) and Saudi European Petrochemical Co “IBN ZAHR” for €146 million (€144 million at December 31, 2018).

16 | Other financial assets

(€ million)	December 31, 2019		December 31, 2018	
	Current	Non-current	Current	Non-current
Long-term financing receivables held for operating purposes	60	1,119	61	1,189
Short-term financing receivables held for operating purposes	37		51	
	97	1,119	112	1,189
Financing receivables held for non-operating purposes	287		188	
	384	1,119	300	1,189
Securities held for operating purposes		55		64
	384	1,174	300	1,253

Financing receivables are stated net of allowance for doubtful accounts as follows:

(€ million)	2019	2018
Carrying amount at the beginning of the year	430	730
Additions	11	279
Deductions	(88)	(596)
Currency translation differences	7	17
Other changes	19	
Carrying amount at the end of the year	379	430

Financing receivables held for operating purposes related principally to funds provided to joint ventures and associates in the Exploration & Production segment (€1,041 million) and the Gas & Power segment (€49 million) to execute capital projects of interest to Eni. These receivables are expression of long-term interests in the initiatives funded. The greatest exposure is towards the joint venture Cardón IV SA (Eni's interest 50%) in Venezuela, which is currently operating the Perla offshore gas field, for €563 million at December 31, 2019 (€705 million at December 31, 2018).

Financing receivables held for operating purposes due beyond five years amounted to €1,018 million (€1,088 million at December 31, 2018). The fair value of non-current financing receivables held for operating purposes of €1,119 million has been estimated based on the present value of expected future cash flows discounted at rates ranging from -0.3% to 2.0% (-0.2% and 2.9% at December 31, 2018).

The recoverability of the financial loan granted to the joint venture Cardón IV SA to fund the development projects carried out by the venture was assessed based on the future, expected cash flows of the industrial project. This cash flows are exposed to a counterparty risk given the difficult financial condition of Venezuela and of the national oil company, PDVSA, and to the complexity of the local operating environment. To factor in those risks in assessing the recoverability of the financing, the future cash flows of the project have been adjusted to price possible difficulties in converting future gas sales into cash, essentially assuming a deferral in the time of revenues collection. This schedule was estimated on the basis of a study on empirical evidence relating to the average recovery rates obtained by creditors in the context of sovereign

defaults, adjusted to reflect the strategic role of the energy sector to local economy. Those risked cash flows have been then discounted to a risk-adjusted WACC which incorporates the deteriorated local operating environment. This recoverability assessment confirmed the book value of the financial receivable. The same method was used to estimate the recoverable amount of the overdue trade receivables for gas supplies to the state-owned company PDVSA. In 2019, the percentages of the gas revenues collected by the joint venture were in line with the estimates adopted in assessing the loss-given-default applied in the evaluation recoverability performed in 2018; therefore, no adjustment was necessary to the estimation of the percentage of recoverability of these receivables.

The recoverability of other long-term financial assets was assessed by considering the expected probability default in the next twelve months only, as the creditworthiness suffered no significant deterioration in the reporting period.

Financing receivables held for non-operating purposes related to bank deposits with the purpose to invest cash surpluses and restricted deposits in escrow to guarantee transactions on derivative contracts. Financing receivables held for operating purposes were denominated in euro and US dollar for €370 million and €1,112 million, respectively. Securities held for operating purposes related to listed bonds issued by sovereign States.

Securities for €20 million (same amount at December 31, 2018) were pledged as guarantee of the deposit for gas cylinders as provided for by the Italian law.

The following table analyses securities per issuing entity:

	Amortized cost (€ million)	Nominal value (€ million)	Fair value (€ million)	Nominal rate of return %	Maturity date	Rating - Moody's	Rating - S&P
Sovereign States							
Fixed rate bonds							
Italy	24	24	25	from 0.20 to 4.75	from 2020 to 2025	Baa3	BBB
Others ^(*)	23	23	23	from 0.05 to 4.20	from 2020 to 2024	from Aa3 to Baa1	from AA to A-
Floating rate bonds							
Italy	5	5	5		from 2020 to 2022	Baa3	BBB
Others	3	3	3		2022	Baa3	BBB
Total sovereign States	55	55	56				

(*) Amounts included herein are lower than €10 million.

All securities have maturity within five years.
The fair value of securities was derived from quoted market prices.

Receivables with related parties are described in note 36 –
Transactions with related parties.

17 | Trade and other payables

The following are the effects of the application of IFRS 16:

(€ million)	Trade payables	Down payments and advances from joint ventures in exploration and production activities	Other payables	Total trade and other payables
Carrying amount at December 31, 2018	11,645	207	4,895	16,747
Changes in accounting policies (IFRS 16)	(128)			(128)
Carrying amount at January 1, 2019	11,517	207	4,895	16,619

The first application of IFRS 16 is disclosed in note 3 – Changes in accounting policies.

The breakdown of trade and other payables is the following:

(€ million)	December 31, 2019	December 31, 2018
Trade payables	10,480	11,645
Down payments and advances from joint ventures in exploration & production activities	401	207
Payables for purchase of non-current assets	2,276	2,530
Payables due to joint ventures in exploration & production activities	1,236	1,151
Other payables	1,152	1,214
	15,545	16,747

Trade and other payables were denominated in euro for €5,866 million and in US dollar for €8,371 million. Because of the short-term maturity and conditions of remuneration of trade

and other payables, the fair values approximated the carrying amounts. Payables due to related parties are described in note 36 – Transactions with related parties.

18 | Finance debts

(€ million)	December 31, 2019				December 31, 2018			
	Short-term debt	Current portion of long-term debt	Long-term debt	Total	Short-term debt	Current portion of long-term debt	Long-term debt	Total
Banks	187	504	2,341	3,032	383	768	2,710	3,861
Ordinary bonds		2,642	16,137	18,779		2,781	16,923	19,704
Convertible bonds			393	393			390	390
Commercial papers	1,778			1,778	915			915
Other financial institutions	487	10	39	536	884	52	59	995
	2,452	3,156	18,910	24,518	2,182	3,601	20,082	25,865

Finance debts decreased of €1,347 million due to repayments made net of new issuances of €1,540 million and increased due to currency translation differences relating to foreign subsidiaries

and debt denominated in foreign currency recorded by euro-reporting subsidiaries for €249 million. Commercial papers were issued by the Group's financial subsidiaries.

The following table reflects long-term debt as of December 31, 2019 by maturity:

(€ million)	2021	2022	2023	2024	2025 and thereafter	Long-term debt
Banks	750	146	838	134	473	2,341
Ordinary bonds	930	698	1,879	1,641	10,989	16,137
Convertible bonds		393				393
Other financial institutions	11	13	14	1		39
	1,691	1,250	2,731	1,776	11,462	18,910

Eni entered into long-term borrowing facilities with the European Investment Bank. These borrowing facilities are subject to the retention of a minimum level of credit rating. According to the agreements, should the Company lose the minimum credit rating, new guarantees could be required to be agreed upon with the European Investment Bank. In addition, Eni entered into long-term facilities subject to the retention of certain financial ratios based on the Consolidated Financial Statements

of Eni with Citibank Europe Plc. In case of default, the bank may request early repayment. At December 31, 2019, debts subjected to restrictive covenants amounted to €1,243 million (€1,337 million at December 31, 2018). Eni was in compliance with those covenants.

Ordinary bonds consisted of bonds issued within the Euro Medium Term Notes Program for a total of €15,030 million and other bonds for a total of €3,749 million.

The following table provides a breakdown of ordinary bonds by issuing entity, maturity date, interest rate and currency as of December 31, 2019:

(€ milioni)	Amount	Discount on bond issue and accrued expense	Total	Currency	Maturity		Rate (%)	
					from	to	from	to
Issuing entity								
<i>Euro Medium Term Notes</i>								
Eni SpA	1,200	16	1,216	EUR		2025		3.750
Eni SpA	1,000	38	1,038	EUR		2020		4.250
Eni SpA	1,000	28	1,028	EUR		2029		3.625
Eni SpA	1,000	20	1,020	EUR		2020		4.000
Eni SpA	1,000	10	1,010	EUR		2023		3.250
Eni SpA	1,000	8	1,008	EUR		2026		1.500
Eni SpA	900	(4)	896	EUR		2024		0.625
Eni SpA	800	2	802	EUR		2021		2.625
Eni SpA	800	(1)	799	EUR		2028		1.625
Eni SpA	750	9	759	EUR		2024		1.750
Eni SpA	750	5	755	EUR		2027		1.500
Eni SpA	750	(4)	746	EUR		2034		1.000
Eni SpA	700	2	702	EUR		2022		0.750
Eni SpA	650	3	653	EUR		2025		1.000
Eni SpA	600	(4)	596	EUR		2028		1.125
Eni Finance International SA	1,558	(3)	1,555	USD	2026	2027		variable
Eni Finance International SA	295	4	299	EUR	2028	2043	3.875	5.441
Eni Finance International SA	118	5	123	GBP		2021		4.750
Eni Finance International SA	25		25	YEN		2021		1.955
	14,896	134	15,030					
Other bonds								
Eni SpA	890	4	894	USD		2023		4.000
Eni SpA	890	2	892	USD		2028		4.750
Eni SpA	890	(1)	889	USD		2029		4.250
Eni SpA	401	4	405	USD		2020		4.150
Eni SpA	312	1	313	USD		2040		5.700
Eni USA Inc	356		356	USD		2027		7.300
	3,739	10	3,749					
	18,635	144	18,779					

As of December 31, 2019, ordinary bonds maturing within 18 months amounted to €2,611 million. During 2019, new bonds issued amounted to €1,635 million.

The following table provides a breakdown of convertible bonds issued by Eni SpA as of December 31, 2019:

(€ million)	Amount	Discount on bond issue and accrued expense	Total	Currency	Maturity	Rate %
Eni SpA	400	(?)	393	EUR	2022	0.000

The non-dilutive equity-linked bond provides for a redemption value linked to the market price of Eni's shares. The bondholders have "conversion" rights at certain times and/or in the presence of certain events, while the bonds will be cash-settled. Accordingly, to hedge its exposure, Eni purchased cash-settled call options relating to Eni shares that will be settled on a net cash basis. The bond conversion price is equal €17.62 and includes a 35% premium with respect to the Eni's share reference price at the date of issuance. The convertible bond

is measured at amortized cost. The conversion option, embedded in the financial instrument issued, and the call option on Eni's shares acquired are valued at fair value with effects recognized through profit and loss.

Eni has in place a program for the issuance of Euro Medium Term Notes up to €20 billion, of which €14.9 billion were drawn as of December 31, 2019. The following table provides a breakdown by currency of finance debt and the related weighted average interest rates:

	December 31, 2019				December 31, 2018			
	Short-term debt (€ million)	Average rate (%)	Long-term debt and current portion of long-term debt (€ million)	Average rate (%)	Short-term debt (€ million)	Average rate (%)	Long-term debt and current portion of long-term debt (€ million)	Average rate (%)
Euro	464	0.2	16,526	2.1	680	1.9	18,635	2.3
US dollar	1,981	2.3	5,392	4.6	1,007	2.5	4,530	4.3
Other currencies	?	(0.7)	148	4.3	495	1.0	518	4.2
	2,452		22,066		2,182		23,683	

As of December 31, 2019, Eni retained undrawn uncommitted borrowing facilities amounting to €13,299 million (€12,484 million at December 31, 2018) and undrawn long-term committed borrowing facilities of €4,667 million (€5,214 million at December 31, 2018). Those facilities bore interest rates reflecting prevailing conditions on

the marketplace. As of December 31, 2019, Eni was in compliance with covenants and other contractual provisions in relation to borrowing facilities.

Fair value of long-term debt, including the current portion of long-term debt is described below:

(€ million)	December 31, 2019	December 31, 2018
Ordinary bonds	19,173	20,257
Convertible bonds	402	399
Banks	2,904	3,445
Other financial institutions	49	111
	22,528	24,212

Fair value of finance debts was calculated by discounting the expected future cash flows at discount rates ranging from -0.3% to 2.0% [-0.2% and 2.9% at December 31, 2018].

Because of the short-term maturity and conditions of remuneration of short-term debts, the fair value approximated the carrying amount.

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(€ million)	Long-term debt and current portion of long-term debt	Short-term debt	Long-term and current portion of long-term lease liabilities	Total
Carrying amount at December 31, 2018	23,683	2,182		25,865
First adoption IFRS 16			5,656	5,656
Reclassifications			168	168
Reclassification to liabilities directly associated with assets held for sale			(13)	(13)
Carrying amount at January 1, 2019	23,683	2,182	5,811	31,676
Cash flows	(1,701)	161	(877)	(2,417)
Currency translation differences	157	92	93	342
Changes in the scope of consolidation		5		5
Other non-monetary changes	(73)	12	621	560
Carrying amount at December 31, 2019	22,066	2,452	5,648	30,166

Other non-monetary changes include €668 million of lease liabilities assumptions.

Lease liabilities are described in note 12 – Right-of-use assets and

lease liabilities.

Transactions with related parties are described in note 36 –

Transactions with related parties.

19 | Information on net borrowings

The analysis of net borrowings as defined in the "Financial Review", was as follows:

(€ million)	December 31, 2019			December 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
A. Cash and cash equivalents	5,994		5,994	10,836		10,836
B. Held-for-trading financial assets	6,760		6,760	6,552		6,552
C Liquidity (A+B)	12,754		12,754	17,388		17,388
D. Financing receivables	287		287	188		188
E. Short-term debt towards banks	187		187	383		383
F. Long-term debt towards banks	504	2,341	2,845	768	2,710	3,478
G. Bonds	2,642	16,530	19,172	2,781	17,313	20,094
H. Short-term debt towards related parties	46		46	661		661
I. Other short-term liabilities	2,219		2,219	1,138		1,138
J. Other long-term liabilities	10	39	49	52	59	111
K. Total borrowings less lease liabilities (E+F+G+H+I+J)	5,608	18,910	24,518	5,783	20,082	25,865
L. Net borrowings less lease liabilities (K-C-D)	(7,433)	18,910	11,477	(11,793)	20,082	8,289
M. Lease liabilities	884	4,751	5,635			
N. Lease liabilities towards related parties	5	8	13			
O. Total borrowings including lease liabilities (K+M+N)	6,497	23,669	30,166	5,783	20,082	25,865
P. Net borrowings including lease liabilities (O-C-D)	(6,544)	23,669	17,125	(11,793)	20,082	8,289

Cash and cash equivalent are disclosed in note 5 – Cash and cash equivalent.

Financial assets held for trading are disclosed in note 6 – Financial assets held for trading.

Financing receivables are disclosed in note 16 – Other financial assets.

Finance debts are disclosed in note 18 – Finance debts.

Liabilities for leased assets related for €1,976 million to the share of joint operators in upstream projects operated by Eni which will be recovered through a partner cash-call billing process. More information is reported in note 12 – Right-of-use assets and lease liabilities.

20 | Provisions

(€ million)	Provisions for site restoration, abandonment and social projects	Environmental provisions	Provisions for litigations	Provisions for taxes other than income taxes	Loss adjustments and actuarial provisions for Eni's insurance companies	Provisions for losses on investments	Provisions for OIL insurance cover	Provisions for redundancy incentives	Provisions for disposal and restructuring	Others	Total
Carrying amount at December 31, 2018	6,777	2,595	824	180	327	204	130	108	66	415	11,626
New or increased provisions		354	165	38	173	65		2	2	411	1,210
Initial recognition and changes in estimates	2,074										2,074
Accretion discount	247	7	(2)							3	255
Reversal of utilized provisions	(313)	(299)	(43)	(24)	(175)			(11)	(12)	(51)	(928)
Reversal of unutilized provisions	(7)	(25)	(105)				(19)	(29)	(10)	(7)	(202)
Currency translation differences	112		13	8		2				4	139
Other changes	46	(30)	(2)	(3)	8	(83)	2			(6)	(68)
Carrying amount at December 31, 2019	8,936	2,602	850	199	333	188	113	70	46	769	14,106

Provisions for site restoration, abandonment and social projects include the present value of the estimated costs that the Company expects to incur for decommissioning oil and natural gas production facilities at the end of the producing lives of fields, well-plugging, abandonment and site restoration of the Exploration & Production segment for €8,411 million. Initial recognitions and changes in estimates of €2,074 million were mainly driven by a decrease in the discount rate curve and to a lesser extent by the recognition of new decommissioning obligations due to the activity of the year. The unwinding of discount recognized through profit and loss for €247 million was determined based on discount rates ranging from -0.1% to 6.1% [from -0.2% to 6.1% at December 31, 2018]. Main expenditures associated with decommissioning operations are expected to be incurred over a 45-year period.

Provisions for environmental risks included the estimated costs for environmental clean-up and remediation of soil and groundwater in areas owned or under concession where the Group performed in the past industrial operations that were progressively divested, shut down, dismantled or restructured. The provision was accrued because at the balance sheet date there is a legal or constructive obligation for Eni to carry out environmental clean-up and remediation and the expected costs can be estimated reliably. The provision included the expected charges associated with strict liability related to obligations of cleaning up and remediating polluted areas that met the parameters set by the law at the time when the pollution occurred but presently are no more in compliance with current environmental laws and regulations, or because Eni assumed the liability borne by other operators when the Company acquired or otherwise took over site operations. Those environmental provisions are recognized when an environmental project is approved by or filed with the relevant administrative authorities or a constructive obligation has arisen whereby the Company commits itself to performing certain cleaning-up and restoration projects and a reliable cost estimation is available. At December 31, 2019, environmental provision primarily related to

Eni Rewind SpA (former Syndial SpA) for €1,930 million and to the Refining & Marketing business line for €416 million which includes the costs of restoration and environmental remediation as a part of the Memorandum of Understanding signed between Eni and the Ministry for the Environment in December 2019.

Litigation provisions comprised expected liabilities associated with legal proceedings and other matters arising from contractual claims, including arbitrations, fines and penalties due to antitrust proceedings and administrative matters. These provisions represent the Company's best estimate of the expected and probable liabilities associated with ongoing litigation and related to the Exploration & Production segment for €723 million.

Provisions for taxes other than income taxes related to the estimated losses that the Company expects to incur to settle uncertain tax matters and tax claims pending with tax authorities in relation to uncertainties in applying rules in force for foreign subsidiaries of the Exploration & Production segment for €169 million.

Loss adjustments and actuarial provisions of Eni's insurance company Eni Insurance DAC represented the estimated liabilities accrued on the basis for third parties claims. Against such liability was recorded receivables of €162 million recognized towards insurance companies for reinsurance contracts.

Provisions for losses on investments included provisions relating to investments whose loss exceeds the equity and primarily related to Industria Siciliana Acido Fosforico - ISAF - SpA (in liquidation) for €131 million.

Provisions for the OIL mutual insurance scheme included the estimated future increase of insurance premiums which will be charged to Eni in the next five years and that were accrued at the reporting date because of the effective accident rate occurred in past reporting periods.

Provisions for redundancy incentives were recognized mainly due to a restructuring program involving the Italian personnel related to past reporting periods.

21 | Provisions for employee benefits

(€ million)	December 31, 2019	December 31, 2018
Italian defined benefit plans	269	275
Foreign defined benefit plans	412	385
FISDE, foreign medical plans and other	177	148
Defined benefit plans	858	808
Other benefit plans	278	309
	1,136	1,117

The liability relating to Eni's commitment to cover the healthcare costs of personnel is determined on the basis of the contributions paid by the Company.

benefit plan applicable to a specific category of employees) of Eni gas e luce SpA for €107 million, jubilee awards for €25 million and other long-term plans for €14 million.

Other employee benefit plans related to deferred monetary incentive plans for €132 million, the isopensione plans (a post retirement

Present value of employee benefits, estimated by applying actuarial techniques, consisted of the following:

(€ million)	2019						2018					
	Italian defined benefit plans	Foreign defined benefit plans	FISDE, foreign medical plans and other	Defined benefit plans	Other benefit plans	Total	Italian defined benefit plans	Foreign defined benefit plans	FISDE, foreign medical plans and other	Defined benefit plans	Other benefit plans	Total
Present value of benefit liabilities at beginning of year	275	925	148	1,348	309	1,657	284	997	135	1,416	194	1,610
Current cost		19	2	21	55	76		27	2	29	42	71
Interest cost	4	37	3	44	1	45	4	31	2	37	1	38
Remeasurements:	5	41	24	70	1	71	1	(25)	13	(11)	30	19
- actuarial (gains) losses due to changes in financial assumptions	7	50	3	60	1	61		(31)	1	(30)	29	(1)
- experience (gains) losses	(2)	(9)	21	10		10	1	6	12	19	1	20
Past service cost and (gains) losses settlements		1	8	9	(2)	7		2	1	3	115	118
Plan contributions:		1		1		1		1		1		1
- employee contributions		1		1		1		1		1		1
Benefits paid	(15)	(28)	(9)	(52)	(88)	(140)	(15)	(35)	(9)	(59)	(74)	(133)
Reclassification to liabilities directly associated with asset held for sale								(8)		(8)		(8)
Changes in the scope of consolidation								(90)		(90)	(2)	(92)
Currency translation differences and other changes		48	1	49	2	51	1	25	4	30	3	33
Present value of benefit liabilities at end of year (a)	269	1,044	177	1,490	278	1,768	275	925	148	1,348	309	1,657
Plan assets at beginning of year		545		545		545		588		588		588
Interest income		20		20		20		17		17		17
Return on plan assets		23		23		23		(21)		(21)		(21)
Plan contributions:		14		14		14		25		25		25
- employee contributions		1		1		1		1		1		1
- employer contributions		13		13		13		24		24		24
Benefits paid		(19)		(19)		(19)		(26)		(26)		(26)
Changes in the scope of consolidation								(64)		(64)		(64)
Currency translation differences and other changes		49		49		49		26		26		26
Plan assets at end of year (b)		632		632		632		545		545		545
Asset ceiling at beginning of year		5		5		5						
Change in asset ceiling		(5)		(5)		(5)		5		5		5
Asset ceiling at end of year (c)								5		5		5
Net liability recognized at end of year (a-b+c)	269	412	177	858	278	1,136	275	385	148	808	309	1,117

Employee benefit plans included the liability attributable to partners operating in exploration and production activities of €175 million (€181 million at December 31, 2018). Eni recorded a receivable for

an amount equivalent to such liability.

Costs charged to the profit and loss account consisted of the following:

(€ million)	Italian defined benefit plans	Foreign defined benefit plans	FISDE, foreign medical plans and other	Defined benefit plans	Other benefit plans	Total
2019						
Current cost		19	2	21	55	76
Past service cost and (gains) losses on settlements		1	8	9	(2)	7
Interest cost (income), net:						
- interest cost on liabilities	4	37	3	44	1	45
- interest income on plan assets		(20)		(20)		(20)
Total interest cost (income), net	4	17	3	24	1	25
- of which recognized in "Payroll and related cost"					1	1
- of which recognized in "Financial income (expense)"	4	17	3	24		24
Remeasurements for long-term plans					1	1
Total	4	37	13	54	55	109
- of which recognized in "Payroll and related cost"		20	10	30	55	85
- of which recognized in "Financial income (expense)"	4	17	3	24		24
2018						
Current cost		27	2	29	42	71
Past service cost and (gains) losses on settlements		2	1	3	115	118
Interest cost (income), net:						
- interest cost on liabilities	4	31	2	37	1	38
- interest income on plan assets		(17)		(17)		(17)
Total interest cost (income), net	4	14	2	20	1	21
- of which recognized in "Payroll and related cost"					1	1
- of which recognized in "Financial income (expense)"	4	14	2	20		20
Remeasurements for long-term plans					30	30
Total	4	43	5	52	188	240
- of which recognized in "Payroll and related cost"		29	3	32	188	220
- of which recognized in "Financial income (expense)"	4	14	2	20		20

Costs of defined benefit plans recognized in other comprehensive income consisted of the following:

(€ milioni)	2019				2018			
	Italian defined benefit plans	Foreign defined benefit plans	FISDE, foreign medical plans and other	Total	Italian defined benefit plans	Foreign defined benefit plans	FISDE, foreign medical plans and other	Total
Remeasurements								
Actuarial (gains)/losses due to changes in financial assumptions	7	50	3	60		(31)	1	(30)
Experience (gains) losses	(2)	(9)	21	10	1	6	12	19
Return on plan assets		(23)		(23)		21		21
Change in asset ceiling		(5)		(5)		5		5
	5	13	24	42	1	1	13	15

Plan assets consisted of the following:

(€ million)	Cash and cash equivalents	Equity securities	Debt securities	Real estate	Derivatives	Investment funds	Assets held by insurance company	Other	Total
December 31, 2019									
Plan assets with a quoted market price	32	39	388	7	2	79	17	65	629
Plan assets without a quoted market price							3		3
	32	39	388	7	2	79	20	65	632
December 31, 2018									
Plan assets with a quoted market price	115	37	238	6	2	56	18	70	542
Plan assets without a quoted market price							3		3
	115	37	238	6	2	56	21	70	545

The main actuarial assumptions used in the measurement of the liabilities at year-end and in the estimate of costs expected for 2020 consisted of the following:

	Italian defined benefit plans	Foreign defined benefit plans	FISDE, foreign medical plans and other	Other benefit plans
2019				
Discount rate	(%)	0.7	0.0-13.7	0.7
Rate of compensation increase	(%)	1.7	1.3-12.5	
Rate of price inflation	(%)	0.7	0.8-11.3	0.7
Life expectations on retirement at age 65	(years)		13-25	24
2018				
Discount rate	(%)	1.5	0.8-18.0	1.5
Rate of compensation increase	(%)	2.5	1.5-16.5	
Rate of price inflation	(%)	1.5	0.8-16.0	1.5
Life expectations on retirement at age 65	(years)		13-25	24.0

The following is an analysis by geographical area related to the main actuarial assumptions used in the valuation of the principal foreign defined benefit plans:

	Euro area	Rest of Europe	Africa	Others areas	Foreign defined benefit plans
2019					
Discount rate	(%)	0.8-1.0	0.0-2.0	2.6-13.7	7.3-11.3
Rate of compensation increase	(%)	1.3-3.0	2.5-3.6	2.0-12.5	10.0-11.3
Rate of price inflation	(%)	1.3-2.0	0.8-3.1	2.6-11.3	3.3-5.0
Life expectations on retirement at age 65	(years)	21-22	24-25	13-17	
2018					
Discount rate	(%)	1.5-1.9	0.8-2.9	3.7-18.0	8.0-13.3
Rate of compensation increase	(%)	1.5-3.0	2.5-3.8	5.0-16.5	10.0-13.3
Rate of price inflation	(%)	1.5-2.0	0.8-3.3	3.7-16.0	3.5-5.0
Life expectations on retirement at age 65	(years)	21-22	23-25	13-17	

The effects of a possible change in the main actuarial assumptions at the end of the year are listed below:

	Discount rate		Rate of price inflation	Rate of increases in pensionable salaries	Healthcare cost trend rate	Rate of increases to pensions in payment
	0.5% Increase	0.5% Decrease	0.5% Increase	0.5% Increase	0.5% Increase	0.5% Increase
(€ million)						
December 31, 2019						
Italian defined benefit plans	(12)	13	8			
Foreign defined benefit plans	(67)	77	31	18		34
FISDE, foreign medical plans and other	(9)	10			10	
Other benefit plans	(4)	1	1			
December 31, 2018						
Italian defined benefit plans	(12)	13	8			
Foreign defined benefit plans	(58)	65	23	15		18
FISDE, foreign medical plans and other	(7)	8			6	
Other benefit plans	(5)	3	1			

The sensitivity analysis was performed based on the results for each plan through assessments calculated considering modified parameters.

The amount of contributions expected to be paid for employee

benefit plans in the next year amounted to €130 million, of which €57 million related to defined benefit plans.

The following is an analysis by maturity date of the liabilities for employee benefit plans and their relative weighted average duration:

(€ million)	Italian defined benefit plans	Foreign defined benefit plans	FISDE, foreign medical plans and other	Other benefit plans	
December 31, 2019					
2020	17	33	9	73	
2021	16	35	8	68	
2022	12	32	7	61	
2023	10	39	7	17	
2024	15	49	7	14	
2025 and thereafter	199	224	139	45	
Weighted average duration (years)	(years)	9.4	18.1	13.3	3.0
December 31, 2018					
2019	15	54	9	81	
2020	16	56	7	72	
2021	18	63	6	67	
2022	14	64	6	20	
2023	11	74	6	17	
2024 and thereafter	201	74	114	57	
Weighted average duration (years)	(years)	10.1	17.4	12.8	2.6

22 | Deferred tax assets and liabilities

(€ million)	December 31, 2019	December 31, 2018
Deferred tax liabilities before offsetting	9,583	7,956
Deferred tax assets available for offset	(4,663)	(3,684)
Deferred tax liabilities	4,920	4,272
Deferred tax assets before offsetting (net of accumulated write-down provisions)	9,023	7,615
Deferred tax liabilities available for offset	(4,663)	(3,684)
Deferred tax assets	4,360	3,931

The most significant temporary differences giving rise to net deferred tax liabilities are disclosed below:

(€ million)	December 31, 2019	December 31, 2018
Deferred tax liabilities		
Accelerated tax depreciation	6,796	6,612
Leasing	1,375	
Difference between the fair value and the carrying amount of assets acquired	617	849
Site restoration and abandonment (tangible assets)	126	85
Application of the weighted average cost method in evaluation of inventories	97	44
Other	572	366
	9,583	7,956
Deferred tax assets, gross		
Carry-forward tax losses	(6,065)	(5,528)
Site restoration and abandonment (provisions for contingencies)	(2,242)	(1,986)
Timing differences on depreciation and amortization	(2,022)	(2,104)
Accruals for impairment losses and provisions for contingencies	(1,513)	(1,460)
Leasing	(1,385)	
Impairment losses	(946)	(792)
Over/Under lifting	(525)	(604)
Employee benefits	(209)	(212)
Unrealized intercompany profits	(120)	(124)
Other	(740)	(546)
	(15,767)	(13,356)
Accumulated write-downs of deferred tax assets	6,744	5,741
Deferred tax assets, net	(9,023)	(7,615)

The following table summarizes the changes in deferred tax liabilities and assets:

(€ million)	Deferred tax liabilities, gross	Deferred tax assets, gross	Accumulated write-downs of deferred tax assets	Deferred tax assets, net of impairments
Carrying amount at December 31, 2018	7,956	(13,356)	5,741	(7,615)
Changes in accounting policies (IFRS 16)	1,470	(1,470)		(1,470)
Carrying amount at January 1, 2019	9,426	(14,826)	5,741	(9,085)
Additions	1,265	(2,091)	1,161	(930)
Deductions	(1,205)	1,407	(174)	1,233
Currency translation differences	194	(182)	34	(148)
Other changes	(97)	(75)	(18)	(93)
Carrying amount at December 31, 2019	9,583	(15,767)	6,744	(9,023)
Carrying amount at December 31, 2017	10,169	(13,609)	5,262	(8,347)
Changes in accounting policies (IFRS 15)	37	(237)		(237)
Carrying amount at January 1, 2018	10,206	(13,846)	5,262	(8,584)
Additions	1,147	(1,478)	253	(1,225)
Deductions	(802)	1,523	(43)	1,480
Currency translation differences	283	(278)	71	(207)
Change in the scope of consolidation	(2,778)	813		813
Other changes	(100)	(90)	198	108
Carrying amount at December 31, 2018	7,956	(13,356)	5,741	(7,615)

The first application of IFRS 16 is disclosed in note 3 – Changes in accounting policies.

Carry-forward tax losses amounted to €21,360 million out of which €15,256 million can be carried forward indefinitely. Carry-forward tax losses were €12,039 million and €9,321 million at Italian subsidiaries and foreign subsidiaries, respectively. Deferred tax assets recognized on these losses amounted to €2,936 million and €3,129 million, respectively.

Italian taxation law allows the carry-forward of tax losses indefinitely. Foreign taxation laws generally allow the carry-

forward of tax losses over a period longer than five years, and in many cases, indefinitely. A tax rate of 24% was applied to tax losses of Italian subsidiaries to determine the portion of the carry-forwards tax losses, which will be utilized in future years to offset expected taxable profit. The corresponding average rate for foreign subsidiaries was 33.6%.

Accumulated write-downs of deferred tax assets related to Italian companies for €5,329 million and non-Italian companies for €1,415 million.

Taxes are also described in note 32 – Income taxes.

23 | Derivative financial instruments and hedge accounting

€ million	December 31, 2019			December 31, 2018		
	Fair value asset	Fair value liability	Level of Fair value	Fair value asset	Fair value liability	Level of Fair value
Non-hedging derivatives						
<i>Derivatives on exchange rate</i>						
- Currency swap	97	43	2	99	46	2
- Interest currency swap	26		2	14	71	2
- Outright	8	5	2	3	5	2
	131	48		116	122	
<i>Derivatives on interest rate</i>						
- Interest rate swap	13	34	2	18	6	2
	13	34		18	6	
<i>Derivatives on commodities</i>						
- Future	192	181	1	1,060	1,107	1
- Over the counter	89	58	2	306	284	2
- Other	12		2	1	5	2
	293	239		1,367	1,396	
	437	321		1,501	1,524	
Trading derivatives						
<i>Derivatives on commodities</i>						
- Over the counter	2,387	1,953	2	992	1,031	2
- Future	348	313	1	367	263	1
- Options	21	22	2	80	71	2
	2,756	2,288		1,439	1,365	
Cash flow hedge derivatives						
<i>Derivatives on commodities</i>						
- Over the counter	1	596	2	311	196	2
- Future	34	148	1			
- Options		2	2	26	15	1
	35	746		337	211	
Option embedded in convertible bonds	11	11	2	21	21	2
Gross amount	3,239	3,366		3,298	3,121	
Offsetting	(612)	(612)		(1,636)	(1,636)	
Net amount	2,627	2,754		1,662	1,485	
Of which:						
- current	2,573	2,704		1,594	1,445	
- non-current	54	50		68	40	

Derivative fair values were estimated on the basis of market quotations provided by primary info-provider or, alternatively, appropriate valuation techniques generally adopted in the marketplace.

Fair values of non-hedging derivatives consisted of derivatives that did not meet the formal criteria to be designated as hedges under IFRS.

Fair values of trading derivatives consisted of derivatives entered for trading purposes and proprietary trading.

Fair value of cash flow hedge derivatives related to commodity hedges were entered into by the Gas & Power segment. These derivatives were

entered into to hedge variability in future cash flows associated with highly probable future sale transactions of gas or electricity or on already contracted sales due to different indexation mechanisms of supply costs versus selling prices. A similar scheme applies to exchange rate hedging derivatives. The effects of the measurement at fair value of cash flow hedge derivatives are given in note 25 – Shareholders' equity and in note 29 – Costs. Information on hedged risks and hedging policies is disclosed in note 27 – Guarantees, commitments and risks - Risk factors.

Options embedded in convertible bonds relate to equity-linked cash settled. More information is disclosed in note 18 – Finance debts. The offsetting of financial derivatives related to the Gas & Power segment.

During 2019, there were no transfers between the different hierarchy levels of fair value.

Hedging derivative instruments are disclosed below:

(€ million)	December 31, 2019			December 31, 2018		
	Nominal amount of the hedging instrument	Change in fair value (effective hedge)	Change in fair value (ineffective hedge)	Nominal amount of the hedging instrument	Change in fair value (effective hedge)	Change in fair value (ineffective hedge)
Cash flow hedge derivatives						
<i>Derivatives on commodity</i>						
- Over the counter	2,179	(1,357)	(2)	3,528	404	2
- Future	1,245	(61)		71	(6)	(2)
	3,424	(1,418)	(2)	3,599	398	

In 2019, the exposure to the exchange rate risk deriving from securities denominated in US dollars included in the strategic liquidity portfolio amounting to €1,902 million was hedged by using, in a fair value hedge relationship, negative exchange

differences for €21 million resulting on a portion of bonds denominated in US dollars amounting to €1,844 million. The breakdown of the underlying asset or liability by type of risk hedged under cash flow hedge is provided below:

(€ million)	December 31, 2019			December 31, 2018		
	Change of the underlying asset used for the calculation of hedging ineffectiveness	CFH reserve	Reclassification adjustments	Change of the underlying asset used for the calculation of hedging ineffectiveness	CFH reserve	Reclassification adjustments
Cash flow hedge derivatives						
<i>Commodity price risk</i>						
- Planned sales	1,444	(656)	(739)	(389)	(13)	642
	1,444	(656)	(739)	(389)	(13)	642

Eni's results of operations are affected by fluctuations in the price of commodities. To that end, Eni enters into commodities derivatives traded the organized markets (like MTF and OTF) and commodities derivatives traded over the counter (swaps, forward, contracts for differences and options on commodities) with underlying commodities being crude oil, gas, refined products, electricity or emission certificates that are not settled through physical delivery of the underlying commodity but are designated as hedging instruments in a cash flow hedge relation.

The existence of a relationship between the hedged item and the hedging derivative is checked at inception to verify eligibility for

hedge accounting by observing the offset in changes of the fair values at both the underlying commodity and the derivative. The hedging relationship is also stress-tested against the level of credit risk of the counterparty in the derivative transaction.

The hedge ratio is defined consistently with the Company's risk management objectives, under a defined risk management strategy. The hedging relationship is discontinued when it ceases to meet the qualifying criteria and the risk management objectives on the basis of which hedge accounting has initially been applied.

More information is reported in note 27 – Guarantees, Commitments and Risks – Financial risks.

Effects recognized in other operating profit (loss)

Other operating profit (loss) related to derivative financial instruments on commodity was as follows:

(€ million)	2019	2018	2017
Net income (loss) on cash flow hedging derivatives	(2)		12
Net income (loss) on other derivatives	289	129	(44)
	287	129	(32)

Net income (loss) on cash flow hedging derivatives related to the ineffective portion of the hedging relationship on commodity derivatives was recognized through profit and loss in the Gas & Power segment.
Net income (loss) on other derivatives included the fair value

measurement and settlement of commodity derivatives which could not be elected for hedge accounting under IFRS because they related to net exposure to commodity risk and derivatives for trading purposes and proprietary trading.

Effects recognized in finance income (loss)

Finance income (loss) on derivative financial instruments consisted of the following:

(€ million)	2019	2018	2017
Derivatives on exchange rate	9	(329)	809
Derivatives on interest rate	(23)	22	28
	(14)	(307)	837

Net finance income from derivative financial instruments was recognized in connection with the fair value valuation of certain derivatives which lacked the formal criteria to be treated in accordance with hedge accounting under IFRS, as they were entered into for amounts equal to the net exposure to exchange rate risk and interest rate risk, and as such, they cannot be referred to specific trade or

financing transactions. Exchange rate derivatives were entered into in order to manage exposures to foreign currency exchange rates arising from the pricing formulas of commodities in the Gas & Power segment.

Finance income (expense) with related parties is disclosed in note 36 – Transactions with related parties.

24 | Assets held for sale and liabilities directly associated with assets held for sale

As of December 31, 2019, assets held for sale related to sales of tangible for €18 million.
In the course of 2019, Eni finalized the sale of Agip Oil Ecuador BV,

which retains a service contract for the development of Villano oil field, and of a minority investment.

25 | Shareholders' equity

Eni shareholders' equity

(€ million)	December 31, 2019	December 31, 2018
Share capital	4,005	4,005
Retained earnings	37,436	36,702
Cumulative currency translation differences	7,209	6,605
Legal reserve	959	959
Reserve for treasury shares	981	581
Reserve related to the fair value of cash flow hedging derivatives net of the tax effect	(465)	(9)
Reserve related to the defined benefit plans net of tax effect	(173)	(130)
Other comprehensive income on equity-accounted investments	60	66
Other comprehensive income on other investments	12	15
Other reserves	190	190
Treasury shares	(981)	(581)
Interim dividend	(1,542)	(1,513)
Net profit (loss) for the year	148	4,126
	47,839	51,016

Share capital

As of December 31, 2019, the parent company's issued share capital consisted of €4,005,358,876 represented by 3,634,185,330 ordinary shares without nominal value (same amounts as of December 31, 2018).

On May 14, 2019, Eni's Shareholders' Meeting resolved: (i) to distribute a dividend of €0.41 per share, with the exclusion of treasury shares held at the ex-dividend date, in full settlement of the 2018 dividend of €0.83 per share, of which €0.42 per share was already paid as interim dividend in September 2018. The final amount was paid on 22 May 2019, to shareholders on the register on May 20, 2019, record date on May 21, 2019; (ii) to authorise the Board of Directors – pursuant to and for the purposes of Article 2357 of the Italian Civil Code – to proceed, within a period of eighteen months from the date of the resolution, with the purchase of a maximum number of shares equal to

67,000,000 ordinary shares of the Company, representing about 1.84% of the share capital of Eni SpA, for a total outlay of up to €1,200 million. In execution of this resolution at December 31, 2019, 28,590,482 shares were acquired for a total consideration of €400 million.

Legal reserve

This reserve represents earnings restricted from the payment of dividends pursuant to Article 2430 of the Italian Civil Code. The legal reserve has reached the maximum amount required by the Italian Law.

Reserve for treasury shares

The reserve for treasury shares represents the reserve that was established in previous reporting period to repurchase the Company shares in accordance with resolutions at Eni's Shareholders' Meetings.

Other Comprehensive Income reserves

	Cash flow hedge derivatives			Defined benefit plans ^(*)			Other comprehensive income on equity-accounted investments	Investments valued at fair value
	Gross reserve	Deferred tax liabilities	Net reserve	Gross reserve	Deferred tax liabilities	Net reserve		
(€ million)								
Reserve as of December 31, 2018	(13)	4	(9)	(143)	13	(130)	66	15
Changes of the year	(1,418)	411	(1,007)	(49)	5	(44)	(6)	(3)
Foreign currency translation differences				(3)		(3)		
Change in scope of consolidation				5	(1)	4		
Reversal to inventories adjustments	36	(10)	26					
Reclassification adjustments	739	(214)	525					
Reserve as of December 31, 2019	(656)	191	(465)	(190)	17	(173)	60	12
Reserve as of December 31, 2017	240	(57)	183	(133)	19	(114)	90	
Changes of the year	399	(116)	283	(15)	(2)	(17)	(24)	15
Foreign currency translation differences				1	(1)			
Change in scope of consolidation				4	(3)	1		
Reversal to inventories adjustments	(10)	3	(7)					
Reclassification adjustments	(642)	174	(468)					
Reserve as of December 31, 2018	(13)	4	(9)	(143)	13	(130)	66	15

(*) OCI for defined benefit plans at December 31, 2019 includes €7 million related to equity-accounted investments.

Other reserves

Other reserves related to: (i) a reserve of €127 million representing the increase in Eni shareholders' equity associated with a business combination under common control, whereby the parent company Eni SpA divested its subsidiaries; (ii) a reserve of €63 million deriving from Eni SpA's equity.

Cumulative foreign currency translation differences

The cumulative foreign currency translation differences arose from the translation of financial statements denominated in currencies other than euro.

Treasury shares

A total of 61,635,679 of Eni's ordinary shares (33,045,197 at December 31, 2018) were held in treasury for a total cost of €981 million (€581 million at December 31, 2018). On April 13, 2017, the Shareholders

Meeting approved the Long-Term Monetary Incentive Plan 2017-2019 and empowered the Board of Directors to execute the Plan by authorizing it to dispose up to a maximum of 11 million of treasury shares in service of the Plan.

Interim dividend

The interim dividend for the year 2019 amounted to €1,542 million corresponding to €0.43 per share, as resolved by the Board of Directors on September 19, 2019, in accordance with Article 2433-bis, paragraph 5 of the Italian Civil Code; the dividend was paid on September 25, 2019.

Distributable reserves

As of December 31, 2019, Eni shareholders' equity included distributable reserves of approximately €43 billion.

Reconciliation of net profit and shareholders' equity of the parent company Eni SpA to consolidated net profit and shareholders' equity

(€ million)	Net profit		Shareholders' equity	
	2019	2018	December 31, 2019	December 31, 2018
As recorded in Eni SpA's Financial Statements	2,978	3,173	41,636	42,615
Excess of net equity stated in the separate accounts of consolidated subsidiaries over the corresponding carrying amounts of the parent company	(2,800)	(134)	5,211	7,183
Consolidation adjustments:				
- difference between purchase cost and underlying carrying amounts of net equity	(6)		202	153
- adjustments to comply with Group accounting policies	(348)	862	1,424	2,000
- elimination of unrealized intercompany profits	(74)	177	(593)	(519)
- deferred taxation	405	59	20	(359)
	155	4,137	47,900	51,073
Non-controlling interest	(7)	(11)	(61)	(57)
As recorded in Consolidated Financial Statements	148	4,126	47,839	51,016

26 | Other information

Supplemental cash flow information

(€ million)	2019	2018	2017
Investment in consolidated subsidiaries and businesses			
Current assets	1	44	
Non-current assets	12	198	
Net borrowings		11	
Current and non-current liabilities	(6)	(47)	
Net effect of investments	7	206	
Fair value of investments held before the acquisition of control		(50)	
Non-controlling interests	(2)		
Gain on a bargain purchase		(8)	
Purchase price	5	148	
less:			
Cash and cash equivalents		(29)	
Consolidated subsidiaries and businesses net of cash and cash equivalent acquired	5	119	
Disposal of consolidated subsidiaries and businesses			
Current assets	77	328	166
Non-current assets	188	5,079	814
Net borrowings	11	785	(252)
Current and non-current liabilities	(57)	(3,470)	(205)
Net effect of disposals	219	2,722	523
Reclassification of foreign currency translation differences among other items of comprehensive income	(24)	113	
Fair value of share capital held after the sale of control		(3,498)	
Fair value valuation for business combination		889	
Gain (loss) on disposal	16	13	2,148
Selling price	211	239	2,671
less:			
Cash and cash equivalents	(24)	(286)	(9)
Consolidated subsidiaries and businesses net of cash and cash equivalent divested disposed of	187	(47)	2,662

Investments in 2019 concerned: (i) the acquisition of 60% stake of SEA SpA, which supplies services and solutions for energy efficiency in the residential and industrial segments in Italy; (ii) the acquisition of the residual 32% interest in the joint operation Petroven Srl, which operates storage facilities of petroleum products.

Disposals in 2019 concerned the sale of the 100% of the stake of Agip Oil Ecuador BV, which retains a service contract for the development of the Villano oil field.

Investments in 2018 concerned: (i) the acquisition of the business by Versalis SpA of the "bio" activities of the Mossi & Ghisolfi Group, related to development, industrialization, licensing of bio-chemical technologies and processes based on use of renewable sources for €75 million; (ii) the acquisition of the remaining 51% stake in the Gas Supply Company of Thessaloniki - Thessalia SA which distributes and sells gas in Greece for €24 million, net of cash acquired of €28 million; (iii) the acquisition of the company Mestni Plinovodi distribucija plina doo, which distributes and sells gas in Slovenia for €15 million, net of cash acquired for €1 million. The gain from bargain purchase, recognized in Other income and revenues, was due to the obtainable synergies from the greater ability to recover the investments made by the acquired company due to the combination of customer portfolios.

Disposals in 2018 concerned: (i) the loss of control of Eni Norge AS resulting from the business combination with Point Resources AS, with the establishment of the equity-accounted joint venture Vår Energi AS (Eni's interest 69.60%), that will develop the project portfolio of the combined entities. The operation entailed the change in scope of consolidation of €2,486 million of net assets, of which cash and cash equivalents for €258 million, the recognition of the investment in Vår Energi AS for €3,498 million and a fair value gain of €889 million, net of negative exchange rate differences of €123 million; (ii) the sale of 98.99% (entire stake owned) of Tigáz Zrt and Tigáz Dso (100% Tigáz Zrt) operating in the gas distribution business in Hungary to the MET Holding AG group for €145 million net of cash divested of €13 million; (iii) the sale by Lasmo Sanga Sanga of the business relating to a 26.25% stake (entire stake owned) in the PSA of the Sanga Sanga gas and condensates field for €33 million; (iv) the sale of 100% of Eni Croatia BV, which owns shares of gas projects in Croatia to INA-Industrija Nafta dd for €20 million, net of cash divested of €15 million; (v) the sale of 100% of Eni Trinidad and Tobago Ltd, which holds a share of a gas project in Trinidad and Tobago for €10 million.

27 | Guarantees, commitments and risks

Guarantees

(€ million)	December 31, 2019	December 31, 2018
Consolidated subsidiaries	4,323	5,082
Unconsolidated subsidiaries	197	196
Joint ventures and associates	4,075	4,056
Others	267	163
	8,862	9,497

Guarantees include the guarantees issued by Eni SpA on behalf of third-party contractors and lenders who have a certain contractual obligations to build and finance the construction of an LNG Floating Production unit for the development of the Coral gas reserves discovered in Area 4 offshore Mozambique. The total value of the contract is €4,673 million. Eni is operator of the project with a 25% indirect interest through a 35.71% stake in the joint operation Mozambique Rovuma Venture SpA. The final investment decision (FID) for the Coral project was made on June 1, 2017. The FLNG plant is designed to treat approximately 3.37 million tonnes per year of LNG. A special purpose entity was established, Coral FLNG SA (Eni's interest 25%). This entity will operate the vessel in accordance with a service agreement (EPCC) for the liquefaction, storage and loading of the LNG on behalf of the Concessionaires of Area 4 and of the other two partners of Mozambique Rovuma Venture SpA, CNPC and ExxonMobil in proportion to their participating interest in the Exploration and Production Concession Contract (EPCC) of Area 4, equal to 20% and 25%, respectively. The LNG will be supplied to BP under a long-term LNG sale and purchase agreement with a take-or-pay clause and a twenty-year term, providing an option of extending the duration for up to ten consecutive years. Eni issued a parent company guarantee, whereby it irrevocably and unconditionally guarantees the Technip – JGC – Samsung Heavy Industries (TJS) consortium (the beneficiaries) for the due and proper performance of the obligations of Coral FLNG SA in connection with execution of the Engineering Procurement Construction Installation and Commissioning (EPCIC) contract, up to the maximum liability of €1,168 million equal to 25% of the value of the contract. The maximum liability will be automatically reduced by any amount paid to the beneficiaries in respect of the guaranteed obligations. The financing of the project is carried out partly through funds provided by the venturers and partly by a project financing with Export Credit Agencies and commercial banks for a total amount of €4,164 million. During the construction and the commissioning of the FLNG plant, the project financing agreement will be supported by a debt service undertaking (DSU), up to a maximum liability of €1,425 million in proportion to Eni's participating interest equal to 25% in the industrial initiative. Subsequently, in the running phase of the plant, once the performance tests of the vessel have been validated by the lenders, that guarantee will be released and the financing facility will convert to non-recourse, terminating the obligations of the venturers of Area 4 towards the lenders. Once vessel operations start, the lenders will be guaranteed only by the cash flows of the sale of LNG volumes treated by the vessel and delivered to the buyer, excluding the gas reserves from the scope of the guarantee. The financing and any collateral costs will be reimbursed to the lenders through a "pay-when-paid" clause, whereby loan repayments will be made through the cash flows associated with the sale of the LNG arising from the project to the long-term buyer,

without any obligations from Eni and Concessionaires to guarantee the performance of Coral FLNG SA towards the lenders. Furthermore, the Concessionaires opened a credit facility which committed each Concessionary to finance pro-quota: (i) the share of capital expenditures to be borne by the Mozambique State-owned company ENH up to a maximum liability of €123 million in Eni's share; (ii) the share of the debt service undertaking by ENH up to a maximum liability of €158 million in Eni's share. As a final point, as provided by the EPCC that regulates the petroleum activities in Area 4, Eni SpA in its capacity as parent company of the operator Mozambique Rovuma Venture SpA has provided concurrently with the approval of the initial development plan of the Area reserves, an irrevocable and unconditional parent company guarantee in respect of any possible claims or any contractual breaches in connection with the petroleum activities to be carried out in the contractual area, including those activities in charge of the special purpose entities like Coral FLNG SA, to benefit of the Government of Mozambique and third parties. The obligations of the guarantor towards the Government of Mozambique are unlimited (non-quantifiable commitments), whereas they provide a maximum liability of €1,335 million in respect of third-parties claims. This guarantee will be effective until the completion of any decommissioning activity related to both the development plan of Coral as well as any development plan to be executed within Area 4 (particularly the Mamba project). This parent company guarantee issued by Eni covering 100% of the aforementioned obligations was taken over by the other concessionaires (Kogas, Galp and ENH) and by ExxonMobil and CNPC shareholders of the joint operation Mozambique Rovuma Venture SpA, in proportion to their respective participating interest in the EPCIC of Area 4.

Guarantees issued on behalf of consolidated subsidiaries of €4,323 million (€5,082 million at December 31, 2018) primarily consisted of guarantees given to third parties relating to bid bonds and performance bonds for €2,886 million (€2,576 million at December 31, 2018). In 2019 a bank guarantee of €1,010 million issued on behalf of GasTerra to obtain the waiver to a temporary seizure of Eni's investment in Eni International BV, which was ordered by a Netherlands Court in July 2016, was settled. In July 2019, the arbitration proceeding, initiated by the parties to settle the dispute, issued an award favourable to Eni and ruled the claim of GasTerra for a price adjustment to the gas supplies to be without merit, which in the first partial award was the basis whereby GasTerra's obtained the seizure order. On July 24, 2019 upon Eni's request and GasTerra's consent the bank guarantee was terminated. GasTerra has reserved its rights of appeal. At December 31, 2019, the underlying commitment issued on behalf of consolidated subsidiaries covered by such guarantees was €4,013 million (€5,000 million at December 31, 2018).

Guarantees issued on behalf of joint ventures and associates of €4,075 million (€4,056 million at December 31, 2018) primarily consisted of: (i) unsecured guarantees and other guarantees for €1,676 million issued towards banks and other lending institutions in relation to loans and lines of credit received (€1,664 million at December 31, 2018), of which €1,425 million (€1,397 million at December 31, 2018) related to guarantees issued as part of the Coral development project in Area 4 offshore Mozambique on behalf of Coral South FLNG DMCC with respect to the financing agreements of the project with Export Credit Agencies and banks; and (ii) guarantees given to third parties relating to bid bonds and performance bonds for €1,661 million (€1,644 million at December 31, 2018), of which €1,168 million (€1,147 million at December 31, 2018) related to guarantees issued towards the contractors who are

building the FLNG vessel as part of the Coral development project offshore Mozambique; (iii) an unsecured guarantee of €499 million (€499 million at December 31, 2018) given by Eni SpA on behalf of the participated Saipem joint-venture to Treno Alta Velocità — TAV SpA (now RFI — Rete Ferroviaria Italiana SpA) for the proper and timely completion of a project for the construction of the Milan-Bologna fast track railway by the CEPAV (Consorzio Eni per l'Alta Velocità) Uno; (iv) a guarantee issued in favor of Gulf LNG Energy and Gulf LNG Pipeline and on behalf of Angola LNG Supply Service Llc (Eni's interest 13.60%) to cover contractual commitments of paying re-gasification fees for €181 million (€177 million at December 31, 2018). At December 31, 2019, the underlying commitment issued on behalf of joint ventures and associates covered by such guarantees was €2,109 million (€2,159 million at December 31, 2018).

Commitments and risks

(€ milioni)	December 31, 2019	December 31, 2018
Commitments	74,338	54,611
Risks	676	673
	75,014	55,284

Commitments related to: (i) parent company guarantees that were issued in connection with certain contractual commitments for hydrocarbon exploration and production activities and quantified, on the basis of the capital expenditures to be incurred, to be €65,374 million (€52,397 million at December 31, 2018). The increase of €12,977 million was incurred in connection with: (a) the issuance of new parent company guarantees of €9,794 million of which €8,904 million issued on behalf of Eni Abu Dhabi BV in relation to the entry into the exploration permits of Blocks 1 and 2 and €890 million on behalf of Eni RAK BV in relation to the entry and the start of exploration activities in block A in the United Arab Emirates. These parent company guarantees are in addition to those issued in 2018 as part of the transactions with the Abu Dhabi State oil company ADNOC, whereby Eni acquired participating interests in the two offshore concessions in production of Lower Zakum (Eni's interest 5%) and Umm Shaif and Nasr (Eni's interest 10%) for a period of 40 years and a maximum amount of €13,356 million and in the concession under development of Gasha (Eni's interest 25%) for a period of 40 years and a maximum amount of €22,261 million. These guarantees were issued to cover the contractual obligations towards the State company, deriving from oil operations related to the Concession Agreements including, in particular, the achievement of some production targets and recovery factors of reserves in the medium and long term, an asset integrity plan and optimization and maintenance of the production after reaching the plateau, the transfer of technologies and the adoption of best-in-class operating standards in HSE. The guarantees do not cover any loss of profit or production deriving from failure to achieve the targets; (b) a new parent company guarantee of €445 million issued in relation to an asset swap with Lukoil involving Blocks 10 and 12 in the offshore of Mexico. This parent company guarantee is in addition to those issued in previous years for €9,194 million, of which €6,968 million issued in 2018 following the awarding of new exploration licenses in the offshore of Mexico and the final investment decision for the development of the offshore reserves in Area 1; (c) a new parent company guarantee for €1,781 million in relation to the acquisition of the upstream assets of ExxonMobil by the joint venture Vår Energi AS intended to cover the decommissioning contractual obligations; (ii) two parent company guarantees for a total amount of €6,527 million given on behalf of Eni

Abu Dhabi Refining & Trading BV following the Share Purchase Agreement to acquire from ADNOC a 20% equity interest in ADNOC Refining and the set-up of ADNOC Global Trading Ltd dedicated to marketing petroleum products. The first parent company guarantee of €2,965 million was issued to guarantee the obligations under the Share Purchase Agreement and will remain in place until the payment of the Deferred Consideration expected by March 31, 2020. The second parent company guarantee of €3,562 million has been issued to guarantee the obligations set out in the Shareholders Agreements and will remain in force as long as the investment is maintained; (iii) commitments assumed by Eni USA Gas Marketing Llc towards Angola LNG Supply Service Llc for the purchase of volumes of regasified gas at the Pascagoula plant (United States) over a twenty-year period (until 2031). The expected commitments were estimated at €1,978 million (€2,079 million at December 31, 2018) and have been included in off-balance sheet contractual commitments in the table "Future payments under contractual obligations" in the paragraph Liquidity risk. However, since the project has been abandoned by the partners, Eni does not expect to make any payment under those contractual obligations. In 2018, the contractual commitment signed in December 2007 between Eni USA Gas Marketing Llc and Gulf LNG Energy Llc (GLE) and Gulf LNG Pipeline Llc (GLP) for the purchase of long-term regasification and transport services (until 2031) amounting at December 31, 2017 to €948 million (undiscounted) ceased due to an arbitration ruling. The jurors established that the commitment was resolved by March 1, 2016 and recognized to the counterparties an equitable compensation of €324 million to Eni's counterparties. Despite the ruling of the arbitration court invalidating the contract, GLE and GLP filed a claim with the Supreme Court of New York against Eni SpA demanding the enforcement of the parent company guarantee issued by Eni for the payment of the regasification fees until to the original due date of the contract (2031) for a maximum amount of €757 million. Eni believes that the claims by GLE and GLP have no merit and is defending the action. At the moment, the risk of losing the proceeding is considered unlikely; (iv) a memorandum of intent signed with the Basilicata Region, whereby Eni has agreed to invest €114 million (€116 million at December 31, 2018) in the future, also on account of Shell Italia E&P SpA, in connection with Eni's development plan of oilfields

in Val d'Agri. The commitment has been included in the off-balance sheet contractual commitments in the following paragraph "Liquidity risk"; (v) the commitment of €105 million for the acquisition of a 70% stake of Evolvere SpA, a company leader in the distributed generation of energy from renewable sources; the acquisition was finalized in January 2020. Risks relate to potential risks associated with (i) contractual assurances given to acquirers of certain investments and businesses of Eni for €248 million (€244 million at December 31, 2018); (ii) assets of third parties under the custody of Eni for €428 million (€429 million at December 31, 2018).

Other commitments and risks

A parent company guarantee was issued on behalf of Cardón IV SA (Eni's interest 50%), a joint venture operating the Perla gas field located in Venezuela, for the supply to PDVSA GAS of the volumes of gas produced by the field until end of the concession agreement (2036). This guarantee cannot be quantified because the penalty clause for unilateral anticipated resolution originally set for Eni and the relevant quantification became ineffective due to a revision of the contractual terms. In case of failure on part of the operator to deliver the contractual gas volumes out of production, the claim under the guarantee will be determined by applying the local legislation. Eni's share (50%) of the contractual volumes of gas to be delivered to PDVSA GAS amounted to a total of around €13 billion. Notwithstanding this amount does not properly represent the guarantee exposure, nonetheless such amount represents the maximum financial exposure at risk for Eni. A similar guarantee was issued by PDVSA on behalf of Eni for the fulfillment of the purchase commitments of the gas volumes by PDVSA GAS.

Other commitments also include the agreements entered into for forestry initiatives, implemented within the low carbon strategy defined by the Company, and in particular concerning the commitments for the purchase, up to 2038, of carbon credits produced and certified according to international standards by subjects specialized in forest conservation programs.

Eni is liable for certain non-quantifiable risks related to contractual assurances given to acquirers of certain Eni assets, including businesses and investments, against certain contingent liabilities deriving from tax, social security contributions, environmental issues and other matters applicable to periods during which such assets were operated by Eni. Eni believes such matters will not have a material adverse effect on Eni's results of operations and liquidity.

Financial risks

Financial risks are managed in respect of guidelines issued by the Board of Directors of Eni SpA in its role of directing and setting the risk limits, targeting to align and centrally coordinate Group companies' policies on financial risks ("Guidelines on financial risks management and control"). The "Guidelines" define for each financial risk the key components of the management and control process, such as the aim of the risk management, the valuation methodology, the structure of limits, the relationship model and the hedging and mitigation instruments.

MARKET RISK

Market risk is the possibility that changes in currency exchange rates, interest rates or commodity prices will adversely affect the value of the Group's financial assets, liabilities or expected future cash flows.

The Company actively manages market risk in accordance with a set of policies and guidelines that provide a centralized model of handling finance, treasury and risk management transactions based on the Company's departments of operational finance: the parent company's (Eni SpA) finance department, Eni Finance International SA, Eni Finance USA Inc and Banque Eni SA, which is subject to certain bank regulatory restrictions preventing the Group's exposure to concentrations of credit risk, and Eni Trading & Shipping that is in charge to execute certain activities relating to commodity derivatives. In particular, Eni Corporate finance department, Eni Finance International SA and Eni Finance USA Inc manage subsidiaries' financing requirements in and outside Italy and in the United States of America, respectively, covering funding requirements and using available surpluses. All transactions concerning currencies and derivative contracts on interest rates and currencies different from commodities are managed by the parent company, while Eni Trading & Shipping SpA executes the negotiation of commodity derivatives over the market. Eni SpA and Eni Trading & Shipping SpA (also through its subsidiary Eni Trading & Shipping Inc) perform trading activities in financial derivatives on external trading venues, such as European and non-European regulated markets, Multilateral Trading Facility (MTF), Organized Trading Facility (OTF), or similar and brokerage platforms (i.e. SEF), and over the counter on a bilateral basis with external counterparties. Other legal entities belonging to Eni that require financial derivatives enter into these transactions through Eni Trading & Shipping and Eni SpA based on the relevant asset class expertise. Eni uses derivative financial instruments (derivatives) in order to minimize exposure to market risks related to fluctuations in exchange rates relating to those transactions denominated in a currency other than the functional currency (the euro) and interest rates, as well as to optimize exposure to commodity prices fluctuations taking into account the currency in which commodities are quoted. Eni monitors every activity in derivatives classified as risk-reducing (in particular, back-to-back activities, flow hedging activities, asset-backed hedging activities and portfolio-management activities) directly or indirectly related to covered industrial assets, so as to effectively optimize the risk profile to which Eni is exposed or could be exposed. If the result of the monitoring shows those derivatives should not be considered as risk reducing, these derivatives are reclassified in proprietary trading. As proprietary trading is considered separately from the other activities in specific portfolios of Eni Trading & Shipping, its exposure is subject to specific controls, both in terms of Value at Risk (VaR) and stop loss and in terms of nominal gross value. For Eni, the gross nominal value of proprietary trading activities is compared with the limits set by the relevant international standards. The framework defined by Eni's policies and guidelines provides that the valuation and control of market risk is performed on the basis of maximum tolerable levels of risk exposure defined in terms of: (i) limits of stop loss, which expresses the maximum tolerable amount of losses associated with a certain portfolio of assets over a pre-defined time horizon; (ii) limits of revision strategy, which consist in the triggering of a revision process of the strategy in the event of exceeding the level of profit and loss given; and (iii) VaR which measures the maximum potential loss of the portfolio, given a certain confidence level and holding period, assuming adverse changes in market variables and taking into account the correlation among the different positions held in the portfolio. Eni's finance department defines the maximum tolerable levels of risk exposure to changes in interest rates and foreign currency exchange rates in terms of VaR, pooling Group companies' risk positions maximizing, when possible, the benefits of the netting activity. Eni's calculation and valuation techniques for interest rate and foreign currency exchange rate

risks are in accordance with banking standards, as established by the Basel Committee for bank activities surveillance. Tolerable levels of risk are based on a conservative approach, considering the industrial nature of the Company. Eni's guidelines prescribe that Eni Group companies minimize such kinds of market risks by transferring risk exposure to the parent company finance department. Eni's guidelines define rules to manage the commodity risk aiming at optimizing core activities and pursuing preset targets of stabilizing industrial and commercial margins. The maximum tolerable level of risk exposure is defined in terms of VaR, limits of revision strategy, stop loss and volumes in connection with exposure deriving from commercial activities, as well as exposure deriving from proprietary trading, exclusively managed by Eni Trading & Shipping. Internal mandates to manage the commodity risk provide for a mechanism of allocation of the Group maximum tolerable risk level to each business unit. In this framework, Eni Trading & Shipping, in addition to managing risk exposure associated with its own commercial activity and proprietary trading, pools the requests for negotiating commodity derivatives and executes them in the marketplace. According to the targets of financial structure included in the financial plan approved by the Board of Directors, Eni decided to retain a cash reserve to face any extraordinary requirement. Eni's finance department, with the aim of optimizing the efficiency and ensuring maximum protection of capital, manages such reserve and its immediate liquidity within the limits assigned. The management of strategic cash is part of the asset management pursued through transactions on own risk in view of optimizing financial returns, while respecting authorized risk levels, safeguarding the Company's assets and retaining quick access to liquidity.

The four different market risks, whose management and control have been summarized above, are described below.

MARKET RISK - EXCHANGE RATE

Exchange rate risk derives from the fact that Eni's operations are conducted in currencies other than euro (mainly US dollar). Revenues and expenses denominated in foreign currencies may be significantly affected by exchange rate fluctuations due to conversion differences on single transactions arising from the time lag existing between execution and definition of relevant contractual terms (economic risk) and conversion of foreign currency-denominated trade and financing payables and receivables (transactional risk). Exchange rate fluctuations affect the Group's reported results and net equity as financial statements of subsidiaries denominated in currencies other than euro are translated from their functional currency into euro. Generally, an appreciation of US dollar versus euro has a positive impact on Eni's results of operations, and vice versa. Eni's foreign exchange risk management policy is to minimize transactional exposures arising from foreign currency movements and to optimize exposures arising from commodity risk. Eni does not undertake any hedging activity for risks deriving from the translation of foreign currency denominated profits or assets and liabilities of subsidiaries, which prepare financial statements in a currency other than euro, except for single transactions to be evaluated on a case-by-case basis. Effective management of exchange rate risk is performed within Eni's finance departments, which pool Group companies' positions, hedging the Group net exposure by using certain derivatives, such as currency swaps, forwards and options. Such derivatives are evaluated at fair value based on market prices provided by specialized info-providers. Changes in fair value of those derivatives are normally recognized through profit and loss, as they do not meet

the formal criteria to be recognized as hedges. The VaR techniques are based on variance/covariance simulation models and are used to monitor the risk exposure arising from possible future changes in market values over a 24-hour period within a 99% confidence level and a 20-day holding period.

MARKET RISK - INTEREST RATE

Changes in interest rates affect the market value of financial assets and liabilities of the Company and the level of finance charges. Eni's interest rate risk management policy is to minimize risk with the aim to achieve financial structure objectives defined and approved in management's finance plans. The Group's finance departments pool borrowing requirements of the Group companies in order to manage net positions and fund portfolio developments consistent with management plans, thereby maintaining a level of risk exposure within prescribed limits. Eni enters into interest rate derivative transactions, in particular interest rate swaps, to manage effectively the balance between fixed and floating rate debt. Such derivatives are evaluated at fair value based on market prices provided from specialized sources. VaR deriving from interest rate exposure is measured daily based on a variance/covariance model, with a 99% confidence level and a 20-day holding period.

MARKET RISK - COMMODITY

Eni's results of operations are affected by changes in the prices of commodities. A decrease in Oil & Gas prices generally has a negative impact on Eni's results of operations and vice versa, and may jeopardize the achievement of the financial targets preset in the Company's four-year plans and budget. The commodity price risk arises in connection with the following exposures: (i) strategic exposure: exposures directly identified by the Board of Directors as a result of strategic investment decisions or outside the planning horizon of risk. These exposures include those associated with the program for the production of proved and unproved Oil & Gas reserves, long-term gas supply contracts for the portion not balanced by ongoing or highly probable sale contracts, refining margins identified by the Board of Directors of strategic nature (the remaining volumes can be allocated to the active management of the margin or to asset-backed hedging activities) and minimum compulsory stocks; (ii) commercial exposure: includes the exposures related to the components underlying the contractual arrangements of industrial and commercial activities and, if related to take-or-pay commitments, to the components related to the time horizon of the four-year plan and budget and the relevant activities of risk management. Commercial exposures are characterized by a systematic risk management activity conducted based on risk/return assumptions by implementing one or more strategies and subjected to specific risk limits (VaR, revision strategy limits and stop loss). In particular, the commercial exposures include exposures subjected to asset-backed hedging activities, arising from the flexibility/optionality of assets; and (iii) proprietary trading exposure: includes operations independently conducted for profit purposes in the short term, and normally not for the purpose of delivery, both within the commodity and financial markets, with the aim to obtain a profit upon the occurrence of a favorable result in the market, in accordance with specific limits of authorized risk (VaR, stop loss). Origination activities are included in the proprietary trading exposures, if not connected to contractual or physical assets.

Strategic risk is not subject to systematic activity of management/coverage that is eventually carried out only in case of specific market or business conditions. Because of the extraordinary nature, hedging activities related to strategic risks are delegated to the top management.

Strategic risk is subject to measuring and monitoring but is not subject to specific risk limits. If previously authorized by the Board of Directors, exposures related to strategic risk can be used in combination with other commercial exposures in order to exploit opportunities for natural compensation between the risks (natural hedge) and consequently reduce the use of derivatives (by activating logics of internal market). Eni manages exposure to commodity price risk arising in normal trading and commercial activities in view of achieving stable economic results. Eni manages the commodity risk through the trading unit of Eni Trading & Shipping and the exposure to commodity prices through the Group's finance departments by using derivatives traded on the organized markets MTF, OTF and derivatives traded over the counter (swaps, forward, contracts for differences and options on commodities) with the underlying commodities being crude oil, gas, refined products, power or emission certificates. Such derivatives are valued at fair value based on market prices provided from specialized sources or, absent market prices, on the basis of estimates provided by brokers or suitable valuation techniques. VaR deriving from commodity exposure is measured daily based on a historical simulation technique, with a 95% confidence level and a one-day holding period.

MARKET RISK - STRATEGIC LIQUIDITY

Market risk deriving from liquidity management is identified as the possibility that changes in prices of financial instruments (bonds, money market instruments and mutual funds) would affect the value of these instruments when valued at fair value. The setting up and maintenance of the liquidity reserve is mainly aimed to

guarantee a proper financial flexibility. Liquidity should allow Eni to fund any extraordinary need (such as difficulty in access to credit, exogenous shock, macroeconomic environment, as well as merger and acquisitions) and must be dimensioned to provide a coverage of short-term debts and a coverage of medium and long-term finance debts due within a time horizon of 24 months. In order to manage the investment activity of the strategic liquidity, Eni defined a specific investment policy with aims and constraints in terms of financial activities and operational boundaries, as well as Governance guidelines regulating management and control systems. In particular, strategic liquidity management is regulated in terms of VaR (measured based on a parametrical methodology with a one-day holding period and a 99% confidence level), stop loss and other operating limits in terms of concentration, issuing entity, business segment, Country of emission, duration, ratings and type of investing instruments in portfolio, aimed to minimize market and liquidity risks. Financial leverage or short selling is not allowed. Activities in terms of strategic liquidity management started in the second half of the year 2013 (Euro portfolio) and throughout the course of the year 2017 (US dollar portfolio). In 2019, the Euro investment portfolio has maintained an average credit rating of A-/BBB+, whereas the USD investment portfolio has maintained an average credit rating of A+/A, both in line with the year 2018. The following tables show amounts in terms of VaR, recorded in 2019 (compared with 2018) relating to interest rate and exchange rate risks in the first section and commodity risk. Regarding the management of strategic liquidity, the sensitivity to changes of interest rate is expressed by values of "Dollar value per Basis Point" (DVBP).

(Value at risk - parametric method variance/covariance; holding period: 20 days; confidence level: 99%)

€ million	2019				2018			
	High	Low	Average	At year end	High	Low	Average	At year end
Interest rate ^(a)	5.19	2.44	3.80	3.00	3.65	1.80	2.73	2.99
Exchange rate ^(a)	0.41	0.07	0.17	0.15	0.57	0.09	0.28	0.25

(a) Value at risk deriving from interest and exchange rates exposures include the following finance departments: Eni Corporate Finance Department, Eni Finance International SA, Banque Eni SA and Eni Finance USA Inc.

(Value at risk - Historic simulation method; holding period: 1 day; confidence level: 95%)

€ million	2019				2018			
	High	Low	Average	At year end	High	Low	Average	At year end
Commercial exposures - Management Portfolio ^(a)	23.03	7.74	11.22	9.11	18.60	6.79	11.04	7.50
Trading ^(b)	1.60	0.25	0.51	0.31	2.28	0.26	0.73	0.27

(a) Refers to the LNG Marketing & Power business line (risk exposure from Refining & Marketing business line and Gas & Power Division), Eni Trading & Shipping commercial portfolio, operating branches outside Italy pertaining to the Divisions and from October 2016 the Gas e Luce business line. For the Gas & Power business lines, following the approval of the Eni's Board of Directors on December 12, 2013, VaR is calculated on the so-called Statutory view, with a time horizon that coincides with the year considering all the volumes delivered in the year and the relevant financial hedging derivatives. Consequently, during the year the VaR pertaining to GLP and EGL presents a decreasing trend following the progressive reaching of the maturity of the positions within the annual horizon.

(b) Cross-commodity proprietary trading, both for commodity contracts and financial derivatives, refers to Eni Trading & Shipping SpA (London-Bruxelles-Singapore) and Eni Trading & Shipping Inc (Houston).

(Sensitivity - Dollar value of 1 basis point - DVBP)

€ million	2019				2018			
	High	Low	Average	At year end	High	Low	Average	At year end
Strategic liquidity ^(a)	0.37	0.31	0.35	0.33	0.35	0.25	0.29	0.25

(a) Management of strategic liquidity portfolio in € currency starting from July 2013.

(Sensitivity - Dollar value of 1 basis point - DVBP)

\$ million	2019				2018			
	High	Low	Average	At year end	High	Low	Average	At year end
Strategic liquidity ^(b)	0.05	0.02	0.04	0.05	0.04	0.01	0.02	0.02

(b) Management of strategic liquidity portfolio in \$ currency starting from August 2017.

CREDIT RISK

Credit risk is the potential exposure of the Group to losses in case counterparties fail to perform or pay amounts due. Eni defined credit risk management policies consistent with the nature and characteristics of the counterparties of commercial and financial transactions with regard to the centralized finance model.

The Company adopted a model to quantify and control the credit risk based on the evaluation of the expected loss which represents the probability of default and the capacity to recover credits in default that is estimated through the so-called Loss Given Default.

In the credit risk management and control model, credit exposures are distinguished by commercial nature, in relation to the structured contracts on commodities related to Eni's core business, and by financial nature, in relation to the financial instruments substantially used by Eni, such as deposits, derivatives and securities.

Credit risk for commercial exposures

Credit risk arising from commercial counterparties is managed by the business units and by the specialized corporate finance and administration departments, and is operated on the basis of formal procedures for the assessment and assignment of commercial counterparties, the monitoring of credit exposures, credit recovery activities and disputes. At a corporate level, the general guidelines and methods for quantifying and controlling customer risk, in particular for commercial counterparties, are assessed through an internal rating model that combines different default factors deriving from economic variables, financial indicators, payment experiences and information from primary info providers. The probability of default related to State Entities or their closely related counterparties (e.g. National Oil Company), essentially represented by the probability of late payments, is determined by using the Country risk premiums adopted for the purposes of the determination of the WACCs for the impairment of non-financial assets. Furthermore, for retail positions without specific ratings, risk is determined by distinguishing customers in homogeneous risk clusters based on historical series of data relating to payments, periodically updated.

Credit risk for financial exposures

With regard to credit risk arising from financial counterparties deriving from current and strategic use of liquidity, derivative contracts and transactions with underlying financial assets valued at fair value, Eni has established internal policies providing exposure control and concentration through maximum credit risk limits corresponding to different classes of financial counterparties as defined by the Company's Board of Directors taking into account the credit ratings provided by primary credit rating agencies on the marketplace. Credit risk arising from financial counterparties is managed by the Eni's operating finance departments and Eni's subsidiary Eni Trading & Shipping which specifically engages in commodity derivatives transactions and by Group companies and business units, only in the case of physical transactions with financial counterparties consistently with the Group centralized

finance model. Eligible financial counterparties are closely monitored by each counterparty and by group of belonging to check exposures against the limits assigned on a daily basis and the expected loss analysis and the concentration periodically.

LIQUIDITY RISK

Liquidity risk is the risk that suitable sources of funding for the Group may not be available, or the Group is unable to sell its assets in the marketplace in order to meet short-term finance requirements and to settle obligations. Such a situation would negatively affect Group results, as it would result in the Company incurring higher borrowing expenses to meet its obligations or under the worst of conditions the inability of the Company to continue as a going concern. Eni's risk management targets include the maintaining of an adequate level of liquidity readily available to deal with external shocks (drastic changes in the scenario, restrictions on access to capital markets, etc.) or to ensure an adequate level of operational flexibility for the development programs of the Company. The strategic liquidity reserve is employed in short-term marketable financial instruments, favouring investments with very low risk profile.

At present, the Group believes to have access to sufficient funding to meet the current foreseeable borrowing requirements as a consequence of the availability of financial assets and lines of credit and the access to a wide range of funding at competitive costs through the credit system and capital markets.

Eni has in place a program for the issuance of Euro Medium Term Notes up to €20 billion, of which about €14.9 billion were drawn as of December 31, 2019.

The Group has credit ratings of A- outlook stable and A-2, respectively for long and short-term debt, assigned by Standard & Poor's; Baa1 outlook stable and P-2, respectively for long and short-term debt, assigned by Moody's; A- outlook stable and F1, respectively for long and short-term debt, assigned by Fitch. Eni's credit rating is linked in addition to the Company's industrial fundamentals and trends in the trading environment to the sovereign credit rating of Italy. Based on the methodologies used by the credit rating agencies, a downgrade of Italy's credit rating may trigger a potential knock-on effect on the credit rating of Italian issuers such as Eni. During 2019, the rating of Eni remained unchanged.

In 2019, Eni issued bonds for €1,635 million, of which €746 million as part of the Euro Medium Term Notes program and €889 million through an issue amounting to \$1 billion in the US and international markets. As of December 31, 2019, Eni maintained short-term unused borrowing facilities of €13,299 million. Long-term committed unused borrowing facilities amounted to €4,667 million, of which €450 million due within 12 months. These facilities bore interest rates and fees for unused facilities that reflected prevailing market conditions.

Expected payments for finance debts and lease liabilities

The tables below summarize the Group main contractual obligations for finance debt and lease liability repayments, including expected payments for interest charges and derivatives.

Maturity year	Maturity year						Total
	2020	2021	2022	2023	2024	2025 and thereafter	
(€ million)							
December 31, 2019							
Non-current financial liabilities (including the current portion)	2,908	1,704	1,259	2,743	1,785	11,521	21,920
Current financial liabilities	2,452						2,452
Lease liabilities	884	632	487	434	424	2,761	5,622
Fair value of derivative instruments	2,704	2	14			34	2,754
	8,948	2,338	1,760	3,177	2,209	14,316	32,748
Interest on finance debt	594	452	353	342	269	1,667	3,677
Interest on lease liabilities	341	302	263	233	206	1,015	2,360
	935	754	616	575	475	2,682	6,037
Financial guarantees	926						926

Maturity year	Maturity year						Total
	2019	2020	2021	2022	2023	2024 and thereafter	
(€ million)							
December 31, 2018							
Non-current financial liabilities (including the current portion)	3,301	2,958	1,541	1,253	2,714	11,723	23,490
Current financial liabilities	2,182						2,182
Fair value of derivative instruments	1,445	13	1	21		5	1,485
	6,928	2,971	1,542	1,274	2,714	11,728	27,157
Interest on finance debt	655	545	436	330	320	1,677	3,963
Financial guarantees	668						668

Liabilities for leased assets including interest for €2,953 million to the share pertaining to the partners of unincorporated joint

operations operated by Eni which will be recovered through recharges of cash calls.

Expected payments for trade and other payables

Maturity year	Maturity year			Total
	2020	2021-2024	2025 and thereafter	
(€ million)				
December 31, 2019				
Trade payables	10,480			10,479
Other payables and advances	5,065	54	100	5,219
	15,545	54	100	15,698

Maturity year	Maturity year			Total
	2019	2020 - 2023	2024 and thereafter	
(€ million)				
December 31, 2018				
Trade payables	11,645			11,645
Other payables and advances	5,102	59	96	5,257
	16,747	59	96	16,902

Expected payments under contractual obligations³⁷

In addition to lease, financial, trade and other liabilities represented in the balance sheet, the Company is subject to non-cancellable contractual obligations or obligations, the cancellation of which requires the payment of a penalty. These obligations will require cash settlements in future reporting periods. These liabilities are valued based on the net cost for the Company to fulfill the contract, which consists of the lowest amount between the costs for the fulfillment of the contractual obligation and the contractual compensation/penalty in the event of non-performance. The Company's main contractual obligations at the balance sheet

date comprise take-or-pay clauses contained in the Company's gas supply contracts or shipping arrangements, whereby the Company obligations consist of off-taking minimum quantities of product or service or, in case of failure, paying the corresponding cash amount that entitles the Company the right to collect the product or the service in future years. Future obligations in connection with these contracts were calculated by applying the forecasted prices of energy or services included in the four-year business plan approved by the Company's Board of Directors.

The table below summarizes the Group principal contractual obligations as of the balance sheet date, shown on an undiscounted basis.

(37) Contractual obligations related to employee benefits are indicated in note 21 - Provisions for employee benefits.

Maturity year	Maturity year						Total
	2020	2021	2022	2023	2024	2025 and thereafter	
(€ million)							
Decommissioning liabilities^(a)	331	325	163	179	424	12,052	13,474
Environmental liabilities	403	368	319	238	198	1,065	2,591
Purchase obligations^(b)	9,938	9,912	9,467	9,530	9,722	77,914	126,483
- Gas							
- take-or-pay contracts	7,117	9,140	8,912	9,100	9,410	77,239	120,918
- ship-or-pay contracts	1,070	532	454	412	296	646	3,410
- Other purchase obligations	1,751	240	101	18	16	29	2,155
Other obligations	7	1				106	114
- Memorandum of intent - Val d'Agri	7	1				106	114
Total	10,679	10,606	9,949	9,947	10,344	91,137	142,662

(a) Represents the estimated future costs for the decommissioning of oil and natural gas production facilities at the end of the producing lives of fields, well-plugging, abandonment and site restoration.

(b) Represents any agreement to purchase goods or services that is enforceable and legally binding and that specifies all significant terms.

Capital investment and capital expenditure commitments

In the next four years, Eni expects capital investments and capital expenditures of €31.5 billion. The table below summarizes Eni's capital expenditure commitments for property, plant and equipment and capital projects. Capital expenditure is considered to be committed when the project has received the appropriate level of internal

management approval. At this stage, procurement contracts to execute those projects have already been awarded or are being awarded to third parties.

The amounts shown in the table below include committed expenditures to execute certain environmental projects.

Maturity year	Maturity year					Total
	2020	2021	2022	2023	2024 and thereafter	
(€ million)						
Committed projects	5,570	4,054	2,611	1,544	2,669	16,448

Other information about financial instruments

The carrying amount of financial instruments and the relevant economic and equity effect consisted of the following:

	2019			2018		
	Carrying amount	Finance income (expense) recognized in		Carrying amount	Finance income (expense) recognized in	
		Profit and loss account	Other comprehensive income		Profit and loss account	Other comprehensive income
(€ million)						
Financial instruments at fair value with effects recognized in profit and loss account						
Financial assets held for trading ^(a)	6,760	127		6,552	32	
Non-hedging and trading derivatives ^(b)	(125)	273		177	(178)	
Other investments valued at fair value^(c)	929	247	(3)	919	231	15
Receivables and payables and other assets/liabilities valued at amortized cost						
Trade receivables and other ^(d)	12,926	(409)		14,145	(343)	
Financing receivables ^(e)	1,503	110		1,489	(139)	
Securities ^(a)	55			64		
Trade payables and other ^(a)	15,699	33		16,902	(28)	
Financing payables ^(f)	24,518	(802)		25,865	(615)	
Net assets (liabilities) for hedging derivatives^(g)	(2)	(739)	(679)	642	(243)	

(a) Income or expense were recognized in the profit and loss account within "Finance income (expense)".

(b) In the profit and loss account, economic effects were recognized as income within "Other operating income (loss)" for €287 million (income for €129 million in 2018) and as loss within "Finance income (expense)" for €14 million (loss for €307 million in 2018).

(c) Income or expense were recognized in the profit and loss account within "Income (expense) from investments - Dividends".

(d) Income or expense were recognized in the profit and loss account as net impairment losses within "Net (impairment losses) reversal of trade and other receivables" for €432 million (net impairment losses for €415 million in 2018) and as income within "Finance income (expense)" for €23 million (income for €69 million in 2018), including interest income calculated on the basis of the effective interest rate of €26 million (interest income for €38 million in 2018).

(e) In the profit and loss account, income or expense were recognized as income within "Finance income (expense)", including interest income calculated on the basis of the effective interest rate of €99 million (income for €129 million in 2018) and net revaluations for €4 million (net impairment losses for €275 million in 2018).

(f) In the profit and loss account, income or expense were recognized as expense within "Finance income (expense)", including interest expense calculated on the basis of the effective interest rate of €647 million (interest expense for €605 million in 2018).

(g) In the profit and loss account, income or expense were recognized within "Sales from operations" and "Purchase, services and other".

Disclosures about the offsetting of financial instruments

(€ million)	Gross amount of financial assets and liabilities	Gross amount of financial assets and liabilities subject to offsetting	Net amount of financial assets and liabilities
December 31, 2019			
Financial assets			
Trade and other receivables	13,773	900	12,873
Other current assets	4,584	612	3,972
Financial liabilities			
Trade and other liabilities	16,445	900	15,545
Other current liabilities	7,758	612	7,146
December 31, 2018			
Financial assets			
Trade and other receivables	15,634	1,533	14,101
Other current assets	4,455	1,636	2,819
Financial liabilities			
Trade and other liabilities	18,280	1,533	16,747
Other current liabilities	7,048	1,636	5,412

The offsetting of financial assets and liabilities related to the offsetting of: (i) receivables and payables pertaining to the Exploration & Production segment towards state entities for €713 million (€1,347 million at December 31, 2018) and trade receivables and trade payables pertaining to Eni Trading & Shipping Inc for €187 million (€186 million at December 31, 2018); and (ii) other assets and liabilities for current financial derivatives of €612 million (€1,636 million at December 31, 2018).

Legal Proceedings

Eni is a party in a number of civil actions and administrative arbitral and other judicial proceedings arising in the ordinary course of business. Based on information available to date, and taking into account the existing risk provisions disclosed in note 20 – Provisions and that in some instances it is not possible to make a reliable estimate of contingency losses, Eni believes that the foregoing will likely not have a material adverse effect on the Group Consolidated Financial Statements.

In addition to proceedings arising in the ordinary course of business referred to above, Eni is party to other proceedings, and a description of the most significant proceedings currently pending is provided in the following paragraphs. Unless otherwise indicated, no provisions have been made for these legal proceedings as Eni believes that negative outcomes are not probable or because the amount of the provision cannot be estimated reliably.

1. Environment, health and safety

1.1. Criminal proceedings in the matters of environment, health and safety

(i) **Eni Rewind SpA (former Syndial SpA) [company incorporating EniChem Agricoltura SpA – Agricoltura SpA in liquidation – EniChem Augusta Industriale Srl – Fosfotec Srl]**

– **Proceeding about the industrial site of Crotona.** In 2010 a criminal proceeding started before the Public Prosecutor of Crotona relating to allegations of environmental disaster, poisoning of substances used in the food chain and omitted clean-up due to the activity at a landfill site which was taken over by Eni in 1991. Subsequently to Eni's takeover, any activity for waste conferral was stopped. The defendants are certain managers of Eni Group companies, that have managed the landfill since 1991. The Municipality of Crotona is acting as plaintiff. In March 2019, the public prosecutor requested the acquittal of all defendants. The proceeding is ongoing. In April 2017, the Public Prosecutor of Crotona started another criminal proceeding concerning the clean-up of the area called "Farina Trappeto". The Company presented a new clean-up program already deemed approvable by the Ministry for the Environment. Clean-up remediation activities have started. The Company has requested the dismissal of the second proceeding.

(ii) **Eni Rewind SpA (former Syndial SpA) and Versalis SpA – Porto Torres – Prosecuting body: Public Prosecutor of Sassari.** In 2011, the Public Prosecutor of Sassari (Sardinia) determined that a manager responsible for plant operations at the site of Porto Torres should stand trial for alleged environmental disaster and poisoning of water and substances destined for food. The Province of Sassari, the Municipality of Porto Torres and other entities have been involved in the proceedings as civil parties seeking damages. In 2013, the Prosecutor of Sassari requested a new indictment for negligent behavior, replacing the previous allegation of willful conduct. The Third Instance Court has denied a motion to terminate the proceedings. The Public Prosecutor has re-submitted request that the defendants stand trial. The proceeding is underway.

(iii) **Eni Rewind SpA (former Syndial SpA) and Versalis SpA – Porto Torres dock.** In 2012, following a request of the Public Prosecutor of Sassari, an Italian court ordered presentation of evidence relating to the functioning of the hydraulic

barrier of Porto Torres site (ran by Eni Rewind SpA) and its capacity to avoid the dispersion of contamination released by the site into the nearby sea. Eni Rewind SpA and Versalis SpA were notified that its chief executive officers and certain other managers were being investigated. The Public Prosecutor of the Municipality of Sassari requested that these individuals stand trial. The plaintiffs, the Ministry for Environment and the Sardinia Region claimed environmental damage in an amount of €1.5 billion. Other parties referred to the judge's equitable assessment. At a hearing in July 2016, the court acquitted all defendants of Eni Rewind and Versalis with respect to the crimes of environmental disaster. Three Eni Rewind managers were found guilty of environmental disaster relating to the period limited to August 2010 – January 2011 and sentenced to one-year prison, with a suspended sentence. Eni Rewind filed an appeal against this decision. The proceeding is underway.

- (iv) **Eni Rewind SpA (former Syndial SpA) – The illegal landfill in Minciaredda area, Porto Torres site.** The Court of Sassari, on request of the Public Prosecutor, seized the Minciaredda landfill area, near the western border of the Porto Torres site (Minciaredda area). All the indicted have been served a notice of investigation for alleged crimes of carrying out illegal waste disposal and environmental disaster. The seizure order involved also Eni Rewind pursuant to Legislative Decree No. 231/01, whereby companies are liable for the crimes committed by their employees when performing their duties. The court determined that Eni Rewind can be sued for civil liability and resolved that all defendants and the Eni subsidiary be put on trial before the Court of Sassari.
- (v) **Eni Rewind SpA (former Syndial SpA) – The Phosphate deposit at Porto Torres site (1).** In 2015, the Court of Sassari, accepting a request of the Public Prosecutor of Sassari, seized – as a preventive measure – the area of “Palte Fosfatiche” (phosphates deposit) located on the territory of Porto Torres site, in relation to alleged crimes of environmental disaster, carrying out of unauthorized disposal of hazardous wastes and other environmental crimes. Eni Rewind SpA is being investigated pursuant to Legislative Decree No. 231/01. In November 2019, a request for referral to trial was served on the Eni subsidiary.
- (vi) **Eni Rewind SpA (former Syndial SpA) – Phosphate deposit at Porto Torres site (2).** In 2015, the Public Prosecutor at the Court of Sassari seized – as a probative measure – the containment systems for the meteoric waters in the area “Palte Fosfatiche” (phosphates deposit), located on the territory of Porto Torres site. The indicted have also been served a notice of investigation for alleged crimes of omitted clean-up and management of radioactive waste. This investigation has been combined into the abovementioned one.
- (vii) **Eni Rewind SpA (former Syndial SpA) – Proceeding relating to the asbestos at the Ravenna site.** A criminal proceeding is pending before the Tribunal of Ravenna relating to the crimes of culpable manslaughter, injuries and environmental disaster, which have been allegedly committed by former Eni Rewind employees at the site of Ravenna. The site was acquired by Eni Rewind following a number of corporate mergers and acquisitions. The alleged crimes date back to

1991. In the proceeding there are 75 alleged victims. The plaintiffs include relatives of the alleged victims, various local administrations, and other institutional bodies, including local trade unions. Eni Rewind asserted the statute of limitation as a defense to the instance of environmental disaster for certain instances of diseases and deaths. The court at Ravenna decided that all defendants would stand trial and held that the statute of limitation only applied with reference to certain instances of crime of culpable injury. Eni Rewind reached some settlements. In November 2016, the Judge acquitted the defendants in all the contested cases except for one, an asbestos case, for which a conviction was handed down. The defendants, the Prosecutor and the plaintiffs appealed the decision. The second instance Judge ordered a complex report, and stated that they could not decide the appeal at that stage of the proceedings, and appointed three experts. The proceeding is ongoing before the appeals Court.

- (viii) **Raffineria di Gela SpA and Eni Mediterranea Idrocarburi SpA – Alleged environmental disaster.** A criminal proceeding is pending in relation to crimes allegedly committed by the managers of the Raffineria di Gela SpA and EniMed SpA relating to environmental disaster, unauthorized waste disposal and unauthorized spill of industrial wastewater. The Gela Refinery has been prosecuted for administrative offence pursuant to Legislative Decree No. 231/01. This criminal proceeding initially regarded soil pollution allegedly caused by spills from 14 tanks of the refinery storage, which had not been provided with double bottoms, and pollution of the sea water near the coastal area adjacent to the site due to the failure of the barrier system implemented as part of the clean-up activities conducted at the site. At the closing of the preliminary investigation, the Public Prosecutor of Gela merged into this proceeding the other investigations related to the pollution that occurred at the other sites of the Gela refinery as well as hydrocarbon spills at facilities of EniMed. The proceeding is ongoing.
- (ix) **Val d'Agri.** In March 2016, the Public Prosecutors of Potenza started a criminal investigation into alleged illegal handling of waste material produced at the Viggiano oil center (COVA), part of the Eni-operated Val d'Agri oil complex. After a two-year investigation, the Prosecutors ordered the house arrest of 5 Eni employees and the seizure of certain plants functional to the production activity of the Val d'Agri complex which, consequently, was shut down (loss of 60 KBOE/d net to Eni). From the commencement of the investigation, Eni has carried out several technical and environmental surveys, with the support of independent experts of international standing, who found a full compliance of the plant and the industrial process with the requirements of the applicable laws, as well as with best available technologies and international best practices. The Company implemented certain corrective measures to upgrade plants which were intended to address the claims made by the Public Prosecutor about an alleged operation of blending which would have occurred during normal plant functioning. Those corrective measures were favorably reviewed by the Public Prosecutor. The Company restarted the plant in August 2016. In relation to the criminal proceeding, the Public Prosecutor's Office requested the indictment of all

the defendants and the Company. The Prosecutor requested Eni and all the defendants be put on trial, pursuant to Legislative Decree No. 231/01. The trial started in November 2017 and is ongoing.

(x) **Eni SpA – Health investigation related to the COVA center.**

Beside the criminal proceeding for illegal trafficking of waste, the Public Prosecutor started another investigation in relation to alleged health violations. The Public Prosecutor requested the formal opening of an investigation with respect to nine people in relation to alleged violations of the rules providing for the preparation of a Risk Assessment Document of the working conditions at the Val d'Agri Oil Center (COVA). In March 2017, following the request of the Consultant of the Prosecutor, the Labor Inspectorate of Potenza issued a fine against the employers of the COVA for omitted and incomplete assessment of the chemical risks for the COVA center. In October 2017, the Prosecutor's Office changed the criminal allegations to disaster, murder and negligent personal injury, also alleging breaches of health and safety regulations. The proceeding is ongoing.

(xi) **Proceeding Val d'Agri – Tank spill.**

In February 2017, the Italian police department of Potenza found a stream of water contaminated by hydrocarbon traces of unknown origin, flowing inside a small shaft located outside the COVA. Eni carried out activities at the COVA aimed at determining the origin of the contamination and identified the cause in a failure of a tank outside of the COVA, that presented a risk — currently averted — of extension of the contamination in the downstream area of the plant. In executing these activities, Eni performed all the communications provided for by Legislative Decree 152/06 and started certain emergency safe-keeping operations at the areas subject to potential contamination outside the COVA. Furthermore, the Company completed the arrangement plan for the internal and external areas of the COVA, whose final report was examined by the relevant authorities. Following this event, a criminal investigation was initiated in order to ascertain whether there had been illegal environmental pollution by the former COVA officers, the Operation Managers in charge since 2011 and the HSE Manager in charge at the time of the accident, and also against Eni in relation to the same offense pursuant to Legislative Decree No. 231/01 as communicated in December 2018 following the notification of the extension of the terms for preliminary investigations and of some public officials belonging to local administrations for official misconduct, false and fraudulent public statements committed in 2014 and of the crime for environmental disaster and of culpable conduct committed in February 2017. Investigations are ongoing. The Company has paid damages of an immaterial amount to certain landlords of areas close to the COVA, which were affected by a spillover. Discussions are ongoing with other claimants. The likely disbursements relating to these transactions have been provisioned. In February 2018, Eni contested the reports presented in October and in December 2017 by the Italian Fire Department stating that it does not consider itself obliged to carry out the integration required, considering that the data acquired in the area affected by the event indicate, according to Eni's assessments, that the loss was promptly and efficiently controlled and there were no situations of serious danger to human health and the environment. In April 2019, precautionary measures were ordered against three Eni employees at the COVA. In September 2019, the

Public Prosecutor requested one of those employees to be put on trial with expedited proceeding, accepted by the Judge for preliminary investigations.

(xii) **Raffineria di Gela SpA and Eni Mediterranea Idrocarburi SpA – Waste management of the landfill Camastra.**

In June 2018, the Public Prosecutor of Palermo (Sicily) notified Eni's subsidiaries Raffineria di Gela SpA and Eni Mediterranea Idrocarburi SpA of a criminal proceeding relating to allegations of unlawful disposal of industrial waste resulting from the reclaiming activities of soil, which were discharged at a landfill owned by a third party. The Prosecutor charged the then chief executive officers of the two subsidiaries, and the legal entities have been charged with the liability pursuant to Legislative Decree No. 231/01. The alleged wrongdoing related to the willful falsification of the waste certification for purpose of discharging at the landfill. The charge against the CEO of the Refinery of Gela SpA and of the company itself has been dismissed, while the CEO of Enimed SpA and the company were requested to be put on trial. The proceeding is ongoing.

(xiii) **Eni Rewind SpA (former Syndial SpA) - Environmental disaster at Ferrandina.**

In January 2018, the Public Prosecutor of Matera commenced a criminal proceeding against a manager of the Eni subsidiary Eni Rewind based on allegations of unlawful handling of waste and environmental disaster as part of the reclaiming activities performed at an industrial site (Ferrandina/Pisticci in the south of Italy). The charge related to an alleged spillover of effluent in the subsoil and then in a nearby river due to a damaged pipe dedicated to the transportation of effluent to a disposal plant owned by a third party. At the preliminary hearing in October 2019, the Judge dismissed the case on the basis that the defendant did not commit any crime.

(xiv) **Versalis SpA - Preventive seizure at the Priolo Gargallo plant.**

In February 2019, the Court of Syracuse at the request of the Public Prosecutor ordered the seizure of the Priolo/Gargallo plant as part of an ongoing investigation concerning the offenses of dangerous disposal of materials and environmental pollution, by the former plant manager of Versalis, pursuant to Legislative Decree No. 231/01. The Public Prosecutor's thesis, according to the consultants, is that the plants covered by the provision have points of emissions that do not comply with the Best Available Techniques (BAT), therefore resulting in violation of the applicable legislation. Versalis has already implemented certain plant upgrades designed to comply with measures requested by the Public Prosecutor and his consultants. Based on this, an appeal was filed against the measure of precautionary seizure of the plant before a Review Court, which revoked the seizure of the plants on March 26, 2019.

(xv) **Eni SpA – Fatal accident Ancona offshore platform.**

On March 5, 2019, a fatal accident occurred at the Barbara F platform in the offshore of Ancona. During the unloading phase of a tank from the platform to a supply vessel, there was a sudden failure of a part of the structure on which a crane was installed, causing the death of an Eni employee who was inside the control cabin of the crane and injuries to two other workers. The Public Prosecutor of Ancona opened an investigation against unknown persons and ordered further technical appraisals relating to the crane. As part of the

technical assessment of the incident, the Public Prosecutor resolved to put under investigation the Eni employees who were in charge of safety standards at the involved facility. Also the Company has been put under investigation pursuant to Legislative Decree No. 231/01, which holds companies liable for the crimes committed by employees in a number of matters, including the violations of laws about safety of the workplace. The proceeding is ongoing.

(xvi) **Raffineria di Gela SpA and Eni Rewind SpA (former Syndial SpA) - Groundwater pollution survey and reclamation process of the Gela site.** Following complaints made by former contractors, the Public Prosecutor's Office of Gela issued an inspection and seizure of the area called Isola 32 within the refinery of Gela, where old and new monitored landfills are located. The proceeding concerns criminal allegations of environmental pollution, omitted clean-up, negligent personal injury and illegal waste management, as part of the execution of clean-up of soil and groundwater as well as decommissioning activities in the area currently managed by Eni Rewind SpA, also on behalf of the companies Raffineria di Gela SpA, ISAF SpA (in liquidation) and Versalis SpA (efficiency and efficacy of the barrier system). The Public Prosecutor acquired documents and evidence at the Syndial office in Gela and at the refinery of Gela, which, during the period January 1, 2017 – March 20, 2019, managed the facilities involved in cleaning up the groundwater area (TAF Syndial, site TAF-TAS and pumping wells and hydraulic barrier). Subsequently a decree was issued for the seizure of eleven (11) piezometers of the hydraulic barrier system with contextual guarantee notice, issued by the Public Prosecutor of Gela against nine employees of Gela Refinery and four employees of Syndial SpA. The proceedings are ongoing.

(xvii) **Eni Rewind SpA (former Syndial SpA) and Versalis – Mantua. Environmental crime investigation.** The Public Prosecutor of Mantua has initiated a series of proceedings against companies of the Eni group and employees of Eni for alleged environmental crimes related to the Mantua industrial hub. Investigations, whose terms have been extended, are in progress. The Prosecutor of Mantua is proceeding for the crime of omitted clean-up, both according to the case foreseen by the Consolidated Environmental Text and for the hypothesis foreseen by the penal code "up to the present". Eni companies are being investigated pursuant to Legislative Decree No. 231/01.

1.2. Civil and administrative proceedings in the matters of environment, health and safety

(i) **Eni Rewind SpA (former Syndial SpA) – Summon for alleged environmental damage caused by DDT pollution in the Lake Maggiore.** In May 2003, the Ministry for the Environment claimed compensation from Eni Rewind for alleged environmental damage caused by the activity at the Pieve Vergonte plant in the years 1990 through 1996. In July 2008, the District Court of Turin ordered Eni Rewind to pay environmental damages amounting to €1,833.5 million, plus interests accrued from the filing of the decision. Eni and its subsidiary deemed the amount of the environmental damage

to be absolutely groundless as the sentence lacked sufficient elements to support such a material amount of the liability from the volume of pollutants ascertained by the Italian Environmental Minister. In July 2009, Eni Rewind filed an appeal and consequently the proceeding continued before a second Instance Court of Turin that requested a technical appraisal on the matter. The consultants that undertook this appraisal concluded that: (i) no further measure for environmental restoration is required; (ii) there was no significant and measurable impact on the environment of the ecosystem, therefore no restoration or damage compensation should be claimed; the only impact seen concerned fishing activity, with an estimated damage of €7 million which could be already restored through the measures proposed by Eni Rewind, and; (iii) the necessity and convenience of dredging should be excluded, both from the legal and scientific point of view, while confirming technical and scientific correctness of the Eni Rewind's approach based on the monitoring of the process of natural recovery, which is estimated to require 20 years. In March 2017, the second Instance Court: (i) excluded the application of compensation for monetary equivalent; (ii) annulled the monetary compensation of €1.8 billion requesting Eni Rewind to perform the already approved clean-up project of the polluted areas, which comprise groundwater, as well as compensatory remediation works. The value of these compensatory works required by the Court, in case of Eni Rewind failure or misperformance, is estimated at €9.5 million. The clean-up project filed by Eni Rewind was ratified by the authorities and is currently being executed. Expenditures expected to be incurred have been provisioned in the environmental provision. Any other claims filed by the Italian Minister for the Environment were rejected by the court (including compensation for non-material damage). In April 2018, the Ministry for the Environment filed an appeal to the Third Instance Court. In accordance with the law, the Company and its managers filed an appeal and a counter-appeal.

(ii) **Eni Rewind SpA (former Syndial SpA) – Versalis SpA – Eni SpA (R&M) – Augusta harbor.** The Italian Ministry for the Environment with various administrative acts required companies that were operating plants in the petrochemical site of Priolo to perform safety and environmental remediation works in the Augusta harbor. Companies involved include Eni subsidiaries Versalis, Syndial and Eni Refining & Marketing Division. Pollution has been detected in this area primarily due to a high mercury concentration that is allegedly attributed to the industrial activity of the Priolo petrochemical site. The above-mentioned companies contested these administrative actions, objecting in particular to the nature of the remediation works decided and the methods whereby information on the pollutants concentration has been gathered. A number of administrative proceedings started on this matter were subsequently merged before the Regional Administrative Court. In October 2012, the Court ruled in favor of Eni's subsidiaries against the Ministry's requirements for the removal of the pollutants and the construction of a physical barrier. In September 2017, the Ministry notified all the companies involved of a formal notice for the start of remediation and environmental restoration of the Augusta harbor within 90 days. The act, contested by the

co-owner companies in December 2017, constitutes a formal notice for environmental damage. The Administrative Council of the Sicilian Region ruled on the appeals pending against various decisions of the Regional Administrative Court and essentially confirmed the cancellation of all administrative provisions subject to the dispute. The annulment of the provisions had, *inter alia*, retroactive effect to the time of their adoption and therefore excludes the risk of claims of any possible breach of administrative provisions. In June 2019, the Italian Ministry for the Environment set up a permanent technical committee to review the matter of the clean-up and reclamation of the Augusta harbor. A report of the committee affirmed the 2017 warning of the Ministry and reaffirmed the State agencies and local administrations' view as to the environmental liability to be charged to the companies operating in the area. In coordination with the other companies operating at the site, the report is being appealed and further technical analyses have been commenced for defensive purposes. Eni's subsidiary proposed to the Italian Environmental Ministry to start a collaboration with other interested parties to find remediation measures based on new available environmental data collected by independent agencies.

- (iii) **Eni SpA – Eni Rewind SpA (former Syndial SpA) – Raffineria di Gela SpA – Claim for preventive technical inquiry.** In February 2012, Eni's subsidiaries Raffineria di Gela SpA and Eni Rewind SpA and the parent company Eni SpA (involved in this matter through the operations of the Refining & Marketing Division) were notified of a claim issued by the parents of children with birth defects in the Municipality of Gela between 1992 and 2007. The claim called for an inquiry aimed at determining any causality between the birth defects suffered by these children and any environmental pollution caused by the Gela site, quantifying the alleged damages suffered and eventually identifying the terms and conditions to settle the claim. The same issue was the subject of previous criminal proceedings, of which one closed without determining any illegal behavior on the part of Eni or its subsidiaries, while a further criminal proceeding is still pending. In December 2015, the three companies involved were sued in relation to a total of 30 cases of compensation for damages in civil proceedings. In May 2018, the Court issued a first instance judgment concerning one case. The Judge rejected the claim for damages, acknowledging the arguments of the defendant companies in relation to the absence of evidence concerning the existence of a causal link between the birth defects and the alleged industrial pollution. The judgement has been appealed.
- (iv) **Environmental claim relating to the Municipality of Cengio.** Since 2008 a proceeding is pending by the Court of Genoa, brought by The Ministry for the Environment and the Delegated Commissioner for Environmental Emergency in the territory of the Municipality of Cengio. Those parties summoned Eni Rewind before a Civil Court and demanded Eni's subsidiary compensate for the environmental damage relating to the site of Cengio. The request for environmental damage amounted to €250 million to which was to be added health damage to be quantified during the proceeding. The plaintiffs accused Eni Rewind of negligence in performing the clean-up and remediation of the site. In March 2019, the Ministry for the Environment presented a proposal

to Syndial to settle the case. The Company responded with a counter-proposal in July 2019. The judge is verifying the progress and status of the negotiations.

- (v) **Eni Rewind SpA (former Syndial SpA) and Versalis SpA – Summon for alleged environmental damage caused by illegal waste disposal in the municipality of Melilli (Sicily).** In May 2014, the Municipality of Melilli summoned Eni's subsidiaries Eni Rewind and Versalis for the environmental damage allegedly caused by carrying out illegal waste disposal activities and unauthorized landfill. In particular, the plaintiff alleged Eni Rewind and Versalis were responsible because they produced the waste and commissioned the waste disposal. The plaintiff stated that this illegal handling of waste was part of certain criminal proceedings dating back to 2001–2003 which would have allegedly traced the hazardous waste materials back to the Priolo and Gela industrial sites that are managed by the above-mentioned Eni's subsidiaries (in particular, the waste with high mercury concentration and railway sleepers no longer in use). Such waste was allegedly handled and disposed illegally at an unauthorized landfill owned by a third party. Two subsidiaries of Eni and a third-party waste company were claimed to be jointly and severally liable for damage amounting to €500 million. The third-party company executed waste disposal at the site. In June 2017, the Judge accepted all the defensive instances of Eni Rewind and Versalis, judging the requests of the Municipality to be inadmissible for lacking right to sue, also considering the requests to be unfounded or unproved, and ordered the Municipality to refund the expenses of the proceeding. In April 2018, the First Instance Judge rejected the counterclaim filed by the Municipality. An appeal by the Municipality before a Third Instance Court is pending.
- (vi) **Val D'Agri - Eni / Vibac.** In September 2019 a claim was brought in the Court of Potenza against Eni. The plaintiffs are eighty people, living in different municipalities of the Val d'Agri area, who are complaining of economic, non-economic, biological and moral damages, all deriving from the presence of Eni's oil facilities in the territory. In particular, the claim refers to certain events which allegedly caused damage to the local community and the territory (such as a 2017 spill, flaring events since 2014, smelly and noisy emissions). The Judge has been asked to ascertain Eni's responsibility for causing emissions of polluting substances into the atmosphere. The plaintiffs have also requested Eni be ordered to interrupt any polluting activity and to be allowed to resume industrial activities on condition that all the necessary remediation measures be implemented to eliminate all of the alleged dangerous situations. Finally, they are asking that Eni compensate all direct and indirect property damages, current and future, to an extent to be quantified during the proceedings.
- (vii) **Eni SpA - Climate change.** In 2017 and 2018, local government authorities and a fishing association brought in the courts of the State of California seven proceedings against Eni Group companies and other oil companies. These proceedings claim compensation for the damages attributable to the increase in sea level and temperature, as well as to the hydrogeological instability. The cases have been transferred, by request of the defendants, from the State Courts to the Federal Courts. A specific request has been filed, highlighting the lack of

jurisdiction of the State Courts. The proceedings are currently suspended and waiting for a jurisdictional competence.

2. Proceedings concerning criminal/administrative corporate responsibility

- (i) **EniPower SpA.** In 2004, the Public Prosecutor of Milan commenced inquiries into contracts awarded by Eni's subsidiary EniPower SpA and as to supplies provided by other companies to EniPower SpA. It emerged that illicit payments were made by EniPower SpA suppliers to a manager of EniPower SpA who was immediately fired. The Court served EniPower SpA (the commissioning entity) and Snamprogetti SpA, now Saipem SpA (contractor of engineering and procurement services), with notices of investigation pursuant to Legislative Decree No. 231/01. In August 2007, Eni was notified that the Public Prosecutor requested the dismissal of EniPower SpA and Snamprogetti SpA, while the proceeding continues against former employees of these companies and employees and managers of the suppliers pursuant to Legislative Decree No. 231/01. Eni SpA, EniPower SpA and Snamprogetti SpA presented themselves as plaintiffs. In September 2011, the Court of Milan found that nine persons were guilty for the above-mentioned crimes. In addition, they were sentenced jointly and severally to the payment of all damages to be assessed through a specific proceeding and to the reimbursement of the proceeding expenses incurred by the plaintiffs. The Court also resolved to dismiss all the criminal indictments for 7 employees, representing some companies involved as a result of the statute of limitations, while the trial ended with an acquittal of 15 defendants. In reference to the parts involved in the proceeding pursuant to Legislative Decree No. 231/01, the Court found that 7 companies are responsible for the administrative offenses ascribed to them, imposing a fine and the disgorgement of profit. The Court rejected the position as plaintiffs of the Eni Group companies, reversing the prior decision made by the Court. This decision may have been made based on a pronouncement made by a Third Instance Court that stated the illegitimacy of the constitution as plaintiffs against any legal entity, as indicted pursuant to Legislative Decree No. 231/01. The sentenced parties filed appeal against the above-mentioned decision. The Appeal Court issued a ruling that substantially confirmed the first-degree judgment except for the fact that it ascertained the statute of limitation with regard to certain defendants. The Third Instance Court successively annulled the judgment of the Second Instance Court ascribing the judgment to another section that, once more, confirmed the sentence of first instance, excepting the rulings of the previous appeal sentence not subject to annulment, including the statute of limitation. The grounds of the sentence have been filed confirming the motivations provided by the previous instance Courts. An appeal was filed at the Third Instance Court solely for the purposes of the civil proceeding.
- (ii) **Algeria.** Legal proceedings are pending in Italy and outside Italy in connection with an allegation of corruption relating to the award of certain contracts to Eni's former subsidiary Saipem in Algeria. In 2011, Eni received from the Public Prosecutor of

Milan an information request in accordance with the Italian Code of Criminal Procedure. The request related to allegations of international corruption and pertained to certain activities performed by Saipem Group companies in Algeria (in particular the contract between Saipem SpA and Sonatrach relating to the construction of the GK3 gas pipeline and the contract between Galsi, Saipem SpA and Technip relating to the engineering of the ground section of a gas pipeline). The crime of international corruption is among the offenses pursuant to Legislative Decree No. 231/01, which provides for corporate liability for crimes committed by employees and prescribes punishments including fines and the disgorgement of profit. Eni also voluntarily provided to the Public Prosecutor documentation relating to the MLE project (in which Eni's Exploration & Production Division participates), with respect to which investigations in Algeria are ongoing. In November 2012, the Public Prosecutor served Saipem a notice stating that it had commenced an investigation for alleged liability of the company for international corruption pursuant to Legislative Decree No. 231/01. Furthermore, the Public Prosecutor requested the production of certain documents relating to certain activities in Algeria. Subsequently, the Public Prosecutor's Office notified further measures and requests to Saipem, aimed at acquiring further documentation, in particular relating to certain intermediary contracts and sub-contracts entered into by Saipem in connection with its Algerian business. Several former Saipem employees were also involved in the proceeding, including the former CEO of Saipem SpA, who resigned from the office in December of 2012, and the former Chief Operating Officer of the Business Unit Engineering & Construction of Saipem, the employment of whom was terminated at the beginning of 2013. In February 2013, on mandate from the Public Prosecutor of Milan, the Italian Finance Police visited Eni's headquarters in Rome and San Donato Milanese and executed searches and seized documents relating to Saipem's activity in Algeria. On the same occasion, Eni was served a notice that an investigation had commenced pursuant to Legislative Decree No. 231/01 with respect to Eni, Eni's former CEO, Eni's former CFO and another senior manager. Eni's former CFO had previously served as Saipem's CFO, including during the period in which alleged corruption took place and before being appointed as CFO of Eni on August 1, 2008. Following receipt of this notice, Eni conducted an internal investigation with the assistance of external consultants, in addition to the review activities performed by its audit and internal control departments and a team dedicated to the Algerian matters. The external consultants reached the following results: (i) the review of the documents seized by the Milan prosecutors and the examination of internal records held by Eni's global procurement department did not find any evidence that Eni entered into intermediary or any other contractual arrangements with the third parties involved in the prosecutors' investigation; the brokerage contracts that were identified, were signed by Saipem or its subsidiaries or predecessor companies; and (ii) the internal review made on the MLE project, the only project that Eni understands to be under the prosecutors' investigation where the client is an Eni Group company did not find evidence that any Eni employee engaged in wrongdoing in connection with the award to Saipem of two main contracts to

execute the project (EPC and Drilling). Furthermore, in 2014, with the assistance of external consultants, Eni completed a review of the extent of its operating control over Saipem with regard to both legal, accounting and administrative issues. The findings of that review confirmed the autonomy of Saipem from the parent company during the relevant periods. The findings of Eni's internal review have been provided to the Judicial Authority in order to reaffirm Eni's willingness to fully cooperate. In January 2015, the Public Prosecutor notified the conclusion of preliminary investigations relating to Eni, Saipem and eight persons (including, the former CEO and CFO of Eni SpA and the Chief Upstream Officer of Eni SpA who was responsible for Eni Exploration & Production activities in North Africa at the time of the events under investigation). The Public Prosecutor issued a notice of alleged international corruption against all such persons (including Eni SpA and Saipem SpA pursuant to Legislative Decree No. 231/01) in connection with the entry into intermediary contracts by Saipem in Algeria. In February 2015, the Public Prosecutor requested the indictment of all the investigated persons for international corruption as well as for tax offenses. In 2015, the Judge for the Preliminary Hearing of the Court of Milan dismissed the case and granted an acquittal in favor of Eni SpA, former Chief Executive Officer and Chief Upstream Officer for all the alleged offenses. In February 2016, the Third Instance Court, upholding an appeal presented by the Public Prosecutor, reversed the dismissal and remanded the proceedings to another Judge for the Preliminary Hearing in the Court of Milan. As a result of a new preliminary hearing in July 2016, the Judge ordered the trial for all defendants, including Eni SpA. At a hearing in February, 2018, the Public Prosecutor, concluding his indictment, requested – among other things – the imposition on Eni SpA of a pecuniary sanction. In September 2018, the Court of Milan rejected in part the charges of the Public Prosecutor and issued an acquittal verdict for Eni, for the former CEO and for the Company's Chief Upstream Officer in relation to all charges. The former CFO of Eni was also acquitted of charges relating to Eni's involvement. In December 2018 the court filed a written opinion setting forth the basis for its rulings. The Public Prosecutor and the parties who were convicted in the first trial have appealed under the terms of the law. On January 15, 2020, the second penal section of the Court of Appeal of Milan confirmed the first-degree acquittal sentence against the former Eni managers, declaring the appeal proposed by the Public prosecutor inadmissible against the Company.

In 2012, Eni contacted the US Department of Justice (DoJ) and the US SEC in order to voluntarily inform them about this matter, and has kept them informed about the developments in the Italian Prosecutors' investigations and proceedings. Following Eni's notification, both the US SEC and the DoJ started their own investigations regarding this matter. Eni has furnished various information and documents, including the findings of its internal reviews, in response to formal and informal requests. In September 2019, the DoJ notified Eni that based on the information it currently possessed, the DoJ was closing its investigation of Eni in connection with Eni's and Saipem's businesses in Algeria without the filing of any charges. Eni is currently in advanced discussions with the SEC about a potential resolution of the SEC's investigation.

(iii) **Block OPL 245 – Nigeria.** A criminal case is pending before the Court of Milan alleging international corruption in connection with the acquisition in 2011 of the OPL 245 exploration block in Nigeria. In July 2014, the Public Prosecutor of Milan served Eni with a notice of investigation pursuant to Italian Legislative Decree No. 231/01. The proceeding was commenced following a claim filed by NGO ReCommon relating to alleged corruptive practices which, according to the Public Prosecutor, allegedly involved the Resolution Agreement made on April 29, 2011 relating to the so-called Oil Prospecting License of the offshore oilfield that was discovered in OPL 245. Eni fully cooperated with the Public Prosecutor and promptly filed the requested documentation. Furthermore, Eni voluntarily reported the matter to the US Department of Justice and the US SEC. In July 2014, Eni's Board of Statutory Auditors jointly with the Eni Watch Structure resolved to engage an independent, US-based law firm, expert in anticorruption, to conduct a forensic, independent review of the matter, upon informing the Judicial Authorities. After reviewing the matter, the US lawyers concluded that they detected no evidence of wrongdoing by Eni in relation to the 2011 transaction with the Nigerian government for the acquisition of the OPL 245 license. In September 2014, the Public Prosecutor notified Eni of a restraining order issued by a British judge who ordered the seizure of a bank account not pertaining to Eni domiciled at a British bank following a request from the Public Prosecutor. Since the act had also been notified to some persons, including the CEO of Eni and the former Chief Development, Operation & Technology Officer of Eni and the former CEO of Eni, it was assumed that the same had been registered in the register of suspects at the Milan Prosecutor's office. During a hearing before a court in London in September 2014, Eni and its current executive officers stated their non-involvement in the matter regarding the seized bank account. Following the hearing, the Court reaffirmed the seizure. In December 2016, the Public Prosecutor of Milan notified Eni of the conclusion of the preliminary investigation and requested Eni's CEO, the Chief Development, Operations and Technological Officer and the Executive Vice President for international negotiations to stand trial, as well as Eni's former CEO and Eni SpA, pursuant to Italian Legislative Decree No. 231/01. Upon the notification to Eni of the conclusion of the preliminary investigation by the Public Prosecutor, the independent US-based law firm was requested to assess whether the new documentation made available from Italian prosecutors could modify the conclusions of the prior review. The US law firm was also provided with the documentation filed in the Nigerian proceeding mentioned below. The independent US law firm concluded that the reappraisal of the matter in light of the new documentation available did not alter the outcome of the prior review. In September 2019, the DoJ notified Eni that based on the information it currently possessed, the DoJ was closing its investigation of Eni in connection with OPL 245 without the filing of any charges.

In December 2017, the Judge for preliminary investigation ordered the indictment of all the parties mentioned above, and other parties under investigation by the Public Prosecutor, before the Court of Milan. The request of the Federal Government of Nigeria (FGN) for admission as a civil claimant

in the proceedings was granted in July 2018. The first instance trial of the Milan Prosecutor's OPL 245 charges began before the Court of Milan on June 20, 2018 and is currently ongoing. In a separate criminal proceeding, two defendants, neither of whom is a current or former employee of the Company, chose to have their liability determined by the Judge for the Preliminary Hearing on the basis of the evidence presented by the Milan Prosecutor at the preliminary hearing. In September 2018, the Judge convicted these defendants and sentenced them both to four-year detention terms and the disgorgement of profits amounting to approximately €100 million. In December 2018, the Judge for the Preliminary Hearing filed a written opinion setting forth the basis for these rulings. The defendants filed an appeal against this sentence.

In January 2017, Eni's subsidiary Nigerian Agip Exploration Ltd ("NAE") became aware of an Interim Order of Attachment ("Order") issued by the Nigerian Federal High Court upon request from the Nigerian Economic and Financial Crimes Commission (EFCC), attaching OPL 245 temporarily pending a proceeding in Nigeria relating to alleged corruption and money laundering. After making this application, Eni became aware of a formal filing of charges by the EFCC against NAE and other parties. In March 2017, the Nigerian Court revoked the Order. To NAE's knowledge EFCC charges have not been dropped but none of the defendants were served nor arraigned. In November 2018, Eni SpA and its subsidiaries NAE, NAOC and AENR (as well as some companies of the Shell Group) were notified of the intention of the FGN to bring a civil claim before an English court to obtain compensation for damages allegedly deriving from the transaction that resulted in assignment of the OPL 245 to NAE and Shell subsidiary SNEPCO (Shell subsidiary). On April 15, 2019 the Nigerian subsidiaries NAE, NAOC and AENR received formal notification of the commencement of the proceeding, while similar notification was received by Eni SpA on May 16, 2019. In the introductory deeds of the proceeding, the claim is set at \$1.092 billion or at any other amount that will be established during the proceedings. The FGN has based its assessment on an estimated fair value of the asset of \$3.5 billion. Eni's interest in the asset is 50%. As the FGN is also acting as claimant in the Italian proceeding before the Court of Milan, this claim appears to duplicate the claims made before the Milan's Court against Eni employees.

- (iv) **Congo.** In March 2017, the Italian Finance Police served Eni with an information request in accordance with the Italian Code of Criminal Procedure in connection with an investigative file opened by the Public Prosecutor of Milan against unknown persons. The request related in particular to the agreements signed by Eni Congo SA with the Ministry of Hydrocarbons of the Republic of Congo in 2013, 2014 and 2015 in relation to exploration, development and production activities concerning certain permits held by Eni Congo SA for Congolese projects and Eni's relationships with Congolese companies that hold stakes in those projects. In July 2017, the Italian Financial Police, on behalf of the Public Prosecutor of Milan, served Eni with another information request and a notice of investigation pursuant to Legislative Decree No. 231/01 for alleged international corruption. The request expressly stated that it was based in part on the March 2017 information request

and concerned the relationship of Eni and its subsidiaries with certain third-party companies from 2012 to the present. Eni produced all of the documentation requested in March and July 2017 and voluntarily disclosed this matter to the relevant US authorities (SEC and DoJ). In April 2018, the Public Prosecutor of Milan served Eni SpA with a further request for documentation and notified an Eni employee, who was the then Chief Development, Operation & Technology Officer, of a search order stating that he and another Eni employee had been placed under investigation.

In December 2018 and subsequently in May and September 2019, Eni was notified by the Public Prosecutor of Milan for documents in accordance with the Italian Code of Criminal Procedure, concerning some economic transactions between Eni Group companies and certain third-party companies. All the required documentation has been produced to the Judge. In April 2018, the Board of Statutory Auditors, the Watch Structure and the Control and Risk Committee of Eni jointly appointed an independent law firm and a professional consulting company, knowledgeable in the matter of anti-corruption, to carry out a forensic review of facts relating to Eni's work in Congo. Such review did not find any factual evidence as to the involvement of Eni, nor of any Eni employees and key managers, in the alleged crimes. The Report resulting from this review was brought to the attention of the Public Prosecutor and the relevant US authorities (SEC and DoJ).

In September 2019, the Company was informed that the Company's CEO was served with a search decree and an investigation decree in connection with an alleged violation of article 2629 bis of the Italian Civil Code which penalizes directors of listed companies that fail to communicate conflicts of interest. The alleged omission relates to the supply of logistics and transportation services to certain Eni's subsidiaries operating in Africa, among which Eni Congo SA, by third-party companies owned by Petroserve Holding BV, in the period 2007-2018. The accusation is based on the allegations that the wife of the Company's CEO retained a shareholding of the above-mentioned holding company over part of the period of time under investigation. The Board of Directors of Eni SpA has never been involved in any resolution concerning the suppliers under investigation.

In November 2019, following the notification of further investigative documents, the Board of Statutory Auditors, the Control and Risk Committee and the Watch Structure of Eni asked the consultants, which had been engaged in 2018, also to review the conclusions reached, in the light of the documentation made available following the decree notified to the CEO in September 2019. The second report of the consultants, which was delivered in February 2020, still of a preliminary nature and subject to modifications and follow-up, updates the conclusions reached by the first report and indicated that: (i) it is probable that the CEO's wife held a shareholding in the Petroserve Group for a few years starting from 2009 until 2012 and in any case no later than the date the CEO was appointed Board member; (ii) there is an absence of evidence to contradict the statements made by the CEO as to his lack of knowledge of his wife's interests in the ownership of Petroserve Group.

3. Other proceedings concerning criminal matters

(i) **Eni SpA (R&M) – Criminal proceedings on fuel excise tax.** A

criminal proceeding is currently pending, relating to alleged evasion of excise taxes in the context of retail sales in the fuel market. In particular, the claim states that the quantity of oil products marketed by Eni was larger than the quantity subjected to the excise tax. This proceeding (No. 7320/2014 RGNR) concerns the combination of three distinct investigations: (i) a first proceeding, opened by the Public Prosecutor's Office of Frosinone involved a company (Turriziani Petroli) purchaser of Eni's fuel. This investigation was subsequently extended to Eni. The Company fully cooperated and provided all data and information concerning the excise tax obligations for the quantities of fuel coming from the storage sites of Gaeta, Naples and Livorno. Such proceeding referred to quantities of oil products sold by Eni, allegedly larger than the quantity subjected to the excise tax. On June 24, 2019, a settlement agreement was signed between Eni and the Customs Agency, involving the determination of the excise tax of €73 thousand and the reimbursement to Eni of the exceeding amounts paid while the judgment was pending. Consequently, an application to cease the dispute was presented to the Tax Commission. (ii) a second proceeding, concerning an investigation by the Public Prosecutor's Office of Prato, commenced in regard to the deposit of Calenzano and relates to abduction of fuel through manipulation of the fuel dispensers, subsequently extended also to the Refinery of Stagno (Livorno); (iii) a third proceeding, opened by the Public Prosecutor's Office of Rome, concerns alleged missing payment of excise tax on the surplus of the unloading products, as the quantity of such products was larger than the quantity reported in the supporting fiscal documents. This proceeding represents a development of the first proceeding mentioned above and substantially concerns similar facts presenting, however, some differences with regard to the nature of the alleged crimes and the responsibility.

The Public Prosecutor's Office of Rome has alleged the existence of a criminal conspiracy aimed at habitual abduction of oil products at all of the 22 storage sites which are operated by Eni in Italy. Eni is cooperating with the Prosecutor in order to defend the correctness of its operation. In September 2014, a search was conducted at the office of the former chief of the R&M Division in Rome. The motivations of the search are the same as the above-mentioned proceeding as the ongoing investigations also relate to a period of time when the officer was in charge at Eni's R&M Division. In March 2015, the Prosecutor of Rome ordered a search at all the storage sites of Eni's network in Italy as part of the same proceeding. The search was intended to verify the existence of fraudulent practices aimed at tampering with measuring systems functional to the tax compliance of excise duties in relation to fuel handling at the storage sites. In September 2015, the Public Prosecutor of Rome requested a one-off technical appraisal aimed to verify the compliance of the software installed at certain metric heads previously seized with those lodged by the manufacturer at the Ministry of Economic Development. The technical appraisal verified the compliance of the software tested. The proceeding was then extended to a large number of employees and former employees of the Company. Eni has continued to provide full cooperation to the authorities.

During the course of 2018, as part of the general proceeding no. 7320/2014, the Public Prosecutor of Rome notified the conclusion of the preliminary investigations in relation to the criminal proceeding concerning the Calenzano, Pomezia, Naples, Gaeta and Ortona storage sites and the Livorno and Sannazzaro refineries. Based on the outcome of the investigations, as far as Eni is concerned, the proceeding involves former managers and directors of the logistic sites and refineries indicated above concerning alleged aggravated and continuous non-payment of excise duties, alteration and removal of seals, use and possession of false measures and weights instruments. In addition for the Calenzano site, three employees and their manager of the storage site were accused of alleged procedural fraud.

In September 2018, Eni received, as injured party, the notification of the schedule of hearing issued by the Court of Rome, in relation to criminal association and other minor claims, against numerous persons under investigation – including over forty Eni employees – subject of a separated proceeding (No. 22066/17 RGNR), for which, in May 2017, the Public Prosecutor's Office had requested the dismissal. At the end of the hearing in December 2018, the Judge accepted the request for dismissal for several persons under investigation, including thirteen Eni employees. The Judge also initially rejected the request of indictment for criminal association relating twenty-eight Eni employees (including the former managers of the R&M Division).

As part of the separate proceeding No. 22066/2017 RGNR, following the re-filing by the Public Prosecutor of the indictment for criminal association, following a preliminary hearing, the judge resolved to dismiss the case against all of the defendants because allegations were found to be groundless.

In April 2018 as part of the administrative proceeding intended to collect taxes allegedly unpaid by Eni, the tax police of Rome based on the findings of the investigations performed by the prosecutors of Frosinone, Prato and Rome issued a statement of objection against the Company claiming the missed payment of excise taxes due for the years 2008 up to 2017 for €34 million, as well as the related higher corporate profits before income taxes leading to the claim of additional taxes for €22 million related to income taxes and VAT. The Custom Agency that is in charge of issuing the notice of payment may also impose a fine and the recognition of interest expense. A part of the disputed amounts for excise taxes and other related taxes concerned the same litigation, which was successfully challenged by the Company following a recourse filed with the Tax Commission of Rome and in relation to which the Company agreed upon an extrajudicial transaction with the Tax Authorities.

Following the documentation presented by the Company, the Customs Agency determined the excise tax due in the amount of €8 million by issuing the payment notices in July 2019. Furthermore, the Agency estimated €6 million of other related taxes. The Company has paid the amounts determined by the Agency.

(ii) **Eni SpA – Public Prosecutor of Milan – Criminal proceeding**

No. 12333/2017. In February 2018, Eni was notified of a search and seizure decree in relation to allegations of associative crime aimed at slander and at reporting false information to a Public Prosecutor. In the decree, the Prosecutor of Milan included, among the other persons under investigation, a former

external lawyer and a former Eni manager, at the time of the facts holding strategic positions in the Company. According to the decree, the association is allegedly aimed at interfering with the judicial activity in certain criminal proceedings that are involving, among others, Eni and some of its directors and managers. Afterwards, the Control and Risks Committee, having consulted the Board of Statutory Auditors, and together with the Watch Structure, agreed to engage an auditing firm to perform an internal audit of all relevant facts and circumstances and all records and documentation relating to the matter with respect to the events of the aforementioned proceeding, including a forensic review. The final report, submitted to the Control and Risk Committee, the Watch Structure and the Board of Statutory Auditors on September 12, 2018, concluded that following the review carried out with respect to the allegations made by the Public Prosecutor of Milan, there was not sufficient factual evidence to prove the involvement of the aforementioned former manager of Eni in the alleged crimes. On April 19, 2018, the Board of Directors appointed two external consultants, a criminal lawyer and a civil lawyer to provide independent legal advice in relation to the facts under investigation. Their report, dated November 22, 2018, did not find facts which could suggest any involvement of any Eni employees in the crimes alleged by the Public Prosecutor. On June 4, 2018, Consob, the Italian market regulator, requested to be informed about the above mentioned proceeding. The request was addressed to the Company and to its Board of Statutory Auditors. Specifically, Consob asked for the outcome of the forensic review and to be updated about any other audit action taken in relation to the matter by the Company and by its board of Statutory Auditors. The Board of Statutory Auditors was also requested to report about the findings of the additional audit program agreed with an external auditor regarding the matter and to keep Consob updated about any further initiatives adopted. The Company answered the request on June 11, 2018. Subsequently, the Company finalized its response by sending further documentation including the final report of the independent third party and the reports of the consultants of the Board of Directors. The Board of Statutory Auditors has periodically updated Consob of the initiatives taken as part of the Board's monitoring responsibilities with several communications. On June 13, 2018, Eni was notified of a request from the Prosecutor Office to transmit certain documentation in accordance with the Italian Code of Criminal Procedure. The request targeted evidence and documents relating to the internal audit performed by the Company and any possible external review concerning certain tasks that had been assigned to the former external lawyer with respect to Eni. This lawyer appears to be investigated as part of this proceeding. The reports of the independent third party and of the consultant of the Board of directors were also sent to the Public Prosecutor. In May and June 2019, in the context of the same proceeding, the Court of Milan notified Eni and three of its subsidiaries (ETS SpA, Versalis SpA, Ecofuel SpA) of various requests for documentation in accordance with the Italian Code of Criminal Procedure. At the same time, on May 23, 2019, Eni was served a notice that the Company is being investigated pursuant to Legislative Decree No. 231/01, with reference to the crime

sanctioned by the Italian Penal Code concerning "inducement not to make statements or to make false statements to the judicial authority".

The object of the aforementioned requests particularly concerns the relations with two business partners, access to Eni offices of certain third parties, also on behalf of one of the above-mentioned business partners, the mailbox of some employees and former employees, the documentation concerning the relations (and the interruption of those relations) with the former external lawyer investigated in the proceeding, the internal audit reports and the reports of the Company's bodies that dealt with assessing these relationships. Following internal audits, on June 21, 2019, the Company sued for fraud a former employee at its subsidiary ETS, who was fired on May 28, 2019, and also filed a complaint before the Judicial Authority to ascertain possible complicity in fraud of other third parties. On August 14, 2019, the Italian tax police sent a new request for information to Eni, concerning the economic relations between Eni Group companies and an external professional.

In November 2019, Eni received a notice to extend the preliminary investigations. The notice also covered the investigations of the alleged breach of certain provisions of Italian Law Decree 231/01 on part of Eni. Furthermore, it was ascertained that certain former Eni employees have been charged with various criminal allegations. Those employees were a former manager of Eni's legal department, the former Chief Upstream Officer of Eni and an employee that was fired in 2013. A number of third parties have also been indicted, among them, two former legal consultants of Eni. On January 23, 2020, a search decree and an indictment were notified to the Company's Chief Services & Stakeholder Relations Officer, the Senior Vice President for Security and to a manager of the legal department. Moreover, further procedural documentation became available following requests to review the aforementioned decree. The Board of Statutory Auditors, the Control Committee and the Watch Structure have instructed the same consultants appointed in 2018 to examine the aforementioned documentation, in order to review and summarize the facts underlying those allegations, as well as other factual elements and conduct to be examined in depth relating to the existence of any substantial issue or possible deficiency in the internal control and risk management system and in the organization and risk management model pursuant to Legislative Decree No. 231/01. The consultant's activities are ongoing.

- (iii) **Eni SpA – Public Prosecutor of Milan – Insider trading.** In March 2019, a request for extending certain investigations was notified to Eni's Chief Upstream Officer by the public prosecutor office of Milan. The commencement of those investigation was otherwise not notified. The investigations related to an alleged breach of Italian provisions that regulate insider trading and access to market-sensitive information. The breach was allegedly made from November 1 to December 1, 2016. There were no more informative details about the alleged breach in the notified document.

4. Tax proceedings

- (i) **Dispute for omitted payment of a property tax for some oil offshore platforms located in territorial waters.** A Third Instance Court in Italy with a ruling issued in 2016 established

that Oil & Gas offshore platforms located within territorial boundaries were subject to a property tax, resolving a dispute that has been in progress for about a decade in favor of local authorities. Eni is a party to many of these disputes and has entered into settlement transactions with various local authorities. Currently, a risk provision €17 million has been set aside in the consolidated financial statements for the remaining pending litigations.

The Third Instance Court ruling applied to the legislation in force until 2015. Since 2016 the regulatory framework has changed due to enactment of law No. 208/2015, which excluded from the scope of the property tax the value of plants instrumental to specific production processes. To clarify the effects of this scope limitation of the property tax relating to above-mentioned offshore platforms, in 2016 the Italian association of Oil & Gas producers submitted a question to the Italian Finance Department. The Department recognized that offshore platforms met the requirements for classification as instrumental plants and consequently are excluded from the scope of the property tax [resolution No. 3/DF of June 1, 2016].

The ruling of the Department of Finance, however, is not binding for local authorities with taxing powers and three of these have issued assessment notices for 2016 and subsequent years. The Company has challenged these notices in legal proceedings. To date two first instance judgments have been issued, one in favor of the Company and one against. A second instance judgement has also been issued with results unfavorable to the Company. Of the two unfavorable outcomes, only one applies penalties. One of the two unfavorable judgements concerns the dispute with the municipality of Ravenna for the years 2016 and 2017, that judgement confirmed the assessment made by the municipality for a total tax of €19 million, in addition to the penalties applicable by law.

Based on the resolution of the Department of Finance in 2016, Eni believes that the scope limitation of the tax property enacted in 2016 applies to offshore platforms located within territorial boundaries and based on this the Company intends to continue to contest the assessment. No risk provisions have been accrued in the consolidated financial statements. Law Decree 124/2019 (enacted with Law 157/2019) has established, starting from 2020, that marine platforms are subject to a new property tax that will replace and supersede any other ordinary local property tax eventually levied on these plants up to 2019. This rule has therefore sanctioned, starting from 2020, the existence of the tax requirement for these plants.

5. Settled Proceedings

- (i) **Reorganization procedure of Alitalia Linee Aeree Italiane SpA under extraordinary administration.** In January 2013, the Italian airline company Alitalia summoned Eni, Exxon Italia and Kuwait Petroleum Italia SpA before the Court of Rome, to seek a compensation for alleged damages caused by alleged anti-competitive behavior on part of the three petroleum companies in the supply of jet fuel in the years 1998 through 2009. The claim was based on a decision rendered by the Italian Antitrust Authority in June 2006. The antitrust decision accused Eni and another five petroleum companies of anti-competitive agreements designed to split the market for jet fuel supplies and blocking the entrance of new players in the years 1998 through 2006. In June 2019 the lawsuit was settled between all the involved parties. The amount transacted by Eni was previously accrued in the financial statements.
- (ii) **Eni SpA - Public Prosecutor's Office of Rome - Criminal Procedure No. 2711/2019 - VAT returns.** On September 16, 2019, a notice of extension of the preliminary investigations was notified to the former CEO and the current CEO of Eni, in relation to the tax crime referred to in art. 4 of Legislative Decree 74/2000 (unfaithful tax statement). From the first investigations carried out by the defense attorney, the allegations referred to the criminal proceedings on fuel excise taxes, disclosed in the previous section and derived from the alleged taxes due on the higher profit before taxation ascertained as a result of evading the owed amounts of excise taxes for fiscal years from 2011 to 2014. As a result of the defensive activities carried out and due to the transaction carried out with the Customs and Revenue Agency, in November 2019 the Prosecutor filed a request to dismiss the proceedings and on December 2, 2019 the Court of Rome issued an order of dismissal.
- (iii) **Eni's arbitration with GasTerra.** In 2013, Eni initiated an arbitration against GasTerra, as part of a long-term supply contract signed in 1986, to obtain a revision of the price charged by GasTerra to Eni for the gas supplied in the 2012–2015 period. On that occasion, Eni and GasTerra agreed to apply a provisional price, which was lower than the previous price, until the definition of a new contractual price based on an arrangement between parties or an arbitration award. The arbitration award dismissed Eni's claim for price revision, without however determining a new price applicable in the relevant period. GasTerra considered that, by dismissing Eni's claim, the award restored the original contract price, based on which GasTerra claimed an additional amount to be paid by Eni which corresponded to the difference between the provisional price and the contractual price. Eni, relying also on the opinion of its external consultants, did not agree with GasTerra's interpretation and considered GasTerra's claim groundless. However, GasTerra, based on its own interpretation, commenced an arbitration and obtained from a Dutch court the provisional seizure of Eni's investment in its subsidiary Eni International BV for the alleged receivable due by Eni (equal to €1.01 billion). With respect to the interim seizure measure obtained by GasTerra, Eni offered to GasTerra, who in turn accepted, a bank guarantee of the same amount of the GasTerra claim. On July 8, 2019, the Tribunal issued an award concluding the first phase of the procedure by which it decided, in particular, that the provisional price mentioned above continued to apply in the 2012-2015 period, and that therefore GasTerra was not entitled to any price adjustment, so the invoices issued after the rendering of the award in 2016 were invalid. The Tribunal referred to the second phase of the arbitral procedure the quantification of Eni's claims for damages against GasTerra. On July 24, 2019, upon Eni's request and GasTerra consent, the bank guarantee for €1.01 billion was terminated. GasTerra has reserved its rights of appeal.

Assets under concession arrangements

Eni operates under concession arrangements mainly in the Exploration & Production segment and the Refining & Marketing business line. In the Exploration & Production segment, contractual clauses governing mineral concessions, licenses and exploration permits regulate the access of Eni to hydrocarbon reserves. Such clauses can differ in each Country. In particular, mineral concessions, licenses and permits are granted by the legal owners and, generally, entered into with government entities, State oil companies and, in some legal contexts, private owners. Pursuant to the assignment of mineral concessions, Eni sustains all the operational risks and costs related to the exploration and development activities and it is entitled to the productions realized. As a compensation for mineral concessions, Eni pays royalties and taxes in accordance with local tax legislation. In production sharing agreement and service contracts, realized productions are defined based on contractual agreements with State oil companies, which hold the concessions. Such contractual agreements regulate the recovery of costs incurred for the exploration, development and operating activities (Cost Oil) and give entitlement to the own portion of the realized productions (Profit Oil). In the Refining & Marketing business line, several service stations and other auxiliary assets of the distribution service are located in the motorway areas and they are granted by the motorway concession operators following a public tender for the sub-concession of the supplying of oil products distribution service and other auxiliary services. In exchange of the granting of the services described above, Eni provides to the motorway companies fixed and variable royalties based on quantities sold. At the end of the concession period, all non-removable assets are transferred to the grantor of the concession for no consideration.

Environmental regulations

Risks associated with the footprint of Eni's activities on the environment, health and safety are described in the "Financial Review", paragraph "Risk factors and uncertainties". In the future, Eni will sustain significant expenses in relation to compliance with environmental, health and safety laws and regulations and for reclaiming, safety and remediation works of areas previously

used for industrial production and dismantled sites. In particular, regarding the environmental risk, management does not currently expect any material adverse effect upon Eni's Consolidated Financial Statements, taking account of ongoing remediation actions, existing insurance policies and the environmental risk provision accrued in the Consolidated Financial Statements. However, management believes that it is possible that Eni may incur material losses and liabilities in future years in connection with environmental matters due to: (i) the possibility of as yet unknown contamination; (ii) the results of ongoing surveys and other possible effects of statements required by Legislative Decree 152/2006; (iii) new developments in environmental regulation (i.e. Law No. 68/2015 on crimes against the environment and European Directive 2015/2193 on medium combustion plants); (iv) the effect of possible technological changes relating to future remediation; and (v) the possibility of litigation and the difficulty of determining Eni's liability, if any, as against other potentially responsible parties with respect to such litigation and the possible insurance recoveries.

Emission trading

From 2013, the third phase of the European Union Emissions Trading Scheme (EU-ETS) came in force. The new phase marked a significant change in the method of awarding emission allowance from a no-consideration scheme based on historical emissions to allocation through auctioning. For the period 2013–2020, the award of free emission allowances is performed based on European benchmarks specific to each industrial segment, except for the thermoelectric sector that is not eligible for allocations for no consideration. This regulatory scheme implies for Eni's plants subjected to emission trading a lower assignment of emission permits respect to the emissions recorded in the relevant year and, consequently, the necessity of covering the amounts in excess by purchasing the relevant emission allowances on the open market. In 2019, the emissions of carbon dioxide from Eni's plants were higher than the free allowances assigned to Eni. Against emissions of carbon dioxide amounting to approximately 19.30 million tonnes, Eni was awarded free emission allowances of 7.73 million tonnes, determining a deficit of 11.57 million tonnes. This deficit was entirely covered through the purchase of emission allowances in the open market.

28 | Revenues and other income

SALES FROM OPERATIONS

(€ million)	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Corporate and Other activities	Total
2019					
Sales from operations	10,499	38,160	21,017	205	69,881
Products sales and service revenues					
Sales of crude oil	3,505	17,334	27		20,866
Sales of oil products	1,189	3,000	16,615		20,804
Sales of natural gas and LNG	5,454	12,468			17,922
Sales of petrochemical products		316	3,772	22	4,110
Sales of other products	68	2,502	16	7	2,593
Services	283	2,540	587	176	3,586
	10,499	38,160	21,017	205	69,881
Transfer of goods/services					
Goods/Services transferred in a specific moment	9,946	38,047	20,768	87	68,848
Goods/Services transferred over a period of time	553	113	249	118	1,033
2018					
Sales from operations	9,943	43,109	22,594	176	75,822
Products sales and service revenues					
Sales of crude oil	3,982	18,471			22,453
Sales of oil products	1,133	4,053	17,213		22,399
Sales of natural gas and LNG	4,554	15,088			19,642
Sales of petrochemical products		762	4,777	35	5,574
Sales of other products	27	2,363	20	11	2,421
Services	247	2,372	584	130	3,333
	9,943	43,109	22,594	176	75,822
Transfer of goods/services					
Goods/Services transferred in a specific moment	9,676	42,979	22,535	106	75,296
Goods/Services transferred over a period of time	267	130	59	70	526
2017					
Sales from operations	7,131	39,846	19,771	171	66,919
Products sales and service revenues					
Sales of crude oil	2,431	17,693	17		20,141
Sales of oil products	1,030	3,930	14,615		19,575
Sales of natural gas and LNG	3,470	11,643			15,113
Sales of petrochemical products		147	4,591	32	4,770
Sales of other products	14	2,021	21	12	2,068
Services	186	4,412	527	127	5,252
	7,131	39,846	19,771	171	66,919

(€ million)	2019	2018
Revenues associated with contract liabilities at the beginning of the period	747	342
Revenues associated with performance obligations totally or partially satisfied in previous years	10	11

Sales from operations by industry segment and geographical area of destination are disclosed in note 35 – Segment information and information by geographic area.

Sales from operations with related parties are disclosed in note 36 – Transactions with related parties.

OTHER INCOME AND REVENUES

(€ million)	2019	2018	2017
Gains from sale of assets and businesses	152	454	3,288
Other proceeds	1,008	662	770
	1,160	1,116	4,058

In 2019, gains from the sale of assets and businesses related for €146 million to assets of the Exploration & Production segment. In 2018, gains from the sale of assets and businesses related to the divestment of a 10% stake in the Zohr project for €428 million. In 2017, the amount related to the divestment of a 25% stake in natural gas-rich Area 4 offshore Mozambique (€1,985 million) and of a 40%

stake in the Zohr project (€1,281 million). Other proceeds include €368 million related to the recovery of the cost share of right-of-use assets pertaining to partners of non-incorporated joint operations operated by Eni. Other income and revenues with related parties are disclosed in note 36 – Transactions with related parties.

29 | Costs

PURCHASE, SERVICES AND OTHER CHARGES

(€ million)	2019	2018	2017
Production costs - raw, ancillary and consumable materials and goods	36,272	41,125	35,907
Production costs - services	11,589	10,625	12,228
Lease expense and other	1,478	1,820	1,684
Net provisions for contingencies	858	1,120	886
Charges for price variation on overlifting and underlifting operations			145
Other expenses	879	1,130	931
	51,076	55,820	51,781
less:			
- capitalized direct costs associated with self-constructed assets - tangible assets	(197)	(192)	(224)
- capitalized direct costs associated with self-constructed assets - intangible assets	(5)	(6)	(9)
	50,874	55,622	51,548

Purchase, services and other charges include of geological and geophysical costs of exploration activities for €275 million (€287 million and €273 million in 2018 and 2017, respectively). In 2018 and 2017, the item included operating leases for €872 million and €1,022 million, respectively.

Costs incurred in connection with research and development activities expensed through profit and loss, as they did not meet the requirements to be recognized as long-lived assets, amounted to €194 million (€197 million and €185 million in 2018 and 2017, respectively).

Royalties on the extraction of hydrocarbons amounted to €1,183 million

(€1,043 million and €674 million in 2018 and 2017, respectively). Additions to provisions net of reversal of unused provisions mainly related to net addition for litigations amounting to €60 million (net provisions of €101 million and €375 million in 2018 and 2017, respectively) and net additions for environmental liabilities amounting to €329 million (net provisions of €266 million and €200 million in 2018 and 2017, respectively). More information is provided in note 20 – Provisions. Net additions to provisions by segment are disclosed in note 35 – Segment information and information by geographic area. Information about leases is disclosed in note 12 – Right-of-use assets and lease liabilities.

PAYROLL AND RELATED COSTS

(€ million)	2019	2018	2017
Wages and salaries	2,417	2,409	2,447
Social security contributions	449	448	441
Cost related to employee benefit plans	85	220	113
Other costs	213	170	162
	3,164	3,247	3,163
less:			
- capitalized direct costs associated with self-constructed assets - tangible assets	(152)	(142)	(202)
- capitalized direct costs associated with self-constructed assets - intangible assets	(16)	(12)	(10)
	2,996	3,093	2,951

Other costs comprised provisions for redundancy incentives of €45 million (€37 million and €18 million in 2018 and 2017, respectively) and costs for defined contribution plans of €99 million (€95 million and €90 million in 2018 and 2017, respectively).

Cost related to employee benefit plans are described in note 21 – Provisions for employee benefits.

Costs with related parties are disclosed in note 36 – Transactions with related parties.

Average number of employees

The Group average number and breakdown of employees by category is reported below:

(number)	2019		2018		2017	
	Subsidiaries	Joint operations	Subsidiaries	Joint operations	Subsidiaries	Joint operations
Senior managers	1,014	16	999	17	995	17
Junior managers	9,267	77	9,095	84	9,089	98
Employees	15,945	361	16,220	361	16,721	371
Workers	4,910	287	5,259	283	5,659	285
	31,136	741	31,573	745	32,464	771

The average number of employees was calculated as the average between the number of employees at the beginning and the end of the period. The average number of senior managers included managers employed in foreign Countries, whose position is comparable to a senior manager's status.

Long-term monetary incentive plan for the managers of Eni

On April 13, 2017, the Shareholders Meeting approved the Long-Term Monetary Incentive Plan 2017-2019 and empowered the Board of Directors to execute the Plan by authorizing it to dispose up to a maximum of 11 million of treasury shares in service of the Plan. The Long-Term Monetary Incentive Plan 2017-2019 provides for three annual awards for the years 2017, 2018 and 2019 and is intended for the Chief Executive Officer of Eni and for the managers of Eni and its subsidiaries who qualify as "senior managers deemed critical for the business", selected among those who are in charge of tasks directly linked to the Group results or of strategic clout to the business. The Plan provides the granting of Eni shares for no consideration to eligible managers after a three-year vesting period under the condition that they would remain in office until vesting. Considering that this incentive falls within the category of employee compensation, in accordance with IFRS, the cost of the plan is determined based on the fair value of the financial instruments awarded to the beneficiaries and the number of shares that will be granted at the end of the vesting period; the cost is accruing along the vesting period.

The number of shares that will be granted at the end of the vesting period is conditioned on a 50-50 basis to actual results of two performance parameters against preset targets: (i) a market condition in terms of Total Shareholder Return (TSR) of the Eni

share compared to the TSR of the FTSE Mib index of the Italian Stock Exchange Market, and to a group of Eni's competitors ("Peers Group"³⁸) and the TSR of their corresponding stock exchange market³⁹; (ii) growth in the Net Present Value (NPV) of proved reserves benchmarked against the Peer Group. Depending on the performance of the parameters mentioned above, the number of shares that will vest after three years may range between 0% and 180% of the initial award. Furthermore, 50% of the shares that will eventually vest is subject to a lock-up clause of one year after the vesting date.

The number of shares awarded at the grant date was 1,759,273 in 2019, 1,517,975 in 2018 and 1,719,061 in 2017; the weighted average fair value of the shares at the same date was €9.88 per share in 2019, €11.73 per share in 2018 and €7.99 per share in 2017.

The estimation of the fair value was calculated by adopting specific valuation techniques regarding the different performance parameters provided by the plan (the stochastic method for the market condition of the plan and the Black-Scholes model for the component related to the NPV of the reserves), taking into account the fair value of the Eni share at the grant date (€13.714 per share in 2019; €14.246 per share in 2018; €13.81 per share in 2017), reduced by dividends expected along the vesting period (6.1% of the share price at vesting date in 2019; 5.8% of the share price at vesting date in 2018; 5.8% of the share price at vesting date in 2017), the volatility of the stock (19% for attribution 2019; 20% for attribution 2018; 25% for attribution 2017), the forecasts for the performance parameters, as well as the lower value attributable to the shares considering the lock-up period at the end of the vesting period.

In 2019, the costs related to the long-term monetary incentive plan 2017-2019, recognized as a component of the payroll cost, amounted to €9 million (€5 million in 2018; €0.4 million in 2017) with a contra-entry to equity reserves.

[38] The group consists of the following oil companies: Anadarko, Apache, BP, Chevron, ConocoPhillips, ExxonMobil, Marathon Oil, Royal Dutch Shell, Statoil and Total.

[39] The performance condition connected with the TSR in accordance with the international accounting standards represents a so-called market condition.

Compensation of key management personnel

Compensation, including contributions and collateral expenses, of personnel holding key positions in planning, directing and controlling the Eni Group subsidiaries, including executive and non-

executive officers, general managers and managers with strategic responsibilities in office during the year consisted of the following:

(€ million)	2019	2018	2017
Wages and salaries	28	27	25
Post-employment benefits	2	2	2
Other long-term benefits	12	10	9
Indemnities upon termination of employment	12		7
	54	39	43

Compensation of Directors and Statutory Auditors

Compensation of Directors amounted to €9.2 million, €9.6 million and €14.5 million for 2019, 2018 and 2017, respectively. Compensation of Statutory Auditors amounted to €0.613 million, €0.604 million and €0.760 million in 2019, 2018 and 2017, respectively.

Compensation included emoluments and social security benefits due for the office as Director or Statutory Auditor held at the parent company Eni SpA or other Group subsidiaries, which was recognized as a cost to the Group, even if not subject to personal income tax.

30 | Finance income (expense)

(€ million)	2019	2018	2017
Finance income (expense)			
Finance income	3,087	3,967	3,924
Finance expense	(4,079)	(4,663)	(5,886)
Net finance income (expense) from financial assets held for trading	127	32	(111)
Income (expense) from derivative financial instruments	(14)	(307)	837
	(879)	(971)	(1,236)

The analysis of finance income (expense) was as follows:

(€ million)	2019	2018	2017
Finance income (expense) related to net borrowings			
Interest and other finance expense on ordinary bonds	(618)	(565)	(638)
Net finance income (expense) on financial assets held for trading	127	32	(111)
Interest and other expense due to banks and other financial institutions	(122)	(120)	(113)
Interest on lease liabilities	(378)		
Interest from banks	21	18	12
Interest and other income on financial receivables and securities held for non-operating purposes	8	8	16
	(962)	(627)	(834)
Exchange differences	250	341	(905)
Income (expense) from derivative financial instruments	(14)	(307)	837
Other finance income (expense)			
Interest and other income on financing receivables and securities held for operating purposes	112	132	128
Capitalized finance expense	93	52	73
Finance expense due to the passage of time (accretion discount) ^(a)	(255)	(249)	(264)
Other finance income (expense)	(103)	(313)	(271)
	(153)	(378)	(334)
	(879)	(971)	(1,236)

(a) The item related to the increase in provisions for contingencies that are shown at present value in non-current liabilities.

Information about leases is disclosed in note 12 – Right-of-use assets and lease liabilities.

The analysis of income (expense) from derivative financial instruments is disclosed in note 23 – Derivative financial instruments

and hedge accounting.

Finance income (expense) with related parties are disclosed in note 36 – Transactions with related parties.

31 | Income (expense) from investments

SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTMENTS

More information is provided in note 15 – Investments.

Share of profit or loss of equity accounted investments by industry

segment is disclosed in note 35 – Segment information and information by geographic area.

OTHER GAIN (LOSS) FROM INVESTMENTS

(€ million)	2019	2018	2017
Dividends	247	231	205
Net gain (loss) on disposals	19	22	163
Other net income (expense)	15	910	(33)
	281	1,163	335

Dividend income primarily related to Nigeria LNG Ltd for €186 million and to Saudi European Petrochemical Co for €46 million (€187 million and €35 million in 2018 and €167 million and €21 million in 2017, respectively).

In 2018, other net income included a gain of €889 million deriving

from the business combination between Eni Norge AS and Point Resources AS, with the establishment of joint venture the Vår Energi AS, determined by the difference between the book value of the investment corresponding to the fair value of the combined net assets and the book value of the net assets sold.

32 | Income taxes

(€ million)	2019	2018	2017
Current taxes:			
- Italian subsidiaries	347	301	712
- subsidiaries of the Exploration & Production segment - outside Italy	4,729	4,906	3,167
- other subsidiaries - outside Italy	152	163	142
	5,228	5,370	4,021
Net deferred taxes:			
- Italian subsidiaries	599	130	(464)
- subsidiaries of the Exploration & Production segment - outside Italy	(172)	497	(162)
- other subsidiaries - outside Italy	(64)	(27)	72
	363	600	(554)
	5,591	5,970	3,467

Current income taxes payable by Italian subsidiaries referred to foreign taxes for €137 million.

The reconciliation between the statutory tax charge calculated

by applying the Italian statutory tax rate of 24% (same amount in 2018 and 2017) and the effective tax charge is the following:

(€ million)	2019	2018	2017
Profit (loss) before taxation	5,746	10,107	6,844
Tax rate (IRES) (%)	24.0	24.0	24.0
Statutory corporation tax charge (credit) on profit or loss	1,379	2,426	1,643
Increase (decrease) resulting from:			
- higher tax charges related to subsidiaries outside Italy	2,934	3,096	1,882
- impact pursuant to the write-down of deferred tax assets and recalculation of tax rates	938	261	(96)
- tax effects related to previous years	147	(24)	(1)
- impact pursuant to foreign tax effects of Italian entities	105	46	54
- effect due to the tax regime provided for intercompany dividends	65	47	1
- Italian regional income tax (IRAP)	25	50	77
- impact pursuant to redetermination of the Italian Windfall Corporate tax as per Law 7/2009			61
- effect due to non-taxable gains/losses on sales of investments		(1)	(177)
- other adjustments	(2)	69	23
	4,212	3,544	1,824
Effective tax charge	5,591	5,970	3,467

The higher tax charges at non-Italian subsidiaries related to the Exploration & Production segment for €2,934 million (€3,014 million and €1,811 million in 2018 and in 2017, respectively).

33 | Earnings per share

Basic earnings per ordinary share are calculated by dividing net profit for the period attributable to Eni's shareholders by the weighted average number of ordinary shares issued and outstanding during the period, excluding treasury shares.

The average number of ordinary shares used for the calculation of the basic earnings per share in 2019 was 3,592,249,603 (3,601,140,133 in 2018 and 2017).

Diluted earnings per share are calculated by dividing the net profit of the period attributable to Eni's shareholders by the weighted average

number of shares fully-diluted, excluding treasury shares, and including the number of potential shares to be issued in connection with stock-based compensation plans.

As of December 31, 2019, the shares that could be potentially issued related the estimation of new share that will vest in connection with the 2017-2019 long-term monetary incentive plan.

Reconciliation of the weighted average number of shares used for the calculation for both basic and diluted earnings per share was as follows:

	2019	2018	2017
Weighted average number of shares used for basic earnings per share	3,592,249,603	3,601,140,133	3,601,140,133
Potential share to be issued for ILT incentive plan	2,251,406	2,782,584	1,691,413
Weighted average number of shares used for diluted earnings per share	3,594,501,009	3,603,922,717	3,602,831,546
Eni's net profit	148	4,126	3,374
	(€ million)		
Basic earnings per share	0.04	1.15	0.94
	(€ per share)		
Diluted earnings per share	0.04	1.15	0.94
	(€ per share)		

34 | Exploration for evaluation of Oil & Gas resources

(€ million)	2019	2018	2017
Revenues related to exploration activity and evaluation	34	17	9
Exploration activity and evaluation costs			
- write-off of exploration and evaluation costs	214	93	252
- costs of geological and geophysical studies	275	287	273
Exploration expense for the year	489	380	525
Intangible assets: proved and unproved exploration licence and leasehold property acquisition costs	1,031	1,081	995
Tangible assets: capitalized exploration and evaluation costs	1,563	1,267	1,371
Total tangible and intangible assets	2,594	2,348	2,366
Provision for decommissioning related to exploration activity and evaluation	109	77	81
Exploration expenditure (net cash used in investing activities)	586	463	442
Geological and geophysical costs (cash flow from operating activities)	275	287	273
Total exploration effort	861	750	715

35 | Segment information and information by geographic area

SEGMENT INFORMATION

Eni's segmental reporting reflects the Group's operating segments, whose results are regularly reviewed by the chief operating decision maker (the CEO) to make decisions about resources to be allocated to each segment and to assess segment performance. Segment performance is evaluated based on operating profit or loss. Other segment information presented to the CEO include segment revenues and directly attributable assets and liabilities. As of December 31, 2019, Eni had the following reportable segments:

Exploration & Production: engages in the research, development and production of crude oil and natural gas, including projects to build and operate liquefaction plants of LNG;

Gas & Power: engages in supply and marketing of natural gas at wholesale and retail markets, supply and marketing of LNG and supply, production and marketing of power at retail and wholesale markets. Gas & Power is also engaged in supply and marketing of crude oil and oil products targeting the operational requirements of Eni's refining business and in energy commodity trading (including crude oil, natural gas, oil products, power, emission allowances, etc.) targeting to both hedge and stabilize the Group's industrial

and commercial margins according to an integrated view and to optimize margins.

Refining & Marketing and Chemicals: engages in the manufacturing, supply and distribution and marketing activities of oil products and chemical products. The results of the Chemicals business have been aggregated to those of the Refining & Marketing business in a single reportable segment, because these two operating segments exhibit similar economic characteristics.

Corporate and Other activities: include the costs of the Group HQ functions which provide services to the operating subsidiaries, comprising holding, financing and treasury, IT, HR, real estate, legal assistance, captive insurance, as well as the results of the Group environmental

clean-up and remediation activities performed by the subsidiary Eni Rewind SpA (former Syndial SpA). The Energy Solutions Department, which engages in developing the renewable energy business, is an operating segment, which is reported within Corporate and Other activities because it does not meet the materiality threshold set by IFRS 8 for separate segment reporting.

Information by segment is as follows:

(€ milioni)	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Corporate and Other activities	Adjustments of intragroup profits	Total
2019						
Sales from operations including intersegment sales	23,572	50,015	23,334	1,681		
Less: intersegment sales	(13,073)	(11,855)	(2,317)	(1,476)		
Sales from operations	10,499	38,160	21,017	205		69,881
Operating profit	7,417	699	(854)	(710)	(120)	6,432
Net provisions for contingencies	97	232	273	307	(51)	858
Depreciation and amortization	(7,060)	(447)	(485)	(146)	32	(8,106)
Impairments of tangible and intangible assets and right-of-use assets	(1,347)	(83)	(1,127)	(13)		(2,570)
Reversals of tangible and intangible assets	130	46	205	1		382
Write-off of tangible and intangible assets	(292)	(1)	(6)	(1)		(300)
Share of profit (loss) of equity-accounted investments	7	(11)	(63)	(21)		(88)
Identifiable assets ^(a)	68,915	9,176	12,336	1,860	(492)	91,795
Unallocated assets ^(b)						31,645
Equity-accounted investments	4,108	487	3,107	1,333		9,035
Identifiable liabilities ^(c)	20,164	7,852	4,599	3,927	(141)	36,401
Unallocated liabilities ^(d)						39,139
Capital expenditure in tangible and intangible assets and prepaid right-of-use assets	6,996	230	933	231	(14)	8,376
2018						
Sales from operations including intersegment sales	25,744	55,690	25,216	1,589		
Less: intersegment sales	(15,801)	(12,581)	(2,622)	(1,413)		
Sales from operations	9,943	43,109	22,594	176		75,822
Operating profit	10,214	629	(380)	(691)	211	9,983
Net provisions for contingencies	235	53	274	579	(21)	1,120
Depreciation and amortization	(6,152)	(408)	(399)	(59)	30	(6,988)
Impairments of tangible and intangible assets	(1,025)	(56)	(193)	(18)		(1,292)
Reversals of tangible and intangible assets	299	127				426
Write-off of tangible and intangible assets	(97)	(1)	(2)			(100)
Share of profit (loss) of equity-accounted investments	158	9	(67)	(168)		(68)
Identifiable assets ^(a)	63,051	9,989	11,692	1,171	(420)	85,483
Unallocated assets ^(b)						32,890
Equity-accounted investments	4,972	494	275	1,303		7,044
Identifiable liabilities ^(c)	18,110	8,314	4,319	4,072	(275)	34,540
Unallocated liabilities ^(d)						32,760
Capital expenditure in tangible and intangible assets	7,901	215	877	143	(17)	9,119
2017						
Sales from operations including intersegment sales	19,525	50,623	22,107	1,462		
Less: intersegment sales	(12,394)	(10,777)	(2,336)	(1,291)		
Sales from operations	7,131	39,846	19,771	171		66,919
Operating profit	7,651	75	981	(668)	(27)	8,012
Net provisions for contingencies	479	(20)	182	245		886
Depreciation and amortization	(6,747)	(345)	(360)	(60)	29	(7,483)
Impairments of tangible and intangible assets	(650)	(56)	(131)	(25)		(862)
Reversals of tangible and intangible assets	808	202	77			1,087
Write-off of tangible and intangible assets	(260)	(2)	(1)			(263)
Share of profit (loss) of equity-accounted investments	(99)	(10)	(57)	(101)		(267)
Identifiable assets ^(a)	66,661	11,058	11,599	1,108	(610)	89,816
Unallocated assets ^(b)						25,112
Equity-accounted investments	1,234	509	321	1,447		3,511
Identifiable liabilities ^(c)	17,273	8,851	4,005	4,053	(306)	33,876
Unallocated liabilities ^(d)						32,973
Capital expenditure in tangible and intangible assets	7,739	142	729	87	(16)	8,681

(a) Include assets directly associated with the generation of operating profit.

(b) Include assets not directly associated with the generation of operating profit.

(c) Include liabilities directly associated with the generation of operating profit.

(d) Include liabilities not directly associated with the generation of operating profit.

INFORMATION BY GEOGRAPHICAL AREA

Identifiable assets and investments by geographical area of origin

(€ milioni)	Italy	Other European Union	Rest of Europe	Americas	Asia	Africa	Other areas	Total
2019								
Identifiable assets ^(a)	19,346	7,237	1,151	5,230	17,898	40,021	912	91,795
Capital expenditure in tangible and intangible assets and prepaid right-of-use assets	1,402	306	9	1,017	1,685	3,902	55	8,376
2018								
Identifiable assets ^(a)	18,646	7,086	1,031	4,546	16,910	36,155	1,109	85,483
Capital expenditure in tangible and intangible assets	1,424	267	538	534	1,782	4,533	41	9,119
2017								
Identifiable assets ^(a)	18,449	7,706	6,160	4,406	16,527	35,385	1,183	89,816
Capital expenditure in tangible and intangible assets	1,090	316	387	278	898	5,699	13	8,681

(a) Includes assets directly associated with the generation of operating profit.

Sales from operations by geographical area of destination

(€ million)	2019	2018	2017
Italy	23,312	25,279	21,925
Other European Union	18,567	20,408	19,791
Rest of Europe	6,931	7,052	5,911
Americas	3,842	5,051	5,154
Asia	8,102	9,585	7,523
Africa	8,998	8,246	6,428
Other areas	129	201	187
	69,881	75,822	66,919

36 | Transactions with related parties

In the ordinary course of its business, Eni enters into transactions regarding:

- (a) purchase/supply of goods and services and the provision of financing to joint ventures, associates and non-consolidated subsidiaries;
- (b) purchase/supply of goods and services to entities controlled by the Italian Government;
- (c) purchase/supply of goods and services to companies related to Eni SpA through members of the Board of Directors. Most of these transactions are exempt from the application of the Eni internal procedure "Transactions involving interests of Directors and Statutory Auditors and transactions with related parties" pursuant to the Consob Regulation, since they relate to ordinary transactions conducted at market or standard conditions, or because they fall below the materiality threshold provided for by the procedure. The solely non-exempted transaction, that was positively examined and valued in application of the procedure, concerned the remote monitoring of cars in the "enjoy" initiative (for an amount of about €1 million) conducted with Vodafone Italia SpA related to Eni SpA through of a member of the Board of Directors; and

- (d) contributions to non-profit entities correlated to Eni with the aim to develop solidarity, culture and research initiatives. In particular these related to: (i) Eni Foundation, established by Eni as a non-profit entity with the aim of pursuing exclusively solidarity initiatives in the fields of social assistance, health, education, culture and environment, as well as scientific and technological research; and (ii) Eni Enrico Mattei Foundation, established by Eni with the aim of enhancing, through studies, research and training initiatives, knowledge enrichment in the fields of economics, energy and environment, both at the national and international level.

Transactions with related parties were conducted in the interest of Eni companies and, with exception of those with entities whose aim is to develop charitable, cultural and research initiatives, are related to the ordinary course of Eni's business.

Investments in subsidiaries, joint arrangements and associates as of December 31, 2019 are presented in the annex "List of companies owned by Eni SpA as of December 31, 2019". This annex includes also the changes in the scope of consolidation.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Name	December 31, 2019			2019		
	Receivables and other assets	Payables and other liabilities	Guarantees	Revenues	Costs	Other operating (expense) income
(€ million)						
Joint ventures and associates						
Agiba Petroleum Co	3	71			229	
Angola LNG Supply Services Llc			181			
Coral FLNG SA	15		1,168	71		
Gas Distribution Company of Thessaloniki - Thessaly SA		13			53	
Saipem Group	75	227	510	27	503	
Karachaganak Petroleum Operating BV	33	198		1	1,134	
Mellitah Oil & Gas BV	57	171		3	365	
Petrobrel Belayim Petroleum Co	50	1,130		7	1,590	
Unión Fenosa Gas SA	8	1	57	1	6	63
Vår Energi AS	32	143	482	63	1,481	(64)
Other ^(*)	106	29	1	112	87	
	379	1,983	2,399	285	5,448	(1)
Unconsolidated entities controlled by Eni						
Eni BTC Ltd			180			
Industria Siciliana Acido Fosforico - ISAF SpA (in liquidation)	101	1	3	14		
Other	5	25	14	6	18	
	106	26	197	20	18	
	485	2,009	2,596	305	5,466	(1)
Entities controlled by the Government						
Enel Group	185	284		105	602	(8)
Italgas Group	3	154		1	677	
Snam Group	278	229		71	1,208	
Terna Group	40	45		171	223	17
GSE - Gestore Servizi Energetici	26	24		549	468	11
Other	10	19		12	35	
	542	755		909	3,213	20
Other related parties	2	3		5	37	
Groupement Sonatrach – Agip «GSA» and Organe Conjoint des Opérations «OC SH/FCP»	75	74		33	457	
Total	1,104	2,841	2,596	1,252	9,173	19

(*) Each individual amount included herein was lower than €50 million.

Name	December 31, 2018	2018		Revenues	Costs	Other operating (expense) income
		Receivables and other assets	Payables and other liabilities			
	(€ million)					
Joint ventures and associates						
Agiba Petroleum Co	1	96			156	
Angola LNG Supply Services Llc			177			
Coral FLNG SA	14		1,147	62		
Gas Distribution Company of Thessaloniki - Thessaly SA	1	18			51	
Saipem Group	75	171	793	30	420	
Karachaganak Petroleum Operating BV	27	134		1	998	
Mellitah Oil & Gas BV	1	268		1	502	
Petrobel Belayim Petroleum Co	56	2,029		7	2,282	
Unión Fenosa Gas SA	4	7	57	123		37
Vår Energi AS	13	100	218			
Other ^(*)	44	25		111	104	(26)
	236	2,848	2,392	335	4,513	11
Unconsolidated entities controlled by Eni						
Eni BTC Ltd			177			
Industria Siciliana Acido Fosforico - ISAF SpA (in liquidation)	87	1	5	11		
Other	6	23	14	7	13	
	93	24	196	18	13	
	329	2,872	2,588	353	4,526	11
Entities controlled by the Government						
Enel Group	134	151		118	514	227
Italgas Group	5	146		23	667	
Snam Group	237	289		109	1,184	(1)
Terna Group	26	47		150	231	8
GSE - Gestore Servizi Energetici	67	85		555	588	74
Other	25	18		45	34	
	494	736		1,000	3,218	308
Other related parties						
Groupement Sonatrach – Agip «GSA» and Organe Conjoint des Opérations «OC SH/FCP»	40	140		34	229	
Total	864	3,750	2,588	1,391	8,005	319

(*) Each individual amount included herein was lower than €50 million.

Name	December 31, 2017	December 31, 2017		2017		Other operating (expense) income	
		Receivables and other assets	Payables and other liabilities	Revenues	Costs		
	(€ million)						
Joint ventures and associates							
Agiba Petroleum Co		1	83		142		
Coral FLNG SA		20	4	1,094	28		
Karachaganak Petroleum Operating BV		36	121		951		
Mellitah Oil & Gas BV		5	220		2	495	
Petrobel Belayim Petroleum Co		86	1,205		8	3,168	
Saipem Group		63	76	7,270	44	450	
Unión Fenosa Gas SA				57	202	3	28
Other ^(*)		84	22		128	140	
		295	1,731	8,421	412	5,349	28
Unconsolidated entities controlled by Eni							
Eni BTC Ltd				169			
Industria Siciliana Acido Fosforico - ISAF SpA (in liquidation)		77	1	5	7		
Other		20	23	7	7	14	
		97	24	181	14	14	
		392	1,755	8,602	426	5,363	28
Entities controlled by the Government							
Enel Group		123	187		164	622	285
GSE - Gestore Servizi Energetici		69	219		702	506	2
Italgas Group		14	180	1	18	681	
Snam Group		187	351		85	1,221	
Terna Group		35	31		154	212	15
Other		50	21		16	38	1
		478	989	1	1,139	3,280	303
Other related parties							
Groupement Sonatrach – Agip «GSA» and Organe Conjoint des Opérations «OC SH/FCP»		1	2		1	25	
Total		910	2,891	8,603	1,608	9,198	331

(*) Each individual amount included herein was lower than €50 million.

The most significant transactions with joint ventures, associates and unconsolidated subsidiaries concerned:

- Eni's share of expenses incurred to develop oil fields from Agiba Petroleum Co, Karachaganak Petroleum Operating BV, Mellitah Oil & Gas BV, Petrobel Belayim Petroleum Co, Groupement Sonatrach - Agip «GSA», Organe Conjoint des Opérations «OC SH/FCP» and, only for Karachaganak Petroleum Operating BV, purchase of crude oil by Eni Trading & Shipping SpA; services charged to Eni's associates are invoiced on the basis of incurred costs;
- a guarantee issued on behalf of Angola LNG Supply Services Llc to cover the commitments relating to the payment of the regasification fee;
- supply of upstream specialist services and a guarantee issued on a pro-quota basis granted to Coral FLNG SA on behalf of the Consortium TJS for the contractual obligations assumed following the award of the EPCIC contract for the construction of a floating gas liquefaction plant (for more information see note 27 – Guarantees, commitments and risks);
- the acquisition of transport and distribution services from the Gas Distribution Company of Thessaloniki - Thessaly SA;
- engineering, construction and drilling services by the Saipem Group mainly for the Exploration & Production segment and residual guarantees issued by Eni SpA relating to bid bonds and performance bonds;
- a performance guarantee given on behalf of Unión Fenosa Gas SA in relation to contractual commitments related to the results of operations and fair value of derivative financial instruments;
- a guarantee issued in compliance with contractual agreements in the interest of Vår Energi AS, the supply of upstream specialist services, the purchase of crude oil, condensates and gas and fair value of derivative financial instruments;

- a guarantee issued in relation to the construction of an oil pipeline on behalf of Eni BTC Ltd; and
- services for environmental restoration to Industria Siciliana Acido Fosforico - ISAF SpA (in liquidation).

The most significant transactions with entities controlled by the Italian Government concerned:

- sale of fuel, sale and purchase of gas, acquisition of power distribution services and fair value of derivative financial instruments with Enel Group;
- acquisition of natural gas transportation, distribution and storage services with Snam Group and Italgas Group on the basis of tariffs set by the Italian Regulatory Authority for Energy, Networks and Environment and purchase and sale with Snam Group of natural gas for granting the system balancing on the basis of prices referred to the quotations of the main energy commodities;
- acquisition of domestic electricity transmission service and sale and purchase of electricity for granting the system balancing on the basis of prices referred to the quotations of the main energy commodities, and derivatives on commodities entered to hedge the price risk related to the utilization of transport capacity rights with Terna Group;
- sale and purchase of electricity, gas, environmental certificates, fair value of derivative financial instruments, sale of oil products and storage capacity with GSE - Gestore Servizi Energetici for the setting-up of a specific stock held by the Organismo Centrale di Stoccaggio Italiano (OCSIT) according to the Legislative Decree No. 249/2012.

Transactions with other related parties concerned:

- provisions to pension funds of €30 million; and
- contributions and service provisions to Eni Enrico Mattei Foundation for €6 million and to Eni Foundation for €1 million.

FINANCING TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Name	(€ million)	December 31, 2019			2019	
		Receivables	Payables	Guarantees	Gains	Charges
Joint ventures and associates						
Angola LNG Ltd				249		
Cardón IV SA		563	5		77	
Coral FLNG SA		253				2
Coral South FLNG DMCC				1,425		
Société Centrale Electrique du Congo SA		85				20
Other		18	14	2	18	14
		919	19	1,676	95	36
Unconsolidated entities controlled by Eni						
Other		48	28		1	
		48	28		1	
Entities controlled by the Government						
Other		4	12			
		4	12			
Total		971	59	1,676	96	36

Name	December 31, 2018	December 31, 2018		2018		
		(€ million)	Receivables	Payables	Guarantees	Gains
Joint ventures and associates						
Angola LNG Ltd				245		
Cardón IV SA		705	36		95	
Coral FLNG SA		108				
Coral South FLNG DMCC				1,397		
Shatskmorneftegaz Sarl					7	267
Société Centrale Electrique du Congo SA		64	30			5
Vår Energi AS			494			
Other		38	4	22	13	9
		915	564	1,664	115	281
Unconsolidated entities controlled by Eni						
Other		49	25			
		49	25			
Entities controlled by the Government						
Enel Group			64			
Other			8			2
			72			2
Total		964	661	1,664	115	283

Name	December 31, 2017	December 31, 2017		2017		
		(€ million)	Receivables	Payables	Guarantees	Gains
Joint ventures and associates						
Angola LNG Ltd				233		
Coral South FLNG D MCC				1,334		
Cardón IV SA		955			86	
Shatskmorneftegaz Sarl		101			6	
Société Centrale Electrique du Congo SA		66	43			
Saipem Group			3	56	13	
Coral FLNG SA		56			71	
Other		48	49	2	14	1
		1,226	95	1,625	190	1
Unconsolidated entities controlled by Eni						
Servizi Fondo Bombole Metano SpA		60	9		1	
Other ^(*)		1	52			
		61	61		1	
Entities controlled by the Government						
Other			8			3
			8			3
Totale		1,287	164	1,625	191	4

(*) Each individual amount included herein was lower than €50 million.

The most significant transactions with joint ventures, associates and unconsolidated subsidiaries concerned:

- bank debt guarantees issued on behalf of Angola LNG Ltd;
- the financing loan granted to Cardón IV SA for the exploration and development activities of a gas field in Venezuela;
- financing loans granted to Coral FLNG SA for the construction of a floating gas liquefaction plant in Area 4 offshore Mozambique (for more information see note 27 – Guarantees, commitments and risks);
- a bank debt guarantee issued on behalf of Coral South FLNG DMCC as part of the project financing of the Coral FLNG development project (for

- more information see note 27 – Guarantees, commitments and risks);
- the loan granted to Société Centrale Electrique du Congo SA for the construction of a power plant in Congo.

Impact of transactions and positions with related parties on the balance sheet, profit and loss account and statement of cash flows

The impact of transactions and positions with related parties on the balance sheet accounts consisted of the following:

(€ million)	December 31, 2019			December 31, 2018		
	Total	Related parties	Impact %	Total	Related parties	Impact %
Other current financial assets	384	60	15.63	300	49	16.33
Trade and other receivables	12,873	704	5.47	14,101	633	4.49
Other current assets	3,972	219	5.51	2,819	71	2.52
Other non-current financial assets	1,174	911	77.60	1,253	915	73.02
Other non-current assets	871	181	20.78	624	160	25.64
Short-term debt	2,452	46	1.88	2,182	661	30.29
Current portion of long-term lease liabilities	889	5	0.56			
Trade and other payables	15,545	2,663	17.13	16,747	3,664	21.88
Other current liabilities	7,146	155	2.17	5,412	63	1.16
Long-term lease liabilities	4,759	8	0.17			
Other non-current liabilities	1,611	23	1.43	1,475	23	1.56

The impact of transactions with related parties on the profit and loss accounts consisted of the following:

(€ million)	2019			2018			2017		
	Total	Related parties	Impact %	Total	Related parties	Impact %	Total	Related parties	Impact %
Sales from operations	69,881	1,248	1.79	75,822	1,383	1.82	66,919	1,567	2.34
Other income and revenues	1,160	4	0.34	1,116	8	0.72	4,058	41	1.01
Purchases, services and other	(50,874)	(9,173)	18.03	(55,622)	(8,009)	14.40	(51,548)	(9,164)	17.78
Net (impairment losses) reversals of trade and other receivables	(432)	28	..	(415)	26	..	(913)		
Payroll and related costs	(2,996)	(28)	0.93	(3,093)	(22)	0.71	(2,951)	(34)	1.15
Other operating income (expense)	287	19	6.62	129	319	..	(32)	331	..
Finance income	3,087	96	3.11	3,967	115	2.90	3,924	191	4.87
Finance expense	(4,079)	(36)	0.88	(4,663)	(283)	6.07	(5,886)	(4)	0.07

Main cash flows with related parties are provided below:

(€ million)	2019	2018	2017
Revenues and other income	1,252	1,391	1,608
Costs and other expenses	(6,869)	(5,210)	(5,360)
Other operating income (expense)	19	319	331
Net change in trade and other receivables and payables	(839)	683	391
Net interests	81	110	187
Net cash provided from operating activities	(6,356)	(2,707)	(2,843)
Capital expenditure in tangible and intangible assets	(2,332)	(2,768)	(3,838)
Net change in accounts payable and receivable in relation to investments	(339)	20	425
Change in financial receivables	(241)	(566)	298
Net cash used in investing activities	(2,912)	(3,314)	(3,115)
Change in financial and lease liabilities	(817)	16	(16)
Net cash used in financing activities	(817)	16	(16)
Total financial flows to related parties	(10,085)	(6,005)	(5,974)

The impact of cash flows with related parties consisted of the following:

(€ million)	2019			2018			2017		
	Total	Related parties	Impact %	Total	Related parties	Impact %	Total	Related parties	Impact %
Net cash provided by operating activities	12,392	(6,356)	..	13,647	(2,707)	..	10,117	(2,843)	..
Net cash used in investing activities	(11,413)	(2,912)	25.51	(7,536)	(3,314)	43.98	(3,768)	(3,115)	82.67
Net cash used in financing activities	(5,841)	(817)	13.99	(2,637)	16	..	(4,595)	(16)	0.35

37 | Other information about investments⁴⁰

Information on Eni's consolidated subsidiaries with significant non-controlling interest

In 2019 and 2018, Eni did not own any consolidated subsidiaries with a significant non-controlling interest.

The total shareholders' equity pertaining to non controlling interest interests as of December 31, 2019, amounted to €61 million (€57 million at December 31, 2018).

Changes in the ownership interest without loss of control

In 2019, Eni acquired a 10% stake of Windirect BV.

In 2018, Eni did not report any changes in ownership interest without loss or acquisition of control.

(40) Investments in subsidiaries, joint arrangements and associates as of December 31, 2019 are presented in the annex "List of companies owned by Eni SpA as of December 31, 2019". This annex includes also the changes in the scope of consolidation.

Principal joint ventures, joint operations and associates as of December 31, 2019

Company name	Registered office	Country of operation	Business segment	% ownership interest	Eni's % of the investment
Joint venture					
Vår Energi AS	Forus (Norway)	Norway	Exploration & Production	69.60	69.60
Saipem SpA	San Donato Milanese (MI) (Italy)	Italy	Other activities	30.54	30.99
Unión Fenosa Gas SA	Madrid (Spain)	Spain	Gas & Power	50.00	50.00
Cardón IV SA	Caracas (Venezuela)	Venezuela	Exploration & Production	50.00	50.00
Gas Distribution Company of Thessaloniki-Thessaly SA	Ampelokipi-Menemeni (Greece)	Greece	Gas & Power	49.00	49.00
Joint operation					
Mozambique Rovuma Venture SpA	San Donato Milanese (MI) (Italy)	Mozambique	Exploration & Production	35.71	35.71
Raffineria di Milazzo ScpA	Milazzo (ME) (Italy)	Italy	Refining & Marketing	50.00	50.00
GreenStream BV	Amsterdam (Netherlands)	Libya	Gas & Power	50.00	50.00
Blue Stream Pipeline Co BV	Amsterdam (Netherlands)	Russia	Gas & Power	74.62	74.62
Associates					
Abu Dhabi Oil Refining Co (Takreer)	Abu Dhabi (United Arab Emirates)	United Arab Emirates	Refining & Marketing	20.00	20.00
Angola LNG Ltd	Hamilton (Bermuda)	Angola	Exploration & Production	13.60	13.60
Coral FLNG SA	Maputo (Mozambique)	Mozambique	Exploration & Production	25.00	25.00

Main line items of profit and loss and balance sheet related to the principal joint ventures, represented by the amounts included in the reports accounted under IFRS of each company, are provided in the table below:

(€ million)	2019					
	Vår Energi AS	Saipem SpA	Unión Fenosa Gas SA	Cardón IV SA	Gas Distribution Company of Thessaloniki-Thessaly SA	Other joint ventures
Current assets	1,385	7,012	585	208	31	551
- of which cash and cash equivalent	182	2,272	41	6	12	40
Non-current assets	18,427	5,997	827	2,383	322	1,085
Total assets	19,812	13,009	1,412	2,591	353	1,636
Current liabilities	2,374	5,204	225	255	24	819
- current financial liabilities	33	557	49		9	165
Non-current liabilities	13,820	3,680	563	2,040	46	354
- non-current financial liabilities	3,929	3,147	493	1,140	33	274
Total liabilities	16,194	8,884	788	2,295	70	1,173
Net equity	3,618	4,125	624	296	283	463
Eni's % of the investment	69.60	30.99	50.00	50.00	49.00	
Book value of the investment	2,518	1,250	326	148	139	199
Revenues and other income	2,552	9,118	1,255	598	58	270
Operating expense	(1,015)	(7,972)	(1,221)	(456)	(16)	(277)
Depreciation, amortization and impairments	(1,208)	(690)	(53)	(86)	(14)	(47)
Operating profit	329	456	(19)	56	28	(54)
Finance income (expense)	(1)	(210)	(37)	(133)	(1)	(14)
Income (expense) from investments		(18)	6			
Profit before income taxes	328	228	(50)	(77)	27	(68)
Income taxes	(258)	(130)	8	(103)	(7)	(12)
Net profit	70	98	(42)	(180)	20	(80)
Other comprehensive income	40	66	11	5		
Total other comprehensive income	110	164	(31)	(175)	20	(80)
Net profit attributable to Eni	49	4	(14)	(90)	10	(40)
Dividends received from the joint venture	1,057				10	6

	2018							
(€ million)	Vår Energi AS	Saipem SpA	Unión Fenosa Gas SA	Gas Distribution Company of Thessaloniki - Thessaly SA	Cardón IV SA	Lotte Versalis Elastomers Co Ltd	PetroJunín SA	Other joint ventures
Current assets	1,366	6,211	664	32	191	56	368	130
- of which cash and cash equivalent	883	1,674	107	13	40	8		38
Non-current assets	11,407	5,466	832	302	2,433	502	253	334
Total assets	12,773	11,677	1,496	334	2,624	558	621	464
Current liabilities	608	4,430	260	52	232	111	470	307
- current financial liabilities		305	22			78		165
Non-current liabilities	7,139	3,211	581	2	2,196	297	34	126
- non-current financial liabilities	366	2,646	510		1,410	289		14
Total liabilities	7,747	7,641	841	54	2,428	408	504	433
Net equity	5,026	4,036	655	280	196	150	117	31
Eni's % of the investment	69.60	30.99	50.00	49.00	50.00	50.00	40.00	
Book value of the investment	3,498	1,228	335	137	98	75	47	(2)
Revenues and other income		8,530	1,521	53	610	22	112	731
Operating expense		(7,682)	(1,461)	(16)	(372)	(58)	(100)	(697)
Depreciation, amortization and impairments		(811)	(70)	(12)	(137)	(30)	(394)	(62)
Operating profit		37	(10)	25	101	(66)	(382)	(28)
Finance income (expense)		(165)	(31)		(208)	(12)	31	(5)
Income (expense) from investments		(88)	9					
Profit before income taxes		(216)	(32)	25	(107)	(78)	(351)	(33)
Income taxes		(194)	(1)	(8)	(35)		(19)	(10)
Net profit		(410)	(33)	17	(142)	(78)	(370)	(43)
Other comprehensive income		(46)	15		6		11	(4)
Total other comprehensive income		(456)	(18)	17	(136)	(78)	(359)	(47)
Net profit attributable to Eni		(146)	(23)	8	(71)	(39)	(148)	(21)
Dividends received from the joint venture				8				11

Main line items of profit and loss and balance sheet related to the principal associates represented by the amounts included in the reports accounted under IFRS of each company are provided in the table below:

(€ million)	2019			
	Abu Dhabi Oil Refining Co (Takreer)	Angola LNG Ltd	Coral LNG SA	Other associates
Current assets	4,659	890	241	838
- of which cash and cash equivalent	42	653	240	91
Non-current assets	18,868	9,952	4,119	3,259
Total assets	23,527	10,842	4,360	4,097
Current liabilities	8,470	185	230	585
- current financial liabilities	3,694			63
Non-current liabilities	912	2,135	3,722	2,677
- non-current financial liabilities	479	1,943	3,722	2,515
Total liabilities	9,382	2,320	3,952	3,262
Net equity	14,145	8,522	408	835
Eni's % of the investment	20.00	13.60	25.00	
Book value of the investment	2,829	1,159	102	264
Revenues and other income	399	1,552		818
Operating expense	(357)	(549)		(763)
Depreciation, amortization and impairments	(335)	(509)		(28)
Operating profit	(293)	494		27
Finance income (expense)	(46)	(151)	(12)	(2)
Income (expense) from investments	282			35
Profit before income taxes	(57)	343	(12)	60
Income taxes	11		5	(10)
Net profit	(46)	343	(7)	50
Other comprehensive income	(59)	162	8	5
Total other comprehensive income	(105)	505	1	55
Net profit attributable to Eni	(9)	47	(2)	22
Dividends received from the associate	46			15

	2018		
	Angola LNG Ltd	Coral LNG SA	Other associates
(€ million)			
Current assets	1,027	109	926
- of which cash and cash equivalent	698	109	178
Non-current assets	9,079	2,434	2,296
Total assets	10,106	2,543	3,222
Current liabilities	472	117	785
- current financial liabilities			134
Non-current liabilities	1,500	2,018	1,755
- non-current financial liabilities	1,328	2,016	1,473
Total liabilities	1,972	2,135	2,540
Net equity	8,134	408	682
Eni's % of the investment	13.60	25.00	
Book value of the investment	1,106	102	241
Revenues and other income	1,919		1,053
Operating expense	(872)	(1)	(887)
Depreciation, amortization and impairments	1,647		(58)
Operating profit	2,694	(1)	108
Finance income (expense)	(97)	(11)	(1)
Income (expense) from investments			16
Profit before income taxes	2,597	(12)	123
Income taxes			(26)
Net profit	2,597	(12)	97
Other comprehensive income	337	16	17
Total other comprehensive income	2,934	4	114
Net profit attributable to Eni	353	(3)	25
Dividends received from the associate			25

38 | Public assistance - Italian Law No. 124/2017 and subsequent modifications

Under art. 1, paragraphs 125 and 126, of the Italian Law No. 124/2017 and subsequent modifications, the disclosures about (i) assistances received by Eni SpA and its consolidated subsidiaries from Italian public authorities and entities with the exclusion of listed public controlled companies and their subsidiaries; (ii) assistances granted by Eni SpA and by its fully consolidated subsidiaries to companies, persons and public and private entities, are provided below⁴¹.

The following disclosure requirements do not apply to: (i) incentives/subventions granted to all those entitled in accordance with a general assistance aid scheme; (ii) consideration in exchange for supplied goods/services, included sponsorships; (iii) reimbursements and indemnities paid to persons engaged in professional and orientation trainings; (iv) continuous training contributions to companies granted by inter-professional funds established in the legal form of association;

(v) membership fees for the participation to industry trade and territorial associations, as well as to foundations or similar organizations, which perform activities linked with the Company's business; (vi) costs incurred with reference to social projects linked to the investing activities of the Company.

Assistances are identified on a cash basis⁴².

The disclosure includes assistance equal or exceeding €10,000, even though they are granted through several payments.

Under art. 1, subsection 125-quinquies of Law No. 124/2017, for received assistance see the information included in the Italian State aid Register, prepared in accordance with the art. 52 of the Italian Law 24 December 2012, No. 234. In addition, the Company reports the contribution received by the Ministry of Education, University and Research (MIUR) of €1,157,397.

⁽⁴¹⁾ The following disclosures do not include assistance granted by foreign subsidiaries to foreign beneficiaries.

⁽⁴²⁾ In case of non-monetary economic benefits, the cash basis must be assumed substantially referring to the year in which the benefit was enjoyed.

The granted assistance provided herein is mainly referred to foundations, associations and other entities for reputational purposes, donations and support for charitable and solidarity initiatives:

Granted subject	2019 Amount paid (€)
Fondazione Eni Enrico Mattei	5,750,060
Fondazione Teatro alla Scala	3,082,352
Eni Foundation	732,661
Fondazione Giorgio Cini	500,000
WEF - World Economic Forum	264,085
Medici con l'Africa (CUAMM Onlus)	263,308
Monastero delle Clarisse di S. Maria Maddalena in Matelica	200,000
Associazione L'altra Napoli	95,000
Council on Foreign Relations	92,437
Atlantic Council of the United States, Inc.	84,034
World Business Council for Sustainable Development	74,824
Associazione Pionieri e Veterani Eni	57,000
EITI - Extractive Industries Transparency Initiative	52,957
Bruegel	50,000
Parrocchia di S. Barbara a San Donato Milanese	40,000
Aspen Institute Italia	35,000
italiadecide	35,000
E4IMPACT Foundation	35,000
ONG Volontariato Internazionale per lo Sviluppo (VIS)	32,908
Ajuda de Desenvolvimento de Povo para Povo (ADPP)	32,908
Center For Strategic & International Studies	29,412
The Halo Trust	26,326
Politecnico di Milano - Dipartimento di "Scienze e Tecnologie Energetiche e Nucleari"	26,000
Foreign Policy Association - USA	22,065
The Metropolitan Museum of Art	22,065
Associazione Civita	22,000
Associazione Amici della Luiss	20,000
Centro Studi Americani	20,000
Human Foundation	20,000
Global Reporting Initiative	20,000
AMICAL	19,807
Comune Collesalveti	15,000
Associazione Canoa Club Livorno	15,000
I Sette Nani – società cooperativa	15,000
A.S.D Polisportiva G.S. Rodano	10,000
Liceo Classico "Eschilo" - Gela	10,000

39 | Significant non-recurring events and operations

In 2019, in 2018 and 2017, Eni did not report any non-recurring events and operations.

40 | Positions or transactions deriving from atypical and/or unusual operations

In 2019, 2018 and 2017 no transactions deriving from atypical and/or unusual operations were reported.

41 | Subsequent events

Impact of COVID-19 and current trends in the oil market

The outbreak of a contagious disease known as COVID-19 which has spread rapidly to many countries in the world at the beginning of 2020 and is currently ongoing has triggered a sharp sell-off in energy commodities markets due to a sudden drop in worldwide consumption of oil, gas and other energy products as a result of measures taken worldwide to contain the spread of the disease. In early March 2020, members of the OPEC+ failed to reach a new deal for additional oil production cuts desired by some participants to counteract the decrease in demand from Covid 19 effects. These developments triggered a collapse in crude oil prices. The price of the Brent crude benchmark has fallen by more than 50% from 65 \$/bbl early in January 2020 to current values; however the average Brent price for the first quarter 2020 of approximately 51 \$/bbl has fallen by a considerably lower amount over the corresponding period a year ago (down by approximately 20%). Also, the price of natural gas at the Italian spot market "PSV", which is the main benchmark for sales volumes of equity gas production has fallen in this period, with the average price for first quarter 2020 at approximately 3.7/mmbtu, down by approximately 50% over the year-ago quarter.

Future trends in crude oil and natural gas prices will greatly depend on how the current COVID-19 crisis unfolds and on how long it lasts. Under the worst of the assumptions, the spread of the disease could trigger a global recession which could materially hit demand for energy products and

prices of energy commodities. This scenario could be further complicated in case the members of the OPEC+ continue to cease supporting crude oil prices. These trends could have a material and adverse effect on our results of operations, cash flow, liquidity and business prospects, including trends in Eni shares and shareholders' returns.

We retain some levers of financial flexibility in case of a significant contraction in cash flow from operations. The Group has established a liquidity reserve consisting of very liquid sovereign bonds and corporate securities which amounted to €6.8 billion at the balance sheet date, which together with cash on hand of approximately €6 billion will cushion the impact of a decline in the Company's liquidity. Furthermore, we have as of December 31, 2019, undrawn uncommitted borrowing facilities amounting to €13,299 million and undrawn long-term committed borrowing facilities of €4,667 million. Those facilities bore interest rates reflecting prevailing conditions on the marketplace. The main financial commitments of 2020 include long-term debt maturities of approximately €3.2 billion and short-term debt of €2.45 billion, while our take-or-pay obligations under long-term gas contracts and other similar obligations amount to an estimated €8 billion at our budget scenario.

The effects of the recent trends in the oil market on the Group's results of operations, liquidity and assets are currently under evaluation by management. This assessment implies the oil price scenario update and management's actions to counteract the changed environment, the effects of which, currently not yet determinable, will be accounted for in future reporting periods.

Supplemental oil and gas information (unaudited)

The following information pursuant to “International Financial Reporting Standards” (IFRS) is presented in accordance with FASB

Extractive Activities - Oil and Gas (Topic 932). Amounts related to minority interests are not significant.

CAPITALIZED COSTS

Capitalized costs represent the total expenditures for proved and unproved mineral interests and related support equipment and facilities utilized in oil and gas exploration and production activities,

together with related accumulated depreciation, depletion and amortization. Capitalized costs by geographical area consist of the following:

(€ million)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
2019										
Consolidated subsidiaries										
Proved property	17,643	6,747	15,512	20,691	43,272	12,118	11,434	15,912	1,360	144,689
Unproved property	18	323	502	34	2,361	11	1,592	979	194	6,014
Support equipment and facilities	384	21	1,549	225	1,328	116	36	23	12	3,694
Incomplete wells and other	635	103	1,362	359	2,541	1,165	1,006	457	43	7,671
Gross Capitalized Costs	18,680	7,194	18,925	21,309	49,502	13,410	14,068	17,371	1,609	162,068
Accumulated depreciation, depletion and amortization	(14,604)	(5,778)	(12,802)	(12,879)	(33,237)	(2,652)	(9,100)	(13,465)	(754)	(105,271)
Net Capitalized Costs consolidated subsidiaries^(a)	4,076	1,416	6,123	8,430	16,265	10,758	4,968	3,906	855	56,797
Equity-accounted entities										
Proved property		11,223	71		1,511		2	1,987		14,794
Unproved property		2,260					11			2,271
Support equipment and facilities		19	8					7		34
Incomplete wells and other		945	7		15		19	229		1,215
Gross Capitalized Costs		14,447	86		1,526		32	2,223		18,314
Accumulated depreciation, depletion and amortization		(5,287)	(61)		(323)		(20)	(1,124)		(6,815)
Net Capitalized Costs equity-accounted entities^{(a)(c)}		9,160	25		1,203		12	1,099		11,499
2018										
Consolidated subsidiaries										
Proved property	16,569	6,236	14,140	17,474	40,607	11,240	12,711	15,347	1,967	136,291
Unproved property	18	332	456	56	2,311	3	1,530	861	193	5,760
Support equipment and facilities	369	21	1,516	208	1,281	108	38	52	12	3,605
Incomplete wells and other	653	103	1,554	1,504	2,307	1,382	562	595	127	8,787
Gross Capitalized Costs	17,609	6,692	17,666	19,242	46,506	12,733	14,841	16,855	2,299	154,443
Accumulated depreciation, depletion and amortization	(13,717)	(5,355)	(11,741)	(11,722)	(29,727)	(2,175)	(10,460)	(13,443)	(1,265)	(99,605)
Net Capitalized Costs consolidated subsidiaries^(a)	3,892	1,337	5,925	7,520	16,779	10,558	4,381	3,412	1,034	54,838
Equity-accounted entities										
Proved property		9,102	58		1,481		2	1,912		12,555
Unproved property		1,045					11			1,056
Support equipment and facilities		25	6					7		38
Incomplete wells and other		364	10		10		19	224		627
Gross Capitalized Costs		10,536	74		1,491		32	2,143		14,276
Accumulated depreciation, depletion and amortization		(4,543)	(54)		(266)		(19)	(1,052)		(5,934)
Net Capitalized Costs equity-accounted entities^{(a)(b)}		5,993	20		1,225		13	1,091		8,342

(a) The amounts include net capitalized financial charges totalling €878 million in 2019 and €831 million in 2018 for the consolidated subsidiaries and €166 million in 2019 and €180 million in 2018 for equity-accounted entities.

(b) Includes Vår Energi AS asset fair value.

(c) Includes allocation at fair value of the assets purchased by Vår Energi AS.

COSTS INCURRED

Costs incurred represent amounts both capitalized and expensed in connection with oil and gas producing activities. Costs incurred by geographical area consist of the following:

(€ million)	Italy	Rest of Europe	North Africa	Egypt	Sub - Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
2019										
Consolidated subsidiaries										
Proved property acquisitions								144		144
Unproved property acquisitions			135	1			23	97		256
Exploration	20	62	101	94	206	15	232	106	39	875
Development ^(a)	1,098	230	749	1,589	1,959	481	1,199	879	43	8,227
Total costs incurred consolidated subsidiaries	1,118	292	985	1,684	2,165	496	1,454	1,226	82	9,502
Equity-accounted entities										
Proved property acquisitions		1,054								1,054
Unproved property acquisitions		1,178								1,178
Exploration		125					(1)			124
Development ^(b)		1,574	4		5			37		1,620
Total costs incurred equity-accounted entities^(c)		3,931	4		5		(1)	37		3,976
2018										
Consolidated subsidiaries										
Proved property acquisitions							382			382
Unproved property acquisitions							487			487
Exploration	26	106	43	102	66	3	182	215	7	750
Development ^(a)	382	557	445	2,216	1,379	92	589	340	36	6,036
Total costs incurred consolidated subsidiaries	408	663	488	2,318	1,445	95	1,640	555	43	7,655
Equity-accounted entities										
Proved property acquisitions										
Unproved property acquisitions										
Exploration			2				103			105
Development ^(b)			3					(16)		(13)
Total costs incurred equity-accounted entities			5				103	(16)		92
2017										
Consolidated subsidiaries										
Proved property acquisitions					5					5
Unproved property acquisitions										
Exploration	31	242	77	110	65	3	76	106	5	715
Development ^(a)	251	364	785	3,041	1,939	246	714	292	14	7,646
Total costs incurred consolidated subsidiaries	282	606	862	3,151	2,009	249	790	398	19	8,366
Equity-accounted entities										
Proved property acquisitions										
Unproved property acquisitions										
Exploration		1					90			91
Development ^(b)			2		9		4	48		63
Total costs incurred equity-accounted entities		1	2		9		94	48		154

(a) Includes the abandonment costs of the assets for €2,069 million in 2019, negative for €517 million in 2018, asset for €355 million in 2017.

(b) Includes the abandonment costs of the assets for €838 million in 2019, negative €22 million in 2018, negative for €23 million in 2017.

(c) Includes allocation at fair value of the assets purchased by Vår Energi AS.

RESULTS OF OPERATIONS FROM OIL AND GAS PRODUCING ACTIVITIES

Results of operations from oil and gas producing activities represent only those revenues and expenses directly associated with such activities, including operating overheads. These amounts do not include any allocation of interest expenses or general corporate overheads and, therefore, are not necessarily indicative of the contributions to consolidated net earnings of Eni. Related income taxes are calculated by applying the local income tax rates to the pre-tax income from production activities. Eni is party to certain

Production Sharing Agreements (PSAs), whereby a portion of Eni's share of oil and gas production is withheld and sold by its joint venture partners which are state owned entities, with proceeds being remitted to the state to meet Eni's PSA related tax liabilities. Revenue and income taxes include such taxes owed by Eni but paid by state-owned entities out of Eni's share of oil and gas production. Results of operations from oil and gas producing activities by geographical area consist of the following:

(€ million)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
2019										
Consolidated subsidiaries										
Revenues:										
- sales to consolidated entities	1,493	618	1,081		4,576	1,195	2,367	825	5	12,160
- sales to third parties		30	4,084	3,715	944	766	149	180	227	10,095
Total revenues	1,493	648	5,165	3,715	5,520	1,961	2,516	1,005	232	22,255
Production costs	(391)	(181)	(520)	(330)	(847)	(255)	(256)	(273)	(43)	(3,096)
Transportation costs	(5)	(31)	(60)	(10)	(39)	(158)	(4)	(15)		(322)
Production taxes	(183)		(263)		(483)		(252)	(7)	(6)	(1,194)
Exploration expenses	(25)	(51)	(30)	(10)	(90)	(39)	(170)	(31)	(43)	(489)
D.D. & A. and Provision for abandonment ^(a)	(944)	(201)	(839)	(978)	(3,060)	(444)	(820)	(607)	(97)	(7,990)
Other income (expenses)	(337)	(16)	(452)	(433)	(502)	(71)	(76)	(86)	(1)	(1,974)
Pretax income from producing activities	(392)	168	3,001	1,954	499	994	938	(14)	42	7,190
Income taxes	148	(11)	(2,561)	(839)	(268)	(326)	(719)	(5)	(31)	(4,612)
Results of operations from E&P activities of consolidated subsidiaries^(b)	(244)	157	440	1,115	231	668	219	(19)	11	2,578
Equity-accounted entities										
Revenues:										
- sales to consolidated entities		1,080								1,080
- sales to third parties		677	15		207			315		1,214
Total revenues		1,757	15		207			315		2,294
Production costs		(336)	(8)		(24)			(25)		(393)
Transportation costs		(84)	(1)		(11)					(96)
Production taxes			(2)		(7)			(81)		(90)
Exploration expenses		(47)								(47)
D.D. & A. and Provision for abandonment		(722)	(1)		(70)			(51)		(844)
Other income (expenses)		(237)	(1)		(28)		(3)	(133)		(402)
Pretax income from producing activities		331	2		67		(3)	25		422
Income taxes		(179)	(2)					(54)		(235)
Results of operations from E&P activities of equity-accounted entities		152			67		(3)	(29)		187

(a) Includes asset net impairment amounting to €1,217 million.

(b) Results of operations exclude revenues, DD&A and income taxes associated with 3.8 million boe as part of a long-term supply agreement to a state-owned national oil company, whereby the buyer has paid the price without lifting the underlying volume in exercise of the take-or-pay clause. The price collected by the buyer has been recognized as revenues in the segment information of the E&P sector prepared in accordance with IFRS and DD&A and income taxes have been accrued accordingly, because the Group performance obligation under the contract has been fulfilled and it is very likely that the buyer will not redeem its contractual right to lift within the contractual terms.

(€ million)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
2018										
Consolidated subsidiaries										
Revenues:										
- sales to consolidated entities	2,120	2,740	1,277		4,701	1,140	1,902	934	4	14,818
- sales to third parties		494	3,741	3,207	830	769	493	50	190	9,774
Total revenues	2,120	3,234	5,018	3,207	5,531	1,909	2,395	984	194	24,592
Production costs	(402)	(488)	(363)	(343)	(974)	(269)	(220)	(234)	(48)	(3,341)
Transportation costs	(8)	(142)	(50)	(11)	(42)	(136)	(7)	(16)		(412)
Production taxes	(171)		(243)		(435)		(191)		(6)	(1,046)
Exploration expenses	(25)	(85)	(48)	(22)	(44)	(3)	(79)	(69)	(5)	(380)
D.D. & A. and Provision for abandonment ^(a)	(281)	(664)	(582)	(795)	(2,490)	(387)	(941)	(594)	(67)	(6,801)
Other income (expenses)	(442)	(193)	(101)	(239)	(1,126)	(67)	(135)	(54)		(2,357)
Pretax income from producing activities	791	1,662	3,631	1,797	420	1,047	822	17	68	10,255
Income taxes	(170)	(1,070)	(2,494)	(542)	(264)	(308)	(678)	7	(26)	(5,545)
Results of operations from E&P activities of consolidated subsidiaries	621	592	1,137	1,255	156	739	144	24	42	4,710
Equity-accounted entities										
Revenues:										
- sales to consolidated entities										
- sales to third parties			15		257		6	420		698
Total revenues			15		257		6	420		698
Production costs			(7)		(34)		(2)	(36)		(79)
Transportation costs			(1)		(28)			(2)		(31)
Production taxes			(3)		(26)			(114)		(143)
Exploration expenses		(6)					(235)			(241)
D.D. & A. and Provision for abandonment			(1)		224		(3)	(222)		(2)
Other income (expenses)		(1)	2		(27)		(25)	(122)		(173)
Pretax income from producing activities		(7)	5		366		(259)	(76)		29
Income taxes			(3)				(2)	(35)		(40)
Results of operations from E&P activities of equity-accounted entities		(7)	2		366		(261)	(111)		(11)

(a) Includes asset net impairment amounting to €726 million.

(€ million)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
2017										
Consolidated subsidiaries										
Revenues:										
- sales to consolidated entities	1,619	1,897	1,056		3,888	681	911	932	3	10,987
- sales to third parties		481	3,184	2,128	547	713	291	96	168	7,608
Total revenues	1,619	2,378	4,240	2,128	4,435	1,394	1,202	1,028	171	18,595
Production costs	(332)	(523)	(455)	(303)	(952)	(271)	(202)	(258)	(48)	(3,344)
Transportation costs	(5)	(164)	(49)	(11)	(34)	(125)	(4)	(54)		(446)
Production taxes	(130)		(200)		(331)		(11)		(5)	(677)
Exploration expenses	(26)	(122)	(22)	(191)	(60)		(61)	(39)	(4)	(525)
D.D. & A. and Provision for abandonment ^(a)	(465)	(838)	(679)	(767)	(2,063)	(289)	(765)	(577)	(59)	(6,502)
Other income (expenses)	1,563	(141)	(162)	690	(716)	(221)	(84)	(342)	2	589
Pretax income from producing activities	2,224	590	2,673	1,546	279	488	75	(242)	57	7,690
Income taxes	(299)	(216)	(1,978)	(214)	(38)	(223)	(67)	(38)	(23)	(3,096)
Results of operations from E&P activities of consolidated subsidiaries	1,925	374	695	1,332	241	265	8	(280)	34	4,594
Equity-accounted entities										
Revenues:										
- sales to consolidated entities										
- sales to third parties			14		129		22	517		682
Total revenues			14		129		22	517		682
Production costs			(6)		(19)		(9)	(39)		(73)
Transportation costs			(2)		(18)			(1)		(21)
Production taxes			(2)		(8)			(146)		(156)
Exploration expenses		(1)					(13)			(14)
D.D. & A. and Provision for abandonment			(1)		(54)		(13)	(271)		(339)
Other income (expenses)		(2)	(2)		26		3	(199)		(174)
Pretax income from producing activities		(3)	1		56		(10)	(139)		(95)
Income taxes			(1)				(4)	(20)		(25)
Results of operations from E&P activities of equity-accounted entities		(3)			56		(14)	(159)		(120)

(a) Includes asset net reversal amounting to €158 million.

OIL AND NATURAL GAS RESERVES

Eni's criteria concerning evaluation and classification of proved developed and undeveloped reserves follow Regulation S-X 4-10 of the US Securities and Exchange Commission and have been disclosed in accordance with FASB Extractive Activities - Oil and Gas (Topic 932). Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible, from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations, prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an un-weighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

In 2019, the average price for the marker Brent crude oil was \$63 per barrel.

Net proved reserves exclude interests and royalties owned by others. Proved reserves are classified as either developed or undeveloped. Developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well. Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Eni has its proved reserves audited on a rotational basis by independent oil engineering companies⁴³. The description of qualifications of the person primarily responsible of the reserves audit is included in the third party audit report⁴⁴.

In the preparation of their reports, independent evaluators rely, without independent verification, upon data furnished by Eni with respect to property interest, production, current costs of operation and development, sale agreements, prices and other factual information and data that were accepted as represented by the independent evaluators. These data, equally used by Eni in its internal process, include logs, directional surveys, core and PVT (Pressure Volume Temperature) analysis, maps, oil/gas/water production/injection data of wells, reservoir studies and technical analysis relevant to field performance, long-term development plans, future capital and operating costs. In order to calculate the economic value of Eni equity reserves, actual prices applicable to hydrocarbon sales, price adjustments required by applicable contractual arrangements, and other pertinent information are provided.

In 2019, Ryder Scott Company, DeGolyer and MacNaughton provided an independent evaluation of about 31% of Eni's total proved reserves as of December 31, 2019⁴⁵, confirming, as in previous years, the reasonableness of Eni's internal evaluations.

In the three years period from 2017 to 2019, 86% of Eni's total proved reserves were subject to independent evaluation. As of December 31, 2019, the principal property not subjected to independent evaluation in the last three years was Zohr.

Eni operates under production sharing agreements in several of the foreign jurisdictions where it has oil and gas exploration and production activities. Reserves of oil and natural gas to which Eni is entitled under PSA arrangements are shown in accordance with Eni's economic interest in the volumes of oil and natural gas estimated to be recoverable in future years. Such reserves include estimated quantities allocated to Eni for recovery of costs, income taxes owed by Eni but settled by its joint venture partners (which are state-owned entities) out of Eni's share of production and Eni's net equity share after cost recovery. Proved oil and gas reserves associated with PSAs represented 57%, 61% and 60% of total proved reserves as of December 31, 2019, 2018 and 2017, respectively, on an oil-equivalent basis. Similar effects as PSAs apply to service contracts; proved reserves associated with such contracts represented 3%, 3% and 4% of total proved reserves on an oil-equivalent basis as of December 31, 2019, 2018 and 2017, respectively.

Oil and gas reserves quantities include: (i) oil and natural gas quantities in excess of cost recovery which the Company has an obligation to purchase under certain PSAs with governments or authorities, whereby the Company serves as producer of reserves. Reserves volumes associated with oil and gas deriving from such obligation represent 4%, 4% and 1.6% of total proved reserves as of December 31, 2019, 2018 and 2017, respectively, on an oil equivalent basis; (ii) volumes of natural gas used for own consumption; (iii) the quantities of hydrocarbons related to the Angola LNG plant. Numerous uncertainties are inherent in estimating quantities of proved reserves, in projecting future productions and development expenditures. The accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and evaluation. The results of drilling, testing and production after the date of the estimate may require substantial upward or downward revisions. In addition, changes in oil and natural gas prices have an effect on the quantities of Eni's proved reserves since estimates of reserves are based on prices and costs relevant to the date when such estimates are made. Consequently, the evaluation of reserves could also significantly differ from actual oil and natural gas volumes that will be produced.

The following table presents yearly changes in estimated proved reserves, developed and undeveloped, of crude oil (including condensate and natural gas liquids) and natural gas as of December 31, 2019, 2018 and 2017.

[43] From 1991 to 2002 DeGolyer and McNaughton, from 2003 also Ryder Scott. In 2018 an independent evaluation was provided also by Soci t  Generale de Surveillance (SGS).

[44] See "Item 19 – Exhibits".

[45] Including reserves of equity-accounted investments.

CRUDE OIL (INCLUDING CONDENSATE AND NATURAL GAS LIQUIDS)

(million barrels)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
2019										
Consolidated subsidiaries										
Reserves at December 31, 2018	208	48	493	279	718	704	476	252	5	3,183
<i>of which: developed</i>	156	44	317	153	551	587	252	143	5	2,208
<i>undeveloped</i>	52	4	176	126	167	117	224	109		975
Purchase of Minerals in Place								29		29
Revisions of Previous Estimates	5	1	37	10	46	79	45	(16)	(4)	203
Improved Recovery										
Extensions and Discoveries				2	21		2	9		34
Production	(19)	(8)	(62)	(27)	(90)	(37)	(32)	(20)		(295)
Sales of Minerals in Place ^(a)					(1)			(29)		(30)
Reserves at December 31, 2019	194	41	468	264	694	746	491	225	1	3,124
Equity-accounted entities										
Reserves at December 31, 2018		297	11		12			37		357
<i>of which: developed</i>		154	11		8			32		205
<i>undeveloped</i>		143			4			5		152
Purchase of Minerals in Place		109								109
Revisions of Previous Estimates		45	2					(5)		42
Improved Recovery										
Extensions and Discoveries		6								6
Production		(27)	(1)		(2)			(1)		(31)
Sales of Minerals in Place		(6)								(6)
Reserves at December 31, 2019		424	12		10			31		477
Reserves at December 31, 2019	194	465	480	264	704	746	491	256	1	3,601
Developed	137	256	313	149	526	682	245	179	1	2,488
consolidated subsidiaries	137	37	301	149	519	682	245	148	1	2,219
equity-accounted entities		219	12		7			31		269
Undeveloped	57	209	167	115	178	64	246	77		1,113
consolidated subsidiaries	57	4	167	115	175	64	246	77		905
equity-accounted entities		205			3					208

(a) Includes 0.6 Mboe as part of a long-term supply agreement to a state-owned national oil company, whereby the buyer has paid the price without lifting the underlying volume in exercise of the take-or-pay clause because it is very likely that the buyer will not redeem its contractual right to lift (make up) the volume paid.

(million barrels)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
2018										
Consolidated subsidiaries										
Reserves at December 31, 2017	215	360	476	280	764	766	232	162	7	3,262
<i>of which: developed</i>	169	219	306	203	546	547	81	144	5	2,220
<i>undeveloped</i>	46	141	170	77	218	219	151	18	2	1,042
Purchase of Minerals in Place							319			319
Revisions of Previous Estimates	15	6	73	21	30	(27)	(54)	23	(1)	86
Improved Recovery				7			6			13
Extensions and Discoveries					13		1	86		100
Production	(22)	(40)	(56)	(28)	(89)	(35)	(28)	(19)	(1)	(318)
Sales of Minerals in Place		(278)		(1)						(279)
Reserves at December 31, 2018	208	48	493	279	718	704	476	252	5	3,183
Equity-accounted entities										
Reserves at December 31, 2017			12		12			136		160
<i>of which: developed</i>			12		6			25		43
<i>undeveloped</i>					6			111		117
Purchase of Minerals in Place		297								297
Revisions of Previous Estimates					1			(96)		(95)
Improved Recovery										
Extensions and Discoveries										
Production			(1)		(1)			(3)		(5)
Sales of Minerals in Place										
Reserves at December 31, 2018		297	11		12			37		357
Reserves at December 31, 2018	208	345	504	279	730	704	476	289	5	3,540
Developed	156	198	328	153	559	587	252	175	5	2,413
consolidated subsidiaries	156	44	317	153	551	587	252	143	5	2,208
equity-accounted entities		154	11		8			32		205
Undeveloped	52	147	176	126	171	117	224	114		1,127
consolidated subsidiaries	52	4	176	126	167	117	224	109		975
equity-accounted entities		143			4			5		152

(million barrels)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
2017										
Consolidated subsidiaries										
Reserves at December 31, 2016	176	264	454	281	809	767	307	163	9	3,230
<i>of which: developed</i>	132	228	287	205	507	556	124	143	8	2,190
<i>undeveloped</i>	44	36	167	76	302	211	183	20	1	1,040
Purchase of Minerals in Place					2					2
Revisions of Previous Estimates	59	29	73	21	31	29	(69)	19	(1)	191
Improved Recovery		1	6	7			9			23
Extensions and Discoveries		103	1		18		4	3		129
Production	(20)	(37)	(58)	(26)	(90)	(30)	(19)	(23)	(1)	(304)
Sales of Minerals in Place				(3)	(6)					(9)
Reserves at December 31, 2017	215	360	476	280	764	766	232	162	7	3,262
Equity-accounted entities										
Reserves at December 31, 2016			13		15			140		168
<i>of which: developed</i>			13		8			22		43
<i>undeveloped</i>					7			118		125
Purchase of Minerals in Place										
Revisions of Previous Estimates					(2)			1		(1)
Improved Recovery										
Extensions and Discoveries										
Production			(1)		(1)			(5)		(7)
Sales of Minerals in Place										
Reserves at December 31, 2017			12		12			136		160
Reserves at December 31, 2017	215	360	488	280	776	766	232	298	7	3,422
Developed	169	219	318	203	552	547	81	169	5	2,263
consolidated subsidiaries	169	219	306	203	546	547	81	144	5	2,220
equity-accounted entities			12		6			25		43
Undeveloped	46	141	170	77	224	219	151	129	2	1,159
consolidated subsidiaries	46	141	170	77	218	219	151	18	2	1,042
equity-accounted entities					6			111		117

NATURAL GAS

(billion cubic feet)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
2019										
Consolidated subsidiaries										
Reserves at December 31, 2018	1,199	320	2,890	5,275	3,506	1,989	1,217	277	651	17,324
<i>of which: developed</i>	980	300	1,447	3,331	1,871	1,846	822	154	452	11,203
<i>undeveloped</i>	219	20	1,443	1,944	1,635	143	395	123	199	6,121
Purchase of Minerals in Place								7		7
Revisions of Previous Estimates	(310)	4	267	467	747	79	104	(23)	(108)	1,227
Improved Recovery										
Extensions and Discoveries		2			78		274	4		358
Production	(137)	(64)	(419)	(551)	(210)	(99)	(198)	(24)	(36)	(1,738)
Sales of Minerals in Place ^(a)					(18)		(48)	(1)		(67)
Reserves at December 31, 2019	752	262	2,738	5,191	4,103	1,969	1,349	240	507	17,111
Equity-accounted entities										
Reserves at December 31, 2018		360	14		310			1,716		2,400
<i>of which: developed</i>		276	14		57			1,716		2,063
<i>undeveloped</i>		84			253					337
Purchase of Minerals in Place		405								405
Revisions of Previous Estimates		76	1		13			1		91
Improved Recovery										
Extensions and Discoveries		(2)								(2)
Production		(67)	(1)		(36)			(69)		(173)
Sales of Minerals in Place										
Reserves at December 31, 2019		772	14		287			1,648		2,721
Reserves at December 31, 2019	752	1,034	2,752	5,191	4,390	1,969	1,349	1,888	507	19,832
Developed	657	839	1,388	4,777	1,946	1,969	685	1,834	322	14,417
consolidated subsidiaries	657	242	1,374	4,777	1,858	1,969	685	186	322	12,070
equity-accounted entities		597	14		88			1,648		2,347
Undeveloped	95	195	1,364	414	2,444		664	54	185	5,415
consolidated subsidiaries	95	20	1,364	414	2,245		664	54	185	5,041
equity-accounted entities		175			199					374

(a) Includes 17.6 bcf as part of a long-term supply agreement to a state-owned national oil company, whereby the buyer has paid the price without lifting the underlying volume in exercise of the take-or-pay clause because it is very likely that the buyer will not redeem its contractual right to lift (make up) the volume paid

(billion cubic feet)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
2018										
Consolidated subsidiaries										
Reserves at December 31, 2017	1,131	896	3,145	4,351	3,660	2,108	1,065	225	709	17,290
<i>of which: developed</i>	987	771	1,233	1,421	1,693	1,878	862	171	519	9,535
<i>undeveloped</i>	144	125	1,912	2,930	1,967	230	203	54	190	7,755
Purchase of Minerals in Place							69			69
Revisions of Previous Estimates	138	50	219	2,238	23	(22)	81	45	(16)	2,756
Improved Recovery										
Extensions and Discoveries	86				7		205	76		374
Production	(156)	(162)	(474)	(445)	(184)	(97)	(201)	(43)	(42)	(1,804)
Sales of Minerals in Place		(464)		(869)			(2)	(26)		(1,361)
Reserves at December 31, 2018	1,199	320	2,890	5,275	3,506	1,989	1,217	277	651	17,324
Equity-accounted entities										
Reserves at December 31, 2017			14		349			1,819		2,182
<i>of which: developed</i>			14		83			1,819		1,916
<i>undeveloped</i>					266					266
Purchase of Minerals in Place		360								360
Revisions of Previous Estimates			2		(6)			(22)		(26)
Improved Recovery										
Extensions and Discoveries										
Production			(2)		(33)			(81)		(116)
Sales of Minerals in Place										
Reserves at December 31, 2018		360	14		310			1,716		2,400
Reserves at December 31, 2018	1,199	680	2,904	5,275	3,816	1,989	1,217	1,993	651	19,724
Developed	980	576	1,461	3,331	1,928	1,846	822	1,870	452	13,266
consolidated subsidiaries	980	300	1,447	3,331	1,871	1,846	822	154	452	11,203
equity-accounted entities		276	14		57			1,716		2,063
Undeveloped	219	104	1,443	1,944	1,888	143	395	123	199	6,458
consolidated subsidiaries	219	20	1,443	1,944	1,635	143	395	123	199	6,121
equity-accounted entities		84			253					337

(billion cubic feet)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
2017										
Consolidated subsidiaries										
Reserves at December 31, 2016	977	878	3,738	5,520	2,767	2,485	1,003	353	741	18,462
<i>of which: developed</i>	845	801	1,732	799	1,651	2,239	280	338	559	9,244
<i>undeveloped</i>	132	77	2,006	4,721	1,116	246	723	15	182	9,218
Purchase of Minerals in Place					1					1
Revisions of Previous Estimates	315	163	66	969	134	(281)	188	(61)	6	1,499
Improved Recovery			(19)							(19)
Extensions and Discoveries		29		64	1,839			4		1,936
Production	(161)	(174)	(640)	(315)	(162)	(96)	(126)	(71)	(38)	(1,783)
Sales of Minerals in Place				(1,887)	(919)					(2,806)
Reserves at December 31, 2017	1,131	896	3,145	4,351	3,660	2,108	1,065	225	709	17,290
Equity-accounted entities										
Reserves at December 31, 2016			15		368		4	3,484		3,871
<i>of which: developed</i>			15		104		4	1,782		1,905
<i>undeveloped</i>					264			1,702		1,966
Purchase of Minerals in Place										
Revisions of Previous Estimates					13			(1,565)		(1,552)
Improved Recovery										
Extensions and Discoveries										
Production			(1)		(32)		(4)	(100)		(137)
Sales of Minerals in Place										
Reserves at December 31, 2017			14		349			1,819		2,182
Reserves at December 31, 2017	1,131	896	3,159	4,351	4,009	2,108	1,065	2,044	709	19,472
Developed										
consolidated subsidiaries	987	771	1,247	1,421	1,776	1,878	862	1,990	519	11,451
equity-accounted entities			14		83			1,819		1,916
Undeveloped										
consolidated subsidiaries	144	125	1,912	2,930	2,233	230	203	54	190	8,021
equity-accounted entities					266					266

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS

Estimated future cash inflows represent the revenues that would be received from production and are determined by applying the year-end average prices during the years ended.

Future price changes are considered only to the extent provided by contractual arrangements. Estimated future development and production costs are determined by estimating the expenditures to be incurred in developing and producing the proved reserves at the end of the year. Neither the effects of price and cost escalations nor expected future changes in technology and operating practices have been considered. The standardized measure is calculated as the excess of future cash inflows from proved reserves less future costs of producing and developing the reserves, future income taxes and a yearly 10% discount factor.

Future production costs include the estimated expenditures related to the production of proved reserves plus any production taxes without consideration of future inflation. Future development costs include

the estimated costs of drilling development wells and installation of production facilities, plus the net costs associated with dismantlement and abandonment of wells and facilities, under the assumption that year-end costs continue without considering future inflation. Future income taxes were calculated in accordance with the tax laws of the Countries in which Eni operates.

The standardized measure of discounted future net cash flows, related to the preceding proved oil and gas reserves, is calculated in accordance with the requirements of FASB Extractive Activities - Oil and Gas (Topic 932). The standardized measure does not purport to reflect realizable values or fair market value of Eni's proved reserves. An estimate of fair value would also take into account, among other things, hydrocarbon resources other than proved reserves, anticipated changes in future prices and costs and a discount factor representative of the risks inherent in the oil and gas exploration and production activity.

(€ million)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
December 31, 2019										
Consolidated subsidiaries										
Future cash inflows	12,363	3,268	38,083	37,020	48,778	36,435	31,220	11,378	1,686	220,231
Future production costs	(5,078)	(1,175)	(6,944)	(10,934)	(15,534)	(8,239)	(8,888)	(5,060)	(293)	(62,145)
Future development and abandonment costs	(3,551)	(1,338)	(4,985)	(1,591)	(6,265)	(2,362)	(6,047)	(2,629)	(225)	(28,993)
Future net inflow before income tax	3,734	755	26,154	24,495	26,979	25,834	16,285	3,689	1,168	129,093
Future income tax	(796)	(249)	(13,632)	(7,829)	(9,926)	(5,485)	(11,379)	(1,034)	(143)	(50,473)
Future net cash flows	2,938	506	12,522	16,666	17,053	20,349	4,906	2,655	1,025	78,620
10 % discount factor	(466)	63	(5,852)	(5,822)	(6,604)	(10,832)	(1,990)	(1,187)	(443)	(33,133)
Standardized measure of discounted future net cash flows	2,472	569	6,670	10,844	10,449	9,517	2,916	1,468	582	45,487
Equity-accounted entities										
Future cash inflows		25,094	380		1,787			7,730		34,991
Future production costs		(6,953)	(113)		(863)			(2,038)		(9,967)
Future development and abandonment costs		(6,519)	(23)		(59)			(145)		(6,746)
Future net inflow before income tax		11,622	244		865			5,547		18,278
Future income tax		(7,020)	(77)		(225)			(1,783)		(9,105)
Future net cash flows		4,602	167		640			3,764		9,173
10 % discount factor		(1,544)	(88)		(322)			(1,809)		(3,763)
Standardized measure of discounted future net cash flows		3,058	79		318			1,955		5,410
Total consolidated subsidiaries and equity-accounted entities	2,472	3,627	6,749	10,844	10,767	9,517	2,916	3,423	582	50,897

(€ million)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
December 31, 2018										
Consolidated subsidiaries										
Future cash inflows	18,372	4,895	43,578	39,193	53,534	40,698	33,384	14,192	2,319	250,165
Future production costs	(5,659)	(1,438)	(6,653)	(12,193)	(16,417)	(8,276)	(9,492)	(6,038)	(511)	(66,677)
Future development and abandonment costs	(4,670)	(1,350)	(4,700)	(2,769)	(6,778)	(2,640)	(5,755)	(2,467)	(291)	(31,420)
Future net inflow before income tax	8,043	2,107	32,225	24,231	30,339	29,782	18,137	5,687	1,517	152,068
Future income tax	(1,671)	(798)	(17,514)	(7,829)	(11,566)	(6,524)	(11,980)	(1,791)	(289)	(59,962)
Future net cash flows	6,372	1,309	14,711	16,402	18,773	23,258	6,157	3,896	1,228	92,106
10 % discount factor	(2,045)	(124)	(6,727)	(6,564)	(7,501)	(12,477)	(2,258)	(1,508)	(491)	(39,695)
Standardized measure of discounted future net cash flows	4,327	1,185	7,984	9,838	11,272	10,781	3,899	2,388	737	52,411
Equity-accounted entities										
Future cash inflows		18,608	347		2,675			8,292		29,922
Future production costs		(4,686)	(138)		(873)			(2,192)		(7,889)
Future development and abandonment costs		(3,633)	(3)		(75)			(191)		(3,902)
Future net inflow before income tax		10,289	206		1,727			5,909		18,131
Future income tax		(6,822)	(43)		(204)			(1,839)		(8,908)
Future net cash flows		3,467	163		1,523			4,070		9,223
10 % discount factor		(1,104)	(76)		(793)			(2,009)		(3,982)
Standardized measure of discounted future net cash flows		2,363	87		730			2,061		5,241
Total consolidated subsidiaries and equity-accounted entities	4,327	3,548	8,071	9,838	12,002	10,781	3,899	4,449	737	57,652

(€ million)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
December 31, 2017										
Consolidated subsidiaries										
Future cash inflows	14,339	19,507	31,793	29,156	41,136	30,263	11,826	6,205	2,593	186,818
Future production costs	(5,091)	(5,711)	(6,677)	(6,153)	(14,790)	(6,992)	(3,653)	(2,351)	(590)	(52,008)
Future development and abandonment costs	(3,943)	(5,483)	(4,350)	(4,496)	(6,522)	(2,787)	(3,694)	(1,011)	(318)	(32,604)
Future net inflow before income tax	5,305	8,313	20,766	18,507	19,824	20,484	4,479	2,843	1,685	102,206
Future income tax	(859)	(4,490)	(10,836)	(5,709)	(6,418)	(3,970)	(757)	(699)	(303)	(34,041)
Future net cash flows	4,446	3,823	9,930	12,798	13,406	16,514	3,722	2,144	1,382	68,165
10 % discount factor	(1,633)	(1,050)	(4,566)	(6,698)	(5,430)	(9,172)	(1,239)	(777)	(607)	(31,172)
Standardized measure of discounted future net cash flows	2,813	2,773	5,364	6,100	7,976	7,342	2,483	1,367	775	36,993
Equity-accounted entities										
Future cash inflows			245		2,062		11	10,797		13,115
Future production costs			(119)		(930)		(6)	(3,291)		(4,346)
Future development and abandonment costs			(1)		(66)			(535)		(602)
Future net inflow before income tax			125		1,066		5	6,971		8,167
Future income tax			(21)		(57)		(1)	(2,459)		(2,538)
Future net cash flows			104		1,009		4	4,512		5,629
10 % discount factor			(50)		(471)			(2,475)		(2,996)
Standardized measure of discounted future net cash flows			54		538		4	2,037		2,633
Total consolidated subsidiaries and equity-accounted entities	2,813	2,773	5,418	6,100	8,514	7,342	2,487	3,404	775	39,626

CHANGES IN STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS

Changes in standardized measure of discounted future net cash flows for the years ended December 31, 2019, 2018 and 2017, are as follows:

(€ million)	Consolidated subsidiaries	Equity-accounted entities	Total
2019			
Standardized measure of discounted future net cash flows at December 31, 2018	52,411	5,241	57,652
Increase (Decrease):			
- sales, net of production costs	(18,236)	(1,675)	(19,911)
- net changes in sales and transfer prices, net of production costs	(14,972)	(2,247)	(17,219)
- extensions, discoveries and improved recovery, net of future production and development costs	1,240	86	1,326
- changes in estimated future development and abandonment costs	(1,157)	(916)	(2,073)
- development costs incurred during the period that reduced future development costs	5,128	687	5,815
- revisions of quantity estimates	5,573	1,377	6,950
- accretion of discount	8,666	1,050	9,716
- net change in income taxes	6,013	(761)	5,252
- purchase of reserves in-place	260	2,579	2,839
- sale of reserves in-place ^(a)	(429)	(88)	(517)
- changes in production rates (timing) and other	990	77	1,067
Net increase (decrease)	(6,924)	169	(6,755)
Standardized measure of discounted future net cash flows at December 31, 2019	45,487	5,410	50,897
2018			
Standardized measure of discounted future net cash flows at December 31, 2017	36,993	2,633	39,626
Increase (Decrease):			
- sales, net of production costs	(19,793)	(445)	(20,238)
- net changes in sales and transfer prices, net of production costs	27,970	671	28,641
- extensions, discoveries and improved recovery, net of future production and development costs	1,649		1,649
- changes in estimated future development and abandonment costs	(2,525)	216	(2,309)
- development costs incurred during the period that reduced future development costs	6,468	14	6,482
- revisions of quantity estimates	10,487	(803)	9,684
- accretion of discount	5,670	384	6,054
- net change in income taxes	(16,566)	193	(16,373)
- purchase of reserves in-place	5,369	6,700	12,069
- sale of reserves in-place	(8,363)		(8,363)
- changes in production rates (timing) and other	5,052	(4,322)	730
Net increase (decrease)	15,418	2,608	18,026
Standardized measure of discounted future net cash flows at December 31, 2018	52,411	5,241	57,652
2017			
Standardized measure of discounted future net cash flows at December 31, 2016	26,717	3,121	29,838
Increase (Decrease):			
- sales, net of production costs	(14,125)	(432)	(14,557)
- net changes in sales and transfer prices, net of production costs	23,940	1,482	25,422
- extensions, discoveries and improved recovery, net of future production and development costs	1,697		1,697
- changes in estimated future development and abandonment costs	(2,817)	495	(2,322)
- development costs incurred during the period that reduced future development costs	7,203	45	7,248
- revisions of quantity estimates	5,269	(2,285)	2,984
- accretion of discount	3,864	438	4,302
- net change in income taxes	(6,498)	238	(6,260)
- purchase of reserves in-place	10		10
- sale of reserves in-place	(2,995)		(2,995)
- changes in production rates (timing) and other	(5,272)	(469)	(5,741)
Net increase (decrease)	10,276	(488)	9,788
Standardized measure of discounted future net cash flows at December 31, 2017	36,993	2,633	39,626

(a) Includes volume as part of a long-term supply agreement to a state-owned national oil company, whereby the buyer has paid the price without lifting the underlying volume in exercise of the take-or-pay clause because it is very likely that the buyer will not redeem its contractual right to lift (make up) the volume paid.

Certification pursuant to rule 154-bis, paragraph 5 of the Legislative Decree No. 58/1998 (Testo Unico della Finanza)

1. The undersigned Claudio Descalzi and Massimo Mondazzi, in their quality as Chief Executive Officer and Officer responsible for the preparation of financial reports of Eni, also pursuant to article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of February 24, 1998, certify that internal controls over financial reporting in place for the preparation of the consolidated financial statements as of December 31, 2019 and during the period covered by the report, were:
 - adequate to the Company structure, and
 - effectively applied during the process of preparation of the report.
2. Internal controls over financial reporting in place for the preparation of the 2019 consolidated financial statements have been defined and the evaluation of their effectiveness has been assessed based on principles and methodologies adopted by Eni in accordance with the Internal Control-Integrated Framework Model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents an internationally-accepted framework for the internal control system.
3. The undersigned officers also certify that:
 - 3.1 2019 consolidated financial statements:
 - a) have been prepared in accordance with applicable international accounting standards adopted by the European Community pursuant to Regulation (CE) n. 1606/2002 of the European Parliament and European Council of July 19, 2002;
 - b) correspond to the accounting books and entries;
 - c) fairly and truly represent the financial position, the performance and the cash flows of the issuer and the companies included in the consolidation as of, and for, the period presented in this report.
 - 3.2 The operating and financial review provides a reliable analysis of business trends and results, including trend analysis of the issuer and the companies included in the consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

February 27, 2020

/s/ Claudio Descalzi

Claudio Descalzi
Chief Executive Officer

/s/ Massimo Mondazzi

Massimo Mondazzi
Chief Financial Officer and
Officer responsible for the
preparation of financial reports

Report of Independent Auditors



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
Eni SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Eni Group (the Group), which comprise the consolidated balance sheet as of December 31, 2019, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statements of changes in shareholders' equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2019, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Eni SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers SpA

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Auditing procedures performed in response to key audit matters

First year of audit

On May 10, 2018 the shareholders of Eni SpA in general meeting engaged us to perform the statutory audit of the consolidated financial statements of the Eni Group.

As this has been the first year of the audit engagement on the Group, as part of our activities the comprehension of the Eni Group and of its operating context was of particular importance, with particular regard to the specific regulations governing the sectors in which the Group operates, the related risks and the corporate processes and policies covering such risks.

In compliance with ISA Italia 510 – *Initial Audit Engagement- Opening Balances*, we performed specific analyses on the opening balances in order to establish if these contained material misstatements that could affect the consolidated financial statements for the year ended December 31, 2019 and if the accounting standards adopted for the determination of the opening balances were appropriate and consistent with those adopted to draw up the consolidated financial statements as at December 31, 2019.

In performing our audit procedures, we held several meetings with the Group's main representatives, focusing in particular on the comprehension of the organization, the internal control system and the relevant legislative and regulatory framework. We focused our audit procedures on the comprehension of the accounting policies adopted by the Eni Group through the reading of the accounting manual and discussions with the main corporate representatives in relation to specific sector matters, in addition to acquiring the supporting documentation and analysing the rationale behind the main accounting choices adopted within the consolidated financial statements of the previous year. Moreover, we gained access to and analysed the working papers of the previous auditors in relation to the consolidated financial statements as at December 31, 2018. In particular, we discussed the audit



methodology with them, the applied materiality, the analyses performed with regard to the accounting selections adopted by the Eni Group, as well as the results of their audit work.

Evaluation of hydrocarbon reserves, measurement of mineral assets and of other financial statement line items related thereto

Note 1 "Significant accounting policies, estimates and judgements", Note 11 "Property, plant and equipment", Note 12 "Right-of-use assets and lease liabilities", Note 13 "Intangible assets", Note 14 "Impairment review of tangible and intangible assets and right-of-use assets" and Note 20 "Provisions" of the consolidated financial statements

The items "Property, plant and equipment", "Right-of-use assets" and "Intangible assets" include significant amounts related to mineral assets, more specifically referring to mineral exploitation wells and plant of the Exploration & Production (E&P) segment in an amount of Euro 46,492 million, E&P exploration assets and appraisal amounting to Euro 1,563 million, E&P tangible assets in progress equal to Euro 7,412 million, Right-of-use assets amounting to Euro 3,895 million, Exploration rights in an amount of Euro 1,031 million.

The carrying amount of the mineral assets also comprises estimated costs for site restoration and abandonment and social projects, the provision of which amounted to Euro 8,411 million at December 31, 2019.

Mineral assets are depreciated according to the unit of production method (also UOP method) based on the units produced during the year and the estimated hydrocarbon reserves that can be produced. At December 31, 2019 depreciation of mineral assets related to the E&P segment amounted to Euro 7,207 million.

At year-end mineral assets recognised in the consolidated financial statements were tested for impairment. The recoverable amount of mineral

Our audit procedures consisted in the comprehension, assessment and verification of the operating efficacy of relevant controls implemented by management in respect of the measurement of hydrocarbon reserves, the measurement of mineral assets and of the other financial statement items related thereto.

The audit procedures on the estimate of the hydrocarbon reserves included, *inter alia*, the analysis of the movements in reserves during the year also compared to the year in which these reserves were set up, an understanding of the main assumptions and verification of their reasonableness.

With reference to the estimate of abandonment costs, the following additional audit procedures were also carried out:

- (i) We obtained an understanding of the legislative and regulatory framework and of the underlying mineral arrangements;
- (ii) We compared the costs and related times of expenses at year-end with the previous year's forecasts and, when significant, we investigated the differences identified and we also verified the consistency of the expected expenses and times in comparison with actual data.



assets is generally taken as being equal to their value in use and determined discounting the expected future cash flows from the use of the assets.

As at December 31, 2019 net impairment losses related to the mineral assets of the E&P segment were equal to Euro 1,217 million.

The estimate of hydrocarbon reserves and the determination of the value of mineral assets and of the related items are based on a series of factors, assumptions and variables, such as:

- (i) accuracy of the estimate of the reserves which depends on the quality of the available geological, technical and economic data, as well as the related interpretation and evaluation by the Group' internal and external experts;
- (ii) the estimate of future production units and related flows of operating income and expense, of development and abandonment costs, as well the timing these costs are incurred;
- (iii) changes in the tax legislation, in administrative regulations and changes in the underlying contract types;
- (iv) the production of oil and natural gas extracted and subsequent reservoir analyses, which can entail significant revisions;
- (v) changes in oil and natural gas prices, which could affect the volumes of reserves compared to the initial estimate; and
- (vi) the discount rate used.

We paid special attention to the risk of incorrect quantification of the estimates carried out by management in relation to the valuation of hydrocarbon reserves and the measurement of mineral assets and the other financial statement line items related thereto considering (i) the high degree of uncertainty of the estimates and measurements (ii) the technical complexity of the valuation models used and (iii) the materiality of the related financial statement line items

Regarding the valuation of Exploration rights and Exploration activities and E&P appraisal, we discussed the prospects of the main exploration projects with management, for which we verified the consistency with the planned investment provided in the Group's forecast plans including, among others, the achievement of the decarbonization targets set by the Group.

The audit procedures relating to depreciation and amortization also included verifying the use of the UOP rates resulting from the valuation of the reserves and re-calculations, on a sample basis, carried out with the support of our Information Technology experts.

With regard to the impairment test the following additional audit procedures were also carried out:

- (i) We verified the consistency of the method used by the Group with the requirements of IAS 36 and particularly the appropriateness of the cash flows used and related consistency with the Group's forecast plans;
- (ii) For a sample of CGUs, we verified the reasonableness of the assumptions used by management to estimate cash flows and we checked they were in line with the estimated reserves and site abandonment and restoration costs;
- (iii) We verified the sensitivity analysis performed by the Company.

We evaluated the technical expertise and objectivity of the Group's internal and external experts involved in the valuation process, as well as the methods used by them.

Our Corporate Finance and Treasury experts also supported us in (i) the examination of the different valuation models used, (ii) the verification of the methods adopted to estimate the medium/long-term prices of commodities and of inflation rates, also in



comparison with the market prices and those expressed by sector analysts and (iii) the examination of the different discount rates adopted.

Finally, we verified the disclosures provided in the notes to the financial statements on all the above-reported matters relating to mineral assets and the other financial statement line items related thereto.

Proceedings concerning corporate criminal and administrative liability and other criminal proceedings

Note 1 "Significant accounting policies, estimates and judgements" and Note 27 "Guarantees, commitments and risks" – Section "Legal proceedings" – of the consolidated financial statements

The Group is involved in various legal proceedings of which we highlight, among others, the corporate criminal and administrative liability in respect of *OPL 245 Nigeria* and the *Congo Investigation*, and *Criminal Proceedings 12333/2017*.

In relation to the aforementioned proceedings the Group made no accruals to the risk provision as an unfavourable outcome has been considered unlikely by the directors or the possible accrual amount cannot be currently determined in a reliable manner.

Assessing the implications for the Group of such proceedings is a complex evaluation process which requires a significant degree of professional judgement by the directors as regards both the quantification of the potential accounting impacts and the formation of the financial statement disclosures.

The directors, in applying their judgment, are supported by in-house and external legal experts in charge of assisting them with the various ongoing proceedings.

We addressed our audit procedures to comprehend, assess and validate the internal control system in connection with the process of management of the proceedings in which the Group is involved, especially those controls for the determination of the likelihood to lose the case and the adequacy of the disclosures.

More specifically, we conducted an understanding of the estimate process adopted by the Group in relation to the overall analysis of the proceedings and the evaluation of the expected outcome therefrom, as well as the review of the design and correct operation of the relevant controls. In addition to the above, supported also by our PwC Legal and Forensic experts, we conducted an understanding and examined the main assumptions used by the directors in forming their judgment on the evaluation of the expected outcome of the significant legal disputes and on the disclosures provided in the financial statements, also through:



- Examination of the legal documentation regarding significant proceedings, as well as the investigation reports prepared by the experts engaged by the Group and/or by the Group's governance bodies.
- Examination of the information acquired through interviews with the Group's internal legal counsels, with the Internal Audit function, with the Compliance function, with the Board of Statutory Auditors and with the Control and Risk Committee.
- Examination of the replies obtained to the requests for external confirmation from external legal counsels involved in these significant proceedings.

The findings of the analyses we performed were compared with the evaluations expressed in the financial statements and the disclosures provided by the directors therein.

Other Matters

The consolidated financial statements of the Eni Group as of and for the year ended December 31, 2018 were audited by another auditor who expressed an unqualified opinion thereon on April 5, 2019.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Eni SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and



significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On May 10, 2018 the shareholders of Eni SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending December 31, 2019 to December 31, 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Eni SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Eni Group as of December 31, 2019, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Eni Group as of December 31, 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.



In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Eni Group as of December 31, 2019 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of December 30 2016

The directors of Eni SpA are responsible for the preparation of the non-financial information pursuant to Legislative Decree No. 254 of December 30, 2016. We have verified that the directors approved the non-financial information.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of December 30, 2016, the non-financial information is the subject of a separate statement of compliance issued by ourselves.

Rome, April 2, 2020

PricewaterhouseCoopers SpA

Signed by

Giovanni Andrea Toselli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

Annex 2019

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LIST OF COMPANIES OWNED BY ENI SPA AS OF DECEMBER 31, 2019

INVESTMENTS OWNED BY ENI AS OF DECEMBER 31, 2019

In accordance with the provisions of articles 38 and 39 of the Legislative Decree No. 127/1991 and Consob communication No. DEM/6064293 of July 28, 2006, the list of subsidiaries, joint arrangements and associates and significant investments owned by Eni SpA as of December 31, 2019, is presented below. Companies are divided by business segment and, within each segment, they are ordered between Italy and outside Italy and alphabetically. For each company are indicated: company name, registered head office, operating office, share capital, shareholders and percentage of ownership; for consolidated subsidiaries is indicated the equity

ratio attributable to Eni; for unconsolidated investments owned by consolidated companies is indicated the valuation method.

In the footnotes are indicated which investments are quoted in the Italian regulated markets or in other regulated markets of the European Union and the percentage of the ordinary voting rights entitled to shareholders if different from the percentage of ownership. The currency codes indicated are reported in accordance with the International Standard ISO 4217.

As of December 31, 2019, the breakdown of the companies owned by Eni is provided in the table below:

	Subsidiaries			Joint arrangements and associates			Other significant investments ^(a)		
	Italy	Outside Italy	Total	Italy	Outside Italy	Total	Italy	Outside Italy	Total
Fully consolidated subsidiaries	29	147	176						
Consolidated joint operations				6	5	11			
Investments owned by consolidated companies^(b)									
Equity-accounted investments	3	33	36	18	45	63			
Investments at cost net of impairment losses	5	6	11	2	30	32			
Investments at fair value							2	21	23
	8	39	47	20	75	95	2	21	23
Investments owned by unconsolidated companies									
Owned by controlled companies	1	1	2						
Owned by joint arrangements					4	4			
	1	1	2		4	4			
Total	38	187	225	26	84	110	2	21	23

(a) Relates to investments other than subsidiaries, joint arrangements and associates with an ownership interest greater than 2% for listed companies or 10% for unlisted companies.

(b) Investments in subsidiaries accounted for using the equity method and at cost net of impairment losses relate to non-significant companies.

SUBSIDIARIES AND JOINT ARRANGEMENTS RESIDENT IN STATES OR TERRITORY WITH A PRIVILEGED TAX REGIME

The Legislative Decree of 29 November 2018, No. 241, enforcing the EU Directive rules in the matter of tax avoidance practices, modified the definition of a State or territory with a privileged tax regime pursuant to art. 47-bis of the D.P.R. December 22, 1986, No. 917. Following the aforementioned amendments and the amendments to art. 167 of the D.P.R. December 22, 1986, No. 917, the provisions regarding foreign subsidiaries, CFC, are applied if the non-resident controlled entities jointly present the following conditions: (a) they are subject to an effective taxation of less than half to which they would have been subject if they were resident in Italy; (b) more than one third of the proceeds fall into one or more of the following categories: interests,

royalties, dividends, financial leasing income, income from insurance and banking activities, income from intra-group services with low or zero added economic value.

As of December 31, 2019, Eni controls 5 companies that benefit from a privileged tax regime. Of these 5 companies, 4 are subject to taxation in Italy because they are included in Eni's tax return, 1 company is not subject to taxation in Italy for the exemption obtained by the Revenue Agency. No subsidiary that benefits from a privileged tax regime has issued financial instruments. All the financial statements for 2019 are audited by PricewaterhouseCoopers.

PARENT COMPANY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership
Eni SpA ^(#)	Rome	Italy	EUR	4,005,358,876	Cassa Depositi e Prestiti SpA Ministero dell'Economia e delle Finanze Eni SpA Other shareholders	25.76 4.34 1.70 68.20

SUBSIDIARIES

Exploration & Production

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Eni Angola SpA	San Donato Milanese (MI)	Angola	EUR	20,200,000	Eni SpA	100.00	100.00	F.C.
Eni Mediterranea Idrocarburi SpA	Gela (CL)	Italy	EUR	5,200,000	Eni SpA	100.00	100.00	F.C.
Eni Mozambico SpA	San Donato Milanese (MI)	Mozambique	EUR	200,000	Eni SpA	100.00	100.00	F.C.
Eni Timor Leste SpA	San Donato Milanese (MI)	East Timor	EUR	6,841,517	Eni SpA	100.00	100.00	F.C.
Eni West Africa SpA	San Donato Milanese (MI)	Angola	EUR	10,000,000	Eni SpA	100.00	100.00	F.C.
EniProgetti SpA	Venezia Marghera (VE)	Italy	EUR	2,064,000	Eni SpA	100.00	100.00	F.C.
Floaters SpA	San Donato Milanese (MI)	Italy	EUR	200,120,000	Eni SpA	100.00	100.00	F.C.
Ieoc SpA	San Donato Milanese (MI)	Egypt	EUR	7,518,000	Eni SpA	100.00	100.00	F.C.
Società Petrolifera Italiana SpA	San Donato Milanese (MI)	Italy	EUR	13,877,600	Eni SpA Third parties	99.96 0.04	99.96	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

(#) Company with shares quoted in the regulated market of Italy or of other EU Countries.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Agip Caspian Sea BV	Amsterdam (Netherlands)	Kazakhstan	EUR	20,005	Eni International BV	100.00	100.00	F.C.
Agip Energy and Natural Resources (Nigeria) Ltd	Abuja (Nigeria)	Nigeria	NGN	5,000,000	Eni International BV Eni Oil Holdings BV	95.00 5.00	100.00	F.C.
Agip Karachaganak BV	Amsterdam (Netherlands)	Kazakhstan	EUR	20,005	Eni International BV	100.00	100.00	F.C.
Agip Oleoducto de Crudos Pesados BV (in liquidation)	Amsterdam (Netherlands)	Ecuador	EUR	20,000	Eni International BV	100.00		Co.
Burren Energy (Bermuda) Ltd⁽¹⁾	Hamilton (Bermuda)	United Kingdom	USD	12,002	Burren Energy Plc	100.00	100.00	F.C.
Burren Energy (Egypt) Ltd	London (United Kingdom)	Egypt	GBP	2	Burren Energy Plc	100.00		Eq.
Burren Energy Congo Ltd	Tortola (British Virgin Islands)	Republic of the Congo	USD	50,000	Burren En. (Berm) Ltd	100.00	100.00	F.C.
Burren Energy India Ltd	London (United Kingdom)	United Kingdom	GBP	2	Burren Energy Plc	100.00	100.00	F.C.
Burren Energy Plc	London (United Kingdom)	United Kingdom	GBP	28,819,023	Eni UK Holding Plc Eni UK Ltd	99.99 (..)	100.00	F.C.
Burren Shakti Ltd⁽²⁾	Hamilton (Bermuda)	United Kingdom	USD	213,138	Burren En. India Ltd	100.00	100.00	F.C.
Eni Abu Dhabi BV	Amsterdam (Netherlands)	United Arab Emirates	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni AEP Ltd	London (United Kingdom)	Pakistan	GBP	13,471,000	Eni UK Ltd	100.00	100.00	F.C.
Eni Albania BV	Amsterdam (Netherlands)	Netherlands	EUR	20,000	Eni International BV	100.00		Eq.
Eni Algeria Exploration BV	Amsterdam (Netherlands)	Algeria	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Algeria Ltd Sàrl	Luxembourg (Luxembourg)	Algeria	USD	20,000	Eni Oil Holdings BV	100.00	100.00	F.C.
Eni Algeria Production BV	Amsterdam (Netherlands)	Algeria	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Ambalat Ltd	London (United Kingdom)	Indonesia	GBP	1	Eni Indonesia Ltd	100.00	100.00	F.C.
Eni America Ltd	Dover, Delaware (USA)	USA	USD	72,000	Eni UHL Ltd	100.00	100.00	F.C.
Eni Angola Exploration BV	Amsterdam (Netherlands)	Angola	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Angola Production BV	Amsterdam (Netherlands)	Angola	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Argentina Exploración y Explotación SA	Buenos Aires (Argentina)	Argentina	ARS	24,136,336	Eni International BV Eni Oil Holdings BV	95.00 5.00	100.00	F.C.
Eni Arguni I Ltd	London (United Kingdom)	Indonesia	GBP	1	Eni Indonesia Ltd	100.00	100.00	F.C.
Eni Australia BV	Amsterdam (Netherlands)	Australia	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Australia Ltd	London (United Kingdom)	Australia	GBP	20,000,000	Eni International BV	100.00	100.00	F.C.
Eni Bahrain BV	Amsterdam (Netherlands)	Bahrain	EUR	20,000	Eni International BV	100.00	100.00	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

(1) Company that benefits from a privileged tax regime pursuant to art. 167, paragraph 4 of the D.P.R. of December 22, 1986, n. 917: the company is not subjected to taxation in Italy for the exemption obtained by the Revenue Agency.

(2) Company that benefits from a privileged tax regime pursuant to art. 167, paragraph 4 of the D.P.R. of December 22, 1986, n. 917: the company is subjected to taxation in Italy because it is included in Eni's tax return.

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Eni BB Petroleum Inc	Dover, Delaware (USA)	USA	USD	1,000	Eni Petroleum Co Inc	100.00	100.00	F.C.
Eni BTC Ltd	London (United Kingdom)	United Kingdom	GBP	1	Eni International BV	100.00		Eq.
Eni Bukat Ltd	London (United Kingdom)	Indonesia	GBP	1	Eni Indonesia Ltd	100.00	100.00	F.C.
Eni Bulungan BV (in liquidation)	Amsterdam (Netherlands)	Indonesia	EUR	20,000	Eni International BV	100.00		Co.
Eni Canada Holding Ltd	Calgary (Canada)	Canada	USD	1,453,200,001	Eni International BV	100.00	100.00	F.C.
Eni CBM Ltd	London (United Kingdom)	Indonesia	USD	2,210,728	Eni Lasmo Plc	100.00	100.00	F.C.
Eni China BV	Amsterdam (Netherlands)	China	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Congo SA	Pointe - Noire (Republic of the Congo)	Republic of the Congo	USD	17,000,000	Eni E&P Holding BV Eni Int. NA NV Sarl Eni International BV	99.99 [..] [..]	100.00	F.C.
Eni Côte d'Ivoire Ltd	London (United Kingdom)	Ivory Coast	GBP	1	Eni Lasmo Plc	100.00	100.00	F.C.
Eni Cyprus Ltd	Nicosia (Cyprus)	Cyprus	EUR	2,006	Eni International BV	100.00	100.00	F.C.
Eni Denmark BV	Amsterdam (Netherlands)	Greenland	EUR	20,000	Eni International BV	100.00		Eq.
Eni do Brasil Investimentos em Exploração e Produção de Petróleo Ltda	Rio de Janeiro (Brazil)	Brazil	BRL	1,593,415,000	Eni International BV Eni Oil Holdings BV	99.99 [..]		Eq.
Eni East Ganai Ltd	London (United Kingdom)	Indonesia	GBP	1	Eni Indonesia Ltd	100.00	100.00	F.C.
Eni East Sepinggan Ltd	London (United Kingdom)	Indonesia	GBP	1	Eni Indonesia Ltd	100.00	100.00	F.C.
Eni Elgin/Franklin Ltd	London (United Kingdom)	United Kingdom	GBP	100	Eni UK Ltd	100.00	100.00	F.C.
Eni Energy Russia BV	Amsterdam (Netherlands)	Netherlands	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Exploration & Production Holding BV	Amsterdam (Netherlands)	Netherlands	EUR	29,832,777.12	Eni International BV	100.00	100.00	F.C.
Eni Gabon SA	Libreville (Gabon)	Gabon	XAF	13,132,000,000	Eni International BV	100.00	100.00	F.C.
Eni Ganai Ltd	London (United Kingdom)	Indonesia	GBP	2	Eni Indonesia Ltd	100.00	100.00	F.C.
Eni Gas & Power LNG Australia BV	Amsterdam (Netherlands)	Australia	EUR	10,000,000	Eni International BV	100.00	100.00	F.C.
Eni Ghana Exploration and Production Ltd	Accra (Ghana)	Ghana	GHS	21,412,500	Eni International BV	100.00	100.00	F.C.
Eni Hewett Ltd	Aberdeen (United Kingdom)	United Kingdom	GBP	3,036,000	Eni UK Ltd	100.00	100.00	F.C.
Eni Hydrocarbons Venezuela Ltd	London (United Kingdom)	Venezuela	GBP	8,050,500	Eni Lasmo Plc	100.00	100.00	F.C.
Eni India Ltd	London (United Kingdom)	India	GBP	44,000,000	Eni Lasmo Plc	100.00		Eq.
Eni Indonesia Ltd	London (United Kingdom)	Indonesia	GBP	100	Eni ULX Ltd	100.00	100.00	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Eni Indonesia Ots 1 Ltd	Grand Cayman (Cayman Islands)	Indonesia	USD	1,01	Eni Indonesia Ltd	100.00	100.00	F.C.
Eni International NA NV Sàrl	Luxembourg (Luxembourg)	United Kingdom	USD	25,000	Eni International BV	100.00	100.00	F.C.
Eni Investments Plc	London (United Kingdom)	United Kingdom	GBP	750,050,000	Eni SpA Eni UK Ltd	99.99 (..)	100.00	F.C.
Eni Iran BV	Amsterdam (Netherlands)	Iran	EUR	20,000	Eni International BV	100.00		Eq.
Eni Iraq BV	Amsterdam (Netherlands)	Iraq	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Ireland BV	Amsterdam (Netherlands)	Ireland	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Isatay BV	Amsterdam (Netherlands)	Kazakhstan	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni JPDA 03-13 Ltd	London (United Kingdom)	Australia	GBP	250,000	Eni International BV	100.00	100.00	F.C.
Eni JPDA 06-105 Pty Ltd	Perth (Australia)	Australia	AUD	80,830,576	Eni International BV	100.00	100.00	F.C.
Eni JPDA 11-106 BV	Amsterdam (Netherlands)	Australia	EUR	50,000	Eni International BV	100.00	100.00	F.C.
Eni Kenya BV	Amsterdam (Netherlands)	Kenya	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Krueng Mane Ltd	London (United Kingdom)	Indonesia	GBP	2	Eni Indonesia Ltd	100.00	100.00	F.C.
Eni Lasmo Plc	London (United Kingdom)	United Kingdom	GBP	337,638,724.25	Eni Investments Plc Eni UK Ltd	99.99 (..)	100.00	F.C.
Eni Lebanon BV	Amsterdam (Netherlands)	Lebanon	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Liberia BV	Amsterdam (Netherlands)	Liberia	EUR	20,000	Eni International BV	100.00		Eq.
Eni Liverpool Bay Operating Co Ltd	London (United Kingdom)	United Kingdom	GBP	1	Eni UK Ltd	100.00		Eq.
Eni LNS Ltd	London (United Kingdom)	United Kingdom	GBP	80,400,000	Eni UK Ltd	100.00	100.00	F.C.
Eni Marketing Inc	Dover, Delaware (USA)	USA	USD	1,000	Eni Petroleum Co Inc	100.00	100.00	F.C.
Eni Maroc BV	Amsterdam (Netherlands)	Morocco	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni México S. de RL de CV	Lomas De Chapultepec, Mexico City (Mexico)	Mexico	MXN	3,000	Eni International BV Eni Oil Holdings BV	99.90 0.10	100.00	F.C.
Eni Middle East Ltd	London (United Kingdom)	United Kingdom	GBP	1	Eni ULT Ltd	100.00	100.00	F.C.
Eni MOG Ltd (in liquidation)	London (United Kingdom)	United Kingdom	GBP	220,711,147.50	Eni Lasmo Plc Eni LNS Ltd	99.99 (..)	100.00	F.C.
Eni Montenegro BV	Amsterdam (Netherlands)	Montenegro	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Mozambique Engineering Ltd	London (United Kingdom)	United Kingdom	GBP	1	Eni Lasmo Plc	100.00	100.00	F.C.
Eni Mozambique LNG Holding BV	Amsterdam (Netherlands)	Netherlands	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Muara Bakau BV	Amsterdam (Netherlands)	Indonesia	EUR	20,000	Eni International BV	100.00	100.00	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method(*)
Eni Myanmar BV	Amsterdam (Netherlands)	Myanmar	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni North Africa BV	Amsterdam (Netherlands)	Libya	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni North Ganai Ltd	London (United Kingdom)	Indonesia	GBP	1	Eni Indonesia Ltd	100.00	100.00	F.C.
Eni Oil & Gas Inc	Dover, Delaware (USA)	USA	USD	100,800	Eni America Ltd	100.00	100.00	F.C.
Eni Oil Algeria Ltd	London (United Kingdom)	Algeria	GBP	1,000	Eni Lasmo Plc	100.00	100.00	F.C.
Eni Oil Holdings BV	Amsterdam (Netherlands)	Netherlands	EUR	450,000	Eni ULX Ltd	100.00	100.00	F.C.
Eni Oman BV	Amsterdam (Netherlands)	Oman	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Pakistan Ltd	London (United Kingdom)	Pakistan	GBP	90,087	Eni ULX Ltd	100.00	100.00	F.C.
Eni Pakistan (M) Ltd Sàrl	Luxembourg (Luxembourg)	Pakistan	USD	20,000	Eni Oil Holdings BV	100.00	100.00	F.C.
Eni Petroleum Co Inc	Dover, Delaware (USA)	USA	USD	156,600,000	Eni SpA Eni International BV	63.86 36.14	100.00	F.C.
Eni Petroleum US Llc	Dover, Delaware (USA)	USA	USD	1,000	Eni BB Petroleum Inc	100.00	100.00	F.C.
Eni Portugal BV	Amsterdam (Netherlands)	Portugal	EUR	20,000	Eni International BV	100.00		Eq.
Eni RAK BV	Amsterdam (Netherlands)	Netherlands	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Rapak Ltd	London (United Kingdom)	Indonesia	GBP	2	Eni Indonesia Ltd	100.00	100.00	F.C.
Eni RD Congo SA	Kinshasa (Democratic Republic of the Congo)	Democratic Republic of the Congo	CDF	750,000,000	Eni International BV Eni Oil Holdings BV	99.99 (..)		Eq.
Eni Rovuma Basin BV	Amsterdam (Netherlands)	Mozambique	EUR	20,000	Eni Mozambique LNG H. BV	100.00	100.00	F.C.
Eni Sharjah BV	Amsterdam (Netherlands)	United Arab Emirates	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni South Africa BV	Amsterdam (Netherlands)	Republic of South Africa	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni South China Sea Ltd Sàrl	Luxembourg (Luxembourg)	China	USD	20,000	Eni International BV	100.00		Eq.
Eni TNS Ltd	Aberdeen (United Kingdom)	United Kingdom	GBP	1,000	Eni UK Ltd	100.00	100.00	F.C.
Eni Tunisia BV	Amsterdam (Netherlands)	Tunisia	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Turkmenistan Ltd	Hamilton (Bermuda)	Turkmenistan	USD	20,000	Burren En. (Berm) Ltd	100.00	100.00	F.C.
Eni UHL Ltd	London (United Kingdom)	United Kingdom	GBP	1	Eni ULT Ltd	100.00	100.00	F.C.
Eni UK Holding Plc	London (United Kingdom)	United Kingdom	GBP	424,050,000	Eni Lasmo Plc Eni UK Ltd	99.99 (..)	100.00	F.C.
Eni UK Ltd	London (United Kingdom)	United Kingdom	GBP	250,000,000	Eni International BV	100.00	100.00	F.C.
Eni UKCS Ltd	London (United Kingdom)	United Kingdom	GBP	100	Eni UK Ltd	100.00	100.00	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Eni Ukraine Holdings BV	Amsterdam (Netherlands)	Netherlands	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Ukraine Llc	Kiev (Ukraine)	Ukraine	UAH	42,004,757.64	Eni Ukraine Hold. BV Eni International BV	99.99 0.01		Eq.
Eni Ukraine Shallow Waters BV	Amsterdam (Netherlands)	Ukraine	EUR	20,000	Eni Ukraine Hold. BV	100.00		Eq.
Eni ULT Ltd	London (United Kingdom)	United Kingdom	GBP	93,215,492.25	Eni Lasmo Plc	100.00	100.00	F.C.
Eni ULX Ltd	London (United Kingdom)	United Kingdom	GBP	200,010,000	Eni ULT Ltd	100.00	100.00	F.C.
Eni US Operating Co Inc	Dover, Delaware (USA)	USA	USD	1,000	Eni Petroleum Co Inc	100.00	100.00	F.C.
Eni USA Gas Marketing Llc	Dover, Delaware (USA)	USA	USD	10,000	Eni Marketing Inc	100.00	100.00	F.C.
Eni USA Inc	Dover, Delaware (USA)	USA	USD	1,000	Eni Oil & Gas Inc	100.00	100.00	F.C.
Eni Venezuela BV	Amsterdam (Netherlands)	Venezuela	EUR	20,000	Eni Venezuela E&P H.	100.00	100.00	F.C.
Eni Venezuela E&P Holding SA	Bruxelles (Belgium)	Belgium	USD	254,443,200	Eni International BV Eni Oil Holdings BV	99.99 (..)	100.00	F.C.
Eni Ventures Plc (in liquidation)	London (United Kingdom)	United Kingdom	GBP	278,050,000	Eni International BV Eni Oil Holdings BV	99.99 (..)		Co.
Eni Vietnam BV	Amsterdam (Netherlands)	Vietnam	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni West Ganai Ltd	London (United Kingdom)	Indonesia	GBP	1	Eni Indonesia Ltd	100.00	100.00	F.C.
Eni West Timor Ltd	London (United Kingdom)	Indonesia	GBP	1	Eni Indonesia Ltd	100.00	100.00	F.C.
Eni Yemen Ltd	London (United Kingdom)	United Kingdom	GBP	1,000	Burren Energy Plc	100.00		Eq.
EniProgetti Egypt Ltd	Cairo (Egypt)	Egypt	EGP	50,000	EniProgetti SpA Eni SpA	99.00 1.00		Eq.
Eurl Eni Algérie	Algiers (Algeria)	Algeria	DZD	1,000,000	Eni Algeria Ltd Sàrl	100.00		Eq.
First Calgary Petroleums LP	Wilmington (USA)	Algeria	USD	1	Eni Canada Hold. Ltd FCP Partner Co ULC	99.99 0.01	100.00	F.C.
First Calgary Petroleums Partner Co ULC	Calgary (Canada)	Canada	CAD	10	Eni Canada Hold. Ltd	100.00	100.00	F.C.
leoc Exploration BV	Amsterdam (Netherlands)	Egypt	EUR	20,000	Eni International BV	100.00	100.00	F.C.
leoc Production BV	Amsterdam (Netherlands)	Egypt	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Lasmo Sanga Sanga Ltd	Hamilton (Bermuda)	Indonesia	USD	12,000	Eni Lasmo Plc	100.00	100.00	F.C.
Liverpool Bay Ltd	London (United Kingdom)	United Kingdom	USD	1	Eni ULX Ltd	100.00		Eq.
Mizamtec Operating Company S. de RL de CV	Mexico City (Mexico)	Mexico	MXN	3,000	Eni US Op. Co Inc Eni Petroleum Co Inc	99.90 0.10		Eq.
Nigerian Agip CPFA Ltd	Lagos (Nigeria)	Nigeria	NGN	1,262,500	NAOC Ltd Agip En Nat Res. Ltd Nigerian Agip E. Ltd	98.02 0.99 0.99		Co.
Nigerian Agip Exploration Ltd	Abuja (Nigeria)	Nigeria	NGN	5,000,000	Eni International BV Eni Oil Holdings BV	99.99 0.01	100.00	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Nigerian Agip Oil Co Ltd	Abuja (Nigeria)	Nigeria	NGN	1,800,000	Eni International BV Eni Oil Holdings BV	99.89 0.11	100.00	F.C.
OOO "Eni Energhia"	Moscow (Russia)	Russia	RUB	2,000,000	Eni Energy Russia BV Eni Oil Holdings BV	99.90 0.10	100.00	F.C.
Zetah Congo Ltd⁽²⁾	Nassau (Bahamas)	Republic of the Congo	USD	300	Eni Congo SA Burren En. Congo Ltd	66.67 33.33		Co.
Zetah Kouilou Ltd⁽²⁾	Nassau (Bahamas)	Republic of the Congo	USD	2,000	Eni Congo SA Burren En. Congo Ltd Third parties	54.50 37.00 8.50		Co.

[*] F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

[2] Company that benefits from a privileged tax regime pursuant to art. 167, paragraph 4 of the D.P.R. of December 22, 1986, n. 917: the company is subjected to taxation in Italy because it is included in Eni's tax return.

Gas & Power

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Eni gas e luce SpA	San Donato Milanese (MI)	Italy	EUR	750,000,000	Eni SpA	100.00	100.00	F.C.
Eni Gas Transport Services Srl	San Donato Milanese (MI)	Italy	EUR	120,000	Eni SpA	100.00		Co.
Eni Trading & Shipping SpA	Rome	Italy	EUR	60,036,650	Eni SpA	100.00	100.00	F.C.
EniPower Mantova SpA	San Donato Milanese (MI)	Italy	EUR	144,000,000	EniPower SpA Third parties	86.50 13.50	86.50	F.C.
EniPower SpA	San Donato Milanese (MI)	Italy	EUR	944,947,849	Eni SpA	100.00	100.00	F.C.
LNG Shipping SpA	San Donato Milanese (MI)	Italy	EUR	240,900,000	Eni SpA	100.00	100.00	F.C.
SEA SpA	L'Aquila (AQ)	Italy	EUR	100,000	Eni gas e luce SpA Third parties	60.00 40.00	60.00	F.C.
Trans Tunisian Pipeline Co SpA	San Donato Milanese (MI)	Tunisia	EUR	1,098,000	Eni SpA	100.00	100.00	F.C.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Adriaplin Podjetje za distribucijo zemeljskega plina doo Ljubljana	Ljubljana (Slovenia)	Slovenia	EUR	12,956,935	Eni gas e luce SpA Third parties	51.00 49.00	51.00	F.C.
Eni G&P Trading BV	Amsterdam (Netherlands)	Turkey	EUR	70,000	Eni International BV	100.00	100.00	F.C.
Eni Gas & Power France SA	Levallois Perret (France)	France	EUR	29,937,600	Eni gas e luce SpA Third parties	99.87 0.13	99.87	F.C.
Eni Trading & Shipping Inc	Dover, Delaware (USA)	USA	USD	36,000,000	ETS SpA	100.00	100.00	F.C.
Eni Transporte y Suministro México, S. de RL de CV	Mexico City (Mexico)	Mexico	MXN	3,000	Eni International BV Eni Oil Holdings BV	99.90 0.10		Eq.
Gas Supply Company Thessaloniki - Thessalia SA	Thessaloniki (Greece)	Greece	EUR	13,761,788	Eni gas e luce SpA	100.00	100.00	F.C.
Société de Service du Gazoduc Transtunisien SA - Sergaz SA	Tunisi (Tunisia)	Tunisia	TND	99,000	Eni International BV Third parties	66.67 33.33	66.67	F.C.
Société pour la Construction du Gazoduc Transtunisien SA - Scogat SA	Tunisi (Tunisia)	Tunisia	TND	200,000	Eni International BV Eni SpA LNG Shipping SpA Trans Tunis. P. Co SpA	99.85 0.05 0.05 0.05	100.00	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

Refining & Marketing and Chemicals

Refining & Marketing

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Ecofuel SpA	San Donato Milanese (MI)	Italy	EUR	52,000,000	Eni SpA	100.00	100.00	F.C.
Eni Fuel SpA	Rome	Italy	EUR	58,944,310	Eni SpA	100.00	100.00	F.C.
Petroven Srl	Genova	Italy	EUR	918,520	Ecofuel SpA	100.00	100.00	F.C.
Raffineria di Gela SpA	Gela (CL)	Italy	EUR	15,000,000	Eni SpA	100.00	100.00	F.C.
SeaPad SpA	Genova	Italy	EUR	12,400,000	Ecofuel SpA Third parties	80.00 20.00		Eq.
Servizi Fondo Bombole Metano SpA	Rome	Italy	EUR	13,580,000.20	Eni SpA	100.00		Co.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Eni Abu Dhabi Refining & Trading BV	Amsterdam (Netherlands)	Netherlands	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Abu Dhabi Refining & Trading Services BV	Amsterdam (Netherlands)	Netherlands	EUR	20,000	Eni Abu Dhabi R&T BV	100.00		Eq.
Eni Austria GmbH	Wien (Austria)	Austria	EUR	78,500,000	Eni International BV Eni Deutsch. GmbH	75.00 25.00	100.00	F.C.
Eni Benelux BV	Rotterdam (Netherlands)	Netherlands	EUR	1,934,040	Eni International BV	100.00	100.00	F.C.
Eni Deutschland GmbH	Munich (Germany)	Germany	EUR	90,000,000	Eni International BV Eni Oil Holdings BV	89.00 11.00	100.00	F.C.
Eni Ecuador SA	Quito (Ecuador)	Ecuador	USD	103,142.08	Eni International BV Esain SA	99.93 0.07	100.00	F.C.
Eni France Sàrl	Lyon (France)	France	EUR	56,800,000	Eni International BV	100.00	100.00	F.C.
Eni Iberia SLU	Alcobendas (Spain)	Spain	EUR	17,299,100	Eni International BV	100.00	100.00	F.C.
Eni Lubricants Trading (Shanghai) Co Ltd	Shanghai (China)	China	EUR	5,000,000	Eni International BV	100.00	100.00	F.C.
Eni Marketing Austria GmbH	Wien (Austria)	Austria	EUR	19,621,665.23	Eni Mineralöhl. GmbH Eni International BV	99.99 (..)	100.00	F.C.
Eni Mineralölhandel GmbH	Wien (Austria)	Austria	EUR	34,156,232.06	Eni Austria GmbH	100.00	100.00	F.C.
Eni Schmiertechnik GmbH	Wurzburg (Germany)	Germany	EUR	2,000,000	Eni Deutsch. GmbH	100.00	100.00	F.C.
Eni Suisse SA	Lausanne (Switzerland)	Switzerland	CHF	102,500,000	Eni International BV	100.00	100.00	F.C.
Eni USA R&M Co Inc	Wilmington (USA)	USA	USD	11,000,000	Eni International BV	100.00		Eq.
Esaccontrol SA	Quito (Ecuador)	Ecuador	USD	60,000	Eni Ecuador SA Third parties	87.00 13.00		Eq.
Esain SA	Quito (Ecuador)	Ecuador	USD	30,000	Eni Ecuador SA Tecnoesa SA	99.99 (..)	100.00	F.C.
Oléoduc du Rhône SA	Valais (Switzerland)	Switzerland	CHF	7,000,000	Eni International BV	100.00		Eq.
OOO "Eni-Nefto"	Moscow (Russia)	Russia	RUB	1,010,000	Eni International BV Eni Oil Holdings BV	99.01 0.99		Eq.
Tecnoesa SA	Quito (Ecuador)	Ecuador	USD	36,000	Eni Ecuador SA Esain SA	99.99 (..)		Eq.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

Chemical

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Versalis SpA	San Donato Milanese (MI)	Italy	EUR	1,364,790,000	Eni SpA	100.00	100.00	F.C.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Dunastyr Polisztirolgyártó Zártkörűen Működő Részvénytársaság	Budapest (Hungary)	Hungary	HUF	8,092,160,000	Versalis SpA Versalis Deutschland GmbH Versalis International SA	96.34 1.83 1.83	100.00	F.C.
Versalis Americas Inc	Dover, Delaware (USA)	USA	USD	100,000	Versalis International SA	100.00	100.00	F.C.
Versalis Congo Sarlu	Pointe-Noire (Republic of the Congo)	Republic of the Congo	XAF	1,000,000	Versalis International SA	100.00	100.00	F.C.
Versalis Deutschland GmbH	Eschborn (Germany)	Germany	EUR	100,000	Versalis SpA	100.00	100.00	F.C.
Versalis France SAS	Mardyck (France)	France	EUR	126,115,582.90	Versalis SpA	100.00	100.00	F.C.
Versalis International SA	Bruxelles (Belgium)	Belgium	EUR	15,449,173.88	Versalis SpA Versalis Deutschland GmbH Dunastyr Zrt Versalis France	59.00 23.71 14.43 2.86	100.00	F.C.
Versalis Kimya Ticaret Limited Sirketi	Istanbul (Turkey)	Turkey	TRY	20,000	Versalis International SA	100.00		Eq.
Versalis México S. de R.L. de CV	Mexico City (Mexico)	Mexico	MXN	1,000	Versalis International SA Versalis SpA	99.00 1.00		Eq.
Versalis Pacific (India) Private Ltd	Mumbai (India)	India	INR	238,700	Versalis Singapore P. Ltd Third parties	99.99 (..)		Eq.
Versalis Pacific Trading (Shanghai) Co Ltd	Shanghai (China)	China	CNY	1,000,000	Versalis SpA	100.00	100.00	F.C.
Versalis Singapore Pte Ltd	Singapore (Singapore)	Singapore	SGD	80,000	Versalis SpA	100.00	100.00	F.C.
Versalis UK Ltd	London (United Kingdom)	United Kingdom	GBP	4,004,042	Versalis SpA	100.00	100.00	F.C.

[*] F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

Corporate and Other activities

Corporate and financial companies

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Agenzia Giornalistica Italia SpA	Rome	Italy	EUR	2,000,000	Eni SpA	100.00	100.00	F.C.
D-Service Media Srl (in liquidation)	Milan	Italy	EUR	75,000	D-Share SpA	100.00		
D-Share SpA	Milan	Italy	EUR	121,719.25	Agj SpA Third parties	55.21 44.79		Co.
Eni Corporate University SpA	San Donato Milanese (MI)	Italy	EUR	3,360,000	Eni SpA	100.00	100.00	F.C.
EniServizi SpA	San Donato Milanese (MI)	Italy	EUR	13,427,419.08	Eni SpA	100.00	100.00	F.C.
Serfactoring SpA	San Donato Milanese (MI)	Italy	EUR	5,160,000	Eni SpA Third parties	49.00 51.00	49.00	F.C.
Servizi Aerei SpA	San Donato Milanese (MI)	Italy	EUR	79,817,238	Eni SpA	100.00	100.00	F.C.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Banque Eni SA	Bruxelles (Belgium)	Belgium	EUR	50,000,000	Eni International BV Eni Oil Holdings BV	99.90 0.10	100.00	F.C.
D-Share USA Corp.	New York (USA)	USA	USD	0 ^(a)	D-Share SpA	100.00		
Eni Finance International SA	Bruxelles (Belgium)	Belgium	USD	1,480,365,336	Eni International BV Eni SpA	66.39 33.61	100.00	F.C.
Eni Finance USA Inc	Dover, Delaware (USA)	USA	USD	15,000,000	Eni Petroleum Co Inc	100.00	100.00	F.C.
Eni Insurance DAC	Dublin (Ireland)	Ireland	EUR	500,000,000	Eni SpA	100.00	100.00	F.C.
Eni International BV	Amsterdam (Netherlands)	Netherlands	EUR	641,683,425	Eni SpA	100.00	100.00	F.C.
Eni International Resources Ltd	London (United Kingdom)	United Kingdom	GBP	50,000	Eni SpA Eni UK Ltd	99.99 (..)	100.00	F.C.
Eni Next Lic	Houston (USA)	USA	USD	100	Eni Petroleum Co Inc	100.00	100.00	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

(a) Shares without nominal value.

Other activities

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Anic Partecipazioni SpA (in liquidation)	Gela (CL)	Italy	EUR	23,519,847.16	Eni Rewind SpA Third parties	99.97 0.03		Eq.
Eni Energia Srl	San Donato Milanese (MI)	Italy	EUR	10,000	Eni SpA	100.00		Co.
Eni Energy Activities Srl	San Donato Milanese (MI)	Italy	EUR	50,000	Eni SpA	100.00		Co.
Eni New Energy SpA	San Donato Milanese (MI)	Italy	EUR	9,296,000	Eni SpA	100.00	100.00	F.C.
Eni Rewind SpA (former Syndial Servizi Ambientali SpA)	San Donato Milanese (MI)	Italy	EUR	425,343,731.50	Eni SpA Third parties	99.99 (..)	100.00	F.C.
Industria Siciliana Acido Fosforico - ISAF - SpA (in liquidation)	Gela (CL)	Italy	EUR	1,300,000	Eni Rewind SpA Third parties	52.00 48.00		Eq.
Ing. Luigi Conti Vecchi SpA	Assemini (CA)	Italy	EUR	5,518,620.64	Eni Rewind SpA	100.00	100.00	F.C.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Arm Wind Llp	Nur-Sultan (Kazakhstan)	Kazakhstan	KZT	7,963,200,000	Windirect BV	100.00	100.00	F.C.
Eni Energy Solutions BV	Amsterdam (Netherlands)	Netherlands	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni New Energy Egypt SAE	Cairo (Egypt)	Egypt	EGP	250,000	Eni International BV leoc Exploration BV leoc Production BV	99.98 0.01 0.01		Eq.
Eni New Energy Pakistan (Private) Ltd	Saddar Town-Karachi (Pakistan)	Pakistan	PKR	136,000,000	Eni International BV Eni Oil Hold. BV Eni Pakistan Ltd (M)	99.98 0.01 0.01	100.00	F.C.
Eni New Energy US Inc	Dover, Delaware (USA)	USA	USD	100	Eni Petroleum Co Inc	100.00		Eq.
Eni Rewind International BV	Amsterdam (Netherlands)	Netherlands	EUR	20,000	Eni International BV	100.00		Eq.
Oleodotto del Reno SA	Coira (Switzerland)	Switzerland	CHF	1,550,000	Eni Rewind SpA	100.00		Eq.
Windirect BV	Amsterdam (Netherlands)	Netherlands	EUR	10,000	Eni International BV	100.00	100.00	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

JOINT ARRANGEMENTS AND ASSOCIATES

Exploration & Production

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Mozambique Rovuma Venture SpA ^(†)	San Donato Milanese (MI)	Mozambique	EUR	20,000,000	Eni SpA Third parties	35.71 64.29	35.71	J.O.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Agiba Petroleum Co ^(†)	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	50.00 50.00		Co.
Angola LNG Ltd	Hamilton (Bermuda)	Angola	USD	9,952,000,000	Eni Angola Prod. BV Third parties	13.60 86.40		Eq.
Ashrafi Island Petroleum Co	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	25.00 75.00		Co.
Barentsmorneftegaz Sàrl ^(†)	Luxembourg (Luxembourg)	Russia	USD	20,000	Eni Energy Russia BV Third parties	33.33 66.67		Eq.
Cabo Delgado Gas Development Limitada ^(†)	Maputo (Mozambique)	Mozambique	MZN	2,500,000	Eni Mozambique LNG H. BV Third parties	50.00 50.00		Co.
Cardón IV SA ^(†)	Caracas (Venezuela)	Venezuela	VES	172,10	Eni Venezuela BV Third parties	50.00 50.00		Eq.
Compañía Agua Plana SA	Caracas (Venezuela)	Venezuela	VES	0,001	Eni Venezuela BV Third parties	26.00 74.00		Co.
Coral FLNG SA	Maputo (Mozambique)	Mozambique	MZN	100,000,000	Eni Mozambique LNG H. BV Third parties	25.00 75.00		Eq.
Coral South FLNG DMCC	Dubai (United Arab Emirates)	United Arab Emirates	AED	500,000	Eni Mozambique LNG H. BV Third parties	25.00 75.00		Eq.
East Delta Gas Co (in liquidation)	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	37.50 62.50		Co.
East Kanayis Petroleum Co ^(†)	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	50.00 50.00		Co.
East Obaiyed Petroleum Co ^(†)	Cairo (Egypt)	Egypt	EGP	20,000	leoc SpA Third parties	50.00 50.00		Co.
El Temsah Petroleum Co	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	25.00 75.00		Co.
El-Fayrouz Petroleum Co ^(†) (in liquidation)	Cairo (Egypt)	Egypt	EGP	20,000	leoc Exploration BV Third parties	50.00 50.00		Co.
Fedynskmorneftegaz Sàrl ^(†)	Luxembourg (Luxembourg)	Russia	USD	20,000	Eni Energy Russia BV Third parties	33.33 66.67		Eq.
Isatay Operating Company Llp ^(†)	Nur-Sultan (Kazakhstan)	Kazakhstan	KZT	400,000	Eni Isatay BV Third parties	50.00 50.00		Co.
Karachaganak Petroleum Operating BV	Amsterdam (Netherlands)	Kazakhstan	EUR	20,000	Agip Karachaganak BV Third parties	29.25 70.75		Co.
Karachaganak Project Development Ltd (KPD)	Reading, Berkshire (United Kingdom)	United Kingdom	GBP	100	Agip Karachaganak BV Third parties	38.00 62.00		Eq.
Khaleej Petroleum Co Wll	Safat (Kuwait)	Kuwait	KWD	250,000	Eni Middle E. Ltd Third parties	49.00 51.00		Eq.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

(†) Jointly controlled entity.

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Liberty National Development Co Llc	Wilmington (USA)	USA	USD	0 ^(a)	Eni Oil & Gas Inc Third parties	32.50 67.50		Eq.
Mediterranean Gas Co	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	25.00 75.00		Co.
Meleiha Petroleum Company ^(†)	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	50.00 50.00		Co.
Mellitah Oil & Gas BV ^(†)	Amsterdam (Netherlands)	Libya	EUR	20,000	Eni North Africa BV Third parties	50.00 50.00		Co.
Nile Delta Oil Co Nidoco	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	37.50 62.50		Co.
Norpipe Terminal Holdco Ltd	London (United Kingdom)	Norway	GBP	55.69	Eni SpA Third parties	14.20 85.80		Eq.
North Bardawil Petroleum Co	Cairo (Egypt)	Egypt	EGP	20,000	leoc Exploration BV Third parties	30.00 70.00		Co.
North El Burg Petroleum Co	Cairo (Egypt)	Egypt	EGP	20,000	leoc SpA Third parties	25.00 75.00		Co.
Petrobel Belayim Petroleum Co ^(†)	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	50.00 50.00		Co.
PetroBicentenario SA ^(†)	Caracas (Venezuela)	Venezuela	VES	3,790	Eni Lasmo Plc Third parties	40.00 60.00		Eq.
PetroJunín SA ^(†)	Caracas (Venezuela)	Venezuela	VES	24,021	Eni Lasmo Plc Third parties	40.00 60.00		Eq.
PetroSucre SA	Caracas (Venezuela)	Venezuela	VES	2,203	Eni Venezuela BV Third parties	26.00 74.00		Eq.
Pharaonic Petroleum Co	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	25.00 75.00		Co.
Point Resources FPSO AS	Sandnes (Norway)	Norway	NOK	150,100,000	PR FPSO Holding AS	100.00		
Point Resources FPSO Holding AS	Sandnes (Norway)	Norway	NOK	60,000	Vår Energi AS	100.00		
Port Said Petroleum Co ^(†)	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	50.00 50.00		Co.
PR Jotun DA	Sandnes (Norway)	Norway	NOK	0 ^(a)	PR FPSO AS PR FPSO Holding AS	95.00 5.00		
Raml Petroleum Co	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	22.50 77.50		Co.
Ras Qattara Petroleum Co	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	37.50 62.50		Co.
Rovuma Basin LNG Land Limitada ^(†)	Maputo (Mozambique)	Mozambique	MZN	140,000	Mozambique Rovuma Venture SpA Third parties	33.33 66.67		Co.
Rovuma LNG Investments (DIFC) Ltd	Maputo (Mozambique)	Mozambique	USD	50,000	Eni Mozambique LNG H. BV Third parties	25.00 75.00		Eq.
Rovuma LNG SA	Maputo (Mozambique)	Mozambique	MZN	100,000,000	Eni Mozambique LNG H. BV Third parties	25.00 75.00		Eq.
Shorouk Petroleum Company	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	25.00 75.00		Co.
Société Centrale Electrique du Congo SA	Pointe-Noire (Republic of the Congo)	Republic of the Congo	XAF	44,732,000,000	Eni Congo SA Third parties	20.00 80.00		Eq.
Société Italo Tunisienne d'Exploitation Pétrolière SA ^(†)	Tunisi (Tunisia)	Tunisia	TND	5,000,000	Eni Tunisia BV Third parties	50.00 50.00		Eq.
Sodeps - Société de Développement et d'Exploitation du Permis du Sud SA ^(†)	Tunisi (Tunisia)	Tunisia	TND	100,000	Eni Tunisia BV Third parties	50.00 50.00		Co.
Tecnicco Engineering Contractors Llp ^(†)	Aksai (Kazakhstan)	Kazakhstan	KZT	29,478,455	EniProgetti SpA Third parties	49.00 51.00		Eq.
Thekah Petroleum Co (in liquidation)	Il Cairo (Egypt)	Egypt	EGP	20,000	leoc Exploration BV Third parties	25.00 75.00		Co.
United Gas Derivatives Co	New Cairo (Egypt)	Egypt	USD	153,000,000	Eni International BV Third parties	33.33 66.67		Eq.
Vår Energi AS ^(†)	Forus (Norway)	Norway	NOK	399,425,000	Eni International BV Third parties	69.60 30.40		Eq.
Vår Energi Marine AS	Sandnes (Norway)	Norway	NOK	61,000,000	Vår Energi AS	100.00		

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(†) Jointly controlled entity.

(a) Shares without nominal value.

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
VIC CBM Ltd^(†)	London (United Kingdom)	Indonesia	USD	52,315,912	Eni Lasmo Plc Third parties	50.00 50.00		Eq.
Virginia Indonesia Co CBM Ltd^(†)	London (United Kingdom)	Indonesia	USD	25,631,640	Eni Lasmo Plc Third parties	50.00 50.00		Eq.
West Ashrafi Petroleum Co^(†) (in liquidation)	Cairo (Egypt)	Egypt	EGP	20,000	leoc Exploration BV Third parties	50.00 50.00		Co.

Gas & Power

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Mariconsult SpA^(†)	Milan	Italy	EUR	120,000	Eni SpA Third parties	50.00 50.00		Eq.
Società EniPower Ferrara Srl^(†)	San Donato Milanese (MI)	Italy	EUR	140,000,000	EniPower SpA Third parties	51.00 49.00	51.00	J.O.
Transmed SpA^(†)	Milan	Italy	EUR	240,000	Eni SpA Third parties	50.00 50.00		Eq.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Angola LNG Supply Services Llc	Wilmington (USA)	USA	USD	19,278,782	Eni USA Gas M. Llc Third parties	13.60 86.40		Eq.
Blue Stream Pipeline Co BV^(†)	Amsterdam (Netherlands)	Russia	USD	22,000	Eni International BV Third parties	50.00 50.00	74.62 ^(a)	J.O.
Gas Distribution Company of Thessaloniki-Thessaly SA^(†)	Ampelokipi Menemeni (Greece)	Greece	EUR	247,127,605	Eni gas e luce SpA Third parties	49.00 51.00		Eq.
GreenStream BV^(†)	Amsterdam (Netherlands)	Libya	EUR	200,000,000	Eni North Africa BV Third parties	50.00 50.00	50.00	J.O.
Premium Multiservices SA	Tunisi (Tunisia)	Tunisia	TND	200,000	Sergaz SA Third parties	49.99 50.01		Eq.
SAMCO Sagl	Lugano (Switzerland)	Switzerland	CHF	20,000	Eni International BV Transmed. Pip. Co Ltd Third parties	5.00 90.00 5.00		Eq.
Transmediterranean Pipeline Co Ltd^{(†)(3)}	St. Helier (Jersey)	Jersey	USD	10,310,000	Eni SpA Third parties	50.00 50.00	50.00	J.O.
Unión Fenosa Gas SA^(†)	Madrid (Spain)	Spain	EUR	32,772,000	Eni SpA Third parties	50.00 50.00		Eq.

[*] F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

[†] Jointly controlled entity.

[3] Company that benefits from a privileged tax regime pursuant to art. 167, paragraph 4 of the D.P.R. of December 22, 1986, n. 917: the company is subjected to taxation in Italy because it is included in Eni's tax return. The company is considered as a controlled entity pursuant to art. 167, paragraph 3 of the TUIR.

[a] Equity ratio equal to the Eni's working interest.

Refining & Marketing and Chemicals

Refining & Marketing

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Arezzo Gas SpA^(†)	Arezzo	Italy	EUR	394,000	Eni Fuel SpA Third parties	50.00 50.00		Eq.
CePIM Centro Padano Interscambio Merci SpA	Fontevivo (PR)	Italy	EUR	6,642,928.32	Ecofuel SpA Third parties	44.78 55.22		Eq.
Consorzio Operatori GPL di Napoli	Napoli	Italy	EUR	102,000	Eni Fuel SpA Third parties	25.00 75.00		Co.
Costiero Gas Livorno SpA^(†)	Livorno	Italy	EUR	26,000,000	Eni Fuel SpA Third parties	65.00 35.00	65.00	J.O.
Disma SpA	Segrate (MI)	Italy	EUR	2,600,000	Eni Fuel SpA Third parties	25.00 75.00		Eq.
Livorno LNG Terminal SpA	Livorno	Italy	EUR	200,000	Costiero Gas Liv. SpA Third parties	50.00 50.00		Eq.
Porto Petroli di Genova SpA	Genova	Italy	EUR	2,068,000	Ecofuel SpA Third parties	40.50 59.50		Eq.
Raffineria di Milazzo ScpA^(†)	Milazzo (ME)	Italy	EUR	171,143,000	Eni SpA Third parties	50.00 50.00	50.00	J.O.
Seram SpA	Fiumicino (RM)	Italy	EUR	852,000	Eni SpA Third parties	25.00 75.00		Co.
Sigea Sistema Integrato Genova Arquata SpA	Genova	Italy	EUR	3,326,900	Ecofuel SpA Third parties	35.00 65.00		Eq.
Società Oleodotti Meridionali - SOM SpA^(†)	San Donato Milanese (MI)	Italy	EUR	3,085,000	Eni SpA Third parties	70.00 30.00	70.00	J.O.
Termica Milazzo Srl^(†)	Milazzo (ME)	Italy	EUR	100,000	Raff. Milazzo ScpA	100.00	50.00	J.O.

[*] F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

[†] Jointly controlled entity.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Abu Dhabi Oil Refining Company (TAKREER)	Abu Dhabi (United Arab Emirates)	United Arab Emirates	AED	500,000,000	Eni Abu Dhabi R&T BV Third parties	20.00 80.00		Eq.
ADNOC Global Trading Ltd	Abu Dhabi (United Arab Emirates)	United Arab Emirates	USD	1,000	Eni Abu Dhabi R&T BV Third parties	20.00 80.00		Eq.
AET - Raffineriebeteiligungsgesellschaft mbH^(†)	Schwedt (Germany)	Germany	EUR	27,000	Eni Deutsch. GmbH Third parties	33.33 66.67		Eq.
Bayernoil Raffineriegesellschaft mbH^(†)	Vohburg (Germany)	Germany	EUR	10,226,000	Eni Deutsch. GmbH Third parties	20.00 80.00	20.00	J.O.
City Carbuoroil SA^(†)	Rivera (Switzerland)	Switzerland	CHF	6,000,000	Eni Suisse SA Third parties	49.91 50.09		Eq.
Egyptian International Gas Technology Co	Cairo (Egypt)	Egypt	EGP	100,000,000	Eni International BV Third parties	40.00 60.00		Co.
ENEOS Italsing Pte Ltd	Singapore (Singapore)	Singapore	SGD	12,000,000	Eni International BV Third parties	22.50 77.50		Eq.
Fuelling Aviation Services GIE	Tremblay en France (France)	France	EUR	1	Eni France Sarl Third parties	25.00 75.00		Co.
Mediterranée Bitumes SA	Tunisi (Tunisia)	Tunisia	TND	1,000,000	Eni International BV Third parties	34.00 66.00		Eq.
Routex BV	Amsterdam (Netherlands)	Netherlands	EUR	67,500	Eni International BV Third parties	20.00 80.00		Eq.
Saraco SA	Meyrin (Switzerland)	Switzerland	CHF	420,000	Eni Suisse SA Third parties	20.00 80.00		Co.
Supermetanol CA^(†)	Jose Puerto La Cruz (Venezuela)	Venezuela	VES	120.867	Ecofuel SpA Supermetanol CA Third parties	34.51 ^(a) 30.07 35.42	50.00	J.O.
TBG Tanklager Betriebsgesellschaft GmbH^(†)	Salzburg (Austria)	Austria	EUR	43,603.70	Eni Marketing A. GmbH Third parties	50.00 50.00		Eq.
Weat Electronic Datenservice GmbH	Düsseldorf (Germany)	Germany	EUR	409,034	Eni Deutsch. GmbH Third parties	20.00 80.00		Eq.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

(†) Jointly controlled entity.

(a) Controlling interest: Ecofuel SpA 50.00
Third parties 50.00

Chemical

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Brindisi Servizi Generali Scarl	Brindisi	Italy	EUR	1,549,060	Versalis SpA Eni Rewind SpA EniPower SpA Third parties	49.00 20.20 8.90 21.90		Eq.
IFM Ferrara ScpA	Ferrara	Italy	EUR	5,270,466	Versalis SpA Eni Rewind SpA S.E.F. Srl Third parties	19.74 11.58 10.70 57.98		Eq.
Matrica SpA^(†)	Porto Torres (SS)	Italy	EUR	37,500,000	Versalis SpA Third parties	50.00 50.00		Eq.
Novamont SpA	Novara	Italy	EUR	13,333,500	Versalis SpA Third parties	25.00 75.00		Eq.
Priolo Servizi ScpA	Melilli (SR)	Italy	EUR	28,100,000	Versalis SpA Eni Rewind SpA Third parties	33.11 4.61 62.28		Eq.
Ravenna Servizi Industriali ScpA	Ravenna	Italy	EUR	5,597,400	Versalis SpA EniPower SpA Ecofuel SpA Third parties	42.13 30.37 1.85 25.65		Eq.
Servizi Porto Marghera Scarl	Porto Marghera (VE)	Italy	EUR	8,695.718	Versalis SpA Eni Rewind SpA Third parties	48.44 38.39 13.17		Eq.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Lotte Versalis Elastomers Co Ltd^(†)	Yeosu (South Korea)	South Korea	KRW	401,800,000,000	Versalis SpA Third parties	50.00 50.00		Eq.
Versalis Zeal Ltd^(†)	Takoradi (Ghana)	Ghana	GHS	5,650,000	Versalis International SA Third parties	80.00 20.00		Eq.
VPM Oilfield Specialty Chemicals LLC^(†)	Abu Dhabi (United Arab Emirates)	United Arab Emirates	AED	1,000,000	Versalis SpA Third parties	49.00 51.00		Eq.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

(†) Jointly controlled entity.

Corporate and Other activities

Corporate and financial companies

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method(*)
Commonwealth Fusion Systems Llc^(a)	Wilmington (USA)	USA	USD	115,000,519	Eni Next Llc Third parties			Eq.
Form Energy Inc^(b)	Somerville (USA)	USA	USD	50,889,548.24	Eni Next Llc Third parties			Eq.

Other activities

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method(*)
Ottava Sviluppo ScpA (in bankruptcy)	Nuoro	Italy	EUR	516,000	Eni Rewind SpA Third parties	30.00 70.00		Eq.
Progetto Nuraghe Scarl	Porto Torres (SS)	Italy	EUR	10,000	Eni Rewind SpA Third parties	48.55 51.45		Eq.
Saipem SpA^{(#)(†)}	San Donato Milanese (MI)	Italy	EUR	2,191,384,693	Eni SpA Saipem SpA Third parties	30.54 ^(c) 1.46 68.00		Eq.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method(*)
Ayla Energy Ltd^(†)	London (United Kingdom)	United Kingdom	USD	1,000	Eni Energy Solutions BV Third parties	50.00 50.00		Eq.
Grid Edge (Private) Ltd^(†)	Saddar Town - Karachi (Pakistan)	Pakistan	PKR	1,200,000	Eni International BV Third parties	40.00 60.00		Eq.
Société Energies Renouvelables Eni-ETAP SA^(†)	Tunisi (Tunisia)	Tunisia	TND	1,000,000	Eni International BV Third parties	50.00 50.00		Eq.
Solenova Ltd^(†)	London (United Kingdom)	United Kingdom	USD	20,000	Eni Energy Solutions BV Third parties	50.00 50.00		Eq.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

(#) Company with shares quoted in the regulated market of Italy or of other EU Countries.

(†) Jointly controlled entity.

(a) The ownership cannot be determined. The capital subscribed by Eni Next Llc amounts to \$50 million.

(b) The ownership cannot be determined. The capital subscribed by Eni Next Llc amounts to \$15 million.

(c) Controlling interest: Eni SpA 30.99
Third parties 69.01

OTHER SIGNIFICANT INVESTMENTS

Exploration & Production

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	Consolidation or valuation method ^(*)
Consorzio Universitario in Ingegneria per la Qualità e l'Innovazione	Pisa	Italy	EUR	135,000	Eni SpA Third parties	20.00 80.00	F.V.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	Consolidation or valuation method ^(*)
Administradora del Golfo de Paria Este SA	Caracas (Venezuela)	Venezuela	VES	0.001	Eni Venezuela BV Third parties	19.50 80.50	F.V.
Brass LNG Ltd	Lagos (Nigeria)	Nigeria	USD	1,000,000	Eni Int. NA NV Sàrl Third parties	20.48 79.52	F.V.
Darwin LNG Pty Ltd	West Perth (Australia)	Australia	AUD	367,278,503.01	Eni G&P LNG Aus. BV Third parties	10.99 89.01	F.V.
New Liberty Residential Co Llc	West Trenton (USA)	USA	USD	0 ^(a)	Eni Oil & Gas Inc Third parties	17.50 82.50	F.V.
Nigeria LNG Ltd	Port Harcourt (Nigeria)	Nigeria	USD	1,138,207,000	Eni Int. NA NV Sàrl Third parties	10.40 89.60	F.V.
North Caspian Operating Co NV	Amsterdam (Netherlands)	Kazakhstan	EUR	128,520	Agip Caspian Sea BV Third parties	16.81 83.19	F.V.
OPCO - Sociedade Operacional Angola LNG SA	Luanda (Angola)	Angola	AOA	7,400,000	Eni Angola Prod. BV Third parties	13.60 86.40	F.V.
Petrolera Güiria SA	Caracas (Venezuela)	Venezuela	VES	10	Eni Venezuela BV Third parties	19.50 80.50	F.V.
SOMG - Sociedade de Operações e Manutenção de Gasodutos SA	Luanda (Angola)	Angola	AOA	7,400,000	Eni Angola Prod. BV Third parties	13.60 86.40	F.V.
Torsina Oil Co	Cairo (Egypt)	Egypt	EGP	20,000	leoc Production BV Third parties	12.50 87.50	F.V.

[*] F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

[a] Shares without nominal value.

Gas & Power

OUTSIDE ITALY

Company Name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	Consolidation or valuation method (*)
Norsea Gas GmbH	Emden (Germany)	Germany	EUR	1,533,875.64	Eni International BV Third parties	13.04 86.96	F.V.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

Refining & Marketing and Chemical

Refining & Marketing

IN ITALY

Company Name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	Consolidation or valuation method(*)
Società Italiana Oleodotti di Gaeta SpA⁽⁴⁾	Rome	Italy	ITL	360,000,000	Eni SpA Third parties	72.48 27.52	F.V.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	Consolidation or valuation method(*)
BFS Berlin Fuelling Services GbR	Amburgo (Germany)	Germany	EUR	89,199	Eni Deutsch. GmbH Third parties	12.50 87.50	F.V.
Compania de Economia Mixta "Austrogas"	Cuenca (Ecuador)	Ecuador	USD	5,665,329	Eni Ecuador SA Third parties	13.38 86.62	F.V.
Dépôt Pétrolier de Fos SA	Fos-Sur-Mer (France)	France	EUR	3,954,196.40	Eni France Sàrl Third parties	16.81 83.19	F.V.
Dépôt Pétrolier de la Côte d'Azur SAS	Nanterre (France)	France	EUR	207,500	Eni France Sàrl Third parties	18.00 82.00	F.V.
Joint Inspection Group Ltd	London (United Kingdom)	United Kingdom	GBP	0 ^(a)	Eni SpA Third parties	12.50 87.50	F.V.
S.I.P.G. Société Immobilière Pétrolière de Gestion Snc	Tremblay en France (France)	France	EUR	40.000	Eni France Sàrl Third parties	12.50 87.50	F.V.
Sistema Integrado de Gestion de Aceites Usados	Madrid (Spain)	Spain	EUR	175,713	Eni Iberia SLU Third parties	15.44 84.56	F.V.
Tanklager - Gesellschaft Tegel (TGT) GbR	Hamburg (Germany)	Germany	EUR	4,953	Eni Deutsch. GmbH Third parties	12.50 87.50	F.V.
TAR - Tankanlage Ruemlang AG	Ruemlang (Switzerland)	Switzerland	CHF	3,259,500	Eni Suisse SA Third parties	16.27 83.73	F.V.
Tema Lube Oil Co Ltd	Accra (Ghana)	Ghana	GHS	258,309	Eni International BV Third parties	12.00 88.00	F.V.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

(a) Shares without nominal value.

(4) Company under extraordinary administration procedure pursuant to law no. 95 of april 3, 1979. The liquidation was concluded on april 28, 2015. The cancellation has been filed and is pending the authorization by the Ministry of Economic Development.

■ CHANGES IN THE SCOPE OF CONSOLIDATION FOR 2019

Fully consolidated subsidiaries

COMPANIES INCLUDED (N. 10)

Eni Abu Dhabi Refining & Trading BV	Amsterdam	Refining & Marketing	Relevancy
Eni Argentina Exploración y Explotación SA	Buenos Aires	Exploration & Production	Relevancy
Eni Bahrain BV	Amsterdam	Exploration & Production	Relevancy
Eni New Energy Pakistan (Private) Ltd	Saddar Town-Karachi	Other activities	Constitution
Eni RAK BV	Amsterdam	Exploration & Production	Constitution
Eni West Ganai Ltd	London	Exploration & Production	Constitution
SEA SpA	L'Aquila	Gas & Power	Acquisition
Versalis Congo Sarlu	Pointe-Noire	Chemical	Relevancy
Eni Energy Solutions BV	Amsterdam	Other activities	Constitution
Petroven Srl	Genova	Refining & Marketing	Acquisition of the control

COMPANIES EXCLUDED (N. 9)

Agip Oil Ecuador BV	Amsterdam	Exploration & Production	Sale
Eni Adfin SpA (in liquidation)	Rome	Corporate and financial companies	Cancellation
Eni Denmark BV	Amsterdam	Exploration & Production	Irrelevancy
Eni India Ltd	London	Exploration & Production	Irrelevancy
Eni Iran BV	Amsterdam	Exploration & Production	Irrelevancy
Eni Liberia BV	Amsterdam	Exploration & Production	Irrelevancy
Eni Portugal BV	Amsterdam	Exploration & Production	Irrelevancy
Eni Ukraine Llc	Kiev	Exploration & Production	Irrelevancy
Eni USA R&M Co Inc	Wilmington	Refining & Marketing	Irrelevancy

Consolidated joint operations

COMPANIES EXCLUDED (N. 1)

Petroven Srl	Genova	Refining & Marketing	Acquisition of the control
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Eni SpA

Headquarters

Piazzale Enrico Mattei, 1 - Rome - Italy

Capital Stock as of December 31, 2019: € 4,005,358,876.00 fully paid

Tax identification number 00484960588

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