

Eni

Annual
Report
2020





Mission

We are an energy company.

- 13 15** We concretely support a just energy transition, with the objective of preserving our planet
- 7 12** and promoting an efficient and sustainable access to energy for all.
- 9** Our work is based on passion and innovation, on our unique strengths and skills,
- 5 10** 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.
- 17** We believe in the value of long-term partnerships with the Countries and communities where we operate, bringing long-lasting prosperity for all.

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), for which NFI is subject to limited assurance. In addition, the Task force on Climate-related Financial Disclosures (TCFD) recommendations and World Economic Forum (WEF) Core metrics were taken into account.

Integrated Annual Report

Eni's 2020 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.

The 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.

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.





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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 impact of the pandemic disease; 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.

Activities



Eni activities: the value chain

Eni is a global energy company, engaged in the entire value chain: from the exploration, development and extraction of oil and natural gas, to the generation of electricity from cogeneration and renewable sources, traditional and biorefining and chemicals, and the development of circular economy processes. Eni extends its reach to end markets, selling gas, electricity and products to retail and business customers and local markets. Both CO₂ capture and storage initiatives and forest conservation projects (REDD+ initiatives) will be implemented to absorb residual emissions.

Consolidated expertise, technologies and geographical distribution of assets are Eni levers to strengthen its presence along the value chain.

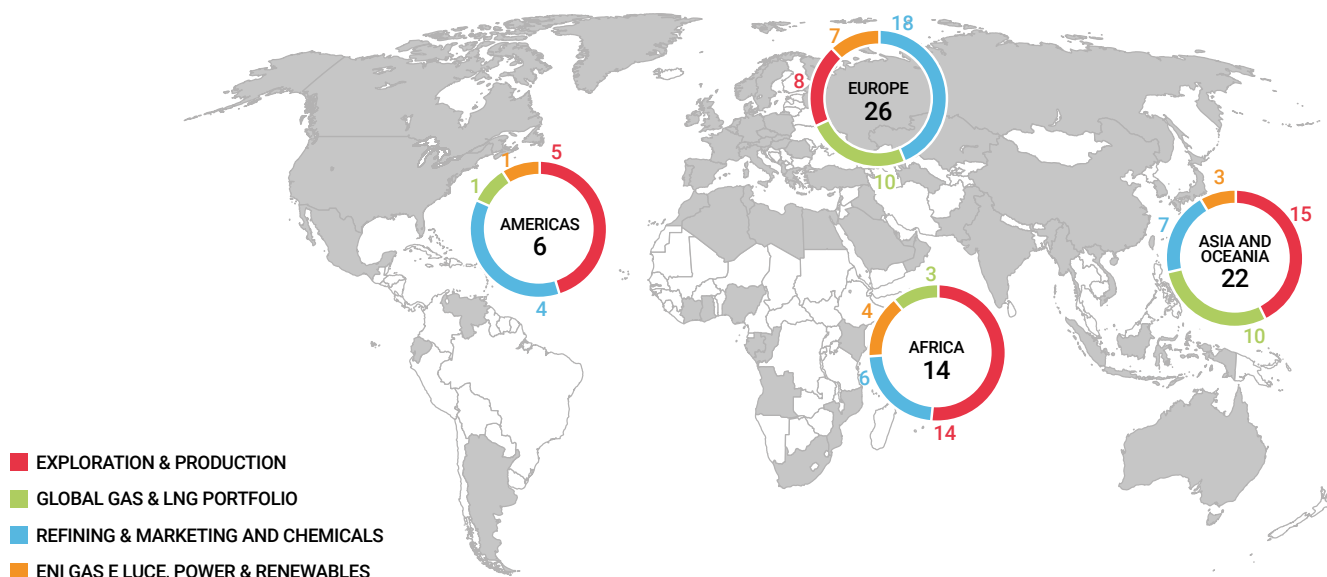
Along this path, Eni is committed to become a leading company in the production and sale of decarbonized energy products, increasingly customer-oriented.

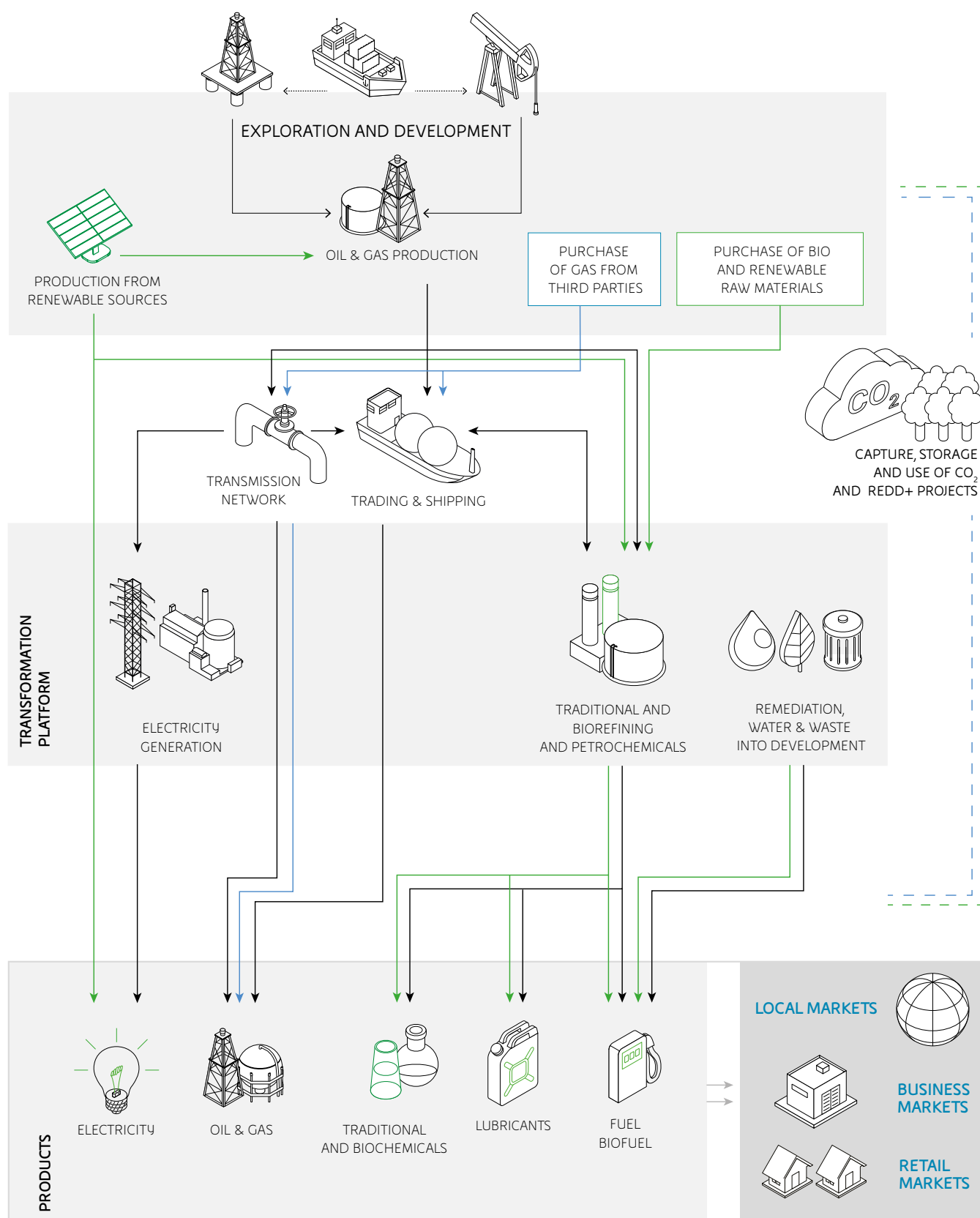
- Decarbonization will be achieved through the implementation and strengthening of existing technologies and activities such as **biorefineries** with an increasing input of raw material from **waste**;
- **Circular economy** with increased use of biomethane, waste products and recycling of end products;
- **Efficiency and digitalization** in operations and customer services;
- **Renewables** through increased capacity and integration with the retail business;
- **Blue and green hydrogen** to power Eni biorefineries and other highly energy-intensive industrial activities;
- Natural or artificial **carbon capture** to absorb residual emissions through **REDD+** forest conservation **initiatives** and **CCS** projects.

Gas will be an important support to intermittent sources in the energy transition.

operating in **68**
Countries

beyond **31,000**
our employees





Business Model



Eni business model is aimed at the **creation of value for all stakeholders** through a strong **presence along the entire value chain** of energy. Eni aims to contribute, directly or indirectly, to the achievement of the **Sustainable Development Goals (SDGs)** of the United Nations 2030 Agenda, supporting a just energy transition, which responds with concrete and economically sustainable solutions to the challenges of combating climate change and giving access to energy in an efficient and sustainable way, for all.

Eni organically combines its business plan with the principles of environmental and social sustainability, extending its range of action along three pillars:

- 1. operational excellence;**
- 2. carbon neutrality by 2050;**
- 3. alliances for development.**

1. First of all, Eni business is constantly focused on **operational excellence**. This translates into an ongoing commitment to valuing people, safeguarding both the health and safety of people and asset integrity, protecting the environment, integrity and respect for human rights, resilience and diversification of activities and ensuring sound financial discipline. These elements allow the company to seize the opportunities related to the possible evolutions of the energy market and to continue on the path of transformation.

2. Second, Eni's business model envisages a **decarbonization path** towards **carbon neutrality** based on an approach oriented to emissions generated throughout the life cycle of energy products and on a set of actions that will lead to the total decarbonization of processes and products by 2050. This path, achieved through existing technologies, will allow Eni to totally reduce its carbon footprint, both in terms of net emissions and in terms of net carbon intensity.

3. The third guideline refers to **alliances for the promotion of development** through the enhancement of the resources of the Countries where it operates, promoting access to electricity and promoting Local Development Programmes (LDPs) with a broad portfolio of initiatives in favour of communities. This distinctive approach, referred to as Dual Flag, is based on collaborations with other internationally recognized players in order to identify the needs of communities in line with the National Development Plans and the United Nations 2030 Agenda. Eni is also committed to creating job opportunities and transferring its know-how and expertise to its local partners.

Eni's business model is developed along these three pillars by leveraging internal expertise, the development and application of innovative technologies and the digitalization process. A fundamental element of the business model is the Corporate Governance system, inspired by the principles of transparency and integrity, outlined further in the Governance section.

VALUE CREATION FOR STAKEHOLDERS

Through an integrated presence all along the energy value chain



OPERATIONAL EXCELLENCE

Health, Safety and Environment

Human Rights & Integrity

Resilience and Diversification

Capital discipline

TRANSFORMATION
AND PORTFOLIO
FLEXIBILITY



CARBON NEUTRALITY BY 2050

Life cycle GHG emissions
approach
(Scope 1, 2 and 3)

Set of concrete actions for the entire
decarbonization of processes
and products

INTERMEDIATE OBJECTIVES
OF NET REDUCTION
IN ABSOLUTE TERMS AND
OF EMISSION INTENSITY



ALLIANCES FOR DEVELOPMENT

Dual Flag approach

Public-private partnerships

Job creation
and know-how transfer

LOCAL DEVELOPMENT PROGRAMS
IN ACCORDANCE WITH
2030 AGENDA

COMPETENCES

TECHNOLOGICAL INNOVATION AND DIGITALIZATION



Responsible and sustainable approach

Eni adopts a responsible and sustainable approach in order to ensure value creation in the medium and long term for the company and for all stakeholders. This approach, the importance of which is even more evident after the outbreak of the pandemic, is confirmed in the company's Mission, which clearly expresses the commitment of Eni to play a decisive role in the just transition process for a low carbon future that guarantees efficient and sustainable access to energy for all in order to contribute to the achievement of the Sustainable Development Goals (SDGs).



CARBON NEUTRALITY BY 2050



OPERATIONAL EXCELLENCE



ALLIANCES FOR DEVELOPMENT

COMMITMENTS

COMBATING CLIMATE CHANGE

Eni has defined a medium-long term plan to take full advantage of the opportunities offered by the energy transition and progressively reduce the carbon footprint of its activities, committing to achieve total decarbonization of all its products and processes by 2050

PEOPLE

Eni is committed to supporting the just transition process by consolidating and developing skills, enhancing every psychophysical dimension of its people and recognising diversity as a resource

HEALTH

Eni considers the protection of the health of its people, families and communities in the Countries where it operates to be a fundamental requirement and promotes their physical, psychological and social well-being

SAFETY

Eni considers workplace safety an essential value to be shared among local employees, contractors and stakeholders and it is committed to reduce incidents down to zero and to preserve assets integrity

RESPECT FOR THE ENVIRONMENT

Eni promotes the efficient management of natural resources and the safeguard of protected areas relevant to biodiversity, through actions aimed at improving energy efficiency and the transition to a circular economy and identifying potential impacts and mitigation actions and is committed not to carry out hydrocarbon exploration and development activities in UNESCO World Heritage Sites

HUMAN RIGHTS

Eni is committed to respecting Human Rights in its activities and to promoting their respect with partners and stakeholders

TRANSPARENCY AND INTEGRITY IN BUSINESS MANAGEMENT

Eni carries out its business activities with fairness, correctness, transparency, honesty, integrity and in compliance with the laws

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

TECHNOLOGICAL INNOVATION

For Eni, research, development and rapid implementation of new technologies are an important strategic lever to drive business transformation

MAIN RESULTS 2020

- -26% GHG emission intensity index upstream vs. 2014
- -39% volume of hydrocarbons sent for routine flaring vs. 2014
- -90% upstream methane fugitive emissions vs. 2014 (TARGET REACHED)

SUSTAINABLE DEVELOPMENT GOALS



- 31,495 employees in service at 31 December (reported -1.7% vs. 2019)
- +2.3 percentage point increase in women hired (34.6% in 2020 vs. 32.3% in 2019)
- Approx. 1.04 million hours of training (-23.6% vs. 2019)
- 13,300 professional profiles mapped to date



- 354,192 of health services provided
- 222,708 registrations to health promotion initiatives



- TRIR^(a) 0.36
- Promotion of in-depth initiatives on the Human Factor to counter accident risks
- Relaunched and enhanced the "Safety starts @ home" campaign in view of the new ways of working



- Adherence to the 4 principles for solutions based on "Together with Nature"
- Extension of biodiversity risk mapping to the R&M pipeline network
- 91% reuse of fresh water
- -11% fresh water withdrawn vs. 2019
- -19% waste generated by production activities vs. 2019
- -7% barrels spilled from operational oil spills vs. 2019



- Ranked by the CHRB^(b) as first among 199 companies evaluated
- Adherence to the Voluntary Principles on Security and Human Rights
- Issuance of the new Code of Ethics
- Issuance of the new Eni Supplier Code of Conduct
- Issuance of a new Policy on Indigenous Peoples in Alaska
- 97% security contracts with Human Rights clauses
- 100% new suppliers assessed according to social criteria



- Membership in EITI^(c) since 2005
- 9 Countries where Eni supports the EITI Multi Stakeholder Groups at local level
- 31 internal audits conducted with anti-corruption checks
- Publication Country-by-Country Report^(d)
- Publication of Eni position on contractual transparency



- €96.1 million invested in local development
- Cooperation agreements signed with World Bank, USAID and civil society organizations



- €157 million invested in research and development
- 25 new applications for first patent filings, of which 7 concern renewable sources



(a) Total Recordable Injury Rate.

(b) Corporate Human Rights Benchmark.

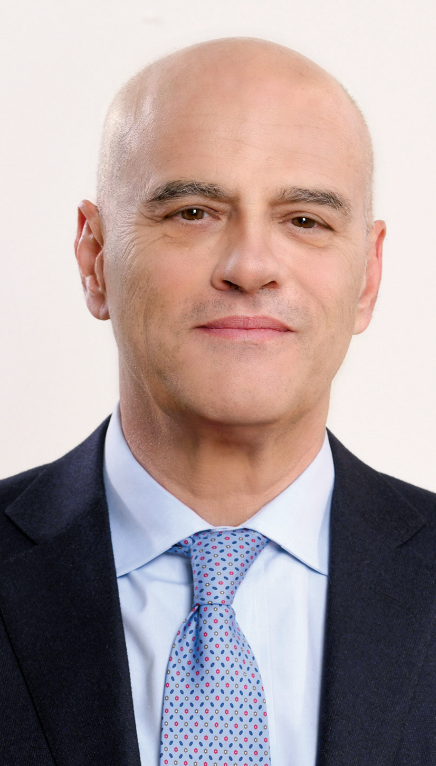
(c) Extractive Industries Transparency Initiative.

(d) Report for the assessment of tax risk by the Financial Authorities that collects data on turnover, profits and taxes aggregated with reference to the jurisdictions in which Eni conducts business.

Letter to shareholders



Lucia Calvosa
Chairman



Claudio Descalzi
Chief Executive Officer and
General Manager

Dear shareholders,

2020 was a year like no other, which will forever be remembered for the dramatic events we have experienced and for the unprecedented challenges that our Company has faced. The COVID-19 pandemic affected everybody's lives, every activity and the energy industry with a magnitude that exceeded all previous crises. The trading environment in 2020 saw the largest oil demand drop in history, down by an estimated 9%.

In tackling COVID-19, we reacted fast, finding inside our Company the energy, resources and flexibility to overcome this crisis. First, we implemented effective measures to preserve the health of the 60,000 people who work within Eni and with Eni at all our offices and production hubs, as well as to ensure the continuity of our operations also through the involvement of our suppliers. Furthermore, in collaboration with local authorities, Eni has taken immediate action to reorient local development projects to better respond to the urgent needs of the most vulnerable populations.

During the most acute phase of the downturn, we have taken decisive measures to strengthen the financial and capital resilience of the company, defining clear priorities in the cash allocation. Through the review of our short-medium term plans we have reduced the disbursements for costs and capital expenditure by €8 billion in the period 2020-2021, thus reshaping the production growth profile. We have defined an innovative dividend policy, based on a fixed component, which will be reassessed going forward based on the achievement of Eni's industrial objectives, and a variable component linked to the scenario, in order to adapt the dividend to market volatility, while the buy-back has been suspended.

Thanks to these actions, we were able to generate an adjusted cash flow of €6.7 billion, able to fund 100% of our organic capital expenditure, which were revised to €5 billion, leaving a surplus of €1.7 billion despite the large impact of the crisis on our cash receipts which contracted by around €6 billion compared to the forecasts at the beginning of the year.

The Company, also leveraging the issuance of two hybrid bonds for a total amount of €3 billion, has successfully overcome the worst phase of the downturn, retaining the leverage within the management comfort zone at 0.3 as of December 31, 2020 and achieving to keeping our net debt flat versus last year. These actions, sustained from our credit standing, were clearly appreciated by the financial markets.

Despite the crisis, we have improved and accelerated our decarbonization strategy and today we announce the even more ambitious goal of zeroing all our emissions (Scope 1, 2 and 3) linked to the entire life cycle of all the products traded by our organization by 2050.

In this context, in June 2020 we reshaped Eni's organization by setting up two new Business Groups: Natural Resources, which will maximize the value of Eni's Oil & Gas upstream portfolio from a sustainable perspective, with the objective of reducing its carbon footprint by scaling up energy efficiency and the development of projects for the capture and storage of carbon dioxide, and the Energy Evolution, which will focus on growing the businesses of power generation, transformation and marketing of products from fossil to bio, blue and green. The two Business Groups will work in synergy with the help of R&D and digitalization to implement Eni's plans and to achieve Eni's decarbonization goals by 2050.

The businesses of Natural Resources, together with traditional refining, were those most affected by the industry crisis caused by the COVID-19 pandemic. Despite a 35% drop in the Brent price, E&P generated a robust cash contribution thanks to the resilience of the asset portfolio characterized by low break-even and the flexibility of our development projects that allowed us to re-phase some activities and contain capex. Exploration, one of our main growth and value generation drivers, achieved excellent results in 2020. Despite the reduction in capital expenditure of about 50%, we discovered 400 mmbob of new resources, at a competitive

cost of 1.6 \$/barrel. The activities focused on near-field exploration in order to ensure fast contribution to cash flows. In this context, we made several near-field discoveries in Egypt, Tunisia, Norway, Algeria and Angola, in this latter the Agogo appraisal well has estimated 1 bboe in place, that will allow us to extend the useful life of the FPSO of operated Block 15/06.

Important results were also obtained in frontier exploration basins with the Mahani gas and condensates discovery in the onshore of the Emirate of Sharjah (UAE), where we made the FID at the beginning of 2021, just one year after the signing of the contract; the appraisal of the Ken Bau field offshore Vietnam, which allowed us to outline a giant field, and the discovery of Saasken offshore Mexico, which consolidates our position in the Country. The importance of these successes opens up opportunities to early monetization of the discovered resources through the deployment of our dual exploration model.

One of our competitive advantages is the ability to reduce the time-to-market of reserves, which together with efficient exploration helps to ensure a resilient asset portfolio to the scenario. Our success leverages on an original development model based on the parallelization of phases (appraisal, pre-development, engineering), a modular approach that provides for accelerated start-up in early production and subsequent ramp-up, minimization of financial exposure and insourcing of critical project phases (detailed engineering, production supervision, commissioning/hook-up) in order to apply our skills and know-how. Examples of this approach were the rapid production ramp-up of the Area 1 hub in Mexico in 2020 (from 4 kboe/day in 2019 to 14 kboe/day, up by 200%), the start-up of Agogo in Angola, just nine months from the discovery and the Berkine project in Algeria, carried out with a fast-track approach, allowing the monetization of proximity reserves.

Other activities during the year concerned the optimization of the production plateau of assets in operation in order to counteract natural declines.

Overall, discounting the reduction in capital expenditure of around €2 billion, E&P development helped to ensure a solid production level of 1.73 mmbboe/day with the crisis cutting about 200 kboe, net of which we would have exceeded our initial expectations.

The emission intensity of the operated productions (100%) decreased in 2020 by about 25% compared to 2014, in line with the reduction target of 43% by 2025. The global emissions calculated on equity production were equal to approximately 14.4 million tonnes of CO₂, which was reduced to 12.9 million thanks to the carbon sink obtained from our participation to the REDD+ Luangwa Community Forest Project in the Republic of Zambia, where Eni achieved its first generation of carbon credits that have been used to offset emissions equivalent to 1.5 million tonnes of CO₂.

The ramp-up of the projects designed to valorize or manage routine gas otherwise sent to flaring allowed us to reduce the flaring volumes of the 2014 baseline by 37% at the end of 2020 and we confirm their zeroing by 2025, contributing to Eni's decarbonization objectives. Other drivers of our decarbonization process are the projects in the start-up phase for the CO₂ geological capture and sequestration using depleted fields. The first milestone of this kind of projects was achieved with the award by the British Oil & Gas authority of the license for the CO₂ storage project in the Liverpool Bay, which will contribute to the decarbonization of industrial areas of the north-west England and North Wales, as well as progress in the start-up of a pilot project, for which we expect to make shortly a final investment decision, to build a hub for the capture and sequestration of CO₂ at our depleted gas fields offshore Ravenna (Italy).

Finally, we are developing an innovative approach in the capex evaluation process, systematizing information on the United Nations 17 Sustainable Development Goals (UN SDGs), in order to integrate these aspects into planning and strategies. After a first testing phase on a sample of investments in the upstream sector, the scope of analysis will be extended to other types of projects.

The Global Gas & LNG Portfolio (GGP) sector reported an adjusted EBIT of €0.33 billion, above our expectations despite the significant decline in European gas demand and the collapse in Asian LNG consumption during the peak of the crisis. The sustainability of the GGP result is due to the overall restructuring of long-term gas supply and transportation contracts, as well as to portfolio optimization activities by exploiting the flexibility and optionality of our gas assets.

The businesses managed by the Energy Evolution Department have shown great resilience and adaptability, managing to absorb the impact of the recession on the consumption of fuels and plastics.

R&M closed the year with an adjusted EBIT of €0.24 billion, despite the worst scenario ever for the margins of traditional oil-based processing. The result was supported by the increase in volumes processed (up by 130%) and margins of biodiesel thanks to the ramp-up of the Gela green refinery and the performance of the Venice one, as well as by the steady contribution from the retail marketing thanks to the efficiency of the network and customer care. The evolution process of the service station continues towards the expansion of mobility services in support of the results that will leverage the consolidation of agreements with Amazon, Poste and Telepass, the launch of the new Eni Café Emporium format and the launch of the “Eni Parking” project.

The Chemical business led by Versalis has overall withstood the impact of the significant contraction in consumption of plastics due to the economic crisis thanks to the restructuring carried out in recent years in the traditional business lines, while we progressed the expansion in the green and circular economy businesses, which going forward will lessen the exposure of Versalis to the oil cycle. An upgrade is ongoing at the Crescentino site, a strategic hub for the production of electricity and chemical feedstock entirely coming from residual biomass that does not compete with the food supply chain on the basis of one of the most advanced proprietary technologies in the industry, of which one of the first practical application was the production of a bioethanol-based disinfectant based on the WHO formulation for health emergency.

Investments continued to bring plastic waste recycling technologies to an industrial scale. Versalis is already active in the mechanical recycling of used plastic with the “Revive” line of polyethylene/styrenics which in 2020 was expanded thanks to the alliance with Forever Plast to promote the development and marketing of a new range of compact polystyrene products made out of recycled packaging. For the non-recoverable part of plastic waste (Plasmix), processes of chemical recycling based on pyrolysis are in a developing stage, which will be applied in a pilot plant in Mantua for the production of chemical raw materials or, in synergy with refining, in synthesis gas transformation technologies for the production of hydrogen or other industrial feedstocks. Furthermore, thanks to the alliance with the British research company AlphaBio Control, we are developing products for agriculture from renewable sources, such as herbicides and biocides, in synergy with the production of active ingredients by our renewable chemistry platform in Porto Torres, Sardinia.

Eni gas e luce (EGL), Power & Renewables segment performed strongly. EGL reported a 17% growth in EBIT thanks to the retention of the customer base, which grew to 9.6 million delivery points (up by 150 thousand), the incremental contribution of non-commodity services/products, the efficiency of marketing and power optimization. The retail gas business is increasingly opening up to decarbonization and innovation with the acquisitions of Evolvere Group, in order to expand the offer of green products and partnerships with Tate in Italy and OVO in France for the enhancement of digital services.

The Renewables business reached a first milestone with 1 GW of generation capacity installed or under development. The growth took place both internally and by leveraging selective M&A transactions such as those in the USA market in partnership with Falck Renewables for the acquisition of 112.5 MW of renewable capacity (wind/solar) and 57 MW of photovoltaic capacity taken over by Falck itself. The internal growth leverages on the original Eni development model which exploits the technical-operational synergies with existing assets, both active such as the E&P oil centers and dismissed sites reclaimed and cleaned by Eni Rewind which are revamped through the installation of green generation capacity. In this context, the photovoltaic units of Porto Torres and Volpiano were started up in 2020.

The growth of renewables will be supported in the medium-term by the realization of the opportunities associated with our strategic partnerships in the USA and with HitecVision (Vår Energi’s Norwegian partner) and the newly established Vargron joint venture, which will target the offshore wind sector of Norway and the Nordic markets by leveraging Vår Energi’s experience in the upstream sector and supporting its decarbonization process. Eni acquired a 20% of the Dogger Bank project (A and B) offshore UK, which will build and operate a 2.4 GW wind facility, which will be the largest of its kind, with first phase start-up expected in 2023; in Italy three projects have been authorized from Asja Environment for the construction of onshore wind farms with a total capacity of 35 MW.

Another medium-term development driver is the exploitation of renewable energy deriving from the wave motion of the sea which, starting from the industrial collaboration with Italian companies such as CDP, Fincantieri and Terna, is further strengthened with the entry as lead partner in Ocean Energy Europe, the largest European organization for energy development from the ocean.

Our R&D, the exploration engine in the renewable sector and a driving force for growth across Eni's businesses, is committed to areas that we consider strategic in shaping the medium/long-term energy scenario, such as: the production of biofuels from second/third generation of raw materials; the process of obtaining hydrogen and methanol from waste; the energy of the oceans; solar concentration and CO₂ capture complementary methods to the geological one based on the innovative idea of reusing CO₂ through biofixation on microalgae by exploiting the principle of chlorophyll photosynthesis with the additional advantage of obtaining valuable feedstock (food bases or bio oil) or chemically fixing it in residues of the mining industry, obtaining building materials. Another field of great interest is research on green hydrogen: we are studying, in partnership with Enel, the construction of electrolyzers powered by renewable energy in synergy with our refineries. Pilot projects with electrolyzers of around 10 MW are expected to start generating green hydrogen in 2022-2023.

In conclusion, our company was able to withstand this global economic crisis of 2020, retaining a healthy balance between cash inflows and outflows and at the same time making strong progress on the path towards achieving carbon neutrality in the long term.

Our performance in transitioning to a low carbon business model has been appreciated by well-established ESG ratings agencies on the marketplace which recognized us leading four international ratings: MSCI, Sustainalytics, Bloomberg ES and V.E. Vigeo Eiris. We received high-scorings from CDP Climate Change, CDP Water Security and in the Transition Pathways Initiative rating. We have also been confirmed within the FTSE4Good Developed index and, starting from 2020, also in the ESG iTraxx index. Added to these is the recognition by specialized research institutes such as Carbon Tracker, which ranked Eni first among its peers for the competitiveness of the unsanctioned portfolio of projects, target of emissions reduction and the adoption of a medium-long term price scenario that is one of the most conservative among the peers. Finally, Eni confirms its leadership in the approach to human rights, ranking first among the 199 companies evaluated by the Corporate Human Rights Benchmark (CHRB) in 2020, ex aequo with only one other company.

Strategy and action plan 2021-2024

Our strategy outlines a non-reversible path of business transformation, which will lead us to the "zero net emissions" goal in our production processes and in the use of our products by end consumers (Scope 1, 2 and 3) by 2050, placing the most challenging ambitions of the Paris Agreement at the center of our action, in order to contribute to the achievement of the UN's 17 Sustainable Development Goals and to create sustainable value for all our stakeholders. The evolution of our industrial structure will leverage on the decarbonization of our products and industrial processes, on diversifying and expanding our presence in the retail and renewables businesses, which will be combined into a single entity to maximize synergies, in bioproducts and in circular economy. These actions coupled with financial and capital discipline will underpin the Company's resilience to the volatility of the scenario.

Considering the uncertainties and risks of the post-pandemic recovery, we defined a set of actions for the next four years aimed at further reducing our cash neutrality and growing in green, blue and bioproducts.

The operational program of Natural Resources is aimed at maximizing cash generation and reducing the carbon footprint of the business.

The exploration phase, with an annual expenditure ceiling of approximately €400 million over the next four years, will develop along the guidelines for the reduction of the discovery cycle with near-field/incremental initiatives with rapid return in mature super-basins and proven areas, selective renewal of the portfolio and alignment of resources replacement to the targeted long-term production mix. Frontier exploration will be carried out in selected areas according to the principles of operatorship and high working interest, in order to apply the dual exploration model in the event of substantial successes. The goal is to discover around 2 billion boe of reserves at competitive costs over the four-year period with activities concentrated in North Africa, West Africa, Norwegian offshore and border areas in the Middle East, East Africa, Southeast Asia and the Gulf of Mexico.

The development of hydrocarbon reserves with an average annual expenditure of about €4 billion, equally divided between support for plateaus and growth initiatives, will favor assets with high cash generation and low break-even, achieving an average annual growth rate in the four-year period of around 4% to a plateau of 2 mmbae/day by 2024, of which around one third from new developments (ramp-ups, start-ups and near-field discoveries). The main drivers of growth will be the increase in gas volumes of the Zohr project in Egypt for which the relative capacity is already online, the start-up of Merakes in Indonesia and Coral LNG in Mozambique gas fields, the developments in the Norwegian offshore by our JV Vår Energi, the full-field development of Area 1 in Mexico and the Dalma Hub

and Sharjah gas initiatives in the United Arab Emirates. The planned development actions, together with a constant focus on efficiency, will allow us to reach a Brent capex coverage of 28 \$/bbl at the end of the plan, 10 \$/bbl less than the current level, while maintaining an adequate level of flexibility in the event of further shocks considering that more than 55% of our investments in the last two years of the plan are uncommitted.

The GGP business is expected to ensure stable cash flow over the four-year period by leveraging the integration with upstream and the monetization of our long-term gas supplies marketed in Europe. The main driver will be the development of LNG sales in the Middle/Far-East Asian premium markets with the aim of leverage a portfolio of contracted volumes of 14 MTPA in 2024. A growing part of LNG supplies that will cover 70% of the portfolio by 2024 will be equity gas from our production hubs in Indonesia, Mozambique, Nigeria, as well as Egypt where, thanks to the restructuring agreement of Union Fenosa Gas, we acquired an interest in the strategic LNG terminal of Damietta.

The operational program of Energy Evolution is based on the strategic guidelines of the development of renewable energy and the customer portfolio as well as the optimization of the industrial footprint, with cumulative investments of €7.9 billion over the four-year period.

R&M will gradually reduce exposure to the traditional oil scenario in Europe characterized by structural weaknesses due to excess capacity and decline in consumption and volatile margins. The main actions will be increasing the efficiency and flexibility of oil-based assets, maximizing the potential of the investment in ADNOC Refining thanks also to the new trading platform and the development of the green business.

The biorefining capacity is expected to double to 2 mmt tonnes/year by 2024. The production of biofuels will be increasingly sustainable due to the progressive elimination of the palm oil feedstock to the benefit of second generation oils not in competition with the food chain and others innovative feedstock (waste/residues) that will cover approximately 80% of the input by 2024. Service stations will be upgraded to enhance mobility services and expand the low carbon offer (methane, hydrogen and charging stations for electric vehicles).

Versalis will focus on a more sustainable chemistry, circular economy projects such as recycled plastics and niche products to reduce the portfolio's exposure to the volatility of the cost of oil-based feedstock and to commodities characterized by competitive pressure and unstable margins.

The combined-cycle gas-fired power generation plants will be managed to maximize their value by leveraging greater efficiency and flexibility and the decarbonization of production with targeted investments and in synergy with the Group's initiatives.

EGL will promote the growth and enhancement of the customer portfolio, leveraging integration with renewables, with the aim of exceeding 11 million supply points in 2024 and 15 million in 2030 thanks to an increasingly green offer and improving the consumer experience through innovation and digitalization. The other result drivers will be the expansion of extra commodity services, distributed photovoltaic generation and a constant focus on maintaining the efficiency of the operations.

The development of power generation capacity from renewable sources will take place both internally in synergy with our assets, and by harvesting the investment opportunities associated with our strategic partnerships: the JV with Falck Renewables for expansion into the US market, the alliance with "CDP per l'Italia", entry into Norwegian offshore wind and participation in the Dogger Bank wind project in the British North Sea. The goal is to reach 4 GW of installed capacity by 2024 and 15 GW by 2030.

In addition to the development of power generation capacity from renewable sources, our decarbonization strategy will leverage the drivers of energy efficiency, forestry projects and the deployment of our negative emission technologies. Investments in the enhancement of gas and the digitalization of operations allow us to confirm our medium-term objectives of decarbonization of the upstream with the elimination of routine gas sent to process flaring and a reduction of 43% of the emission intensity relative to fully-operated productions from 2025 onwards. We are convinced that forest conservation can make an important contribution to the climate objectives of the Paris Agreement as well as the UN SDGs.

In this context, a series of projects are currently being sanctioned in Africa, Central-South America and South-East Asia which, when fully operational over the next ten years, will guarantee a portfolio of emission credits that will offset more than 6 mmt tonnes of CO₂ by 2024 and more than 20 mmt tonnes by 2030, the latter target based on the need of zeroing the Scope 1 and 2 emissions of our upstream sector by 2030 (calculated referring to production based on Eni's working interest) and to contribute to offsetting the emissions from other sectors.

The projects at a pre-development stage related to geological carbon capture storage/reuse (CCS/CCU) are the fruit of our core expertise in geology and our research laboratory for innovative solutions for the benefit of

the climate. We estimate a potential for avoided emissions through geological capture or re-utilization corresponding to approximately 15 MTPA by 2030 (7 MTPA net to Eni) when our ongoing initiatives will be brought at scale, including the large operated projects such as CCS Adriatic Blue at Ravenna and Liverpool Bay in the UK where we will leverage our existing infrastructures and depleted fields, as well as the CO₂ biofixation and mineralization CCU projects, to obtain valuable products expected to be launched on a pilot scale respectively in 2022-2023 at our hubs in Gela and Ravenna.

Another driver of growth and improvement of our carbon footprint will be the circular economy projects in which we will invest a significant amount of resources. The main initiatives will concern the ramp-up of chemical production from mechanical recycling of used plastics, the construction of a pilot plant for the chemical recycling of Plasmix and the construction with start-up in 2024 in the Porto Marghera hub of an industrial plant for the treatment of solid urban waste with the obtainment of bio-oil for manufacturing green diesel, based on our proprietary Waste-to-Fuel technology. In addition, in Ravenna, in a depleted and cleaned-up site owned by the Company, we will build a supply chain in collaboration with Herambiente for the circular treatment of waste from environmental and industrial activities with ramp-up up to 60 ktonnes/year, with a clear improvement in sustainability and emissions.

Overall, in the next four years we expect a capex program of approximately €27 billion, of which approximately 20% relating to the business of the future (renewables and decarbonization/circular economy projects). Given the conservative scenario of a subdued recovery in the price of Brent oil up to 60 \$/barrel in 2023-2024, we expect to generate approximately €44 billion of operating cash flow before working capital to cover planned capex, working capital needs and the floor dividend, leaving a progressively wider margin of discretionary cash flow to support the variable component of the dividend and to retain a strong balance sheet.

Based on the Company's outlook and profitability prospects, we are able to improve the remuneration policy which provides for a floor dividend of €0.36 per share conditioned upon a Brent average of at least 43 \$/barrel in the reference year, compared to the previously set threshold of 45 \$/barrel, while a variable dividend is expected to be paid as an increasing percentage from 30 to 45% of the free cash flow generated in a scenario between 43 and 65 \$/barrel. In addition, a €300 million/year buy-back program will be reactivated with a Brent price between 56 and 60 \$/barrel, a lower level than the previous activation threshold. The buy-back will rise to €400 million/year from 61 \$/barrel and to €800 million/year from 66 \$/barrel, as already planned.

In conclusion, after having successfully managed the global crisis of the sector in 2020 thanks to the quality of our assets and the ability of the organization to adapt and react, Eni is now ready to face the challenges of the next decade, of the post-pandemic recovery and the energy transition, being able to count on a clear vision of the future evolution of the Company, robust emission targets consistent with the Paris agreements and a well-defined path of growth in decarbonized products, as well as a progressive reduction of the weight of fossil fuels in the production portfolio. Proprietary technologies, business integration, digitalization and our competences will be the driving force behind this evolution.

Finally, we would like to express particular thanks to the women and men of Eni who, despite the challenges of a dramatic year, have demonstrated, working remotely or at our production hubs, great teamwork, sense of duty and ability to adapt, guaranteeing the stability of the operations and reliability in supplies to communities, our customers and civil society ensuring continuity in a time of great upheaval.

March 18, 2021

Lucia Calvosa
Chairman



Claudio Descalzi
Chief Executive Officer and General Manager



Eni at a glance

"In a year like no other in the history of the energy industry, Eni has proven the robustness and flexibility of its business model by reacting swiftly and effectively to the extraordinary crisis context, while progressing the Company's irreversible path for the energy transition. In the space of a few months after the outbreak of the pandemic we reduced capital spending and limited the impact of the sharp drop in crude oil prices on the cash flow, strengthening our liquidity and preserving the robustness of our balance sheet. The upstream business is strengthening its recovery, while our businesses in the production and sale of decarbonized products achieved excellent results in the year, driven by a 17% Ebit increase from Eni gas e Luce, a 130% increase in biorefining processing and 1 GW of new solar and wind generation capacity already installed or sanctioned. We laid foundations for strong growth in renewables by entering two strategic markets, the US and the Dogger Bank wind project in the UK's North Sea offshore wind market, which will be the largest in the world in the sector. Through leveraging the actions we put in place, our 2020 adjusted cash flow of €6.7 billion was able to finance our capex, with a surplus of €1.7 billion. Net borrowings (before IFRS 16) are at the same level as at the end of 2019, and leverage is at around 30%".

Eni CEO Claudio Descalzi

€1.9 bln

Adjusted operating profit

€6.7 bln

Adjusted net cash before changes in working capital at replacement cost

€11.6 bln

Net borrowings

>35%

Net capex reduction vs. 2020 guidance



0.3

Leverage

-€1.9 bln

Opex reduction vs. pre-COVID-19 level

37.8

mmtonnes CO₂eq. GHG emissions Scope 1 -8% vs. 2019

1.5

mmtonnes CO₂eq. offset Forestry REDD+

Average Brent dated price (\$/BBL)

I quarter 2020	50.26
II quarter 2020	29.20
III quarter 2020	43.00
IV quarter 2020	44.23

PSV (€/kcm)

I quarter 2020	121
II quarter 2020	75
III quarter 2020	95
IV quarter 2020	156

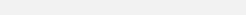
SERM (\$/BBL)

I quarter 2020	3.6
II quarter 2020	2.3
III quarter 2020	0.7
IV quarter 2020	0.2

Average exchange rate EUR/USD

I quarter 2020	1.103
II quarter 2020	1.101
III quarter 2020	1.169
IV quarter 2020	1.193

Capital expenditure (€ million)

		E&P	GGP	R&MandC	EGL, P&R	
2018		9,119	7,901	26	877	238
2019		8,376	6,996	15	933	357
2020		4,644	3,472	11	771	293

The trading environment in 2020 saw the largest drop in oil demand in history (down by 9% y-o-y) driven by the lock-down measures implemented globally to contain the spread of the COVID-19 pandemic, Eni has promptly defined actions, leveraging on the energy, resources and flexibility of the operations.

Management took decisive actions according to three priorities:

- **Health and safety of our people and asset integrity:** implemented initiatives to safeguard each of the 60 thousand people that work in Eni and with Eni, in all the work places and operational sites. Very quickly, smart working was adopted by 99% of Eni employees in the main offices and by 70% of people engaged in our operational sites. These measures allowed to ensure continuity, without operational interruptions and asset integrity.
- **Robustness of balance sheet:** during the pandemic peak, management took decisive actions to increase the financial resiliency and strengthen the balance sheet, defining clear priorities in cash allocation. The Company is set to resume growing once the macro backdrop normalizes. Revised the Company's strategy and plans for the short-to-medium term leveraging on a reduction of €8 billion in the outlays for expenses and capital expenditures in the two-year period 2020-2021, more exposed to the downturn, with the subsequent reshaping of the growth profile of production and the definition of a dividend policy based on a fixed component, subject to a continuous re-evaluation process, following the achievement of certain Eni's industrial targets and a variable component indexed to the scenario, in order to adapt the dividend to market volatility; the share buy-back program is temporarily suspended.
- **Organizational structure:** in June 2020, Eni created a new organizational setup by establishing two business groups: the Natural Resources business which has the task of valorizing the Oil & Gas portfolio in a sustainable way and of managing the energy efficiency activities, the projects of CO₂ capture; and the Energy Evolution business which has the task of managing the evolution of businesses of power generation, manufacturing and marketing of products from fossil to bio, blue and green. The two business groups will work in synergy with R&D and digitalization department to realize Eni's plans and achieve the decarbonization targets to 2050.

Thanks to these actions, notwithstanding the significant impact of pandemic crisis on Group's cash flow, in 2020 the adjusted cash flow of €6.7 billion was able to finance 100% of net organic capex lowered to €5 billion (down by 35% vs. the original budget at constant exchange rates) due to the implemented optimizations, with a surplus of €1.7 billion. Opex were reduced by €1.9 billion compared to the pre-COVID-19 level, of which about 30% is structural. As of December 31, 2020, leverage was confirmed at 0.3 and net borrowings were in line with the comparative period, also due to the issuance of two hybrid bonds for €3 billion.

2020: FAST REACTION TO COVID-19 CRISIS

PEOPLE HEALTH AND BUSINESS CONTINUITY

COSTS	PORTFOLIO	FINANCIALS
>35% capex reduction vs. original 2020 guidance -€1,9 bln cost savings vs. pre-COVID-19 level	FID rescheduling on large upstream projects Increased capex on green project	Leverage* in the comfort zone at about 0.3 First issuance of hybrid bonds of €3 bln
NEW COMPANY ORGANIZATION		
LONG-TERM DECARBONIZATION PLAN		

(*) Before IFRS 16.

FINANCIAL HIGHLIGHTS

		2020	2019	2018
Sales from operations	(€ million)	43,987	69,881	75,822
Operating profit (loss)		(3,275)	6,432	9,983
Adjusted operating profit (loss) ^(a)		1,898	8,597	11,240
Exploration & Production		1,547	8,640	10,850
Global Gas & LNG Portfolio		326	193	278
Refining & Marketing and Chemicals		6	21	360
Eni gas e luce, Power & Renewables		465	370	262
Adjusted net profit (loss) ^{(a)(b)}		(758)	2,876	4,583
Net profit (loss) ^(b)		(8,635)	148	4,126
Net cash flow from operating activities		4,822	12,392	13,647
Capital expenditure		4,644	8,376	9,119
of which: exploration		283	586	463
development of hydrocarbon reserves		3,077	5,931	6,506
Dividend to Eni's shareholders pertaining to the year ^(c)		1,290	3,078	2,989
Cash dividend to Eni's shareholders		1,965	3,018	2,954
Total assets at year end		109,648	123,440	118,373
Shareholders' equity including non-controlling interests at year end		37,493	47,900	51,073
Net borrowings at year end before IFRS 16		11,568	11,477	8,289
Net borrowings at year end after IFRS 16		16,586	17,125	n.a.
Net capital employed at year end		54,079	65,025	59,362
of which: Exploration & Production		45,252	53,358	50,358
Global Gas & LNG Portfolio		796	1,327	1,742
Refining & Marketing and Chemicals		8,786	10,215	6,960
Eni gas e luce, Power & Renewables		2,284	1,787	1,869
Share price at year end	(€)	8.6	13.9	13.8
Weighted average number of shares outstanding	(million)	3,572.5	3,592.2	3,601.1
Market capitalization ^(d)	(€ billion)	31	50	50

(a) Non-GAAP measures.

(b) Attributable to Eni's shareholders.

(c) The amount of dividend for the year 2020 is based on the Board's proposal.

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

SUMMARY FINANCIAL DATA

		2020	2019	2018
Net profit (loss)				
- per share ^(a)	(€)	(2.42)	0.04	1.15
- per ADR ^{(a)(b)}	(\$)	(5.53)	0.09	2.72
Adjusted net profit (loss)				
- per share ^(a)	(€)	(0.21)	0.80	1.27
- per ADR ^{(a)(b)}	(\$)	(0.48)	1.79	3.00
Cash flow				
- per share ^(a)	(€)	1.35	3.45	3.79
- per ADR ^{(a)(b)}	(\$)	3.08	7.72	8.95
Adjusted Return on average capital employed (ROACE)	(%)	(0.6)	5.3	8.5
Leverage before IFRS 16		31	24	16
Leverage after IFRS 16		44	36	n.a.
Gearing		31	26	14
Coverage		(3.1)	7.3	10.3
Current ratio		1.4	1.2	1.4
Debt coverage		29.1	72.4	164.6
Net Debt/EBITDA adjusted		174.1	100.7	45.2
Dividend pertaining to the year	(€ per share)	0.36	0.86	0.83
Total Share Return (TSR)	(%)	(34.1)	6.7	4.8
Dividend yield ^(c)		4.2	6.3	5.9

(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

		2020	2019	2018
Exploration & Production	(number)	9,815	10,272	10,448
Global Gas & LNG Portfolio		700	711	734
Refining & Marketing and Chemicals		11,471	11,626	11,457
Eni gas e luce, Power & Renewables		2,092	2,056	2,056
Corporate and other activities		7,417	7,388	7,006
Group		31,495	32,053	31,701

INNOVATION

		2020	2019	2018
R&D expenditure	(€ million)	157	194	197
First patent filing application	(number)	25	34	43

HEALTH, SAFETY AND ENVIRONMENT^(a)

		2020	2019	2018
TRIR (Total Recordable Injury Rate)	(total recordable injuries/worked hours) x 1,000,000	0.36	0.34	0.35
employees		0.37	0.21	0.37
contractors		0.35	0.39	0.34
Direct GHG emissions (Scope 1)	(mmtonnes CO ₂ eq.)	37.8	41.2	43.4
Indirect GHG emissions (Scope 2)		0.73	0.69	0.67
Indirect GHG emissions (Scope 3) other than those due to purchases from other companies ^(b)		185	204	203
Net GHG Lifecycle Emissions ^(b)		439	501	505
Net Carbon Intensity ^(b)	(gCO ₂ eq./MJ)	68	68	68
Net Carbon Footprint upstream (GHG emissions Scope 1 + Scope 2) ^(b)	(mmtonnes CO ₂ eq.)	11.4	14.8	14.8
Direct GHG emissions (Scope 1)/operated hydrocarbon gross production (upstream)	(tonnes CO ₂ eq./kboe)	20.0	19.6	21.4
Carbon efficiency index Group		31.6	31.4	33.9
Methane fugitive emissions (upstream)	(ktonnes CH ₄)	11.2	21.9	38.8
Volumes of hydrocarbon sent to routine flaring	(billion Sm ³)	1.0	1.2	1.4
Total volume of oil spills (>1 barrel)	(barrels)	6,789	7,265	6,687
of which: due to sabotage		5,831	6,232	4,022
operational		958	1,033	2,665
Freshwater withdrawals	(mmcm)	113	128	117
Re-injected production water	(%)	53	58	60

(a) KPIs refer to 100% of the operated assets, unless otherwise specified.

(b) KPIs are calculated on an equity basis.

OPERATING DATA

		2020	2019	2018
EXPLORATION & PRODUCTION				
Hydrocarbon production	(kboe/d)	1,733	1,871	1,851
Net proved reserves of hydrocarbons	(mmboe)	6,905	7,268	7,153
Reserve life index	(years)	10.9	10.6	10.6
Organic reserve replacement ratio	(%)	43	92	100
Profit per boe ^{(a)(c)}	(\$/boe)	3.8	7.7	6.7
Opex per boe ^(b)		6.5	6.4	6.8
Finding & Development cost per boe ^(c)		17.6	15.5	10.4
GLOBAL GAS & LNG PORTFOLIO				
Natural gas sales	(bcm)	64.99	72.85	76.60
of which: Italy		37.30	37.98	39.17
outside Italy		27.69	34.87	37.43
LNG sales		9.5	10.1	10.3
REFINING & MARKETING AND CHEMICALS				
Capacity of biorefineries	(mmtonnes/year)	1.1	1.1	0.4
Production of biofuels	(ktonnes)	622	256	219
Average biorefineries utilization rate	(%)	63	44	63
Retail market share in Italy		23.3	23.6	24.0
Retail sales of petroleum products in Europe	(mmtonnes)	6.61	8.25	8.39
Service stations in Europe at year end	(number)	5,369	5,411	5,448
Average throughput of service stations in Europe	(kliters)	1,390	1,766	1,776
Average oil refineries utilization rate	(%)	69	88	91
Production of petrochemical products	(ktonnes)	8,073	8,068	9,483
Average petrochemical plant utilization rate	(%)	65	67	76
ENI GAS E LUCE, POWER & RENEWABLES				
Retail gas sales	(bcm)	7.68	8.62	9.13
Retail power sales to end customers	(TWh)	12.49	10.92	8.39
Thermoelectric production		20.95	21.66	21.62
Power sales in the open market		25.33	28.28	28.54
Renewables installed capacity at period end	(MW)	307	174	40
Energy production from renewable sources	(GWh)	339.6	60.6	11.6

(a) Related to consolidated subsidiaries.

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

(c) Three-year average.

Stakeholder engagement activities

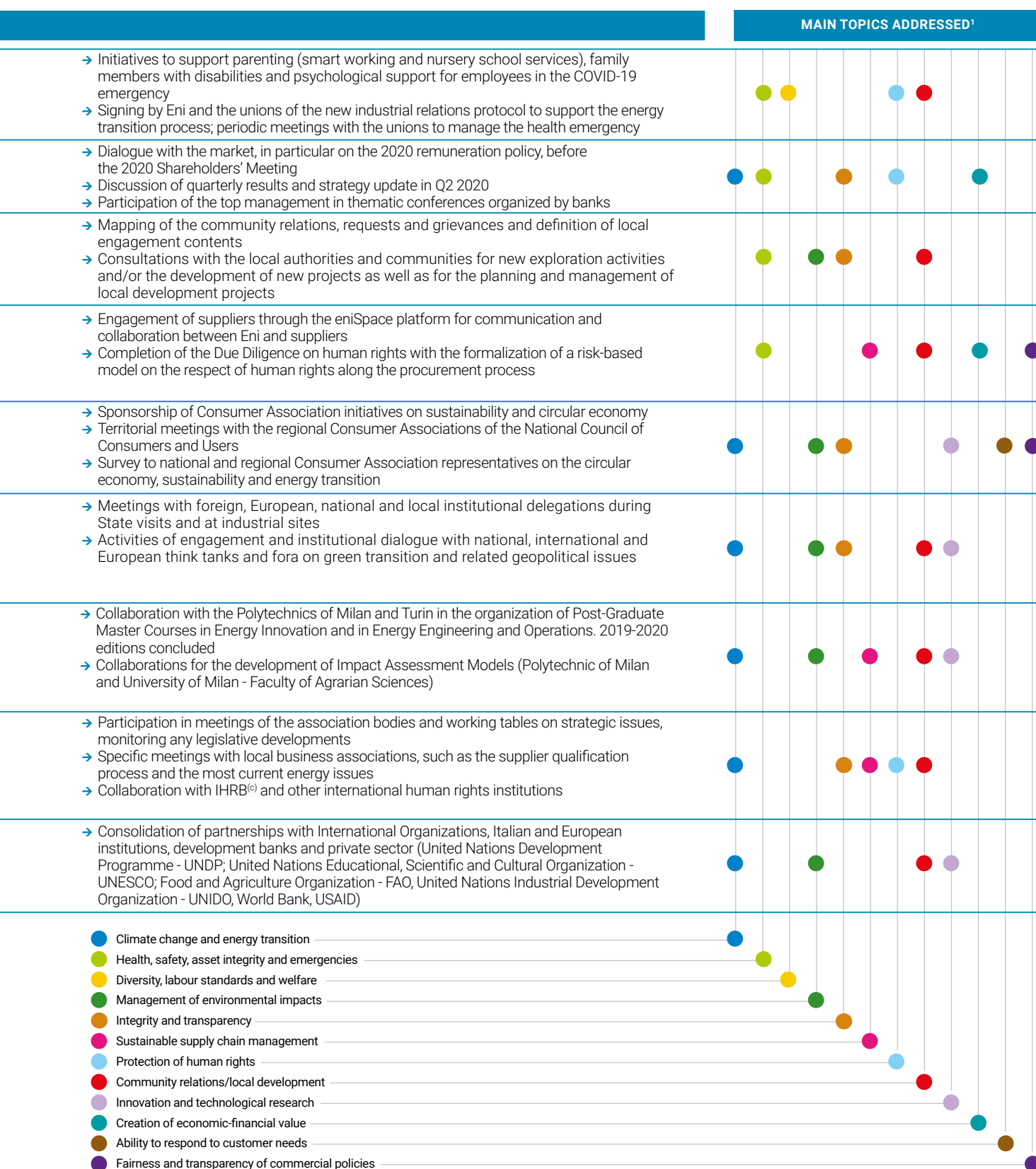
Operating in 68 Countries with different social, economic and cultural contexts, Eni considers the dialogue and the direct involvement of stakeholders fundamental elements for the creation of long-term value, in every phase of its activities. For Eni, openness to listening and mutual exchange, inclusion, understanding of stakeholders' points of view and expectations and the sharing of choices are fundamental elements for building relationships based on mutual trust, transparency and integrity. To improve the knowledge and understanding of the views and expectations of the multiple stakeholders, in the different operating sites, since 2018 Eni has been supported by an IT platform called Stakeholder Management System (SMS). Since 2020, the system has been in use in all Eni's-operated industrial activities sites, monitoring the relationship with about 4,000 stakeholders. The SMS allows to understand the specificities of the local contexts, the possible needs, critical issues and improvement areas, the main topics of interest, also identifying the potential impacts on Human Rights and the possible presence of vulnerable groups and areas listed as cultural and/or natural interest sites by UNESCO (WHS - World Heritage Sites).

STAKEHOLDERS CATEGORIES	MAIN STAKEHOLDER ENGAGEMENT ACTIVITIES
ENI'S PEOPLE AND NATIONAL AND INTERNATIONAL 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
FINANCIAL COMMUNITY	→ Presentation of the Long-Term Strategic Plan to 2050 and the 2020-23 Plan, followed by virtual Road-Show of the CEO and the top management at the main financial centres → Participation in ESG thematic conferences
LOCAL COMMUNITIES & COMMUNITY BASED ORGANIZATIONS	→ Involvement of more than 600 communities, including hosts (villages/ communities that host Eni's activities in their territory), transits (communities near pipelines), neighbouring (communities close to Eni activities in the territory, not directly impacted) and indigenous communities - close to Eni's operations
CONTRACTORS, SUPPLIERS AND COMMERCIAL PARTNERS	→ Publication and distribution of the Eni Suppliers Code of Conduct → Collaboration with suppliers for health emergency management → Launch of JUST (Join Us in a Sustainable Transition) initiative to involve suppliers in the energy transition process, placing sustainability in every phase of the procurement process
CUSTOMERS AND CONSUMERS	→ Meetings and workshops with Presidents, General Secretaries and Energy Managers of national and local Consumer Associations (AdC) on topics such as sustainability, circular economy, remediation, environmental restoration, energy saving, customer service and new business initiatives
DOMESTIC, EUROPEAN AND INTERNATIONAL INSTITUTIONS	→ Active participation in workshops and working tables, including technical and institutional ones, with local, national, European and international political and institutional representatives on energy, climate, sustainable development, research and innovation topics → Meetings with local, national, European and international political and institutional representatives on strategic issues
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^{a)} → Establishment with the CNR of 4 research centres in Southern Italy for sustainable environmental and economic development in Italy and worldwide
VOLUNTARY ADVOCACY AND CATEGORY ORGANIZATIONS AND INDUSTRY ASSOCIATIONS	→ Membership and participation in OGCI, IPIECA, WBCSD, UN GLOBAL COMPACT, CIDU, EITI and VPI^{b)} → Conferences, debates, seminars, events and training initiatives on sustainability issues (energy, circular economy, remediation, corporate social responsibility); implementation of guidelines and sharing of best practices
ORGANIZATIONS FOR COOPERATION AND DEVELOPMENT	→ Definition of new types of local development collaboration agreements → Consolidation of collaborations with civil society organizations, cooperation bodies and agencies and religiously inspired organizations (AMREF, AVSI, CUAMM, VIS, GHACCO, E4Impact Foundation, Don Bosco High School in Maputo, Diocese of Sekondi-Takoradi and Halo Trust Foundation)

a) Massachusetts Institute of Technology; National Research Council (Consiglio Nazionale delle Ricerche); National Interuniversity Consortium for Materials Science and Technology (Consorzio Interuniversitario Nazionale per la Scienza e Tecnologia dei Materiali); National Agency for new technologies, energy and sustainable economic development (Agenzia nazionale per le nuove tecnologie, l'energia e lo sviluppo economico sostenibile); National Institute of Geophysics and Volcanology (Istituto nazionale di geofisica e vulcanologia).

b) Oil and Gas Climate Initiative; World Business Council for Sustainable Development; Inter-ministerial Committee for Human Rights (Comitato Interministeriale dei Diritti Umani); Extractive Industries Transparency Initiative; Voluntary Principles Initiative.

c) Institute for Human Rights and Business.



(1) Highlighted the topics on which there was the most interaction during 2020.

Strategy

"Eni is strongly committed to continue to play a key role in sustainability and innovation, supporting social and economic development in all our activities.

Today we are taking another step forward in boosting our transformation. We commit to the full decarbonization of all our products and processes by 2050. Our plan is concrete, detailed, economically sustainable and technologically proven. Today we are also announcing the merge of our renewable and retail businesses. With this new entity, our large customer base will continue to grow in synergy with our renewable business.

Additionally, the combination of our biorefining and marketing businesses will play an important role in delivering sustainable mobility. These initiatives will greatly contribute to the decarbonization of our products, impacting positively on our customers.

Finally, thanks to a strong financial discipline and a resilient cash generation, we can upgrade our distribution policy reflecting the strategic progress of our plan".

Eni CEO Claudio Descalzi

Leading energy transition

Decarbonization of operations and products to deliver a mix of entirely decarbonized products

- Net Zero Emissions at 2050, introducing new targets for net absolute emissions (Scope 1, 2 and 3): -25% at 2030 vs. 2018 and -65% at 2040
- Net Zero Carbon Intensity by 2050: -15% at 2030, -40% in 2040



Stakeholder Value Creation

Enhanced remuneration policy

- Dividend floor set at €0.36 per share at 43 \$/bbl vs. the previous level of 45 \$/bbl
- €300 mln/year buy-back to re-start at 56 \$/bbl. Confirmed buy-back at €400 mln/year from 61 \$/bbl and €800 mln/year from 66 \$/bbl



Leveraging integration, diversification and expansion

of retail and renewables businesses, bio-products and circular economy.

Merge of retail and renewable businesses

- ↑ Accelerated growth of customer base to 15 million customers in 2030
- ↑ Growth of renewable installed capacity to 15 GW by 2030
- ↑ EBITDA will double in the plan to almost ~ €1bln in 2024

Financial robustness

to absorb price volatility. Selective growth, increased efficiency and right-sizing to ensure value and high returns in all activities.

- ↑ Reduction of group cash neutrality covering capex and dividend floor (€0.36 per share) below 40 \$/bbl over the four-year plan



Eni Group

€13 bln

Cash flow from operations by 2024

Exploration & Production

Hydrocarbon production

4 % CAGR 2020-2024

Global Gas & LNG Portfolio

14 mln ton/y

Contractual LNG volumes by 2024

Refining & Marketing

Biorefining capacity

2 mln ton/y

in 2024; +70% vs. 2020

Renewables

4 GW

installed capacity by 2024 with a four-year capex plan of €3.2 bln

Retail business

>11 mln customers

at 2024; +15% vs. 2020

Following the deep transformation of the Group which allowed to develop and diversify its portfolio aiming at strengthening the financial structure, Eni entered a new evolutionary phase of its business model.

Eni's organization has been reshaped by setting up two new Business Groups: Natural Resources, which will maximize the value of Eni's Oil & Gas upstream portfolio from a sustainable perspective and develop projects for forestry conservation (REDD+) and CO₂ capture, and the Energy Evolution which will focus on growing the businesses of power generation, transformation and marketing of products from fossil to bio, blue and green. This new organizational setup represents a fundamental step for the implementation of Eni's 2050 strategy which combines value creation, business sustainability and economic and financial robustness.

The defined strategy aims at facing a complex contest requiring a triple connected challenge:

- i) energy transition in progress;
- ii) efficient and sustainable management of traditional businesses ensuring high cash flow and returns and restructuring loss-making sectors;
- iii) increasing shareholders value.

To face this scenario, the strategy defined in Eni's industrial plan lays the foundation on three pillars:

- decarbonization of activities and products in line with the targets announced to the market;
- diversification and development of retail and renewable activities, bioproducts and circular economy;
- enhancement of resilience and flexibility of our asset portfolio to absorb price volatility through assets optimization, selective growth and overhead costs cut.

This strategy will be implemented by leveraging on know-how, proprietary technologies and innovation and will allow to seize new opportunities for development and efficiency, as well as to further improve safety at work and actively contribute to the achievement of the 17 SDGs, on which Eni's mission is founded.

The evolution of Eni's business portfolio will significantly impact on the reduction of the carbon footprint, whose targets have been relaunched targeting the achievement of carbon neutrality by 2050.

In particular, Eni will pursue a strategy aiming to:

- net zero emissions (Scope 1, 2 and 3) and net zero carbon Intensity by 2050, relating to the life cycle of sold energy products;
- strengthen its role as a global player in the energy market by leveraging the mix of portfolio activities increasingly balanced and integrated;
- maximize the flexibility of its business portfolio, able to react to external market factors and at the same time ready to maximize its opportunities;
- strengthen its proactive role in the energy supply chain by enhancing in the medium to long-term its low carbon technologies for the production of decarbonized energy carriers;
- create shareholders value through a progressive remuneration policy.

Confirmed and further improved intermediate targets to reach the complete carbon neutrality:

- net zero emissions (Scope 1, 2 and 3): -25% at 2030 vs. 2018 and -65% at 2040;
- net zero carbon intensity per unit of energy product sold: -15% at 2030 vs. 2018 and -40% in 2040;
- net zero carbon footprint (Scope 1 and 2) of upstream activities accounted on equity basis by 2030, set a new target to halve at 2024 vs. 2018;
- net zero carbon footprint by 2040 for Eni's Scope 1 and 2 emissions at 2040.

Breakdown by business segment

Long-term plan to 2050 and 2021-2024 action plan

EXPLORATION & PRODUCTION

Eni's upstream strategy aims at maximizing returns and cash generation by leveraging on the enhancement of the current asset portfolio, exclusively conventional, with lower break even, phased projects, accelerated time-to-market and limited exposure beyond the medium term.

The evolution of the production mix provides for the gas component to be 60% in 2030 and over 90% in 2050. Scope 1 and 2 emissions of upstream assets, calculated on the basis of equity production, are expected to be zero in 2030 by leveraging not only energy efficiency but also primary and secondary forest conservation projects ensuring the compensation of CO₂ emissions for about 20 million tons by 2030 and about 40 million tons per year by 2050.

The Group decarbonization targets will be reached through certain projects for the capture and geological sequestration of CO₂ with a target of about 50 million tons per year by 2050.

The 2021-24 action plan targets:

growing cash generation and progressive reducing cash neutrality reaching Brent prices lower than 30 \$/barrel by leveraging:

- 2020-2024 production growth: 4% average growth rate benefitting from projects already started up or expected to be started up in the four-year period;
- capital discipline: capex at approximately €4.5 billion on average in the next four-year period with high flexibility (being more than 55% uncommitted capex in the 2023-2024 period);
- further development of integrated initiatives with the Global Gas & LNG Portfolio segment to enhance gas equity volumes;
- maximizing efficiency and business continuity;
- enhancement and development of exploration, with the aim of discovering 2 billion boe of resources at a unit cost of 1.6 \$/barrel; exploration will be focused on areas not far from "near-field" production fields and existing or upcoming infrastructures.

Free cash flow generation will be enhanced by the transformation of the assets portfolio through the disposal of non-strategic assets or with a higher breakeven and the focalization on high cash-generating assets, the set-up of new business combinations like the Vår Energi one, to reduce financial indebtedness and allow a faster assets growth.

These actions will allow to reach a 2021-2024 cumulative organic free cash flow of more than €18 billion.

GLOBAL GAS & LNG PORTFOLIO

The Global Gas & LNG Portfolio (GGP) will be focused on marketing of all non-oil equity products of Eni Group: gas, biomethan, blue energy and hydrogen, progressively reducing the non-equity share.

In the plan period, GGP will progress on the renegotiation of long-term gas supply portfolio in order to align certain conditions to the even more market volatility, to optimize logistic by reducing costs and leveraging on assets flexibility to maximize sale margins.

The other driver supporting growth and value creation is the expansion in the LNG business through development in new premium and growing markets in the Middle East/Far East also exploiting the possible synergies with the legacy market in Europe and the increasing integration with the upstream business for the enhancement of gas equity.

The expected contracted LNG volume portfolio will be equal to 14 million tons/y in 2024 (up 45% vs. 2020) with a gas equity share higher than 70%.

The value creation will also leverage on the maximization of cash generation from international gas transport assets.

The aforementioned actions will allow to achieve a 2021-2024 cumulative free cash flow of €0.8 billion.

REFINING & MARKETING

The Refining & Marketing strategy is focused on the development of biorefinery capacity, expected to almost double to 2 million tonnes by 2024 and further grow to 5-6 million tonnes/y in 2050.

Biorefineries will benefit of second and third generation palm oil free in 2023. In the marketing business Eni intends to evolve the product mix marketed to our retail customers, with the aim to reach 100% of decarbonized products by 2050.

The 2021-2024 action plan targets:

- the optimization of traditional refining activities (leveraging system flexibility) as well as the full potential capacity of the Ruwais refining hub;
- the diversification through the enhancement of biorefining capacity up to 2 million tonnes in 2024, by zeroing the use of palm oil and growing to 80% the share of feedstock coming from waste & residues;
- the growth in European marketing activities by focusing on high margin segments, enhancing the offer of alternative fuels, the further development of non-oil services in the retail segment and, more generally, enlarging the sustainable mobility.

CHEMICALS

Eni's long-term strategy aims at significantly reduce the exposure of the chemical business to the cycle's and the feedstock volatility through the specialization of product portfolio and the development and integration of chemistry from renewables and from chemical/mechanical recycling.

The 2021-24 action plan targets:

- the progressive specialization of polymers vs. higher value-added products and extension of the downstream supply chain towards "compounding" to reduce margins volatility;
- the development of renewable chemicals with new processes and products;
- the increase of circular economy mainly mechanical and chemical recycling also through partnerships;
- the progressive reduction of GHG emissions, increasing energy efficiency.

ENI GAS E LUCE, POWER & RENEWABLES

The main strategic guidelines in the medium-long term provide for the synergic development of installed capacity for the production of renewable energy targeting 15 GW by 2030 and 60 GW by 2050 and the enhancement of retail customer base up to exceeding 20 million of customers by 2050 through the selection of areas of expansion in the renewables leveraging on the presence of our customers as well as the development of activities in Eni's countries of operation.

In 2050 Eni expects to supply to retail customers decarbonized products from its portfolio (energy from renewable sources and biomethane) and new generation services.

The 2021-24 action plan targets:

- the implementation of 4 GW of installed capacity by 2024, planning capex for €3.2 million in the plan period;
- the enhancement of Eni's customer base, which will grow to 11 million clients by 2024, also leveraging on the international diversification by entering the Iberian market;
- the focus on extra-commodity services and maximizing value from energy transition;
- the enhancement of power results thanks to power plants flexibility and efficiency and focused capex;
- identification and development of new low carbon technology solutions.

Main economic and financial data – 2021-2024 plan

The four-year capex plan focused on high-value fast-return projects, is expected to be €27 billion. This capital plan retains some degree of flexibility because about 55% of capex expected in 2023-2024 remain uncommitted.

The 65% of the group capex plan is expected to be focused on the upstream segment and is well diversified geographically thanks to developments in the Middle East, Africa and Mexico.

Eni's capex plan is a high value programme and is resilient even in a challenging scenario. The current portfolio of upstream projects in progress has a break even price of 28 \$/barrel by 2024 and an overall IRR of about 18%.

These projects remain competitive also at lower Brent prices scenario. In particular, assuming future scenario lower than 20%, the internal rate of return will reduce by 2 percentage points.

In line with the medium and long-term targets and to fuel the company's decarbonization process, Eni plans to investment over €4 billion in renewable sources, energy efficiency, circular economy and flaring down.

Regarding renewables projects the unlevered internal rate of return is between 6 and 9% and, through financing operations, it will be able to reach a double-digit level; while IRR for biorefineries is envisaged at 15%.

Assuming a Brent scenario progressively growing at 60 \$/barrel, cumulative cash flow ante working capital over the plan horizon is expected to be €44 billion, or €39 billion in a scenario of 50 \$/barrel flat.

Eni expects the coverage of capex and dividend floor of €0.36 per share at a Brent price below 40 \$/barrel in 2024, through the generation of organic cash flow.

The plan, in line with the updated remuneration policy, provides for a €0.36 per share when the annual Brent scenario is at least 43 \$/barrel and then it will increase as a growing percentage of the incremental free cash flow generated by price scenario.

Moreover, a €300 million share buy-back per year will restart in the case of a Brent price of 56 \$/barrel. Buy-back will rise to €400 million from 61 \$ to 65 \$/barrel and to €800 million/year from 65 \$/barrel.

Integrated Risk Management

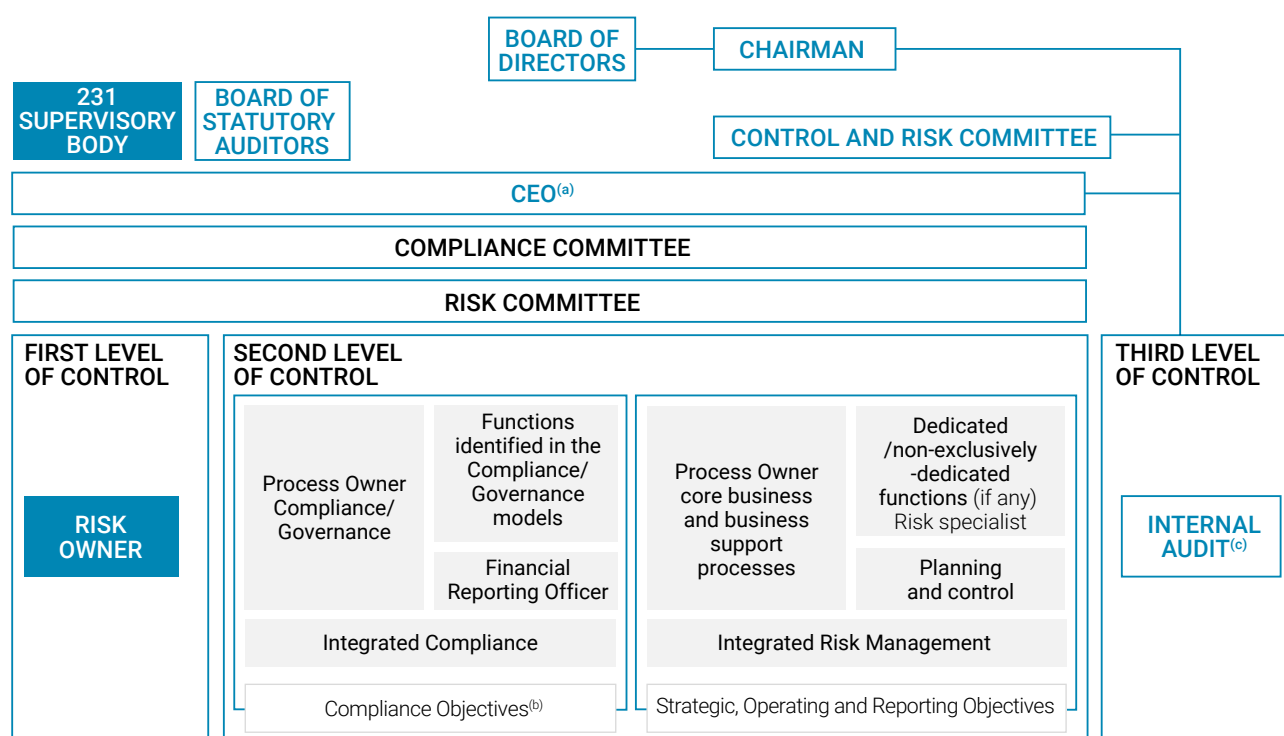


The Integrated Risk Management (IRM) process is aimed at ensuring that management takes risk-informed decisions, with adequate consideration of actual and prospective risks, including short, medium and long-term ones, within the framework of an organic and comprehensive vision.

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.

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 38), 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 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.



(a) Director in charge of the internal control and risk management system.

(b) Including objectives on the reliability of financial reporting.

(c) Director Internal Audit reports hierarchically to the Board of Directors, and on its behalf, to the Chairman, without prejudice to the provisions relating to its appointment, termination, remuneration and resources and his functional reporting to the Control and Risk Committee and to the CEO, as Director in charge of the internal control and risk management system.

For this purpose, Eni's CEO, 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 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 tools (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 analysis of the risk profile and business opportunities underlying the plan and the long-term development, as well as the identification of proposals for de-risking objectives and strategic treatment actions.

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; contract risk management and analysis 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 (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 and 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 the business. 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 2020, two assessment sessions were performed: the Annual Risk Profile Assessment performed in the first half of the year, involving 121 subsidiaries in 43 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 biological risk - COVID-19 pandemic considered both as a risk to people's health and as a systemic risk able to influence the Eni's risks portfolio, in particular, market, country and operational risks.

The two assessment results were submitted to Eni's management and control bodies in July and December 2020. 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 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, also through the development of a community of practice.

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).



Targets, risks and treatment measures

Strategic risk

SCENARIO

MAIN RISK EVENTS

Price Scenario, risk of unfavourable fluctuations in Brent and other commodities prices compared to planning assumptions.

TREATMENT MEASURES

- Actions aimed at improving the resilience (reduction of cash neutrality), flexibility (in terms of investment decisions) and efficiency (capital discipline and action on structural costs) of the company;
- alignment of the gas supply portfolio to market prices and related sales contracts with indexation to the main European hubs instead of oil-linked;
- renegotiation of gas supply portfolio to grant flexibility in gas offtakes;
- flexibilization of refining capacity and traditional electricity generation;
- maximization of biorefinery capacity;
- optimization of petrochemical plants.

Eni's target:



Company profitability



Corporate Reputation



Relationship with Stakeholders, Local development

Strategic risk

DECREASING DEMAND/ COMPETITIVE ENVIRONMENT

MAIN RISK EVENTS

Contraction in demand/Competitive environment relating to the market demand and supply imbalance or an increase in competitiveness leading to: i) reduction of sale volumes, ii) increase difficulties in defending customer base/develop growth initiatives, iii) generate adverse dynamics in the prices of finished products.

TREATMENT MEASURES

- Integration of midstream and upstream activities and portfolio management of gas equity volumes to facilitate the maximization of the relative value; identification of projects with low break even and fast time-to-market;
- consolidation of the market share in the retail sales in Italy and selective growth outside; evolution towards the Mobility Services station;
- differentiation of the portfolio towards petrochemical products with higher added value, extension of the downstream supply chain and development of chemicals from renewable;
- maximization of value and loyalty of the Gas & Power retail customer base;
- growth in renewable technologies through partnerships, also with operators with distinctive skills in the sector (for more innovative technological areas).

CLIMATE CHANGE

MAIN RISK EVENTS

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

TREATMENT MEASURES

- Structured governance with the central role of the Board in managing main issues connected with climate change, presence of specific committees;
- medium and long-term plan to 2050, which combines business development guidelines for progressive industrial transformation with ambitious targets for reducing GHG emissions associated with energy products sold by Eni as well as offsetting emissions;
- four-year plan with provision for each business of operational actions to support and implement the industrial transformation indicated in the medium and long-term plan;
- Inclusion of energy transition targets in management incentive scheme;
- leadership on climate-related financial disclosures and participation to international initiatives.

EXPOSURE TO LONG-TERM CONTRACTS (LONG-TERM SUPPLY GAS CONTRACTS)

MAIN RISK EVENTS

Referred to the possible mismatch of the cost of supply and the minimum take constraints envisaged by supply contracts with respect to current market conditions.

TREATMENT MEASURES

- Diversified supply portfolio and prices-volumes renegotiation;
- portfolio balancing with sales to hubs (in Italy and in Northern Europe) of volumes not for mainstream distribution channels;
- legal defense, continuous control of arbitration management and negotiations by dedicated organisational structures.

STAKEHOLDER

MAIN RISK EVENTS

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

TREATMENT MEASURES

- Integration of targets and sustainability projects (i.e. Community Investment) within the Strategic Plan and incentive program;
- focused communication plan and development of dialogue and discussion with local areas and communication initiatives aimed at spreading Eni's strategy and activities, also through social media with a mainly institutional target, as well as through an international cross-media distribution plan of media content targeted to brand reputation and recognition initiatives;
- 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.

Eni's target:



Company profitability



Corporate Reputation



Relationship with Stakeholders, Local development

External risk

BIOLOGICAL



MAIN RISK EVENTS

risk related to **the spread of pandemics and epidemics** and the deterioration of health infrastructure and health response capacity.

TREATMENT MEASURES

- Eni Crisis Unit's constant management and monitoring to align, coordinate and identify reactions;
- preparation and implementation of a plan to react to health emergencies (Medical Emergency Response Plan - MERP) to be adopted by all Eni subsidiaries and employers. The plan is also aimed at defining a business continuity plan;
- restrictive and preventive measures (also through alternative working methods) in offices and operating sites;
- coordination and centralization of protection and medical devices procurement;
- centralized management of international health emergency services.

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.

COUNTRY



MAIN RISK EVENTS

Political and social instability related to both political and social instability (in the Countries where the Group operates) and criminal/bunkering events against Eni and its subsidiaries, with potential repercussions in terms of lower production, project delays, potential damage to people and assets.

Global security risk relates to actions or fraudulent events which may negatively affect people and material and immaterial assets.

Credit and Financing risk related to the credit proceeds delay and the financial stress of the partners.

TREATMENT MEASURES

- Institutional relations with ministries/local authorities, commitment to respect for human rights;
- presence of a security risk management system supported by specific sites and Countries analysis of the preventive measures; implementation of emergency plans aimed at maximum safety of people and the management of activities and assets;
- signing of specific repayment plans for some Countries, using already tested contractual or financial instruments;
- demand for sovereign guarantees and letters of credit to protect credit positions.

ENERGY SECTOR REGULATION



MAIN RISK EVENTS

Impacts on the operations and competitiveness of the businesses associated with the evolution of the **energy sector regulation**.

TREATMENT MEASURES

- Control of legislative and regulatory evolution; dialogue with institutions to represent Eni's position;
- definition of strategic and operational actions in line with regulatory changes: the increase in refining capacity; the development of mechanical and chemical recycling, the use of feedstocks instead of palm oil, the development of biomethane, etc.



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

- Insurance coverage;
- real time monitoring for wells;
- proactive monitoring of accidental events with the identification of weak signals in the Safety Process;
- technological and operational improvements and Asset Integrity Management;
- rating of operators and vetting activities;
- continuous monitoring of technical and transport data;
- contract Risk Management (Pre/Post award);
- continuing education.

CYBER SECURITY

MAIN RISK EVENTS

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.

TREATMENT MEASURES

- 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; the enhancement of workstation protection systems for surfing the Internet and e-mail, and strengthening of monitoring following the intensive use of smart working due to the COVID-19 emergency;
- 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;
- strengthening of the corporate culture in the Cyber Security with particular focus to the behaviors to be adopted (e.g. safe smart working).

INVESTIGATIONS AND PROCEEDINGS

MAIN RISK EVENTS

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.

TREATMENT MEASURES

- Specialist assistance for Eni SpA and the Italian and foreign unlisted subsidiaries;
- continuous monitoring of regulatory developments and constant evaluation of the adequacy of existing presidium and control models;
- enhancement of the process of assigning and managing assignments to external professionals through new methods aimed at ensuring transparency and traceability;
- 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;
- constant discussion with the Ministry of the Environment on the authorization procedures as a part of remediation activities;
- continuous monitoring of the efficacy and efficiency of reclamation activities;
- focused communications;
- audit activities on compliance with anti-corruption regulations and 231 Legislative Decree.



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.

Furthermore, in line with the principles defined by the Board of Directors, Eni is committed to creating a Corporate Governance system inspired by criteria of excellence, also participating in initiatives to improve it. Among other initiatives, during 2020, Eni participated in initiatives supported by national and international bodies and associations, including the Enacting Purpose Initiative, promoted by the Saïd Business School of the University of Oxford, to explore the theme of the purpose of business in terms of sustainability (the "purpose").

On December 23, 2020, Eni's Board of Directors decided to adopt the new Corporate Governance Code 2020, with recommendations applying from January 1, 2021.

The new Code identifies "sustainable success" as the objective that must guide the action of the management body and which takes the form of creating long-term value for shareholders, taking into account the interests of other relevant stakeholders. Eni, however, has been considering the interest of stakeholders other than shareholders as one of the necessary elements Directors must evaluate in making informed decisions since 2006.

With this in mind, we consider ongoing, transparent communication with stakeholders an essential tool for better understanding their needs. It is part of our efforts to ensure the effective exercise of shareholders' rights.

In 2020 Eni continued to pursue a dialogue with the market on matters of governance and to seize the opportunities deriving from studies and experience at the international level, in spite of the complications associated with the health emergency which prevented more immediate contacts, in particular with reference to the shareholders' meeting. In any case, shareholders were granted all legal rights and additional information tools in order to allow the greatest possible involvement.

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

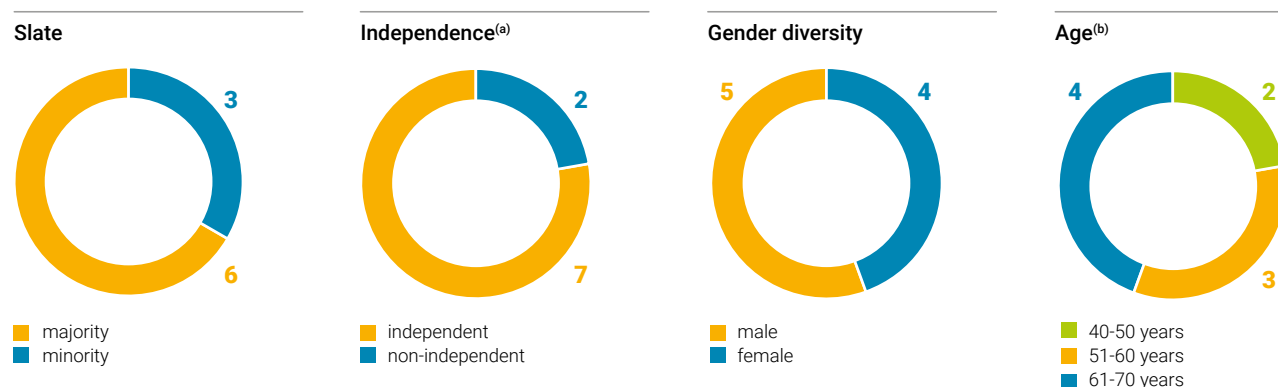
Eni's Board of Directors and Board of Statutory Auditors, and their respective Chairmen, are elected by the Shareholders' Meeting. To ensure the presence of Directors and Statutory Auditors selected by non-controlling shareholders a slate voting mechanism is used.

Eni's Board of Directors and Board of Statutory Auditors, whose term runs from May 2020 until the Shareholders' Meeting called to approve the 2022 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, experience and competence, also with reference to corporate strategies, the Compa-

(1) For more detailed information on the Eni Corporate Governance system, please see the Corporate Governance and Shareholding Structure Report drafted in accordance with Article 123-bis of Legislative Decree no. 58/1998 and published on the Company's website in the Governance section.

ny's transformation and energy transition. The outcome was a balanced and diversified Board of Directors. The Board of Statutory Auditors also prepared new shareholders' advice providing indications on the composition of the body in relation to the tasks it is called upon to perform. 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 latter was promptly amended to be compliant with the law in February 2020 in view of the renewal of the corporate bodies. In particular, for 6 consecutive terms the management and control bodies shall be composed of at least 2/5 of the less represented gender. Furthermore, based on the assessments carried out on May 14, 2020 on the appointment of the new bodies, 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 Bylaws and by corporate governance best practices.

COMPOSITION OF THE BOARD OF DIRECTORS



(a) Independence as defined by applicable law.

(b) Figures at December 31, 2020.

The structure of the Board of Directors

The Board of Directors appointed a Chief Executive Officer on May 14, 2020 and established four internal committees with advisory and recommendation functions: the Control and Risk Committee³, 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. In agreement with the Chief Executive Officer, the Chairman proposes the appointment, revocation and remuneration of its Head and the resources available to it, without prejudice to the support to the Board of the Control and Risks Committee and the Nomination Committee, to the extent of their competences,

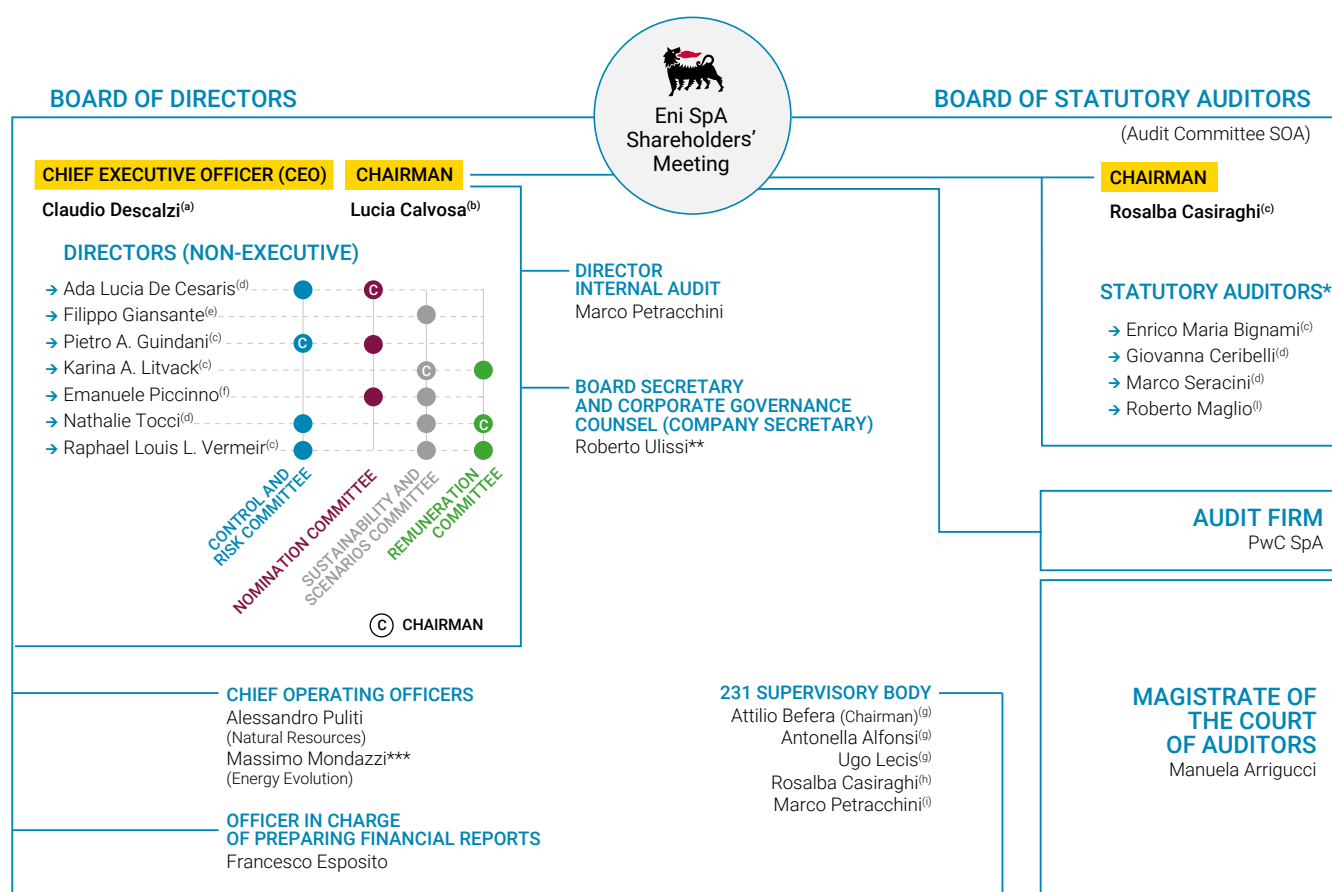
(2) Independence as defined by applicable law, to which the Eni By-laws refer. Under the Corporate Governance Code in force at the time, 5 of the 9 serving directors were independent.

(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 provision of the Corporate Governance Code 2018, confirmed by the new Corporate Governance Code, which recommends only one such member. In this regard, on May 14, 2020 the Eni Board of Directors determined that 2 of the 4 members of the Committee, including the Chairman, have the appropriate experience.

(4) In line with the Recommendation of the Corporate Governance Code 2018, confirmed by the new Corporate Governance Code, 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 May 14, 2020 the Eni Board of Directors determined that all three 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 and Corporate Governance Code.

and having heard the Board of Statutory Auditors, 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, appoints the Secretary, charged with providing assistance and advice to the Chairman, the Board of Directors and the individual directors⁵. In view of this role, the Secretary, who reports to the Board of Directors and, on its behalf, to the Chairman, must also meet professional requirements, as provided for in the Corporate Governance Code, while the Chairman oversees his independence.

The following chart summarises the Company's corporate governance structure as at December 31, 2020:



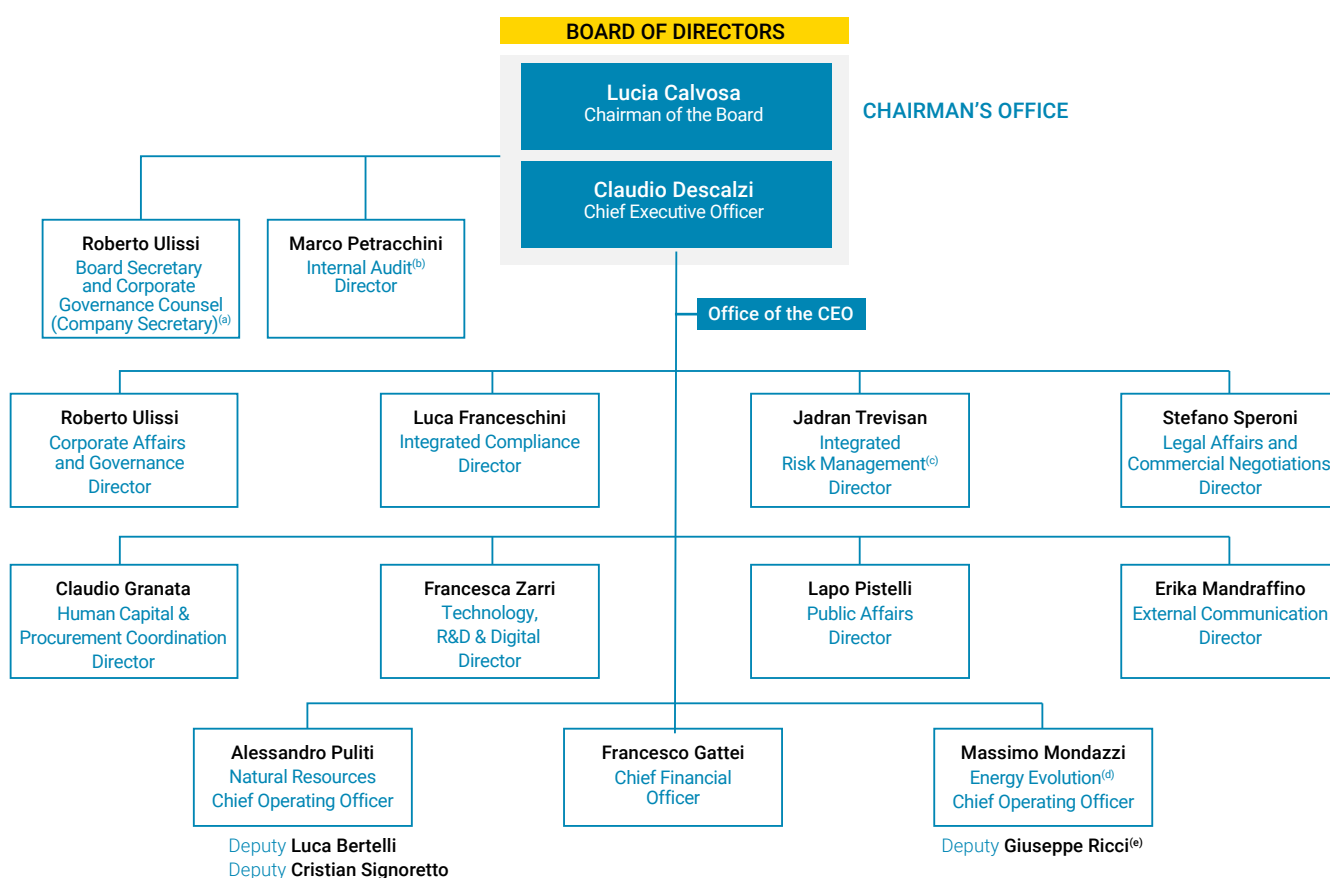
- (a) Member appointed from the majority list.
 (b) Member appointed from the majority list non-executive and independent pursuant to law.
 (c) Member appointed from the minority list and independent pursuant to law and 2018 Corporate Governance Code.
 (d) Member appointed from the majority list and independent pursuant to law and 2018 Corporate Governance Code.
 (e) Member appointed from the majority list, non-executive.
 (f) Member appointed from the majority list, non-executive and independent pursuant to law.
 (g) External member.

- (h) Chairman of the Board of Statutory Auditors.
 (i) Internal Audit Director.
 (l) Roberto Maglio - Alternate Auditor appointed from the majority list, replaced Standing Statutory Auditor Mario Notari from September 1st, 2020.

- * Alternate Auditor: Claudia Mezzabotta - Member appointed from the minority list.
 ** Also Corporate Affairs and Governance Director.
 From January 1st, 2021 the Secretary and Board Counsel is Luca Franceschini, also Integrated Compliance Director.
 *** From January 1st, 2021 the Chief Operating Officer Energy Evolution is Giuseppe Ricci.

(5) The Charter of the Board Secretary and Board Counsel 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 December 31, 2020:



(a) He reports hierarchically and functionally to the Board of Directors and, on its behalf, to the Chairman. From 1st January 2021 the Board Secretary and Counsel is Luca Franceschini, Director Integrated Compliance.

(b) The Internal Audit Director reports hierarchically and functionally to the Board and, on its behalf, to the Chairman, without prejudice to its functional dependence on the Control and Risk Committee and on the CEO (in his capacity as director in charge of the internal control and risk management system).

(c) From 1st January, 2021 the Integrated Risk Management Director is Grazia Fimiani.

(d) From January 1st, 2021 the Chief Operating Officer Energy Evolution is Giuseppe Ricci.

(e) Since 31 December, 2020.

Decision making

The Board of Directors entrusts the management of the Company to the Chief Executive Officer, while retaining key strategic, operational and organizational powers for itself, especially as regards governance, sustainability⁽⁶⁾, internal control and risk management.

Organizational arrangements

In recent years, the Board of Directors has devoted special attention to the Company's organizational arrangements, including 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 function, also reporting to the Chief Executive Officer, separate from the Legal unit. Furthermore, in June 2020, the Board redefined the organizational structure of the Company with the establishment of two General Departments (Energy Evolution and Natural Resources), launching a new structure consistent with the corporate mission and functional to the achievement

(6) 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.

of strategic objectives. Among the Board of Directors' most important duties is the appointment of people to key management and control positions in the Company, such as the officer in charge of preparing financial reports, the Head of Internal Audit, the members of the Watch Structure. In performing these duties, the Board of Directors is supported by 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, also through individual members, at meetings of the Control and Risk Committee thus ensuring the timely exchange of key information for the performance of their respective duties.

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

Ongoing training and self-assessment

On an annual basis, the Board of Directors 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 completed five times in the last nine years and started, most recently, in conjunction with the Board Review 2020, 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 2020. 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. During 2020, following the appointment of the Board of Directors and the Board of Statutory Auditors, numerous induction sessions were held open to Directors and Statutory Auditors, in the context of meetings of both the Board and the Board of Statutory Auditors and the Board Committees, on issues under the remit of the Committees themselves. In particular, the issues addressed include those relating to the corporate structure and its business model, Eni's mission and decarbonization path, sustainability, governance, compliance, the internal control and risk management system, accounting and tax issues, remuneration policy and human capital.

The governance of sustainability

Eni's governance structure reflects the Company's willingness to integrate sustainability, including in the form of "sustainable success" as outlined in the new Corporate Governance Code, 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.

(7) For more information on the Board Review process, see the section devoted to that process in the 2020 Corporate Governance and Shareholding Structure Report.

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 future⁸.

In this regard, it should be noted that the self-assessment process relating to the last year of the term, carried out with the support of an independent external consultant and completed in February 2020, also with a view to the definition of the guidelines on the composition of the future board⁹, provided the Directors with the opportunity to reflect specifically on climate change and the role of the Board in relation to this future challenge. The Board appeared to be fully aware of the impact of climate change on Eni's activities and confirmed in general that it was adequately informed on the main aspects, including regulatory ones. The Directors shared the Board's role in defining a governance oriented towards the goal of combating climate change, also with respect to monitoring the road map of the Group's commitments in this respect, and the constant assessment of associated risks and opportunities.

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 2019 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.

THE MAIN SUSTAINABILITY ISSUES ADDRESSED BY THE BOARD IN 2020

- 2020 Financial sustainability strategy and sustainability reporting
 - 2019 Sustainability Report: "Eni For"
 - Update of the UK Modern Slavery Act statement
 - 2019 financial statements, including the consolidated Non-Financial Statement
 - The Remuneration Report, including sustainability targets in the definition of performance plans
 - 2019 HSE Report
 - Four-year and long-term Plan (including non-financial targets)
-

Further issues were addressed in the context of the induction activities mentioned above: in particular, in addition to the issues already mentioned, among other things, issues relating to the anti-corruption compliance program, the Code of Ethics, succession plans, of technical professionalism and the evolution of skills in Eni.

(8) For further information on the role of the Board of Directors in the process of energy transition and the pursuit of sustainable success, see the section of this Report relating to the Consolidated Non-Financial Statement, pursuant to Legislative Decree no. 254/2016.

(9) On the basis of the results of the self-assessment process, the outgoing Board prepared an advice to the Shareholders on the composition of the future Board which highlighted the advisability of including members with, among other things, skills and experience to fully understand the decarbonization process as well as, with specific reference to the issue of the energy transition and its centrality in Eni's strategic plan, the importance of professionalism with experience in contexts of strategic change of similar complexity on a global scale, and "Soft skills" such as the ability to integrate sustainability issues into the business vision.

Thanks to the growing commitment to transparency and to the business model built by Eni in recent years to create long-term sustainable value, Eni's stock has achieved the top positions in the most popular ESG ratings and confirmed its presence in the main ESG indices¹⁰.

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 model¹¹.

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 is functional for sustainable success of the Company. It is established in accordance with the Governance model adopted 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%), focused on safety and reduction of GHG emission intensity (direct and indirect), as well as a new target related to the increase of renewables installed capacity (weight 12.5%), in place of the target connected to the explorative resources.

The 2020-2022 Long-Term Equity Incentive Plan includes 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.

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 a set of rules, procedures and organizational structures aimed at allowing an effective identification, measurement, management and monitoring of the main risks, in order to contribute to the sustainable success of the Company.

(10) For timely updates on ESG indices and ratings of relevance to the financial markets, please refer to the Shareholder Relations page of the 2020 Corporate Governance Report and to the Investor Relations page of the site.

(11) For more information on the Committee activities in 2020, please see the relevant section in the 2020 Corporate Governance Report.

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

(13) For more information, please see the 2020 Corporate Governance Report.

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 other third parties working with or in name or for the interest of Eni.

Eni has adopted rules for the integrated governance of the internal control and risk management system, the guidelines of which were approved by the Board.

Furthermore, on adopting the new Corporate Governance Code, Eni's Board of Directors established various actions and application and improvement methods to comply with the recommendations on the internal control and risk management system, already generally accepted as in line with the best practices of corporate governance¹⁴.

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 unit.

Furthermore, 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, Chief Financial Officer (CFO) and Head of Accounting and Financial Statements and budget manager, in his capacity as officer in charge of preparing financial reports, are responsible for planning, establishing and maintaining the internal control system for financial reporting. 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.

(14) For more information, please see the 2020 Corporate Governance Report.

Natural Resources



The Natural Resources Business Group is committed to build up in a sustainable way, the value of Eni's Oil & Gas upstream portfolio, with the objective of reducing its carbon footprint by scaling up energy efficiency and expanding production in the natural gas business, and its position in the wholesale market. Furthermore, it is focused on the development of projects of capture and compensation of CO₂ emissions and forests conservation (REDD+). The Business Group, in addition to the Exploration & Production business, includes also the result of natural gas wholesale marketing and LNG, and the activities of environmental reclamation and requalification implemented by the subsidiary company Eni Rewind.



€1.55 bln

Exploration & Production
Adjusted operating profit

€326 mln

GGP Adjusted operating
profit **+69% vs. 2019**
higher than expected

1.73 mln
boe/day

Hydrocarbon production
in line with the guidance
revised in response to COVID-19

400 mln boe

New equity exploration
resources at a competitive
unit cost of 1.6 \$/boe

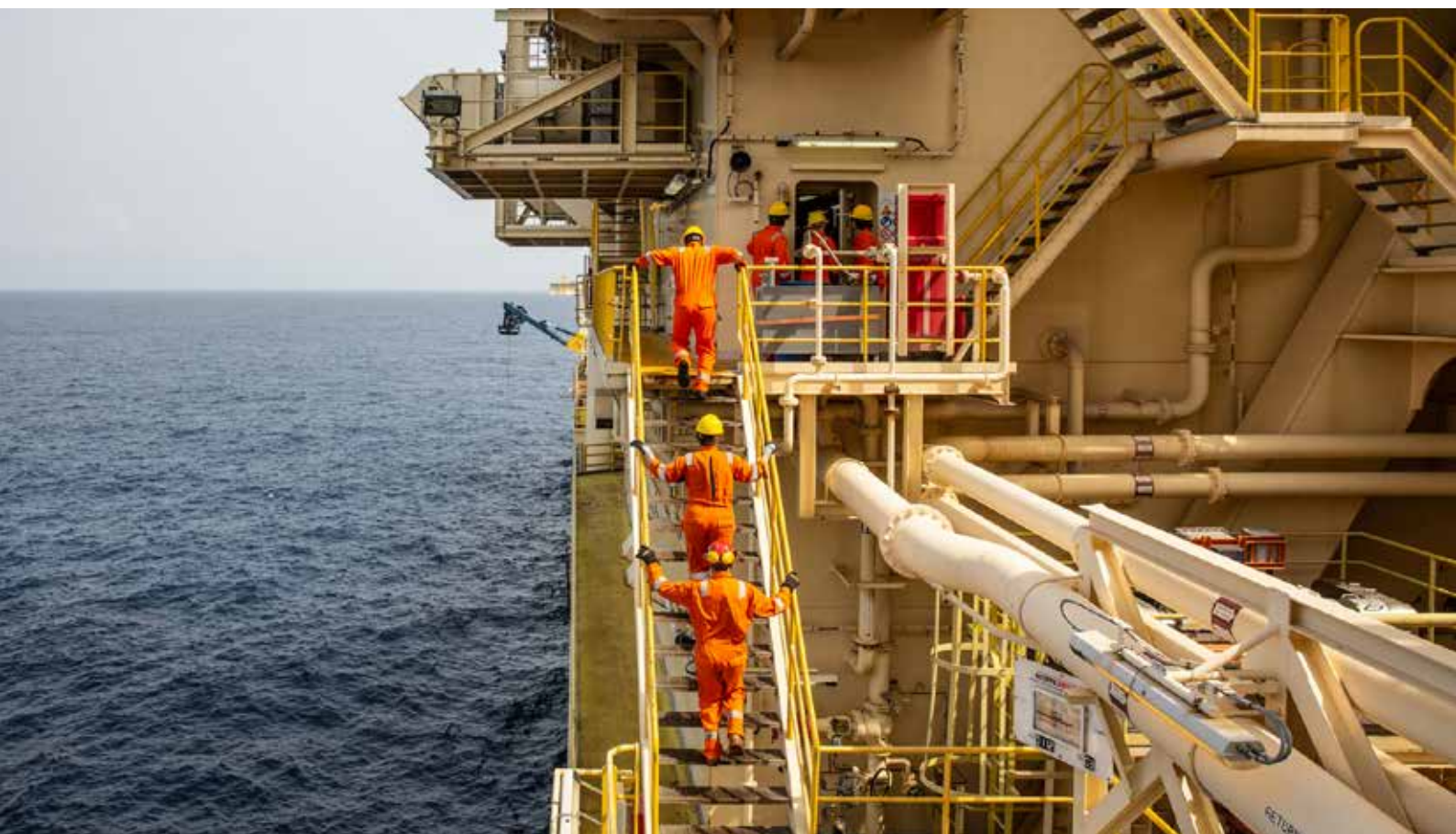
1.5 mln
tons CO₂eq.

Offset emissions
by the Forestry REDD+

11.4 mln
tons CO₂eq.

Net Carbon footprint upstream
-23% vs. 2019

Exploration & Production



1.73 mmboe/d

Hydrocarbons production in line with the guidance updated following to the COVID-19 pandemic

6.9 bboe

Net proved reserves in 2020
96% three-year average
all sources replacement ratio

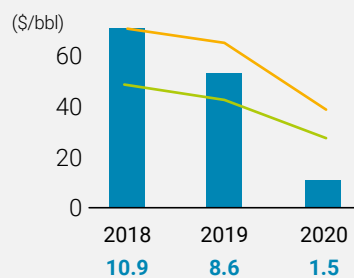
400 mmboe

New equity resources discovered at a competitive cost of 1.6 \$/barrel

1.5 mmtonnes CO₂eq.

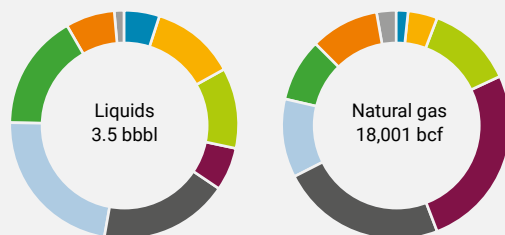
Offset emissions by the Forestry REDD+

Scenario vs. Performance



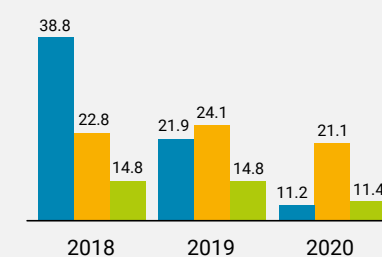
■ Adjusted operating profit (€ bln)
— Brent
— Eni - average hydrocarbon realization

Reserves 2020



■ Italy
■ Rest of Europe
■ North Africa
■ Egypt
■ Sub-Saharan Africa
■ Kazakhstan
■ Rest of Asia
■ Americas
■ Australia and Oceania

Towards net zero emissions



■ Methane fugitive emissions (kt CH₄)
■ Direct GHG emissions (Scope 1) (mmtonnes CO₂eq.)
■ Net Carbon Footprint upstream (mmtonnes CO₂eq.)

KEY PERFORMANCE INDICATORS

		2020	2019	2018
TRIR (Total Recordable Injury Rate)	(total recordable injuries/worked hours) X 1,000,000	0.28	0.33	0.30
of which: employees		0.18	0.18	0.29
contractors		0.31	0.37	0.30
Profit per boe ^{(a)(b)}	(\$/boe)	3.8	7.7	6.7
Opex per boe ^(c)		6.5	6.4	6.8
Cash flow per boe		9.8	18.6	22.5
Finding & Development cost per boe ^{(b)(c)}		17.6	15.5	10.4
Average hydrocarbon realization		28.92	43.54	47.48
Hydrocarbons production ^(c)	(kboe/d)	1,733	1,871	1,851
Net proved hydrocarbons reserves	(mmboe)	6,905	7,268	7,153
Reserves life index	(years)	10.9	10.6	10.6
Organic reserves replacement ratio	(%)	43	92	100
Employees at year end	(number)	9,815	10,272	10,448
of which outside Italy		6,123	6,781	6,971
Direct GHG emissions (Scope 1) ^(d)	(mmtonnes CO ₂ eq.)	21.1	24.1	22.8
GHG emissions (Scope 1)/operated hydrocarbons gross production ^{(d)(e)}	(tonnes CO ₂ eq./kboe)	20.0	19.6	21.4
Methane fugitive emissions ^(d)	(ktonnes CH ₄)	11.2	21.9	38.8
Volumes of hydrocarbon sent to routine flaring ^(d)	(billion Sm ³)	1.0	1.2	1.4
Net Carbon Footprint upstream (GHG emissions Scope 1 + Scope 2) ^(f)	(mmtonnes CO ₂ eq.)	11.4	14.8	14.8
Oil spills due to operations (>1 barrel) ^(d)	(barrels)	882	988	1,595
Re-injected production water ^(d)	(%)	53	58	60

(a) Related to consolidated subsidiaries.

(b) Three-year average.

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

(d) Calculated on 100% operated assets.

(e) Hydrocarbon gross production from fields fully operated by Eni (Eni's interest 100%) amounting to 1,009 mmboe, 1,114 mmboe and 1,067 mmboe in 2020, 2019 and 2018, respectively.

(f) Calculated on equity basis and included carbon sink.

Performance of the year

- Total recordable injury rate (TRIR) was 0.28, down by 15%, confirming Eni's commitment to reduce injuries in each of its operations.
- Direct GHG emissions (Scope 1) of the operated assets reported a decrease of 12% for an activity declines due to sanitary emergency.
- Direct GHG emissions (Scope 1)/operated hydrocarbon gross production: increased by 2% vs. 2019 due to lower productions connected to the pandemic crisis and lower gas demand in Egypt, which productions are associated to a low emission intensity.
- Methane fugitive emissions of the operated assets were down by 49% from 2019 mainly due to the finalization of the monitoring and maintenance programs as well as production declines. The overall reduction with respect to 2014 is 90%, achieving in advance the 80% reduction target set by 2025.
- Net Carbon Footprint upstream (GHG emissions Scope 1 + Scope 2 accounted for on an equity basis) decreased by 23% compared to 2019 due to lower productions connected to the pandemic crisis, and first allowance of carbon credits to offset GHG emissions.
- Volumes of hydrocarbon sent to routine flaring of the operated assets decreased by 14% from 2019, thanks to the zero process flaring achieved in July in Angola, at the West Hub site, and the production shutdown due to force majeure at the Bu-Attifel and El-Feel fields in Libya.
- Oil spills due to operations: down by 10% compared to 2019 leveraging on to the technical measures adopted in the operating activities.

- Re-injected production water decreased from the full year of 2019 (down by 8.9%), due to the standstills occurred in Libya, as well as technical issues in Congo at the Loango and Zatchi fields and in Nigeria at the Ebocha field.
- In 2020, the E&P segment reported an adjusted operating profit of €1,547 million with a decrease of 82%, affected by a depressed scenario due to the COVID-19 pandemic which impacted both hydrocarbons realized prices and production. Particularly, lower sales volumes were driven by capex optimizations intended to preserve the Company's cash flows, from the production cuts implemented by the OPEC+ agreement and falling gas demand.
- Oil and natural gas production was 1.73 million of boe/d, down by 7% from 2019. Net of price effects, the decline was due to COVID-19 impacts and related OPEC+ production cuts, as well as lower gas demand, mainly in Egypt. Production start-ups/ramp-ups of 109 kboe/d and portfolio contributions in Norway were partly offset by lower volumes in Libya, driven mainly by an expected contractual trigger, as well as mature field declines.
- Net proved reserves at December 31, 2020 amounted to 6.9 bboe based on a reference Brent price of 41 \$/barrel. The all-sources replacement ratio was 43%; 96% three-year average all sources replacement ratio. The reserves life index was 10.9 years (10.6 years in 2019).

Path to decarbonization

- Within the Eni's long-term target to reach carbon neutrality, the projects in the start-up phase for the CO₂ geological capture and sequestration using depleted fields as well as reusing in other production cycle are the main decarbonization drivers in the upstream and other business. In particular Eni was awarded by the UK Oil and Gas Authority a license for building a carbon storage project in the Liverpool Bay supporting the decarbonization process in the North-West England and North Wales industrial areas. In Italy, Eni has launched a plan to build a hub for the capture and storage of CO₂ in depleted fields off the coast of Ravenna which will be designed to store more than of 500 mmtonnes/year. These projects are the fruit of Eni's core expertise and research for innovative solutions in order to tackle climate change. Leveraging on the development of CCS projects, the target is to reach a storage capacity of 7 mmtonnes/year in 2030.
- Launched initiatives focusing on the forest's protection, conservation and sustainable management, mainly in developing Countries, by means of the REDD+ projects, as a part of Eni's decarbonization process. In particular, in November 2020, was achieved the first allowance of carbon credits by the REDD+ Luangwa Community Forest Project (LCFP) to offset GHG emissions equivalent to 1.5 million tonnes of CO₂. Eni continues to evaluate further initiatives in different Countries by means of partnerships with governments and international players in Africa, Latin America and Asia. The long-term target is a progressive growth of these initiatives to support an annual carbon credit portfolio offsetting over 40 million tonnes of CO₂ by 2050.

Exploration activity

- Exploration activity achieved excellent results in 2020 despite the capex reduction of approximately 50% from 2019. Added 400 mmboe of new resources at a competitive cost of 1.6 \$/barrel. Exploration is still a distinctive approach of Eni's upstream model, maintaining a solid track record of production replacement with resources discovered equal to over 6 bboe in the last seven years, well above than the cumulative production in the period, at a unit cost lower than 1.5 \$/barrel.
- Achieved near-field exploration successes ensuring a fast contribution to cash flows. In this context, main near-field discoveries were in Egypt and then in Tunisia, Norway, Algeria and Angola, where the Ago-go appraisal well estimated 1 billion boe in place. Significant results reached also in frontier exploration area with the Mahani gas and condensate discovery in the onshore of the Emirate of Sharjah (UAE), just one year since the signing of the contracts, the appraisal of the Ken Bau field offshore Vietnam, which allowed to outline a giant field, and the Saasken discovery, offshore Mexico, which strenght Eni's activity in the Country. These exploration successes create opportunities to early monetization fuelling the dual exploration model.

- Reloading exploration portfolio in 2020. Acquired new acreage in Albania, Oman, the United Arab Emirates, Angola, Indonesia, Norway with JV Vår Energi, and Egypt covering approximately 23,600 square kilometers. In addition, renewed exploration licenses in Kenya, as part of long-term partnership with the Country for access to energy and decarbonization.
- In 2020 exploration expenses were €510 million (€489 million in 2019) and included the write-off of unsuccessful wells amounting to €314 million (€214 million in 2019), 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 Libya, the United States, Angola, Egypt, Oman, Mexico and Lebanon. In addition, 86 exploratory drilled wells are in progress at year-end (46.0 net to Eni).

Development activity

- Achieved production start-up of the following projects:
 - in Algeria, with the gas project in the Berkine North area (Eni's interest 49%) leveraging on a fast-track development;
 - in Congo, with the Nené Marine phase 2B project in the Marine XII block (Eni operator with a 65% interest);
 - in Angola, with the Agogo oil field in the operated offshore Block 15/06, in just 9 months from discovery, leveraging on the synergies with the existing FPSOs in the area;
 - in January 2021, in the onshore Sharjah Emirate, with start-up of the Mahani gas and condensate discovery in the Area B concession (Eni's interest 50%), just two years after signing the concession agreement and one year since discovery.
- Development expenditure amounted to €3.1 billion, directed mainly outside Italy, in particular in Egypt, Indonesia, the United Arab Emirates, the United States, Angola, Mexico, Iraq and Kazakhstan.
- In the year marked by the COVID-19 pandemic crisis, Eni implemented effective measures in several areas to protect the health of its employees and contractors and to manage the pandemic impact on local communities in Italy and abroad. Eni operated in synergy with governments, institutions, United Nations agencies and local and international NGOs to prevent and tackle the expansion of the COVID-19 pandemic. In particular, Eni provided protective and hygiene sanitary supplies, medical equipment for intensive care, activated awareness campaigns, sustained the logistics activities of the international Task Forces, as well as implemented initiatives in support of the most vulnerable populations. Furthermore, in the foreign Countries, Eni implemented different specific initiatives such as in the Luanda, Huila and Namibe area in Angola, in the Kailash department in Congo, at the Multi-Disciplinary Medical Center of Nur-Sultan in Kazakhstan, in the Maputo area in Mozambique and in the Tabasco area in Mexico.
- The Africa Program targets to contribute the local socio-economic development with initiatives to support economic diversification by means of training programs in the agricultural-food and agro-business areas and to facilitate access to the labor market in a path of economic growth, inclusive and sustainable at the same time, in line with the United Nations 2030 Agenda. In 2020, activities of the Pilot Project started up at the Okuafo Pa center, opened in 2019, in Ghana, in order to set-up the model to be replicated in other Countries. The project provides for defining to access micro-credit facilities and the use of funds, in cooperation with Cassa Depositi e Prestiti, and for the development of agricultural activities with the support of Bonifiche Ferraresi. During the year, 800 people benefited from the training program.
- In 2020, overall R&D expenditure amounted to €59 million (€71 million in 2019); a total of 8 new patents were filed. During the year the main technologies application concerned tools, software and hardware to improve and optimize energy and operational efficiency in production activities. In particular, technologies were applied to optimize the development and exploration drilling activities, such as in Mozambique, Mexico, Oman, Vietnam and Indonesia; application tools to enhance the efficiency of hydrocarbons production and transportation activities, such as in operated activities in Angola, Algeria and Egypt; technologies to guarantee efficient monitoring and asset integrity of plants, such as in Italy, Angola, Libya, Algeria, Egypt, Indonesia, Mexico and Ghana; as well as applications to reduce the exploration risk by means of tools to allow a better analysis of the subsoil, such as in Egypt, Vietnam, Mexico and Norway.

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 reserves 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 equity interest to total proved reserves of the contractual area, until expiration of the relevant mineral right. Eni's proved reserves entitlements under PSAs are calculated so that the sale of production entitlements cover expenses incurred by the Group for field development (Cost Oil) and recognize a share of profit 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) 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 rules¹. 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 other 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.

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

The head of the Reserves Department attended the "Politecnico di Torino" and received a Master of Science degree in Mining Engineering in 2000. He has more than 20 years of experience in the oil and gas industry. Staff involved in the reserves evaluation process fulfil the professional qualifications requested by the role and comply 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

Eni has its proved reserves audited on a rotational basis by independent oil engineering companies². 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, sales 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.

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 2020 Ryder Scott Company and DeGolyer and MacNaughton provided an independent evaluation of approximately 36%⁴ of Eni's total proved reserves at December 31, 2020⁵, confirming, as in previous years, the reasonableness of Eni internal evaluation⁶.

In the 2018-2020 three-year period, 92% of Eni total proved reserves were subject to an independent evaluation. As at December 31, 2020, Balder in Norway and Merakes in Indonesia were the main Eni property, which did not undergo an independent evaluation in the last three years.

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 2020 proved reserves were as follows:

	(mmboe)	Consolidated subsidiaries	Equity-accounted entities	Total
Estimated net proved reserves at December 31, 2019		6,287	981	7,268
Extensions, discoveries, revisions of previous estimates and improved recovery, excluding price effect	220	57		277
Price effect	18	(24)		(6)
Reserve additions, total	238	33		271
Production of the year	(541)	(93)		(634)
Estimated net proved reserves at December 31, 2020		5,984	921	6,905
Reserves replacement ratio, all sources	(%)			43

Net proved reserves as of December 31, 2020 were 6,905 mmboe, of which 5,984 mmboe of consolidated subsidiaries. Net additions to proved reserves were 271 mmboe (included the effect an updating of the natural gas conversion factor; up by 67 mmboe) and derived from:

- (i) extensions and discoveries were up by 47 mmboe, mainly due to the final investment decision made for the Bredaiblikk project in Norway and the Mahani field in the United Arab Emirates. This field started-up in January 2021;

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

(3) The reports of independent engineers are available on Eni website eni.com section Publications/Annual Report 2020.

(4) The share of reserve subjected to independent evaluation increases to 37% also including the third-party evaluation provided by the Gaffney Cline company on the reserves of the Angola LNG project (Eni's interest 13.6%) required by the shareholders of the consortium operating company.

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

(6) The reports of independent engineers are available on Eni website eni.com section Publications/Annual Report 2020.

(ii) revisions of previous estimates were up by 219 mmboe, and mainly derived from the progress in development activities of several fields, including Zubair in Iraq, Kashagan and Karachaganak in Kazakhstan and Merakes in Indonesia;

(iii) improved recovery of 5 mmboe mainly related to the Burun project in Turkmenistan.

Net additions were marginally impacted by negative price effects of 6 mmboe in 2020. The decrease of Brent reference price used in the reserve estimation process (down to 41 \$/barrel in 2020 compared to 63 \$/barrel in 2019) leading to reduce proved reserves by 124 mmboe, due to the removal of volumes of reserves which have become uneconomical in this environment. There was also an offsetting positive addition due to net higher reserves entitlements under PSA contracts of 118 mmboe because of the cost recovery mechanism.

The organic and all sources reserves replacement ratio⁷ was 43%.

The reserves life index was 10.9 years (10.6 years in 2019).

For further information, please see the additional information on Oil & Gas producing activities required by the SEC in the notes to the consolidated financial statements.

PROVED UNDEVELOPED RESERVES

Proved undeveloped reserves as of December 31, 2020 totaled 2,005 mmboe, of which 1,064 mmbbl of liquids mainly concentrated in Africa and Asia and 4,992 bcf of natural gas mainly located in Africa. Proved undeveloped reserves of consolidated subsidiaries amounted to 837 mmbbl of liquids and 4,703 bcf of natural gas. Movements in Eni's 2020 proved undeveloped reserves were as follows:

(mmboe)	
Proved undeveloped reserves as of December 31, 2019	2,114
Additions	(206)
Extensions and discoveries	40
Revisions of previous estimates	53
Improved recovery	4
Proved undeveloped reserves as of December 31, 2020	2,005

In 2020, Eni matured 206 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 in Egypt, Zubair in Iraq, Area 1 in Mexico, Umm Shaif/Nasr concession in the United Arab Emirates and Karachaganak in Kazakhstan.

For further information, please see the additional information on Oil & Gas producing activities required by the SEC in the notes to the consolidated financial statements.

In 2020, capital expenditures amounted to approximately €4.2 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 0.5 bboe of proved undeveloped reserves have remained undeveloped for five years or more at the balance sheet date and unchanged from 2019. 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 (0.15 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 kboe/d;
- (ii) certain Libyan gas fields (0.25 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;
- (iii) other fields in Italy and Egypt (0.1 bboe), where development activities are in progress.

(7) 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..

ESTIMATED NET PROVED HYDROCARBONS RESERVES^(a)

	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmboe)	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmboe)	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmboe)
Consolidated subsidiaries	2020			2019			2018		
Italy	178	348	243	194	752	333	208	1,199	428
Developed	146	280	199	137	657	258	156	980	336
Undeveloped	32	68	44	57	95	75	52	219	92
Rest of Europe	34	208	73	41	262	89	48	320	106
Developed	31	194	68	37	242	82	44	300	99
Undeveloped	3	14	5	4	20	7	4	20	7
North Africa	383	2,201	798	468	2,738	974	493	2,890	1,022
Developed	243	1,014	434	301	1,374	553	317	1,447	582
Undeveloped	140	1,187	364	167	1,364	421	176	1,443	440
Egypt	227	4,692	1,110	264	5,191	1,225	279	5,275	1,246
Developed	172	4,511	1,022	149	4,777	1,033	153	3,331	764
Undeveloped	55	181	88	115	414	192	126	1,944	482
Sub-Saharan Africa	624	3,864	1,352	694	4,103	1,453	718	3,506	1,361
Developed	469	1,751	799	519	1,858	863	551	1,871	895
Undeveloped	155	2,113	553	175	2,245	590	167	1,635	466
Kazakhstan	805	2,003	1,182	746	1,969	1,108	704	1,989	1,066
Developed	716	2,003	1,093	682	1,969	1,046	587	1,846	925
Undeveloped	89		89	64		62	117	143	141
Rest of Asia	579	1,589	879	491	1,349	742	476	1,217	700
Developed	297	674	424	245	685	372	252	822	403
Undeveloped	282	915	455	246	664	370	224	395	297
Americas	224	175	256	225	240	268	252	277	302
Developed	143	109	162	148	186	182	143	154	170
Undeveloped	81	66	94	77	54	86	109	123	132
Australia and Oceania	1	474	91	1	507	95	5	651	125
Developed	1	315	60	1	322	61	5	452	87
Undeveloped		159	31		185	34		199	38
Total consolidated subsidiaries	3,055	15,554	5,984	3,124	17,111	6,287	3,183	17,324	6,356
Developed	2,218	10,851	4,261	2,219	12,070	4,450	2,208	11,203	4,261
Undeveloped	837	4,703	1,723	905	5,041	1,837	975	6,121	2,095
Equity-accounted entities									
Rest of Europe	400	510	496	424	772	567	297	360	363
Developed	176	415	254	219	597	330	154	276	205
Undeveloped	224	95	242	205	175	237	143	84	158
North Africa	12	14	14	12	14	16	11	14	14
Developed	12	14	14	12	14	16	11	14	14
Undeveloped									
Sub-Saharan Africa	18	364	87	10	287	63	12	310	68
Developed	15	170	47	7	88	23	8	57	17
Undeveloped	3	194	40	3	199	40	4	253	51
Americas	30	1,559	324	31	1,648	335	37	1,716	352
Developed	30	1,559	324	31	1,648	335	32	1,716	347
Undeveloped							5		5
Total equity-accounted entities	460	2,447	921	477	2,721	981	357	2,400	797
Developed	233	2,158	639	269	2,347	704	205	2,063	583
Undeveloped	227	289	282	208	374	277	152	337	214
Total including equity-accounted entities	3,515	18,001	6,905	3,601	19,832	7,268	3,540	19,724	7,153
Developed	2,451	13,009	4,900	2,488	14,417	5,154	2,413	13,266	4,844
Undeveloped	1,064	4,992	2,005	1,113	5,415	2,114	1,127	6,458	2,309

(a) Effective January 1, 2020, the conversion rate of natural gas from cubic feet to boe has been updated to 1 barrel of oil = 5,310 cubic feet of gas (it was 1 barrel of oil = 5,408 cubic feet of gas).

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 623 mmboe from producing assets located mainly in Algeria, Australia, Egypt, Ghana, Indonesia, Kazakhstan, 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 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 93% of delivery commitments. Eni has met all contractual delivery commitments as of December 31, 2020.

OIL AND GAS PRODUCTION

In 2020, oil and natural gas production averaged 1,733 kboe/d, down by 7% from 2019. Net of price effects, the decline was due to COVID-19 impacts and related OPEC+ production cuts, as well as lower gas demand, mainly in Egypt. This performance was driven by production start-up/ramp-up in Algeria and Mexico, better contribution of Kazakhstan, as well as portfolio contributions in Norway. These positives were partly offset by the lower volumes reported in Libya since during the year a contractual parameter already envisaged in the contract has been triggered and will be applied going forward, lower entitlements/spending and force majeure, as well as mature field declines.

Liquids production amounted to 843 kbbbl/d, down by 6% from 2019. The reduction in Libya, the COVID-19 impacts and related OPEC+ cuts, as well as the mature fields decline are partly offset by portfolio contributions and production growth in Mexico, due to the ramp-up of Area 1, Angola for the start-up of Agogo, Congo due to the Nenè phase 2B start-up, Algeria and Kazakhstan.

Natural gas production amounted to 4,729 mmcf/d, down by 11% from 2019. Lower production in Libya and lower natural gas demand impact in certain areas (mainly in Egypt), as well as LNG demand were partly offset by the growth in Algeria, due to the start-up of the Berkine gas project, and Kazakhstan.

Oil and gas production sold amounted to 575.2 mmboe. The 59.1 mmboe difference over production (634.3 mmboe in 2020) mainly reflected volumes of natural gas consumed in operations (45.4 mmboe), changes in inventory levels and other variations. Approximately 67% of liquids production sold (300.1 mmbbl) was destined to Eni's Refining & Marketing business. About 19% of natural gas production sold (1,461 bcf) was destined to Eni's Global Gas & LNG Portfolio 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)
Consolidated subsidiaries	2020			2019			2018		
Italy	17	116	39	19	137	45	22	155	50
Rest of Europe	8	58	19	8	64	20	41	162	71
Croatia								4	1
Norway							33	88	49
United Kingdom	8	58	19	8	64	20	8	70	21
North Africa	41	278	93	61	419	138	56	474	144
Algeria	19	56	30	23	41	30	24	38	31
Libya	21	218	61	37	374	106	31	431	111
Tunisia	1	4	2	1	4	2	1	5	2
Egypt	24	440	106	27	551	129	28	445	110
Sub-Saharan Africa	80	249	127	91	227	133	89	185	123
Angola	33	22	37	37	25	42	41	31	46
Congo	18	48	27	22	54	32	24	55	34
Ghana	9	32	15	9	36	15	5	7	7
Nigeria	20	147	48	23	112	44	19	92	36
Kazakhstan	40	103	60	36	100	55	35	97	52
Rest of Asia	32	170	64	32	184	66	28	202	65
China				1		1	1		1
Indonesia		91	17		113	21	1	137	26
Iraq	11	28	17	10	29	15	10	14	13
Pakistan		28	5		37	7		39	7
Timor Leste	1	17	4						
Turkmenistan	3	2	3	3	2	3	2	10	4
United Arab Emirates	17	4	18	18	3	19	14	2	14
Americas	21	36	28	20	24	24	19	43	27
Ecuador				2		2	4		4
Mexico	4	4	5	1	1	1			
Trinidad & Tobago								13	2
United States	17	32	23	17	23	21	15	30	21
Australia and Oceania		33	6	1	51	10	1	42	8
Australia		33	6	1	51	10	1	42	8
	263	1,483	542	295	1,757	620	319	1,805	650
Equity-accounted entities									
Angola	1	36	8	2	35	8	1	32	7
Norway	42	134	68	27	66	40			
Tunisia	1	1	1	1	2	1	1	2	1
Venezuela	1	77	15	1	70	14	3	81	18
	45	248	92	31	173	63	5	115	26
Total	308	1,731	634	326	1,930	683	324	1,920	676

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

(b) Includes volumes of hydrocarbons consumed in operations (45.4, 45.4 and 43.5 mmboe in 2020, 2019 and 2018, respectively).

(c) Effective January 1, 2020, the conversion rate of natural gas from cubic feet to boe has been updated to 1 barrel of oil = 5,310 cubic feet of gas (it was 1 barrel of oil = 5,408 cubic feet of gas). The effect of this update on production expressed in boe was approximately 6 mmboe for the full year of 2020. 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.

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)
Consolidated subsidiaries	2020			2019			2018		
Italy	47	316.6	107	53	376.4	123	60	426.2	138
Rest of Europe	23	159.1	52	23	174.6	55	113	444.9	194
Croatia								11.4	2
Norway							89	241.8	134
United Kingdom	23	159.1	52	23	174.6	55	24	191.7	58
North Africa	112	758.4	255	166	1,149.2	379	154	1,299.1	392
Algeria	53	152.5	81	62	111.8	83	65	105.5	85
Libya	56	594.4	168	101	1,025.8	291	86	1,180.3	302
Tunisia	3	11.5	6	3	11.6	5	3	13.3	5
Egypt	64	1,203.0	291	75	1,509.0	354	77	1,218.5	300
Sub-Saharan Africa	218	679.0	345	249	621.2	363	244	505.4	337
Angola	89	58.2	100	102	67.3	113	111	84.2	127
Congo	49	131.1	73	59	147.7	87	65	150.3	92
Ghana	24	87.6	41	24	97.9	42	15	19.3	18
Nigeria	56	402.1	131	64	308.3	121	53	251.6	100
Kazakhstan	110	282.2	163	100	272.4	150	94	265.2	143
Rest of Asia	88	465.0	176	86	502.7	179	77	550.7	177
China	1		1	1		1	1		1
Indonesia	1	248.5	48	2	308.1	59	3	376.5	71
Iraq	31	76.3	45	27	78.7	41	28	36.7	34
Pakistan		76.8	15		101.2	19		106.1	20
Timor Leste	2	46.8	10						
Turkmenistan	7	6.2	9	7	6.0	8	6	27.2	11
United Arab Emirates	46	10.4	48	49	8.7	51	39	4.2	40
Americas	57	97.1	75	55	66.8	68	52	118.9	75
Ecuador				6		6	12		12
Mexico	12	10.9	14	4	2.8	4			
Trinidad & Tobago								35.7	7
United States	45	86.2	61	45	64.0	58	40	83.2	56
Australia and Oceania		91.0	17	2	139.6	28	2	114.3	23
Australia		91.0	17	2	139.6	28	2	114.3	23
	719	4,051.4	1,481	809	4,811.9	1,699	873	4,943.2	1,779
Equity-accounted entities									
Angola	4	98.8	23	4	97.3	23	3	89.2	19
Indonesia								2.2	1
Norway	116	365.0	185	74	182.4	108			
Tunisia	2	2.9	2	3	3.4	3	3	4.4	4
Venezuela	2	211.0	42	3	192.0	38	8	221.7	48
	124	677.7	252	84	475.1	172	14	317.5	72
Total	843	4,729.1	1,733	893	5,287.0	1,871	887	5,260.7	1,851

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

(b) Includes volumes of hydrocarbons consumed in operations (124, 124 and 119 kboe/d in 2020, 2019 and 2018, respectively).

(c) Effective January 1, 2020, the conversion rate of natural gas from cubic feet to boe has been updated to 1 barrel of oil = 5,310 cubic feet of gas (it was 1 barrel of oil = 5,408 cubic feet of gas). The effect on production has been 16 kboe/d in the full year 2020.

PRODUCTIVE WELLS

In 2020, oil and gas productive wells were 8,255 (2,806.9 of which represented Eni's share). In particular, oil productive wells were 6,744 (2,135.7 of which represented Eni's share); natural gas productive wells amounted to 1,511 (671.2 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 & Gas (Topic 932).

PRODUCTIVE OIL AND GAS WELLS^(a)

	(units)	2020			
		Oil wells		Natural gas wells	
		Gross	Net	Gross	Net
Italy		205.0	159.2	396.0	341.6
Rest of Europe		633.0	109.5	183.0	48.6
North Africa		612.0	258.1	127.0	67.9
Egypt		1,233.0	527.3	144.0	44.3
Sub-Saharan Africa		2,589.0	524.8	194.0	24.1
Kazakhstan		207.0	56.7	1.0	0.3
Rest of Asia		1,012.0	369.5	180.0	60.8
Americas		253.0	130.6	284.0	81.6
Australia and Oceania				2.0	2.0
		6,744.0	2,135.7	1,511.0	671.2

(a) Includes 1,369 gross (349.0 net) 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 2020, a total of 28 new exploratory wells were drilled (13.8 of which represented Eni's share), as compared to 31 exploratory wells drilled in 2019 (16.3 of which represent Eni's share) and 24 exploratory wells drilled in 2018 (15.6 of which represented Eni's share).

The following tables show 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 & Gas (Topic 932). The overall commercial success rate was 28% (30% net to Eni) as compared to 36% (47% net to Eni) in 2019 and 62% (66% net to Eni) in 2018.

EXPLORATORY WELL ACTIVITY

	(units)	Net wells completed ^(a)						Wells in progress at Dec. 31 ^(b)	
		2020		2019		2018		2020	
		productive	dry ^(c)	productive	dry ^(c)	productive	dry ^(c)	gross	net
Italy					0.5		1.8		
Rest of Europe		0.8	0.4	0.3	1.4		0.5	16.0	3.3
North Africa		0.5	1.5	0.5			0.5	9.0	7.5
Egypt		0.7	1.5	4.5	1.5	1.7	1.5	15.0	11.8
Sub-Saharan Africa		0.1	0.9	0.5	0.9	0.4		33.0	17.8
Kazakhstan			1.1						
Rest of Asia		0.8	0.9		1.7	2.2	2.6	11.0	4.5
Americas			0.6			4.0		1.0	0.8
Australia and Oceania					0.5			1.0	0.3
		2.9	6.9	5.8	6.5	10.1	5.1	86.0	46.0

(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 2020, a total of 182 development wells were drilled (57.4 of which represented Eni's share) as compared to 241 development wells drilled in 2019 (85.4 of which represented Eni's share) and 209 development wells drilled in 2018 (80.2 of which represented Eni's share).

The drilling of 58 development wells (14.2 of which represented Eni's share) is currently underway.

The following tables show 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

	Net wells completed ^(a)						Wells in progress at Dec. 31	
	2020		2019		2018		2020	
	(units)	productive	dry ^(b)	productive	dry ^(b)	productive	gross	net
Italy				3.0		3.0		
Rest of Europe		2.8		3.3		2.8	24.0	5.0
North Africa		4.3		5.0	1.1	9.6	3.0	1.5
Egypt		23.2		33.5		30.7	3.0	1.4
Sub-Saharan Africa		1.2		7.0		7.3	5.0	0.9
Kazakhstan		0.3		0.9		0.9		
Rest of Asia		23.2	0.4	27.3	2.2	21.9	17.0	3.4
Americas		2.0		2.1		2.3	6.0	2.0
Australia and Oceania						0.8		
		57.0	0.4	82.1	3.3	79.3	58.0	14.2

(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 2020, Eni performed its operations in 42 Countries located in five continents. As of December 31, 2020, Eni's mineral right portfolio consisted of 798 exclusive or shared rights of exploration and development activities for a total acreage of 336,449 square kilometers net to Eni (357,854 square kilometers net to Eni as of December 31, 2019). Developed acreage was 26,359 square kilometers and undeveloped acreage was 310,090 square kilometers net to Eni.

In 2020, main changes derived from: (i) the entry in Albania and new leases mainly in Oman, the United Arab Emirates, Angola, Indonesia, Norway and Egypt for a total acreage of approximately 23,600 square kilometers; (ii) the total relinquishment of licenses mainly to Somalia, Myanmar, Indonesia, Pakistan and Gabon covering an acreage of approximately 47,500 square kilometers; (iii) interest increase mainly in Myanmar and Australia for a total acreage of approximately 4,800 square kilometers; and (iv) partial relinquishment in Algeria, Cyprus and Egypt for approximately 2,300 square kilometers.

Eni's investment in developed and undeveloped acreage is comprised of numerous concessions, leases and blocks. The terms and conditions under which the Company maintains exploration and/or production rights to the acreage are property-specific, contractually defined and vary significantly from property to property. Work programs are designed to ensure that the exploration potential of any property is fully evaluated before expiration. In some instances, Eni may elect to relinquish acreage in advance of the contractual expiration date if the evaluation process is complete and there is not a business basis for extension. In cases where additional time may be required to fully evaluate acreage, Eni has generally been successful in obtaining extensions. The scheduled expiration of leases and concessions for undeveloped acreage over the next three years is not expected to have a material adverse impact on the Company.

The gross undeveloped acreages that will expire in the next three years are related to exploration leases, blocks, concessions in: (i) Rest of Asia, in particular in Oman, Russia, Vietnam and Myanmar; (ii) North Africa, in particular in Morocco and Libya; and (iii) Sub-Saharan Africa, in particular in Kenya, Mozambique and South Africa. In most cases extension or renewal options are contractually defined and may or may not be exercised in according on the results of the studies and the planned activities. Management believes that a significant amount of acreage will be maintained following extension or renewal.

OIL AND NATURAL GAS INTERESTS

	December 31, 2019		December 31, 2020					
	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	38,028	312	15,284	63,741	79,025	9,335	30,506	39,841
Italy	13,732	129	9,578	7,220	16,798	7,951	5,681	13,632
Rest of Europe	24,296	183	5,706	56,521	62,227	1,384	24,825	26,209
Albania		1		587	587		587	587
Cyprus	14,557	7		25,474	25,474		13,988	13,988
Greenland	1,909	2		4,890	4,890		1,909	1,909
Montenegro	614	1		1,228	1,228		614	614
Norway	4,213	136	4,799	20,868	25,667	772	5,481	6,253
United Kingdom	1,120	34	907	773	1,680	612	363	975
Other Countries	1,883	2		2,701	2,701		1,883	1,883
AFRICA	163,625	255	48,458	232,341	280,799	12,333	116,834	129,167
North Africa	31,873	71	12,213	55,419	67,632	5,312	25,721	31,033
Algeria	5,572	49	6,742	3,982	10,724	2,818	1,914	4,732
Libya	13,294	11	1,963	24,673	26,636	958	12,336	13,294
Morocco	10,755	1		23,900	23,900		10,755	10,755
Tunisia	2,252	10	3,508	2,864	6,372	1,536	716	2,252
Egypt	7,613	57	5,638	14,984	20,622	2,109	5,275	7,384
Sub-Saharan Africa	124,139	127	30,607	161,938	192,545	4,912	85,838	90,750
Angola	3,744	47	8,158	13,146	21,304	1,035	4,604	5,639
Congo	1,471	21	1,164	1,320	2,484	678	628	1,306
Gabon	4,107	3		2,931	2,931		2,931	2,931
Ghana	579	3	226	930	1,156	100	395	495
Ivory Coast	3,724	4		3,747	3,747		3,372	3,372
Kenya	43,948	6		50,677	50,677		43,948	43,948
Mozambique	4,349	10		25,304	25,304		4,349	4,349
Nigeria	6,642	32	21,059	8,206	29,265	3,099	3,340	6,439
South Africa	22,271	1		55,677	55,677		22,271	22,271
Other Countries	33,304							
ASIA	142,696	69	12,994	271,271	284,265	3,343	151,502	154,845
Kazakhstan	2,160	7	2,391	3,853	6,244	442	1,505	1,947
Rest of Asia	140,536	62	10,603	267,418	278,021	2,901	149,997	152,898
Bahrain	2,858	1		2,858	2,858		2,858	2,858
China	13	4	68		68	11		11
Indonesia	15,955	13	2,605	18,672	21,277	1,029	13,155	14,184
Iraq	446	1	1,074		1,074	446		446
Lebanon	1,461	2		3,653	3,653		1,461	1,461
Myanmar	14,147	3		13,750	13,750		10,015	10,015
Oman	49,918	3		102,016	102,016		58,955	58,955
Pakistan	3,779	13	3,442	2,443	5,885	886	1,427	2,313
Russia	17,975	2		53,930	53,930		17,975	17,975
Timor Leste	1,620	4		2,612	2,612		1,620	1,620
Turkmenistan	180	1	200		200	180		180
United Arab Emirates	10,387	10	3,214	28,976	32,190	349	18,331	18,680
Vietnam	18,553	4		23,908	23,908		20,956	20,956
Other Countries	3,244	1		14,600	14,600		3,244	3,244
AMERICAS	10,703	157	2,267	15,274	17,541	1,020	8,699	9,719
Mexico	3,106	10	14	5,455	5,469	14	3,092	3,106
United States	1,935	134	992	952	1,944	509	689	1,198
Venezuela	1,066	6	1,261	1,543	2,804	497	569	1,066
Other Countries	4,596	7		7,324	7,324		4,349	4,349
AUSTRALIA AND OCEANIA	2,802	5	328	3,180	3,508	328	2,549	2,877
Australia	2,802	5	328	3,180	3,508	328	2,549	2,877
Total	357,854	798	79,331	585,807	665,138	26,359	310,090	336,449

(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%), Annamaria (100%), Clara NW (51%), Hera Lacinia (100%) and Bonaccia (100%)
				Basilicata Region	Val d'Agri (61%)
				Sicily	Gela (100%), Tresauco (45%), Giaurone (100%), Fiumetto (100%), Prezioso (100%) and Bronte (100%)
REST OF EUROPE	Norway ^(a)	(1965)	Operated	Goliat (45.40%), Marulk (13.97%), Balder & Ringhorne (62.87%) and Ringhorne East (48.88%)	
			Non-operated	Åsgard (15.41%), Mikkell (33.79%), Great Ekofisk Area (8.65%), Snorre (12.96%), Ormen Lange (4.43%), Statfjord Unit (14.92%), Statfjord Satellites East (10.16%), Statfjord Satellites North (17.46%), Statfjord Satellites Sygna (14.67%) and Grane (19.78%)	
	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 (Block NC 4 - 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%), Southwest Meleiha (100%), Baltim (50%), Ras Qattara (El Faras and Zarif - 75%), West Abu Gharadig (Raml - 45%) 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 0 (9.8%), Development Areas in the Block 3 and 3/05-A (12%), Development Areas in the Block 14 (20%), Lianzi Development Area 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 (85%), Djambala (50%), Foukanda (58%), Mwafi (58%), Kitina (52%), Awa Paloukou (90%), M'Boundi (83%) and Kouakouala (75%)	
			Non-operated	Pointe-Noire Grand Fond (29.75%) 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	United Arab Emirates	(2018)	Non-operated	Lower Zakum (5%), Umm Shaif and Nasr (10%) and Area B - Sharjah (50%)	
	Indonesia	(2001)	Operated	Jangkrik (55%)	
	Iraq	(2009)	Non-operated ^(f)	Zubair (41.56%)	
	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%)	
AMERICAS	Mexico	(2019)	Operated	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%)
				Gulf of Mexico	Europa (32%), Medusa (25%), Lucius (8.5%), K2 (13.4%), Frontrunner (37.5%) and Heidelberg (12.5%)
				Texas	Alliance area (27.5%)
	Venezuela	(1998)	Non-operated	Perla (50%), Corocoro (26%) and Junin 5 (40%)	

(a) Assets held by the Vår energi equity-accounted entities (Eni's interest 69.85%).

(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 within a Technical Service Contract as contractor.

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 Western 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

In December 2020, Eni signed with Saipem a Memorandum of Understanding to identify and develop jointly decarbonization initiatives and projects in the Country. In particular, the agreement provides for: (i) a collaboration in decarbonization projects in Italy focused on capture, transport, reuse and storage of CO₂ produced by the industrial activity; and (ii) initiatives related to Green Deal Strategy to tackle climate change and to achieve of CO₂ reduction targets at national, European and world level.

Within Eni's long-term strategy to minimize carbon footprint, a program was launched to build a hub for the capture and storage of CO₂ (Carbon Capture and Storage - CCS) in depleted fields off the coast of Ravenna which will be de-

signed to store more than of 500 million tonnes per year of CO₂. The development program includes: (i) a pilot project with expected start-up in 2022, following all necessary authorizations; (ii) a full development phase expected to commence in 2026. The planned activities will benefit on the expected synergies on development cost due to the infrastructure in place and in addition to be significant impacted on the technology and competence areas.

In the Adriatic Sea, development activities in 2020 mainly concerned maintenance and production optimization at offshore gas fields to recover the residual mineral potential. The decommissioning plan to plug & abandon non-productive wells and remove non-productive platforms progressed in the year in compliance with applicable Italian laws; a total of five offshore platforms are currently in the authorization process to be removed. In the circular economy initiatives, a program in collaboration with national research institutions was launched to redevelop asset in the decommissioning phase. In particular activities started up to convert an offshore platform into a marine science park. Within the VIII Agreement with the Municipality of Ravenna, activities progressed with: (i) environmental protection projects at the coastline areas; (ii) energy efficiency measures; (iii) programs to support employment, including mentoring and training initiatives; and (iv) completion of environmental monitoring studies.

During the year, maintenance and production optimization activities project were completed at the Viggiano Oil Center in the Val d'Agri concession (Eni operator with a 61%). The concession expired in October 2019 and activities have continued since then in accordance with the prorogation regime. Applications have been timely filed with Italian administrative Authority to obtain a ten-year extension of the concession based on the same work program as in the original concession award.

In 2020 the Energy Valley project activities progressed and includes a number of initiatives relating to environmental sustainability, innovation and enhancement of the area: (i) Mini Blue Water project on circular economy, for treatment, recover and reuse of water production at the Viggiano Oil Center as well as installation of photovoltaic plants supporting oil production facilities; (ii) environmental and biodiversity monitoring plan. In particular, the opening of the Center of Environmental Monitoring to manage and spread data collected; and (iii) the CASF project to support the technological development and competence in the agro-food sector in the area. In 2020, upgrading of certain areas was completed and other initiatives was launched to support the agricultural, bio-monitoring and teaching with a positive impact on local employment.

In addition, within the memorandum agreement with the Basilicata Region including environmental, social and sustainable development programs, initiatives progressed with defined activities of the Gas Agreement. Activities include a grant to support the gas consumption in 11 Municipalities of Val d'Agri and for energy efficiency programs. In Sicily, following the Memorandum of Understanding for the Gela area, signed with the Ministry of Economic Development in November 2014, progressed with: (i) development activities of the 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 provide the transportation of natural gas produced by offshore wells through a subsea pipeline to a new onshore treatment and compression plant, that will be realized in certain reclaimed area of the Gela Refinery; (ii) the sustainable development initiatives supported by local institutions. In particular, the Macchitella Lab project was launched to support youth employment and small and medium-sized local enterprises with the start-up of the redevelopment programs.

In addition, progressed the initiatives of the Memorandum of Understanding signed at the end of 2019 with the Ministry of Environment. Activities, which will be implemented in the next years, include the redevelopment programs of certain productive areas, environmental remediation projects as well as innovative projects developed by Eni's proprietary technologies to capture and reuse of CO₂.

REST OF EUROPE

Norway Exploration activity yielded positive results with: (i) the Tordis NE and Lomre oil discoveries in the PL089 block (Eni's interest 11.24%); (ii) the Enniberg oil and gas discovery in the 971 license (Eni's interest 13.97%) in the North Sea, located near the Balder production field (Eni's interest 62.87%); and (iii) in March 2021, new oil discovery in the PL532 license (Eni's interest 21%) in the Barents Sea and in the PL 090/090I license (Eni's interest 17%), located in the northern North Sea, respectively.

The mineral interest portfolio increases were as follows: (i) in 2020 seven exploration licenses were acquired as operator and ten licenses in partnership. The licenses are distributed over the three main sections of the

Norwegian continental shelf; and (ii) in 2021 ten exploration licenses were awarded, of which two as operator in the North Sea and three as operator in the Barents Sea. The licenses are located near-fields already in production or development.

Development activities concerned: (i) the Johan Castberg sanctioned project (Eni's interest 20.96%) with start-up expected in 2023; and (ii) the Balder X sanctioned project (Eni operator with a 62.87% interest) in the PL 001 license, located in the North Sea. The Balder project scheme provides for drilling additional productive wells, to be linked to an upgraded FPSO unit that will be relocated in the area. Production start-up is expected in 2022.

In 2020, the Breidablikk project was sanctioned with start-up expected in 2024. The development activities include the drilling of 23 productive wells that will be linked to existing facilities. Leveraging on high energy and operational efficiency technologies, the project development will minimize direct emissions.

United Kingdom In January 2021, Eni was awarded a 100% interest in the exploration license P2511 in the North Sea.

In October 2020 Eni was awarded by the UK Oil & Gas Authority a license, lasting six years, for building a carbon storage project in the Liverpool Bay area. The project includes the reutilization and refurbishment of Eni's depleted fields with a target of storing 3 million tonnes per year of CO₂. Activity start-up is expected in 2025. Eni is expected to coordinate the storage and transportation phase from existing industries and future hydrogen production sites in the area, within the HyNet North West integrated project. The project will contribute to the UK's carbon neutrality targets by 2050. In the year concept selection activities started up and signed CO₂ capture agreement with existing industries in the area. In addition, Eni signed a cooperation agreement with other upstream partners for the Net Zero Teeside (Eni's interest 20%) and North Endurance Partnership (Eni's interest 16.7%) projects. These integrated projects will allow to achieve the decarbonization target of the Teeside industrial area, in the north east UK, by means of the capture, transportation and storage of CO₂. Start-up is expected in 2026 with a carbon capture and storage of 4 million tonnes per year.

In March 2021, the UK Research and Innovation (UKRI), Country's authority for research and innovation, will fund the CCS projects developed by Eni and other partners: (i) the HyNet North West integrated project with approximately £33 million (£21 million net to Eni); and (ii) the Net Zero Teeside and North Endurance Partnership projects with approximately overall £52 million (£9 million net to Eni). The grants will finance 50% of the ongoing design studies and accelerate the final investment decision for all projects, expected in 2023.

NORTH AFRICA

Algeria Exploration activities yielded positive results with the BKNES-1 near-field oil discovery well (Eni's interest 49%) in the Berkine North area.

During the year, gas production was started at the Berkine North complex (Eni's interest 49%) leveraging a fast-track development intended to valorize the existing gas reserves. The development program included the drilling of four producing wells that were linked to the existing facilities, as well as the laying of a pipeline connecting the producing field to the MLE treatment plant in Block 405b (Eni's interest 75%). The upgrading of the MLE treatment plant was completed in the year and is expected to reach a gross peak production of 60 kboe/d leveraging also the production of the Block 403 (Eni's interest 50%) and of the Berkine North area by the end of 2021.

Other development activities mainly concerned production optimization in the operated Blocks 403a/d and ROM Nord (Eni's interest 35%), Blocks 401a/402a (Eni's interest 55%), Block 403, Block 405b and Block 404 (Eni's interest 12.25%).

EGYPT

In 2020 the award of the exploration block West Sherbean (Eni's interest 50%) in the onshore Nile Delta was ratified.

Exploration activities yielded positive results with near-field discoveries in the operated areas: (i) the Nidoco NW-1 in the Abu Madi West concession (Eni's interest 75%) and Bashrush gas discoveries (Eni's interest 37.5%) in the Great Nooros Area; (ii) the SWM-A-6X oil discovery well in the South West Meleiha concession (Eni's interest 100%). The production start-up was achieved during the year; and (iii) the southern extension of the Arcadia field through the Arcadia 9 oil discovery well in the Meleiha concession (Eni's interest 76%) and already in production.

The new discoveries confirm the positive track-record of Eni's exploration in the Country leveraging on the continuous technology progress in exploration activities that allows to re-evaluate the residual mineral potential in mature production areas. The development activities related to the discoveries started up in production or whit start-up expected in 2021 will leverage on the synergies with the existing facilities confirming the effectiveness of the incremental exploration strategy focused on high-value opportunities with fast time-to-market to support production level and cash flow in the short-term.

In 2020 development activities concerned: (i) the drilling of infilling wells in the production fields located in the Sinai area (Eni operator with a 100% interest) and Meleiha Complex (Eni operator with a 76% interest); (ii) the development of near-field discoveries made in the year which were readily put into production in the Arcadia South, Meleiha, South West Meleiha and Baltim SW (Eni's interest 50%) operated fields. In particular, the Baltim SW project includes a full field development phase with the drilling of two additional productive wells; and (iii) maintenance activities and extensive asset integrity programs at the onshore and offshore facilities of the Sinai, Western Desert and Mediterranean assets.

Development activities progressed at the Zohr project, targeting to ramp-up the field production capacity and concerned: (i) the drilling of two additional productive wells and linked to onshore production facility, reaching a gross production capacity of 3,200 mmscf/d; (ii) optimization and upgrading activities of the subsea facilities and of the onshore treatment plant.

As of December 31, 2020, the aggregate development costs incurred by Eni for developing the Zohr project and capitalized in the financial statements amounted to \$5.5 billion (€4.5 billion at the EUR/USD exchange rate of December 31, 2020). Development expenditure incurred in the year were €73 million. As of December 31, 2020, Eni's proved reserves booked at the Zohr field amounted to 771 mmboe.

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 three socio-economic and health programs to support local communities in the Zohr and Port Said areas. In particular, two initiatives concerned the implementation of: (i) Health Care Center provides health services to approximately 60,000 people; and (iii) Youth Center provides programs to support youth, also with professional training services. The related activities have been completed and the two structures were handed to the local Authorities. The third project, which is part of education and technical training, is being defined. Expected activities start-up in 2021.

SUB-SAHARAN AFRICA

Angola In 2020 Eni was awarded the operatorship with a 60% interest in the offshore Block 28, in the Namibe basin, and a 42.5% interest in the onshore Cabinda Central block.

Exploration activities yielded positive results in the operated Block 15/06 (Eni's interest 36.84%), following a successful appraisal well of the Agogo discovery, with estimated volumes of 1 billion boe in place. The Block 15/06 exploration license was renewed for additional three years. The agreement will allow to assess the possible additional mineral potential of the area.

During the year, production ramp-up was achieved at the Agogo discovery well, connecting it to the Ngo-ma FPSO (West Hub project). Production started up just nine months after the discovery, confirming Eni's commitment in the fast-track development of the discoveries, that maximizes the projects value leveraging on the synergies with the existing infrastructures.

Other development activities in the operated Block 15/06 concerned: (i) the completion of the subsea production and injection facilities at the Cabaça North & UM 4/5 project; (ii) studies for the full field development of the Agogo field; and (iii) activities related to the Ndungu discovery development.

In October 2020, the unitization agreement of the three Development Areas of Block 14 (Eni's interest 20%) was ratified with the related implementing decree. The agreements provide a new expiration date in 2028 and new development plan of the area as well as increasing entitlement volumes for the cost recovery.

In 2020 the local development initiatives and projects concerned: (i) restructuring of the Beira Nova school in Cabinda; (ii) the installation of two power generation systems from renewables sources at two medical centers in Luanda area; (iii) support to the agricultural development of the area in collaboration with the relevant local Authorities; and (iv) the integrated development project in Huila and Namibe area through water and energy access initiatives, education programs, economic diversification and health protection projects.

Congo In 2020 production start-up was achieved at the Nené phase 2b project in the Marine XII block (Eni operator with a 65% interest) by means of the linkage to the existing production platform in the area. The full field development phase is expected in the second half of 2022.

Development activities concerned the expansion of the CEC power plant (Eni's interest 20%), increasing the electricity generation capacity to 484 MW, with the installation of a third turbine in 2020. Natural gas supply to the plant will be ensured by the Marine XII block production.

The activities of the second phase of the Project Integrated Hinda (PIH) progressed with initiatives to support the economic and agricultural development, access to water, education programs and sanitary service program development. In particular, in the access to water initiatives, 5 additional wells were completed in 2020 achieving a total of 30 water wells for approximately 20,000 people. The activity progressed at the training center in Oyo area, in the north of the Country, with construction activity and equipment supply. Completion is expected in 2021.

Mozambique The development activities of Area 4 offshore (Eni's interest 25%) concerned the Coral South gas project, operated by Eni, and the gas 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, installation and commissioning and of an FPSO vessel linked to six subsea gas producing wells, where the gas will undergo treatment, liquefaction, storage and export, with a capacity of approximately 3.4 mmt tonnes/y of LNG. 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. The project has reached a progress of more than 80% and the production start-up is expected in 2022.

Within the Mamba Complex discoveries, the Rovuma LNG project provides for the development of the straddled 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-straddled reserves. The project provides the construction of two onshore LNG trains with capacity of approximately 7.6 mmt tonnes/y each, fed by 24 subsea wells and facilities for storing and exporting LNG. In 2019, the plan of development (POD) was approved by the relevant Authorities. The Area 4 operators progressed development activities towards a final investment decision (FID).

In 2020, Eni's programs to support the local communities of the Country progressed with: (i) the scholarship programs mainly in Pemba, also through the construction of a school and maintenance activities, as well as training initiatives; (ii) initiatives to promote more sustainable domestic behaviors through clean cooking projects; (iii) biodiversity protection programs and technical-professional training initiatives, also through agreements with institutions and Authorities of the Country; (iv) projects of forests protection and conservation (REDD+ program) 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 January 2021, Eni and the partners divested the onshore production and development block OML 17 (Eni's interest 5%).

Development activities of the operated OMLs 60, 61, 62 and 63 blocks (Eni's interest 20%) concerned: (i) production optimization programs with workover and drilling activities; and (ii) increasing generation capacity of the combined cycle power plant at Okpai. Natural gas production of the area will support the plant capacity. The first phase of the expansion project was completed, reaching an installed capacity of 780 MW. Other development activities concerned: (i) the drilling of 8 oil wells in the EA offshore field in the Block 79 (Eni's interest 5%); (ii) production optimization programs with workover activity in the Gbaran field in the OML 28 block (Eni's interest 5%) and Forkados Yokri field in the OML 43 block (Eni's interest 5%); (iii) the drilling of 4 oil wells in the western area of the Block 46 (Eni's interest 5%); and (iv) the completion of an additional development well of the offshore Bonga field (Eni's interest 12.5%).

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 2020 Eni realized 6 wells to achieve a total of 22 wells, including the other wells completed in 2018-2019. 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.

Eni holds a 10.4% interest in the Nigeria LNG Ltd joint venture, which runs the Bonny liquefaction plant located in the Eastern Niger Delta. The plant has treatment capacity of approximately 1,236 bcf/y of feed gas and a production capacity of 22 mmt/tonnes/y of LNG. Natural gas supplies to the plant are currently provided under a gas supply agreement from the SPDC JV (Eni's interest 5%), TEPNG JV and the NAOC JV (Eni's interest 20%). In 2020, the Bonny liquefaction plant processed approximately 1,135 bcf. LNG production is sold under long-term contracts and exported mainly to American, Asian and European markets by the Bonny Gas Transport fleet, wholly owned by Nigeria LNG.

KAZAKHSTAN

Kashagan The development activities of the Kashagan field (Eni's interest 16.81%) concerned the phased expansion program of production capacity. The first development phase envisages increasing the production capacity up to 450 kbbl/d by upgrading the existing associated gas compression handling. The ongoing activities, sanctioned in 2020, mainly concerned: (i) increasing gas reinjection capacity by means of upgrading the existing facilities; and (ii) delivering a part of gas volumes to a new onshore treatment unit operated by a third party, currently under construction.

As of December 31, 2020, the aggregate costs incurred by Eni for the Kashagan project capitalized in the financial statements amounted to \$10 billion (€8.1 billion at the EUR/USD exchange rate of December 31, 2020). 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. Costs incurred in the year were €27 million. As of December 31, 2020, Eni's proved reserves booked for the Kashagan field amounted to 675 mmbbl, reporting an increase from 2019 due to a change in a marker Brent price used in the reserves estimation process.

Karachaganak Within the gas treatment expansion projects of the Karachaganak field (Eni's interest 29.25%), activities concerned: (i) the ongoing activities of the Karachaganak Debottlenecking project and the construction of a fourth gas reinjection unit; and (ii) completion of the Front End Engineering Design of the Karachaganak Expansion Project (KEP). This latter project is scheduled to be achieved in several phases. The development program of the first phase, sanctioned at the end of 2020, provides the construction of a sixth injection line, the drilling of three additional injection wells and of a new gas compression unit. Start-up is expected in 2024. Furthermore, the project includes the installation of one additional treatment and compression units.

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, 2020, the aggregate costs incurred by Eni for the Karachaganak project capitalized in the financial statements amounted to \$4.3 billion (€3.5 billion at the EUR/USD exchange rate of December 31, 2020). Costs incurred in the year were €147 million.

As of December 31, 2020, Eni's proved reserves booked for the Karachaganak field amounted to 507 mmboe, a slightly increase from 2019 mainly due to a change in a marker Brent price used in the reserves estimation process.

REST OF ASIA

Indonesia In 2020, Eni was awarded the operatorship with 40% interest in the West Ganai exploration block.

Development activities are related to the offshore Merakes gas project in the operated East Sepinggan block (Eni's interest 65%). The project foresees the drilling and the completion of five subsea wells, which will be tie-back to the Floating Production Unit (FPU) of the Jangkrik producing field (Eni operator with a 55% interest). Natural gas production will be processed by the FPU and then delivered via pipeline to the onshore plant, which is connected to the East Kalimantan transport system to feed the Bontang liquefaction plant or will be sold on a spot basis in the domestic market. Start-up is expected in 2021.

The activities and initiatives in the fields of access to water and renewable energy progressed to support the local development areas of Samoja, Kutai Kartanegara and East Kalimantan.

Iraq Development activities concerned the execution of an additional development phase of the ERP (Enhanced Redevelopment Plan) at the Zubair field (Eni's interest 41.56%), to achieve a production plateau of 700 kbb/d. This phase also contemplates utilization of the associated gas for power generation. The production capacity and relevant facilities to treat the targeted production plateau have been already installed; the field reserves will be progressively put into production by drilling additional productive wells over the next few years. Eni's commitment continues with projects in the fields of education, health, environment and access to water. In particular: (i) started up activities for the construction of a new school in Zubair City; (ii) progressed the revamping of two water plants to achieve the distribution of approximately 30 million liters of drinkable water per day; and (iii) progressed activities for the expansion of Basra Children Cancer and the supply of medical equipment.

Pakistan In March 2021, Eni signed an agreement to divest the entire upstream activity in the Country including interests in eight development and production licenses to Prime International Oil & Gas local company. In particular, the agreement provides the disposal of the Bhit/Badhra (Eni's interest 40%) and Kadanwari (Eni's interest 18.42%) operated fields, as well as the participating interest in the Latif (Eni's interest 33.3%), Zamzama (Eni's interest 17.75%) and Sawan (Eni's interest 23.7%) fields.

United Arab Emirates In 2020, Eni awarded the operatorship with a 70% interest in the Block 3, located offshore Abu Dhabi. The exploration commitment for the first phase includes exploration studies, the drilling of exploration and appraisal wells.

In January 2021, production start-up was achieved at the Mahani field located in onshore concession of Area B (Eni's interest 50%) in the Emirate of Sharjah, just one year since discovery in January 2020 and two years after signing the concession agreement. Development activities, sanctioned with the final investment decision, provide the progressive ramp-up with the tie-back of two additional productive wells. Drilling activities were already planned.

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%).

The development activities concern the full field development program of the operated license Area 1 (Eni's interest 100%), already in production. Development drilling activities are ongoing and during 2020 were completed producing wells which were linked to the Miztón production platform. A subsequent development phase of the project includes the production start-up of the Amoca discovery by means of the installation of a new leased production platform, currently under construction, as well as the conversion and upgrading of an FPSO unit that will be completed in 2021 including all linking and treatment facilities. Production start-up is expected in 2022. During the year, the FEED phase for these two production platforms started up.

Within the cooperation agreement with the local Authorities to identify initiatives relating to health, education and environment, as well as economic diversification initiatives to support employment, during the year the activities concerned: (i) food supply programs; (ii) restructuring of school buildings and construction of roads; (iii) child medical screening campaigns; (iv) initiatives to support youth employment; and (v) environmental monitoring program. The signed agreements target to define further projects improving the sustainable development in the areas close to Eni's activity in the Country.

FORESTRY PROJECTS

In the decarbonization path, one of the pillars and strategic guidelines of Eni include the forest protection, conservation and sustainable management projects, in particular in developing Countries. The forestry projects are considered the most significant at internationally level within climate change mitigation strategies.

The projects including the REDD+ (Reducing Emissions from Deforestation and forest Degradation) scheme are a key lever in this context. The REDD+ scheme was designed by the United Nations (in particular within the UNFCCC - United Nations Framework Convention on Climate Change) and involves conservation forest activities to reduce emissions and improve the natural storage capacity of CO₂, as well as supporting, with a different development model, the local communities through socio-economic projects, in line with sustainable management, forest protection and biodiversity conservation.

In this scheme, Eni's protection forest activities support national governments, local communities and UN agencies in the REDD+ strategies, in line with the NDCs (Nationally Determined Contributions) and National Development Plans and, mainly, the Sustainable Development Goals (SDGs) of UN.

Eni built solid partnerships over time with recognized international developers of REDD+ projects, like BioCarbon Partners, Terra Global, Peace Parks Foundation, First Climate and Carbonsink, which allows to oversee every phase of the projects, from the design to the implementation up to verify the reduction emissions, with an active role in the governance of the project. The Eni's role is essential also to allow the alignment with the highest standards for certification of the carbon emissions reduction and social and environmental effects (such as Verified Carbon Standard - VCS and Climate Community & Biodiversity Standards - CCB), internationally recognized and in line with the qualitative standards, target to be achieved by Eni.

Eni launched the forestry projects by means of the agreement with BioCarbon Partners to became active member in the governance of the Luangwa Community Forests Project (LCFP) in Zambia.

The LCFP covers an area of approximately 1 million hectares, involves over 170,000 beneficiaries, also with economic diversification initiatives, and is currently one of the largest REDD + projects in Africa. The LCFP achieved the CCB (Climate, Community and Biodiversity Standards) "triple gold" issued by international no-profit organization Verra, leader in the carbon credits certifying, for its outstanding social and environmental impact.

Eni committed to purchase carbon credits generated by the LCFP project until 2038. In particular, in November 2020 Eni achieved the first allowance of carbon credits by the project to offset GHG emissions equivalent to 1.5 million tonnes of CO₂.

Eni is currently considering further different initiatives in several countries, by means of partnerships with governments and international developers in Africa (Angola, Democratic Republic of Congo, Ghana, Malawi, Mozambique and Zambia), Latin America (Colombia and Mexico) and Asia (Vietnam and Malaysia). The medium-long term target is a progressive growth of these initiatives and planned to reach a carbon credit portfolio on yearly basis to offset over 6 million tonnes of CO₂ by 2024, over 20 million tonnes of CO₂ in 2030, as well as over 40 million tonnes of CO₂ by 2050.

Global Gas & Lng Portfolio



€326 mln

Adjusted operating profit
vs. 2019: +68.9%

112 €/kcm

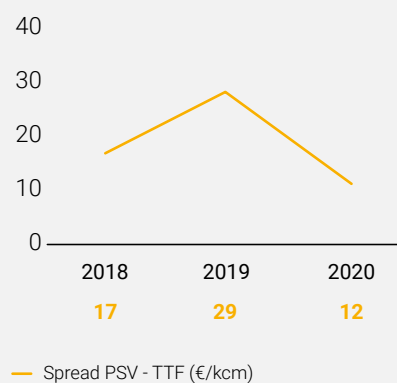
Average yearly gas price
in Italy
vs. 2019: -35%

37.30 bcm

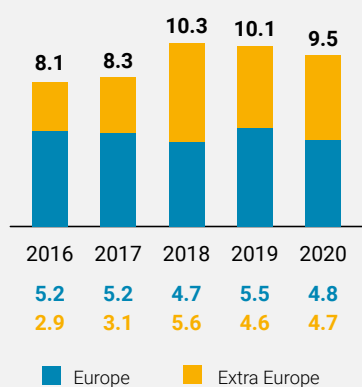
Average yearly gas sales in Italy
vs. 2019: -1.8% despite the
strong reduction of demand (-5%)

Restarted **Damietta**
liquefaction plant in
Egypt, with a **7.56 bcm**
annual capacity

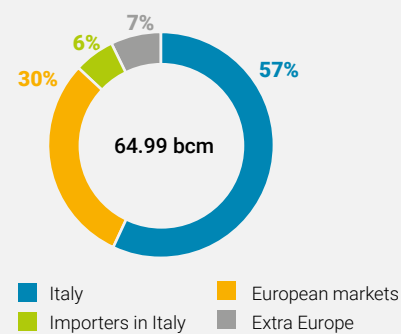
Hubs prices



LNG sales | bcm



Gas sales by area



KEY PERFORMANCE INDICATORS

		2020	2019	2018
TRIR (Total Recordable Injury Rate)	(total recordable injuries/worked hours) x 1,000,000	1.15	0.56	0.51
of which: employees		0.99	0.96	0.40
contractors		1.37	0.00	0.69
Natural gas sales ^(a)	(bcm)	64.99	72.85	76.60
Italy		37.30	37.98	39.17
Rest of Europe		23.00	26.72	29.17
of which: Importers in Italy		3.67	4.37	3.42
European markets		19.33	22.35	25.75
Rest of world		4.69	8.15	8.26
LNG sales ^(b)		9.5	10.1	10.3
Employees at year end	(number)	700	711	734
of which outside Italy		410	418	416
Direct GHG emissions (Scope 1)	(mmtonnes CO ₂ eq.)	0.36	0.25	0.62

(a) Data include intercompany sales.

(b) Refers to LNG sales of the GGP segment (included in worldwide gas sales).

Performance of the year

- In 2020, the total recordable injury rate (TRIR) of the workforce amounted to 1.15, due to two minor events.
- Direct GHG emissions (Scope 1) increased by 48% compared to 2019, due to a higher number of production restarts following the discontinued trend in gas demand and venting emissions for maintenance actions developed at Sergaz plants.
- Eni worldwide gas sales amounted to 64.99 bcm, down by 10.8% compared to 2019 (down by 7.86 bcm). Eni's sales in Italy (37.30 bcm) decreased by 1.8% compared to 2019 (37.98 bcm).
- LNG sales amounted to 9.5 bcm representing a decrease of 5.9% compared to 2019.

Restart of Damietta liquefaction plant

In February 2021, restarted LNG production at the Damietta liquefaction plant (Eni's interest 50%), coherently with a series of agreements finalized in March 2021 with the Arab Republic of Egypt (ARE) and the Spanish partner Naturgy for the resolution of all pending issues and restart the terminal, which was shut down in 2012. Thanks to these agreements, Eni will take over the contracts for the purchase of natural gas for the plant, receiving the corresponding liquefaction rights and will allow Eni to directly enter the Spanish gas market, strengthening its presence in the European gas.

The restart of the plant, with a capacity of 7.56 billion cubic meters per year, enables Eni to strengthen its strategic objectives in terms of growth of its LNG portfolio and presence in the Eastern Mediterranean region.

NATURAL GAS

SUPPLY OF NATURAL GAS

In 2020, Eni's consolidated subsidiaries supplied 62.16 bcm of natural gas, down by 8.26 bcm or by 11.7% from the full year 2019.

Gas volumes supplied outside Italy from consolidated subsidiaries (54.69 bcm), imported in Italy or sold outside Italy, represented approximately 88% of total supplies, decreased by 10.16 bcm or by 15.7% from the full year 2019. This mainly reflected lower volumes purchased in the Netherlands (down by 3.01 bcm), in Russia (down by 1.87 bcm), Algeria (down by 1.44 bcm), in Libya (down by 1.42 bcm), partly offset by higher purchases in Norway (up by 0.76 bcm). Supplies in Italy (7.47 bcm) increased by 34.1% from the full year 2019.

SUPPLY OF NATURAL GAS

	(bcm)	2020	2019	2018	Change	% Ch.
Italy		7.47	5.57	5.46	1.90	34.1
Russia		22.49	24.36	26.10	(1.87)	(7.7)
Algeria (including LNG)		5.22	6.66	12.02	(1.44)	(21.6)
Libya		4.44	5.86	4.55	(1.42)	(24.2)
Netherlands		1.11	4.12	3.95	(3.01)	(73.1)
Norway		7.19	6.43	6.75	0.76	11.8
United Kingdom		1.62	1.75	2.21	(0.13)	(7.4)
Indonesia (LNG)		1.15	1.58	3.06	(0.43)	(27.2)
Qatar (LNG)		2.47	2.79	2.56	(0.32)	(11.5)
Other supplies of natural gas		5.24	7.90	5.50	(2.66)	(33.7)
Other supplies of LNG		3.76	3.40	1.97	0.36	10.6
OUTSIDE ITALY		54.69	64.85	68.67	(10.16)	(15.7)
TOTAL SUPPLIES OF ENI'S CONSOLIDATED SUBSIDIARIES		62.16	70.42	74.13	(8.26)	(11.7)
Offtake from (input to) storage		0.52	0.08	0.08	0.44	..
Network losses, measurement differences and other changes		(0.03)	(0.22)	(0.18)	0.19	86.4
AVAILABLE FOR SALE BY ENI'S CONSOLIDATED SUBSIDIARIES		62.65	70.28	74.03	(7.63)	(10.9)
Available for sale by Eni's affiliates		2.34	2.57	2.57	(0.23)	(8.9)
TOTAL AVAILABLE FOR SALE		64.99	72.85	76.60	(7.86)	(10.8)

In 2020, main gas volumes from equity production derived from: (i) certain Eni fields located in the British and Norwegian sections of the North Sea (3 bcm); (ii) Italian gas fields (2.8 bcm); (iii) Libyan fields (1 bcm); (iv) Indonesia (0.6 bcm); and (v) the United States (0.3 bcm).

Supplied gas volumes from equity production were 7.7 bcm representing around 12% of total volumes available for sale.

The available for sale by Eni's affiliates amounted to 2.34 bcm (down by 8.9% compared to 2019) and mainly referred to supplied volumes from Oman, United States and Spain.

SALES

In a 2020 scenario characterized by a raising competitive pressure and lower gas demand (about down by 5% and 3% in Italy and in the European Union, respectively, compared to 2019), natural gas sales amounted to 64.99 bcm (including Eni's own consumption, Eni's share of sales made by equity-accounted entities), down by 7.86 bcm or 10.8% from the previous year due to the economic downturn caused by the COVID-19 pandemic, with lower volumes marketed to thermoelectric and industrial segments.

GAS SALES BY ENTITY

	(bcm)	2020	2019	2018	Change	% Ch.
Total sales of subsidiaries		62.58	70.17	73.68	(7.59)	(10.8)
Italy (including own consumption)		37.30	37.98	39.17	(0.68)	(1.8)
Rest of Europe		21.54	25.21	27.42	(3.67)	(14.6)
Outside Europe		3.74	6.98	7.09	(3.24)	(46.4)
Total sales of Eni's affiliates (net to Eni)		2.41	2.68	2.92	(0.27)	(10.1)
Rest of Europe		1.46	1.51	1.75	(0.05)	(3.3)
Outside Europe		0.95	1.17	1.17	(0.22)	(18.8)
WORLDWIDE GAS SALES		64.99	72.85	76.60	(7.86)	(10.8)

Sales in Italy (37.30 bcm) decreased by 1.8% from 2019 mainly driven by lower sales to thermoelectrical and industrial segments, partly offset by higher sales to hub. Sales to importers in Italy (3.67 bcm) decreased by 16% from 2019 due to the lower availability of Libyan gas.

Sales in the European markets amounted to 19.33 bcm, a decrease of 13.5% or 3.02 bcm from 2019. Sales in the Extra European markets of 4.69 bcm decreased by 3.46 bcm or 42.5% from the previous year, due to lower volumes in the United States and lower LNG sales in the Far East markets.

GAS SALES BY MARKET

	(bcm)	2020	2019	2018	Change	% Ch.
ITALY		37.30	37.98	39.17	(0.68)	(1.8)
Wholesalers		12.89	13.08	14.67	(0.19)	(1.5)
Italian gas exchange and spot markets		12.73	12.13	12.49	0.60	4.9
Industries		4.21	4.62	4.40	(0.41)	(8.9)
Power generation		1.34	1.90	1.50	(0.56)	(29.5)
Own consumption		6.13	6.25	6.11	(0.12)	(1.9)
INTERNATIONAL SALES		27.69	34.87	37.43	(7.18)	(20.6)
Rest of Europe		23.00	26.72	29.17	(3.72)	(13.9)
Importers in Italy		3.67	4.37	3.42	(0.70)	(16.0)
European markets:		19.33	22.35	25.75	(3.02)	(13.5)
<i>Iberian Peninsula</i>		3.94	4.22	4.65	(0.28)	(6.6)
<i>Germany/Austria</i>		0.35	2.19	1.93	(1.84)	(84.0)
<i>Benelux</i>		3.58	3.78	5.29	(0.20)	(5.3)
<i>United Kingdom</i>		1.62	1.75	2.22	(0.13)	(7.4)
<i>Turkey</i>		4.59	5.56	6.53	(0.97)	(17.4)
<i>France</i>		5.01	4.47	4.95	0.54	12.1
<i>Other</i>		0.24	0.38	0.18	(0.14)	(36.8)
Extra European markets		4.69	8.15	8.26	(3.46)	(42.5)
WORLDWIDE GAS SALES		64.99	72.85	76.60	(7.86)	(10.8)

LNG

LNG SALES

	(bcm)	2020	2019	2018	Change	% Ch.
Europe		4.8	5.5	4.7	(0.7)	(12.7)
Outside Europe		4.7	4.6	5.6	0.1	2.2
TOTAL LNG SALES		9.5	10.1	10.3	(0.6)	(5.9)

In 2020, LNG sales (9.5 bcm, included in the worldwide gas sales) decreased by 5.9% from 2019 and mainly concerned LNG from Qatar, Nigeria, Indonesia and Oman and marketed in Europe, China, Pakistan and Taiwan.

INTERNATIONAL TRANSPORT ACTIVITY

Eni, as shipper, has transport rights on a large European and North African networks for transporting natural gas in Italy and Europe, which link key consumption basins with the main producing areas (Russia, Algeria, the North Sea, including the Netherlands, Norway, and Libya).

The Company participates to both entities which operate the pipelines and entities which manage transport rights. The main international pipelines currently participated or operated by Eni are: i) the TTPC pipeline, 740-kilometer long which transports natural gas from Algeria; ii) the TMPC pipeline for the import of Algerian gas is 775-kilometer long; iii) the GreenStream pipeline for the import of Libyan gas (520-kilometer long); and iv) Eni holds an interest in the Blue Stream underwater pipeline linking the Russian coast to the Turkish coast of the Black Sea. These assets generate a steady operating profit thanks to the sale of transport rights mainly on a long-term basis.

Environmental activities



78 %

Recovered waste vs. recoverable waste
vs. 2019: +19 p.p.

6 mln cm

Groundwater treated in 2020
vs. 2019: +20%

Awarded by ArcelorMittal
of the contract for design
reclamation works at
former Ilva site in Taranto

Started initiatives
outside Italy to
support upstream
activities

Reclamation activities

Reclamation activities are by Eni Rewind, the environmental Eni's company through an integrated end to end model which ensures the supervision of reclamation process by planning projects from the early stages in accordance with local institutions and stakeholders, and the enhancement and reuse of resources in order to make them available for sustainable initiatives, in Italy and abroad. Eni Rewind applies the most advanced technologies, paying particular attention to on-site and in-site solutions to maximize efficacy and efficiency of the actions.

In 2020, Eni Rewind expands the scope of its activities beyond the group, with the awarding by ArcelorMittal of the contract for design the reclamation works at former Ilva site in Taranto. The agreement also covers specialist assistance with the process for the authorities' approval for securing the plant. Furthermore, through "Progetto Rinnovabili per l'Italia", have been identified the reclaimed lands in the industrial areas where to install photovoltaic, biomass plants and concentrated solar power stations.

In 2020, a 31MW photovoltaic park was started in Porto Torres area. The produced energy is addressed in part to the local industrial activities, allowing to avoid emissions of approximately 26 ktonnes per year of CO₂. During the year, another area was identified for the construction of a 34 MW photovoltaic park, in the design phase.

In addition, the activities related to the project "Ravenna Ponticelle" were carried on and provide, through an environmental intervention of permanent safety and subsequent redevelopment, the construction of: (i) a photovoltaic plant; (ii) a bio-remediation and land recovery plant with a biological laboratory; and (iii) a multipurpose platform created with another local player for the management of up to 60 ktonnes per year of special waste deriving from environmental and production activities in line with the European directives of the sector.

Water & Waste Management

The activity is developed by Eni Rewind and is focused on treatment of water at the Eni's sites, through an integrated system of interception and conveying of groundwater to treatment plants for their purification. Currently, 42 water treatment plants are in operation and managed in Italy, with approximately 36 million cubic meters of treated water in 2020. During the year, the automation and digitization of groundwater treatment plants were finalized, through the completion of remote control for the main plants. Initiatives of recovery and reuse of treated water were carried on aimed at the production of demineralized water for industrial use and relating to the operational plans of reclamation of contaminated sites. In 2020, after treatment, approximately 6 million cubic meter of water were reused.

Activities for the application of Blue Water technology continue at the Val d'Agri Oil Center in Viggiano. The project is finalized to the treatment and recovery of production water extracted from the oil field for an industrial reuse. The project is under authorization. In addition, almost the overall waste are managed, from both environmental rehabilitation activities and the Group's production activities in Italy, through the application of the best technologies to minimize environmental impacts. In 2020, about 1.7 million tons of waste were managed, with a share of recovered waste compared to the effective recoverable waste, amounting to approximately 78%. In the year, initiatives were also implemented outside Italy, including training and knowledge sharing programs, particularly in Iraq, Nigeria, Egypt, Tunisia, Kazakhstan, Turkmenistan and Angola to support the ongoing upstream activities in these countries. Furthermore, in January 2021 was signed a Memorandum of Understanding with the National Authority for oil and the gas of the Kingdom of Bahrain with the target of identifying and promoting joint initiatives for management, recovery and reuse of the country's water, soil and waste resources.

Waste to Fuel

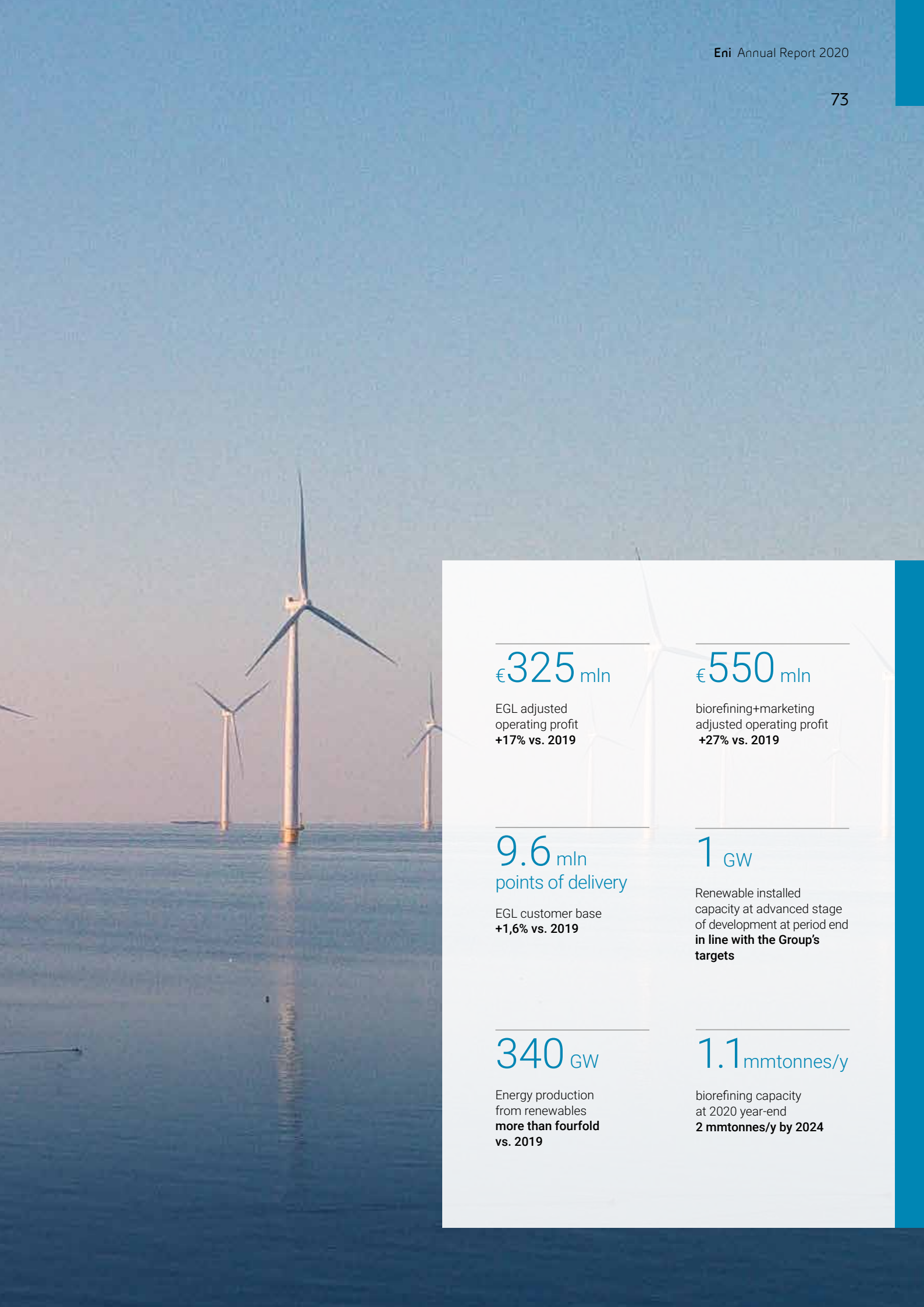
The target of recovery and reuse of resources is realized also through the development of the proprietary technology Waste to Fuel, which permits to transform FORSU (Organic fraction of municipal solid waste) in water and bio oil. Bio oil can be addressed to maritime transport, considering its low-sulphur content, or to help the production of advanced biofuels, while the recovered water can be used for industrial uses. The first application of this technology is ongoing at Gela plant, through a pilot plant started in 2018.

The construction of a plant with industrial scale is planned at Porto Marghera, in a reclaimed property's area. The plan includes the realization of a system with a treatment capacity up to 150 ktons/year of FORSU. During the year, were started the procedures to obtain the authorizations of the project which includes collaboration with local industrial and productive players in a perspective of synergy with the local context..

Energy Evolution

A photograph of several offshore wind turbines in a calm sea under a soft, hazy sky at sunset or sunrise. The turbines are silhouetted against the warm light of the low sun, with their reflections visible on the water's surface. The overall mood is serene and forward-looking, representing renewable energy.

The Business Group Energy Evolution is engaged on the evolution of the businesses of power generation, transformation and marketing of products from fossil to bio, blue and green. In particular, it is focused on growing power generation from renewable energy and biomethane, it coordinates the bio and circular evolution of the Company's refining system and chemical business, and it further develops Eni's retail portfolio, providing increasingly more decarbonized products for mobility, household consumption and small enterprises. The Business Group includes results of the Refining & Marketing business, chemical business managed by Versalis SpA and its subsidiaries, retail gas and power managed by Eni gas e luce and the activities of power generation from thermoelectric plants and renewables.



€325 mln

EGL adjusted
operating profit
+17% vs. 2019

€550 mln

biorefining+marketing
adjusted operating profit
+27% vs. 2019

9.6 mln
points of delivery

EGL customer base
+1,6% vs. 2019

1 GW

Renewable installed
capacity at advanced stage
of development at period end
**in line with the Group's
targets**

340 GW

Energy production
from renewables
**more than fourfold
vs. 2019**

1.1 mmt tonnes/y

biorefining capacity
at 2020 year-end
2 mmt tonnes/y by 2024

Refining & Marketing and Chemicals



1.1 mmt tonnes/y

Biorefinery capacity

6.65 mmt tonnes CO₂eq.

Direct GHG emissions (Scope 1)
vs. 2019: -16%

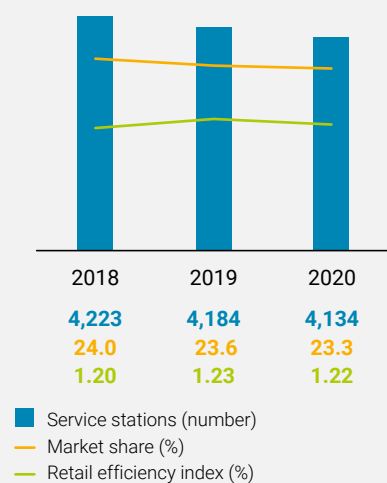
€ 550 mln

Adjusted operating profit
biorefining+marketing
vs. 2019: +27%

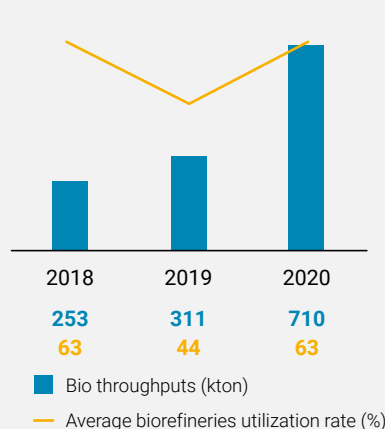
4.34 mmt tonnes

Sales of petrochemical products
vs. 2019: +1% despite the
decrease of demand

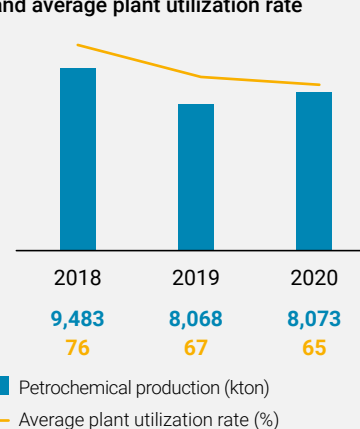
Retail activity in Italy



Biorefineries throughputs



Petrochemical production and average plant utilization rate



KEY PERFORMANCE INDICATORS

		2020	2019	2018
TRIR (Total Recordable Injury Rate)	(total recordable injuries/worked hours) x 1,000,000	0.80	0.27	0.56
of which: employees		1.17	0.24	0.49
contractors		0.48	0.29	0.62
Bio throughputs	(ktonnes)	710	311	253
Capacity of biorefineries	(mmtonnes/year)	1.1	1.1	0.4
Average biorefineries utilization rate	(%)	63	44	63
Conversion index of oil refineries		54	54	54
Average oil refineries utilization rate		69	88	91
Retail sales of petroleum products in Europe	(mmtonnes)	6.61	8.25	8.39
Service stations in Europe at year end	(number)	5,369	5,411	5,448
Average throughput per service station in Europe	(kliters)	1,390	1,766	1,776
Retail efficiency index	(%)	1.22	1.23	1.20
Production of petrochemical products	(ktonnes)	8,073	8,068	9,483
Sale of petrochemical products		4,339	4,295	4,946
Average petrochemical plant utilization rate	(%)	65	67	76
Employees at year end	(number)	11,471	11,626	11,457
of which: outside Italy		2,556	2,591	2,594
Direct GHG emissions (Scope 1)	(mmtonnes CO ₂ eq.)	6.65	7.97	8.19
Direct GHG emissions (Scope 1)/refinery throughputs (raw and semi-finished materials)	(tonnes CO ₂ eq./ktonnes)	248	248	253

Performance of the year

- Total recordable injury rate (TRIR) of the workforce amounted to 0.80 due to an increase in events recorded in the R&M business in Ecuador.
- Direct GHG emissions (Scope 1) reported a decrease of 16% compared to the previous year, mainly due to the decline in refining activities.
- Direct GHG emissions (Scope 1)/refining throughputs (raw and semi-finished materials) were substantially stable in 2020. The trend in GHG emissions was proportional to the reduction of processed materials.
- In 2020 Eni's refining throughputs on own account amounted to 17 mmtonnes (excluding the ADNOC Refining), down by 25% from 2019, due to lower volumes processed in response to a sharply depressed refining scenario and storage saturation, as a consequence of demand backdrop affected by COVID-19 pandemic.
- Production of biofuels from vegetable oil of 0.71 mmtonnes were more than doubled from 2019, driven by the ramp-up of the Gela biorefinery.
- Retail sales in Italy were 4.56 mmtonnes, decreased by 22% from 2019. The market share in 2020 was 23.3% (23.6% in 2019).
- Retail sales in the Rest of Europe (2.05 mmtonnes) were down by 16% compared to 2019, due to the COVID-19 impact on consumptions.
- Sales of petrochemical products amounted to 4.34 mmtonnes, up by 1%, despite the drop in demand.

Gela biorefinery

In 2020, reached full operation at Gela biorefinery, with a five-fold increase in biofuel productions compared to 2019. The ramp-up of the plant is a step forward along the path to decarbonization of Eni's activities thanks to the Ecofining™ proprietary technology. In March 2021, started the Biomass Treatment Unit to expand the range of charges to be processed by the plant, allowing the replacement of palm oil with other sustainable sources.

Circular economy and green chemicals

- Implemented on an industrial scale the technologies of plastic waste recycling thanks to the alliance with Forever Plast in order to develop and market a new range of solid polystyrene products made from reused packaging.
- Signed an agreement with AGR, an Italian company owner of a proprietary technology to treat used elastomers, to develop and market new products and applications in recycled rubber, in collaboration with the EcoTyre Consortium, which manages a national network for the collection and processing of ELTs (End-of-Life Tyres).
- Signed an agreement with COREPLA (National Consortium for the Collection, Recycling and Recovery of Plastic Packaging) to develop effective solutions to reutilize plastics, applying Eni's expertise in the fields of gasification and chemical recycling by means of pyrolysis.
- In 2020, Versalis joined the Circular Plastics Alliance (CPA) to contribute to the European target of using 10 million tonnes of recycled plastic in new products by 2025. The mission of this alliance, promoted by the European Commission, is to promote the recycling of plastic in Europe and at the same time to develop the market of second raw materials.
- Versalis entered the market of agricultural protection, thanks to the alliance with AlphaBio Control, a research and development company engaged in the production of natural formulations for the protection of crops, aimed at the production of herbicides and biocides for the disinfection of plant-based and biodegradable surfaces, using the active ingredients produced from the chemistry from the renewable sources platform of Porto Torres.

Business developments

- Crescentino plant is being upgraded. This strategic hub for the production of electricity and chemical feedstocks from residual biomass, is not in competition with the food supply chain and is based on an advanced proprietary technology. First application of this technology was the production of a bioethanol disinfectant from corn glucose syrup, based on the formulation provided by the WHO for medical applications; restarted the biomass power plant for renewable electricity generation. Studies are ongoing to develop the production process of second-generation sugar bioplastics.
- In July 2020, Versalis finalized the acquisition of a 40% interest in Finproject, a company engaged in the production of high-performance polymers, increasing exposure to products more resilient to the volatility of the chemical. This initiative allows Eni to exploit value from the integration of Finproject's positioning in the market of high value added applications with the industrial and technological leadership of Versalis.

Proprietary technologies

In 2021, Versalis has licensed to Enter Engineering Pte Ltd a low density polyethylene/ethyl vinyl acetate (LDPE/EVA) swing unit to be built as part of a new gas to chemical complex based on MTO-methanol to

olefins technology to be located in the Karakul area in the Bukhara region of the Republic of Uzbekistan. Versalis' background and expertise as licensor of its proprietary technologies relies on its enduring R&D and lab & pilot plant testing capabilities, and full-scale operational experience at its own production facilities.

REFINING & MARKETING

SUPPLY AND TRADING

In 2020, were purchased 17.37 mmtonnes of crude (compared with 23.43 mmtonnes in 2019), of which 3.55 mmtonnes by equity crude oil, 10.23 mmtonnes on the spot market and 3.59 mmtonnes by producer's Countries with term contracts. The breakdown by geographic area was as follows: 26% of purchased crude came from the Middle East, 17% from Central Asia, 16% from Russia, 16% from Italy, 8% from West Africa, 7% from North Africa, 4% from North Sea and 6% from other areas.

REFINING

PURCHASES

	(mmtonnes)	2020	2019	2018	Change	% Ch.
Equity crude oil		3.55	4.24	4.14	(0.69)	(16.3)
Other crude oil		13.82	19.19	18.48	(5.37)	(28.0)
Total crude oil purchases		17.37	23.43	22.62	(6.06)	(25.9)
Purchases of intermediate products		0.11	0.26	0.65	(0.15)	(57.7)
Purchases of products		10.31	11.45	11.55	(1.14)	(10.0)
TOTAL PURCHASES		27.79	35.14	34.82	(7.35)	(20.9)
Consumption for power generation		(0.35)	(0.35)	(0.35)		
Other changes ^(a)		(0.69)	(2.08)	(1.27)	1.39	66.8
TOTAL AVAILABILITY		26.75	32.71	33.20	(5.96)	(18.2)

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

In 2020, Eni's refining throughputs on own account were 17 mmtonnes decreased by 25.2% from 2019, due to the lower throughputs in Italy, as a result of the depressed refining scenario and storage saturation as consequence of COVID-19 impact on demand. These negatives were partially offset by the restart of the Bayernoil plants and PCK in Germany.

In Italy, the refinery throughputs (14.82 mmtonnes) decreased by 28.4% from 2019 following the depressed refining scenario.

Outside Italy, Eni's refining throughputs on own account were 2.18 mmtonnes, up by approximately 140 ktonnes or 6.9% due to the restart of Vohburg plant and PCK in Germany. Total throughputs in wholly-owned refineries were 12.72 mmtonnes, down by 4.54 mmtonnes or 26.3% compared with 2019.

The refinery utilization rate, ratio between throughputs and refinery capacity, is 69%.

Approximately 21.2% of processed crude was supplied by Eni's Exploration & Production segment, increased from 2019 (18.9%).

BIOREFINERY

The volumes of biofuels processed from vegetable oil were more than doubled from the corresponding period of 2019 with an increase of 0.40 mmtonnes, driven by the production ramp-up at Gela biorefinery.

AVAILABILITY OF REFINED PRODUCTS

	(mmtonnes)	2020	2019	2018	Change	% Ch.
ITALY						
At wholly-owned refineries		12.72	17.26	16.78	(4.54)	(26.3)
Less input on account of third parties		(1.75)	(1.25)	(1.03)	(0.50)	(40.0)
At affiliated refineries		3.85	4.69	4.93	(0.84)	(17.9)
Refinery throughputs on own account		14.82	20.70	20.68	(5.88)	(28.4)
Consumption and losses		(0.97)	(1.38)	(1.38)	0.41	29.7
Products available for sale		13.85	19.32	19.30	(5.47)	(28.3)
Purchases of refined products and change in inventories		7.18	7.27	7.50	(0.09)	(1.2)
Products transferred to operations outside Italy		(0.66)	(0.68)	(0.54)	0.02	2.9
Consumption for power generation		(0.35)	(0.35)	(0.35)	0.00	0.0
Sales of products		20.02	25.56	25.91	(5.54)	(21.7)
Bio throughputs		0.71	0.31	0.25	0.40	128.3
OUTSIDE ITALY						
Refinery throughputs on own account		2.18	2.04	2.55	0.14	6.9
Consumption and losses		(0.17)	(0.18)	(0.20)	0.01	5.6
Products available for sale		2.01	1.86	2.35	0.15	8.1
Purchases of refined products and change in inventories		3.39	4.17	4.12	(0.78)	(18.7)
Products transferred from Italian operations		0.66	0.68	0.54	(0.02)	(2.9)
Sales of products		6.06	6.71	7.01	(0.65)	(9.7)
Refinery throughputs on own account		17.00	22.74	23.23	(5.74)	(25.2)
<i>of which: refinery throughputs of equity crude on own account</i>		3.55	4.24	4.14	(0.69)	(16.3)
Total sales of refined products		26.08	32.27	32.92	(6.19)	(19.2)
Crude oil sales		0.67	0.44	0.28	0.23	52.3
TOTAL SALES		26.75	32.71	33.20	(5.96)	(18.2)

MARKETING OF REFINED PRODUCTS

In 2020, retail sales of refined products (26.08 mmtonnes) were down by 6.19 mmtonnes or by 19.2% from 2019, due to the COVID-19 crisis which negatively affected sales in Italy and in the rest of Europe.

PRODUCT SALES IN ITALY AND OUTSIDE ITALY

	(mmtonnes)	2020	2019	2018	Change	% Ch.
Retail		4.56	5.81	5.91	(1.25)	(21.5)
Wholesale		5.75	7.68	7.54	(1.93)	(25.1)
Petrochemicals		0.61	0.83	0.96	(0.22)	(26.5)
Other sales		9.10	11.24	11.50	(2.14)	(19.0)
Sales in Italy		20.02	25.56	25.91	(5.54)	(21.7)
Retail rest of Europe		2.05	2.44	2.48	(0.39)	(16.0)
Wholesale rest of Europe		2.40	2.63	2.82	(0.23)	(8.7)
Wholesale outside Europe		0.48	0.48	0.47		
Other sales		1.13	1.16	1.24	(0.03)	(2.6)
Sales outside Italy		6.06	6.71	7.01	(0.65)	(9.7)
TOTAL SALES OF REFINED PRODUCTS		26.08	32.27	32.92	(6.19)	(19.2)

Retail sales in Italy

In 2020, retail sales in Italy were 4.56 mmt tonnes, with a decrease compared to 2019 (1.25 mmt tonnes or down by 21.5%) as consequence of the restrictive measures implemented mainly in the second quarter during the pandemic peak. Average throughput per service station (1,206 kliters) decreased by 380 kliters from 2019 (1,586 kliters). Eni's retail market share of 2020 was 23.3%, slightly down from 2019 (23.6%).

As of December 31, 2020, Eni's retail network in Italy consisted of 4,134 service stations, lower by 50 units from December 31, 2019 (4,184 service stations), resulting from the negative balance of acquisitions/releases of lease concessions (46 units), closure of low throughput stations (3 units) and a decrease of 1 motorway concession.

RETAIL AND WHOLESALSALES SALES OF REFINED PRODUCTS

	(mmtonnes)	2020	2019	2018	Change	% Ch.
Italy		10.31	13.49	13.45	(3.18)	(23.6)
Retail sales		4.56	5.81	5.91	(1.25)	(21.5)
Gasoline		1.16	1.44	1.46	(0.28)	(19.4)
Gasoil		3.10	3.95	4.03	(0.85)	(21.5)
LPG		0.27	0.38	0.38	(0.11)	(28.9)
Others		0.03	0.04	0.04	(0.01)	(25.0)
Wholesale sales		5.75	7.68	7.54	(1.93)	(25.1)
Gasoil		3.11	3.41	3.25	(0.30)	(8.8)
Fuel Oil		0.02	0.06	0.07	(0.04)	(66.7)
LPG		0.18	0.18	0.20	0.00	0.0
Gasoline		0.30	0.47	0.44	(0.17)	(36.2)
Lubricants		0.08	0.08	0.08	0.00	0.0
Bunker		0.63	0.77	0.80	(0.14)	(18.2)
Jet fuel		0.70	1.92	1.98	(1.22)	(63.5)
Other		0.73	0.79	0.72	(0.06)	(7.6)
Outside Italy (retail+wholesale)		4.93	5.55	5.77	(0.62)	(11.2)
Gasoline		1.13	1.31	1.30	(0.18)	(13.7)
Gasoil		2.73	3.02	3.16	(0.29)	(9.6)
Jet fuel		0.09	0.29	0.33	(0.20)	(69.0)
Fuel Oil		0.13	0.09	0.14	0.04	44.4
Lubricants		0.09	0.09	0.09	0.00	0.0
LPG		0.50	0.50	0.50	0.00	0.0
Other		0.26	0.25	0.25	0.01	4.0
TOTAL RETAIL AND WHOLESALSALES		15.24	19.04	19.22	(3.80)	(20.0)

Retail sales in the Rest of Europe

Retail sales in the Rest of Europe were 2.05 mmt tonnes, recorded a reduction from 2019 (down by 16%) mainly due to the restrictive measures adopted against COVID-19 in the second quarter during the pandemic peak. At December 31, 2020, Eni's retail network in the Rest of Europe consisted of 1,235 units, increasing by 8 units from December 31, 2019, mainly in Germany and France. Average throughput (1,980 kliters) decreased by 376 kliters compared to 2019 (2,356 kliters).

Wholesale and other sales

Wholesale sales in Italy amounted to 5.75 mmtonnes, decreasing by 25.1% from the full year of 2019, due to the contraction of industrial activity and in particular, for lower sales of jet fuel following a deep crisis of the airlines sector.

Wholesale sales in the Rest of Europe were 2.40 mmtonnes, down by 8.7% from 2019 due to lower sold volumes mainly in Spain, partly offset by higher volumes marketed in Germany for higher product availability due to the restart of Vohburg plant.

Supplies of feedstock to the petrochemical industry (0.61 mmtonnes) decreased by 26.5%. Other sales in Italy and outside Italy (10.23 mmtonnes) decreased by 2.17 mmtonnes or down by 17.5% mainly due to lower volumes sold to oil companies.

CHEMICALS

PRODUCT AVAILABILITY

	ktonnes	2020	2019	2018	Change	% Ch.
Intermediates		5,861	5,818	7,130	43	0.7
Polymers		2,212	2,250	2,353	(38)	(1.7)
Production		8,073	8,068	9,483	5	0.1
Consumption and losses		(4,366)	(4,307)	(5,085)	(59)	(1.4)
Purchases and change in inventories		632	534	548	98	18.4
TOTAL AVAILABILITY		4,339	4,295	4,946	44	1.0
Intermediates		2,549	2,529	3,095	20	0.8
Polymers		1,790	1,766	1,851	24	1.4
TOTAL SALES		4,339	4,295	4,946	44	1.0

Petrochemical sales of 4,339 ktonnes slightly increased from 2019 (up by 44 ktonnes, or 1%) thanks to the positive performance reported in the intermediate, styrenics and polyethylene segments due to the accelerated economic recovery in the fourth quarter, mainly in Asia and lower competitive pressure, partly mitigated by the generalized reduction in volumes during the pandemic peak in the second quarter and by the global economic downturn which affected all the main end-markets, particularly the automotive sector, and the subsequent conservative position of operators which induced to decrease storage.

Average unit sales prices of the intermediates business decreased by 23.3% from 2019, with aromatics and olefins down by 36.4% and 25.4%, respectively. The polymers reported a decrease of 15% from 2019.

Petrochemical production of 8,073 ktonnes were substantially unchanged from 2019 (up by 5 ktonnes) due to higher production of intermediates business (up by 43 ktonnes), in particular olefins; these higher volumes were partially offset by lower productions of elastomers and polyethylene down by 18 ktonnes and 23 ktonnes from 2019, respectively.

The main decreases in production were registered at the Priolo site (down by 207 ktonnes), due to the prolonged planned shutdown and at Brindisi (down by 33 ktonnes), these reductions were offset by higher volumes at Porto Marghera plant (up by 246 ktonnes).

Nominal capacity of plants slightly decreased from the 2019. The average plant utilization rate calculated on nominal capacity was 65%, decreased from 2019 (67%) following the aforementioned shutdowns.

BUSINESS TRENDS

Intermediates

Intermediates revenues (€1,385 million) decreased by €406 million from 2019 (down by 22.7%) reflecting both the lower commodity prices scenario and the lower product availability due to the standstills occurred in 2020. Sales increased, in particular for aromatics (up by 2.4%), olefins (up by 0.8%) following the higher product availability. Average unit prices decreased by 23.3%, in particular aromatics (down by 36.4%), olefins (down by 25.4%) and derivatives (down by 5.9%). Intermediates production (5,861 ktonnes) registered an increase of 0.7% from 2019. Increases were recorded in olefins (up by 1.7%) and decreases in derivatives (down by 3.9%) and in aromatics (down by 0.8%).

Polymers

Polymers revenues (€1,888 million) decreased by €313 million or 14.2% from 2019 due to the decrease of the average unit prices (down by 15%). The styrenics business benefitted of the increase of volumes sold (up by 4.0%) for higher product availability; decrease of sale prices (down by 16.0%). Polyethylene volumes increased (up by 2.0%) for higher demand. Average prices decreased by 13.4%. In the elastomers business, a decrease of sold volumes (down by 4.6%) was attributable to lattices (down by 8.4%), EPR (down by 6.5%), TPR (down by 4.8%), SBR rubbers (down by 4.6%) and BR (down by 3.0%). Higher styrenics volumes sold (up by 4.0%) were mainly attributable to ABS (up by 7.8%), expandable polystyrene (up by 5.1%) and compact polystyrene (4.5%), these higher volumes were partly offset by lower sales of styrene (down by 12.7%). Overall, the sold volumes of polyethylene business reported a reported an increase (up by 2.0%) with higher sales of LDPE and EVA (up by 4.6% and 7.3%, respectively), while volumes of LLDPE decreased (down by 2.3%). In addition, average sales prices decreased (down by 13.4%). Polymers productions (2,212 ktonnes) decreased from the 2019 due to the lower productions of elastomers (down by 6.7%), polyethylene (down by 1.9%).

Eni gas e luce, Power & Renewables



€465 mln

Adjusted operating profit
of the segment
vs. 2019: +26%

7.68 bcm

Retail gas sales

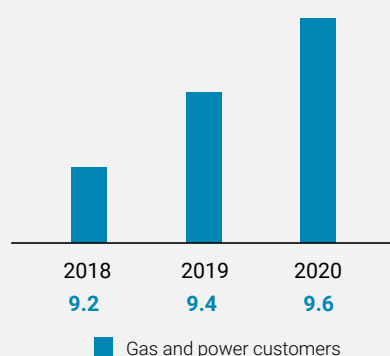
12.49 TWh

Retail power sales to end
customers
vs. 2019: +14.4% thanks to the
growth of customer portfolio
outside Italy

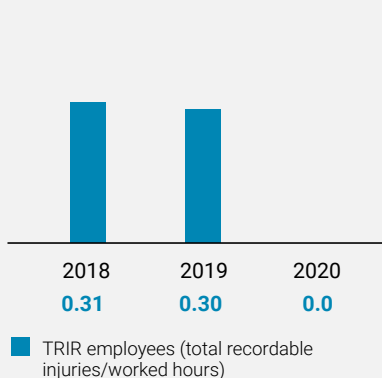
339.6 GWh

Production from renewables
increased **more than fivefold**
vs. 2019

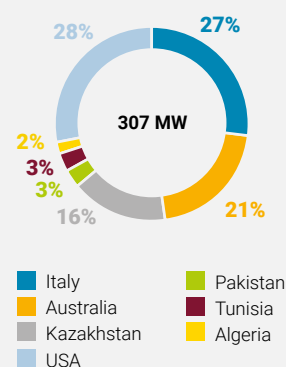
Retail customers
(mln of POD)



Total Recordable Injury Rate (TRIR)
0 injuries among employees



Renewables installed capacity by area



KEY PERFORMANCE INDICATORS

		2020	2019	2018
Total recordable incident rate (TRIR)	(total recordable injuries/worked hours) x 1,000,000	0.32	0.62	0.60
of which: employees		0.00	0.30	0.31
contractors		0.73	0.95	1.16
Eni Gas e Luce				
Retail gas sales	(bcm)	7.68	8.62	9.13
Retail power sales to end customers	(TWh)	12.49	10.92	8.39
Retail customers	(million of POD)	9.57	9.42	9.19
Power & Renewables				
Power sales in the open market	(TWh)	25.33	28.28	28.54
Thermoelectric production		20.95	21.66	21.62
Energy production from renewable sources	(GWh)	339.6	60.6	11.6
Renewable installed capacity at period end	(MW)	307	174	40
Employees at year end		2,092	2,056	2,056
of which: outside Italy		413	358	337
Direct GHG emissions (Scope 1)	(mmtonnes CO ₂ eq.)	9.63	10.22	10.47
Direct GHG emissions (Scope 1)/equivalent produced electricity (Eni Power)	(gCO ₂ eq./kWh eq.)	391	394	402

Performance of the year

- The total recordable injury rate (TRIR) of the workforce amounted to 0.32, 48% better than the previous year. Achieved the target of zero injuries for employees and a remarkable improvement in the contractors' index.
- Direct GHG emissions (Scope 1) reported an improved performance (up by 6% compared to 2019), as a result of lower productions connected to the pandemic crisis and maintenance standstill at the Ferrara plant.
- Direct GHG emissions (Scope 1)/equivalent produced electricity slightly decreased from 2019 (down by 0.7%) following the reduced use of syngas at the Ferrara Erbognone plant, with an improved effect on the emission index.
- Retail gas sales amounted to 7.68 bcm, down by 10.9% compared to 2019. The decrease was mainly due to lower sales marketed to the small and medium enterprises and resellers segments.
- Retail power sales to end customers amounted to 12.49 TWh, recording an increase of 14.4% compared to 2019, leveraging on growth of the customer base outside Italy.
- Power sales in the open market amounted to 25.33 TWh, down by 10.4% following the economic slowdown due to the restrictive measures implemented during the pandemic.
- Energy production from renewable sources amounted to 339.6 GWh, more than a five-fold increase from the comparative period (60.6 GWh in the 2019) due to the entry in exercise of new capacity and the contribution of the acquired assets in the USA.
- As of December 31, 2020, the renewable installed capacity was 307 MW: 80% attributable to photovoltaic plants (including installed storage capacity) and 20% attributable to wind farms.

Retail gas and power business developments

In line with the strategy of digital and technological business development, Eni through its subsidiary Eni gas e luce, acquired a 20% interest in Tate Srl in June 2020, a start-up operating in the activation and management of electricity and gas contracts through digital solutions. Furthermore, in July 2020, was launched a strategic partnership with OVO targeting the residential market in France to raise customer awareness for a responsible use of energy and access to zero-emission technologies leveraging digitalization.

In line with the target to increase the customer portfolio in Europe, in January 2021 was signed an agreement between Eni gas e luce and Grupo Pitma for the 100% acquisition of Aldro Energía with a 250,000 customers portfolio mainly in Spain and Portugal and focused on small and medium-sized enterprises. The transaction is subject to the approval of the relevant authorities.

Transition to sustainable mobility

In line with the strategy of decarbonization and energy transition focused on sale of low carbon products, in February 2021, Eni gas e luce signed an agreement with Be Charge, a company of the Be Power Group SpA, aimed at the development of infrastructure for electric mobility, which provides for the nationwide installation of co-branded public charging stations for electric vehicles that will be powered by renewable energy supplied by Eni gas e luce.

Expansion of renewables business

In 2020, continued the expansion in the international market thanks to the strategic partnership with the Italian Group Falck; in particular, in the USA were developed the following initiatives:

- acquired in March a 49% share of Falck's photovoltaic plants in operation in the Country (57 MW net to Eni);
- finalized in November, the acquisition from Building Energy SpA of 62 MW of operating capacity (30.2 MW net to Eni) in wind and solar plants and a pipeline of wind projects up to 160 MW. Production in operation will avoid more than 93 ktonnes of CO₂ emissions per year;
- acquired in November a 30 MW solar project "ready to build" in Virginia from Savion LLC (14.5 MW net to Eni). The plant will allow to avoid over 33 ktonnes of CO₂ emissions per year.

Started in July a photovoltaic plant at Volpiano (total capacity of 18 MW), with an expected production of 27 GWh/y, avoiding 370 ktonnes of CO₂ emissions over the service life of the plant.

In February 2021, signed an agreement with X-Elio, a Spanish leader company, for the acquisition of three photovoltaic projects located in the Southern region of Spain with a total capacity of 140 MW.

Relating to the wind segment, finalized the acquisition from Asja Ambiente of three wind projects for a total capacity of 35.2 MW expected to produce approximately 90 GWh/y, avoiding around 38 ktonnes of CO₂ emissions per year.

Signed a Sale and Purchase Agreement for the acquisition from Equinor and SSE Renewables of a 20% share of the offshore wind project Dogger Bank (A and B) in the United Kingdom, which will be the largest wind power facility in the world, for a total capacity of 2.4 GW at a full capacity. The construction phase is expected to be completed in 2023-2024. This transaction, finalized at the end of February 2021, will contribute 480 MW to the renewable generation capacity and to Eni's growth targets.

ENI GAS E LUCE

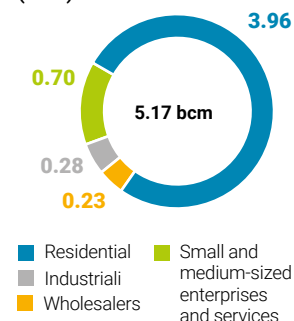
GAS DEMAND

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 9.6 million retail clients (gas and electricity) in Italy and Europe. In particular, clients located all over Italy are 7.7 million.

GAS SALES BY MARKET

	(bcm)	2020	2019	2018	Change	% Ch.
ITALY		5.17	5.49	5.83	(0.32)	(5.8)
Resellers		0.23	0.33	0.45	(0.10)	(30.3)
Industries		0.28	0.30	0.39	(0.02)	(6.7)
Small and medium-sized enterprises and services		0.70	0.87	0.79	(0.17)	(19.5)
Residential		3.96	3.99	4.20	(0.03)	(0.8)
INTERNATIONAL SALES		2.51	3.13	3.30	(0.62)	(19.8)
European markets:						
France		2.08	2.69	2.94	(0.61)	(22.7)
Greece		0.34	0.35	0.24	(0.01)	(2.9)
Other		0.09	0.09	0.12	0.00	0.0
RETAIL GAS SALES		7.68	8.62	9.13	(0.94)	(10.9)

Gas sales in Italy (bcm)



RETAIL GAS SALES

In 2020, natural gas sales in Italy and in the rest of Europe amounted to 7.68 bcm, down by 0.94 bcm or 10.9% from the previous year. Sales in Italy amounted to 5.17 bcm down by 5.8% compared to 2019, the reduction was mainly due to lower volumes marketed at small and medium enterprises and resellers segments; the reduction reported in the residential segment was mitigated by the positive weather effect mainly in the last quarter of the year.

Sales in the European markets (2.51 bcm) reported a reduction of 19.8% or 0.62 bcm compared to 2019. In France, sales decreased by 22.7% due to lower volumes marketed to industrial customers. In Greece and Slovenia sales were substantially in line with the comparative period.

RETAIL POWER SALES TO END CUSTOMERS

In 2020, retail power sales to end customers, managed by Eni gas e luce and the subsidiaries in France and Greece, amounted to 12.49 TWh, an increase by 14.4% from 2019, due to growth of retail customers portfolio (up by 270,000 customers vs. 2019) and higher volumes sold to the retail and industrial segments in Europe.

POWER

AVAILABILITY OF ELECTRICITY

Eni's power generation sites are located in Brindisi, Ferrera Erbognone, Ravenna, Mantova, Ferrara and Bolgiano. As of December 31, 2020, installed operational capacity of Enipower's power plants was 4.6 GW. In 2020, thermoelectric power generation was 20.95 TWh, substantially in line compared to 2019. Electricity trading (17.09 TWh) reported a decrease of 4.2% from 2019, thanks to the optimization of inflows and outflows of power.

POWER SALES IN THE OPEN MARKET

In 2020, power sales in the open market were 25.33 TWh, representing a reduction of 10.4% compared to 2019, due to economic downturn.

		2020	2019	2018	Change	% Ch.
Purchases of natural gas	(mmcm)	4,346	4,410	4,300	(64)	(1.5)
Purchases of other fuels	(ktoe)	160	276	356	(116)	(42.0)
Power generation	(TWh)	20.95	21.66	21.62	(0.71)	(3.3)
Steam	(ktonnes)	7,591	7,646	7,919	(55)	(0.7)

AVAILABILITY OF ELECTRICITY

	(TWh)	2020	2019	2018	Change	% Ch.
Power generation		20.95	21.66	21.62	(0.71)	(3.3)
Trading of electricity ^(a)		17.09	17.83	15.45	(0.74)	(4.2)
Availability		38.04	39.49	37.07	(1.45)	(3.7)
Power sales in the open market		25.33	28.28	28.54	(2.95)	(10.4)

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

RENEWABLES

Eni is engaged in the renewable energy business (solar and wind) through the business unit Energy Solutions aiming at developing, constructing and managing renewable energy producing plant.

Eni's targets in this field will be reached by leveraging on an organic development of a diversified and balanced portfolio of assets, integrated with selective asset and projects acquisitions as well as international strategic partnership.

ENERGY FROM RENEWABLE SOURCES AND INSTALLED CAPACITY AT PERIOD END

		2020	2019	2018	Change	% Ch.
Energy production from renewable sources	(GWh)	339.6	60.6	11.6	279	..
of which: photovoltaic		223.2	60.6	11.6	162.6	..
wind		116.4			116.4	
of which: Italy		112.2	53.3	11.6	58.9	..
outside Italy		227.4	7.3		220.1	..
of which: own consumption ^(a)		23%	60%	75%		
Renewable installed capacity at period end	(MW)	307	174	40	133	76.4
of which: photovoltaic		77%	76%	100%		
wind		20%	20%			
installed storage capacity		3%	4%			

(a) Electricity for Eni's production sites consumptions.

Energy production from renewable sources amounted to 339.6 GWh (of which 223.2 GWh photovoltaic and 116.4 GWh wind) up by 279 GWh compared to 2019.

The increase in production compared to the previous year benefitted from the entry in operations of new capacity, as well as the contribution of assets already operating in the United States, acquired in 2020.

Follows breakdown of the installed capacity by Country and technology:

RENEWABLE INSTALLED CAPACITY AT PERIOD END (ENI'S SHARE)

	(MW)	(technology)	2020	2019	2018
ITALY		fotovoltaic	84	82	35
OUTSIDE ITALY			160	58	5
Algeria		fotovoltaic	5	5	5
Australia		fotovoltaic	64	39	
Pakistan		fotovoltaic	10	10	
Tunisia		fotovoltaic	9	4	
United States		fotovoltaic	72		
Total photovoltaic installed capacity			244	140	40
United States		wind	15		
Kazakhstan		wind	48	34	
Total wind installed capacity			63	34	-
TOTAL INSTALLED CAPACITY AT PERIOD END (INCLUDING INSTALLED STORAGE POWER)			307	174	40
<i>of which installed storage power</i>			8	7	-
PLANTS IN OPERATION AT PERIOD END			30	15	12

At the end of 2020, the total installed and sanctioned capacity amounted to 1GW: the total installed capacity for the generation of energy from renewable sources amounted to 307 MW (in Eni share and including the storage power), of which about 84 MW in Italy and 223 MW abroad, with 30 plants in operation; the capacity under construction/advanced stage of development amounted to about 0.7 GW and mainly relating to the Dogger Bank A and B offshore wind projects in the UK (480 MW in Eni share) and the new capacity in Kazakhstan (98 MW, of which 48 MW onshore wind and 50 MW solar photovoltaic).

Financial review

Eni's new organizational structure and segment reporting

Effective July 1, 2020, Eni's management has redesigned the macro-organizational structure of the Group, in line with its new long-term strategy, disclosed on February 2020 to the market and aimed at transforming the Company into a leader in the production and marketing of decarbonized energy products.

The new organization is based on two new Business Groups:

- **Natural Resources**, to build up the value of Eni's Oil & Gas upstream portfolio, with the objective of reducing its carbon footprint by scaling up energy efficiency and expanding production in the natural gas business, and its position in the wholesale market. Furthermore, it will focus its actions on the development of carbon capture and compensation projects. The Business Group will incorporate the Company's Oil & Gas exploration, development and production activities, natural gas wholesale via pipeline and LNG. In addition, it will include forests conservation (REDD+) and carbon storage projects. The company Eni Rewind (environmental activities), will also be consolidated in this Business Group.
- **Energy Evolution**, will focus on the evolution of the businesses of power generation, transformation and marketing of products from fossil to bio, blue and green. In particular, it will focus on growing power generation from renewable energy and biomethane, it will coordinate the bio and circular evolution of the Company's refining system and chemical business, and it will further develop Eni's retail portfolio, providing increasingly more decarbonized products for mobility, household consumption and small enterprises. The Business Group will incorporate the activities of power generation from natural gas and renewables, the Refining and Chemicals businesses, Retail Gas & Power and mobility Marketing. The companies Versalis (chemical products) and Eni gas e luce will also be consolidated in this Business Group.

The new organization represents a fundamental step to implement Eni's strategy to become leader in the supply of decarbonized products by 2050 combining value creation, sustainability and financial resilience.

In re-designing the Group's segment information for financial reporting purposes, the management evaluated that the com-

ponents of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker (CEO) to make decisions about the allocation of resources and to assess performances would continue being the single business units which are comprised in the two newly-established Business Groups, rather than the two groups themselves. Therefore, in order to comply with the provisions of the international reporting standard that regulates the segment reporting (IFRS 8), the new reportable segments of Eni, substantially confirming the pre-existing setup, are identified as follows:

- **Exploration & Production**: research, development and production of oil, condensates and natural gas, forestry conservation (REDD+) and CO₂ capture and storage projects.
- **Global Gas & LNG Portfolio**: supply and sale of wholesale natural gas by pipeline, international transport and purchase and marketing of LNG. It includes gas trading activities finalized to hedging and stabilizing the trade margins, as well as optimising the gas asset portfolio.
- **Refining & Marketing and Chemicals**: supply, processing, distribution and marketing of fuels and chemicals. The results of the Chemicals segment were aggregated with the Refining & Marketing performance in a single reportable segment, because these two operating segments have similar economic returns. It comprises the activities of trading oil and products with the aim to execute the transactions on the market in order to balance the supply and stabilize and cover the commercial margins.
- **Eni gas e luce, Power & Renewables**: retail sales of gas, electricity and related services, production and wholesale sales of electricity from thermoelectric and renewable plants. It includes trading activities of CO₂ emission certificates and forward sale of electricity with a view to hedging/optimising the margins of the electricity.
- **Corporate and Other activities**: includes the main business support functions, in particular holding, central treasury, IT, human resources, real estate services, captive insurance activities, research and development, new technologies, business digitalization and the environmental activity developed by the subsidiary Eni Rewind.

According to the requirements of IFRS 8, 2019 and 2018 comparative periods have been restated to adjust them to the change of the segment information, as follows:

(€ million)	2019		2018	
	As published	As restated	As published	As restated
Adjusted net profit (loss)	8,597	8,597	11,240	11,240
Exploration & Production	8,640	8,640	10,850	10,850
Gas & Power	585		543	
Global Gas & LNG Portfolio		193		278
Refining & Marketing and Chemicals	21	21	380	360
EGL, Power & Renewables		370		262
Corporate and other activities	(624)	(602)	(606)	(583)
Impact of unrealized intragroup profit elimination and other consolidation adjustments	(25)	(25)	73	73

PROFIT AND LOSS ACCOUNT

	(€ million)	2020	2019	2018	Change	% Ch.
Sales from operations		43,987	69,881	75,822	(25,894)	(37.1)
Other income and revenues		960	1,160	1,116	(200)	(17.2)
Operating expenses		(36,640)	(54,302)	(59,130)	17,662	32.5
Other operating income (expense)		(766)	287	129	(1,053)	..
Depreciation, depletion, amortization		(7,304)	(8,106)	(6,988)	802	9.9
Net impairment reversals (losses) of tangible and intangible and right-of-use assets		(3,183)	(2,188)	(866)	(995)	(45.5)
Write-off of tangible and intangible assets		(329)	(300)	(100)	(29)	(9.7)
Operating profit (loss)		(3,275)	6,432	9,983	(9,707)	..
Finance income (expense)		(1,045)	(879)	(971)	(166)	(18.9)
Income (expense) from investments		(1,658)	193	1,095	(1,851)	..
Profit (loss) before income taxes		(5,978)	5,746	10,107	(11,724)	..
Income taxes		(2,650)	(5,591)	(5,970)	2,941	52.6
Tax rate (%)		..	97.3	59.1		
Net profit (loss)		(8,628)	155	4,137	(8,783)	..
attributable to:						
- Eni's shareholders		(8,635)	148	4,126	(8,783)	..
- Non-controlling interest		7	7	11		

Impact of COVID-19 pandemic

The trading environment in 2020 saw the largest oil demand drop in history (down by an estimated 9% y-o-y) driven by the lockdown measures implemented at global scale to contain the spread of the COVID-19 pandemic causing a material hit to economic activity, international commerce and travel, mainly during the peak of the crisis in the first and second quarter of 2020.

The shock in hydrocarbon demand occurred against the backdrop of a structurally oversupplied oil market, as highlighted by the disagreements among OPEC+ members in the response to be adopted to manage the crisis in early March 2020. The producing Countries of the cartel decided against maintaining the existing quotas and as a result the market was inundated with production while demand was crumbling. Those developments led to a collapse in commodity prices.

At the peak of the downturn, between March and April, the Brent marker price fell to about 15 \$/barrel, the lowest level in over twenty years. The oversupply drove oil markets into contango, a situation when prices for prompt delivery quote below prices for future deliveries, while both land and floating storages reached the highest technical filling levels.

Since May, oil prices have been staging a turnaround thanks to a comprehensive agreement reached within OPEC+ on implementing record production cuts as well as an ongoing recovery in the world economy and oil consumption following an ease in restrictive measures and driven in large part by a strong rebound of activity in China. Brent prices recovered to almost 45 \$/barrel in summer months.

However, during the autumn months the macroeconomic rebound hit a standstill in the USA and in Europe due to a resurgence in virus cases, which forced the governments and local authorities in those Countries to reinstate partial or full lock-

downs and other restrictive measures that weighted heavily on oil and products demands as millions of people continued living in partial isolation.

In this period, crude oil prices were supported by strict production discipline on part of OPEC+ members and the market was able to accommodate the return of Libya's production by the end of September, which quickly ramped to the plateau of 1.2 million boe/d as a result of an internal peace agreements which resolved the force majeure which had blocked export terminals. A barometer of the weakness of the fundamentals in the energy sector in the third and fourth quarter was the trend in the refining margins which dropped to historic lows due to weak demand for fuels and the crisis in the airline sector, which prevented refiners from passing the cost of the crude oil feedstock to the final prices of products. To make things worse, OPEC+ production cuts impacted the availability of medium-heavy crudes, narrowing the price differentials with light-medium qualities like the Brent crude and squeezing the refiners' conversion advantage.

However, since mid-November a few market and macroeconomic developments triggered a rally in oil prices, which reached 50 \$/bbl at the end of the year rebounding from the still depressed level of October and then rose to an average of 60 \$/barrel in the first quarter of 2021. First, several effective vaccines against the virus were approved. Second, the OPEC+ members resolved at a meeting in early December to slowdown the pace of easing the production curtailments scheduled to begin at the onset of 2021. Then in a subsequent meeting in early January 2021, Saudi Arabia surprised markets by announcing a unilateral cut to its production quota of 1 million barrels/d in February and March in relation to the uncertainties to the recovery in demand caused by the ongoing rise in new virus case.

Meanwhile, the pace of the economic recovery accelerated in Asia, where China and India drove a surge oil consumption. The inventory overhang began to ease due to market being better balanced. Finally, exceptional cold weather conditions hit the Far East which caused a mini energy crisis due to the sudden spike in the demand for heating products which led to a substantial increase in the JKM benchmark spot prices of LNG spot which climbed to all-time highs, up to 30-40 \$/mmBTU (an increase more than 1000% compared to the values recorded in April 2020 during the peak of the crisis).

The Brent price closes the year at 50 \$/barrel and the recovery accelerates at the beginning of 2021 with the psychological threshold of 60 \$/barrel and an average of almost 58 \$/barrel in the first two months of the year.

Despite these positive developments, we believe the outlook for 2021 to remain subdued due to an ongoing slowdown in economic activity and in oil consumption in Europe and in the USA, with possible downside risks related to the evolution of the pandemic crisis and the discovery of new virus strains. Therefore, the trading environment for 2021 remains uncertainty and volatile.

In 2020 due to macroeconomic and market developments described above, the average price of the Brent benchmark crude oil decreased by 35% compared to the previous year, with an annual average of 42 \$/barrel, the price of natural gas at the Italian spot market "PSV" declined on average by 35%, and the Standard Eni Refining Margin - SERM recorded the worst performance (down by 60%). Considering the market trends, management revised the Company's outlook for hydrocarbons prices assuming a more conservative oil scenario with a LT Brent price at 60 \$/barrel in 2023 real terms (compared to the previous projection of 70 \$/barrel) to reflect the possible structural effects of the pandemic on oil demand and the risk that the energy transition will accelerate due to the fiscal policies adopted by governments to rebuild the economy on more sustainable basis. These developments had negative, material effects on Eni's results of operations and cash flow.

In 2020, Eni's Group reported a net loss of €8.6 billion due to the reduction in revenues driven by lower realized prices and margins for hydrocarbons with an estimated impact of €6.8 billion and lower production volumes and other business impacts caused by the COVID-19 pandemic for €1 billion, as well as the recognition of impairment losses of €3.2 billion taken at Oil & Gas assets and refineries due to a management's revised outlook on long-term oil and gas prices and lowered assumptions for the refining margins. A loss of approximately €1.3 billion was incurred in relation to the evaluation of inventories of oil and products, which were aligned to their net realizable values at period end.

All these trends caused the Group to incur an operating loss of €3.3 billion. Cost efficiencies and other management initiatives to counter the effects of the pandemic drove an improvement of €1.1 billion.

Furthermore, the Group net loss for the year was also due to a €1.7

billion loss taken at equity-accounted investments, €1.3 billion for the write-down of deferred tax assets due to the projections of lowered future taxable profits and the negative effects on the underlying tax rate of the recognition of non-deductible losses and charges, such as the lower intercompany marketing margins of non-equity gas entitlements, the inability to recognize deferred tax assets on losses for the year in jurisdictions with the projection of lower future taxable income and other non-deductible items.

Adjusted cash flow declined to €6.7 billion with a reduction of 43% compared to 2019, due to lower prices of hydrocarbons and other scenario effects for €6 billion and the negative impact on operations associated with the COVID-19 for €1.3 billion due to lower production as a result of the curtailments of expenditures, lower demand for fuel and chemicals, longer maintenance standstills in response to the COVID-19 emergency, lower LNG offtakes and lower gas demand and higher provisions for impairment losses at trade receivables.

These negatives were partially offset by cost savings and other initiatives in response to the pandemic crisis for an amount of €2.3 billion.

In order to respond to a shortfall of such magnitude, management has taken several decisive actions to preserve the Company's liquidity, the ability to cover maturing financial obligations and to mitigate the impact of the crisis on the Group's net financial position, as follows:

- Rescheduled and optimized the capital expenditures for 2020-2021 years; in 2020 Eni reduced capex by approximately €2.6 billion, around 35% lower than the initial capital budget at constant exchange rates; incurring expenditures of €5 billion. Those capex reductions mainly related to upstream activities, targeting production optimization activities and the rephasing of certain development projects. The delayed or re-phased activities can be recovered once the scenario normalizes, determining a recovery of related production.
- Implemented widespread cost reduction initiatives across all businesses with achieved savings of about €1.9 billion in 2020, of which about 30% are of structural nature; reductions of similar amount are expected in 2021.
- In May 2020, a €2 billion bond was issued. Then, in October 2020 two hybrid bonds were issued for a total amount of €3 billion; those latter bonds are classified among equity for balance sheet purposes.
- A share repurchase program approved before the start of the crisis was put on hold.
- Established a new dividend policy with the introduction of a variable component of the dividend in line with the volatility of the scenario. The new policy establishes a floor dividend currently set at 0.36 €/share under the assumption of a Brent scenario of at least 43 \$/barrel and a growing variable component based on a recovery in the crude oil scenario up to 65 \$/barrel. The floor amount will be revalued over time depending on the Company delivering on its industrial targets. For 2020, the dividend proposal is equal to the floor dividend.

The Company, leveraging on these measures, successfully overcame the worst phase of the downturn, limiting the increase in the net borrowings before IFRS 16 which closed the year at €11.6 billion (unchanged over 2019), while retaining the leverage within the management comfort zone at 0.31. The Company can count to fulfill the financial obligations coming due in the short-term on a liquidity reserve of €20.4 billion as of December 31, 2020, consisting of:

- cash and cash equivalents of €9.4 billion;
- €5.3 billion of undrawn committed borrowing facilities;
- €5.5 billion of readily disposable securities (mainly government bonds and corporate investment grade bonds) and €0.2 billion of short-term financing receivables.

This reserve is considered adequate to cover the main financial obligations maturing in the next twelve months relating to:

- short-term debt of €2.9 billion;
- maturing bonds of €1.1 billion and other maturing long-term debt of €1.1 billion;
- committed investments of €4.3 billion;
- instalments of leasing contracts coming due of €1.1 billion;
- the payment of a floor dividend for approximately €1.5 billion (including the final 2020 dividend and the interim floor dividend for 2021 due to paid in September).

The evolution of Group's financial situation in 2021 will depend, in addition to management initiatives, on trends in oil prices, which will be closely correlated to the evolution of the pandemic crisis. Considering the current Oil & Gas assets portfolio, management has estimated a change of cash flow of approximately €150 million for each one-dollar change in the price of

the Brent crude oil benchmark and proportional changes in gas prices, applicable for variation of 5-10 \$/barrel, compared to the considered scenario for 2021 at 50 \$/barrel, before further corrective actions by management and has excluded the effects on the dividends from investments. The short-term recovery of the crude oil and gas prices will greatly depend on how the current COVID-19 crisis unfolds and on how long it lasts.

Under adverse assumptions, the spread of the disease could dampen or further delay an economic recovery, which could materially hit demand for energy products and prices of energy commodities. This scenario could be further complicated in case of a faltering OPEC+ policy at supporting prices by continuing to roll over the ongoing production quotas. 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.

In addition to the current liquidity reserve, the Company can leverage on a solid business model and actions finalized or started in this year that have increased the resilience to the scenario.

The main point of these actions was the gradual reduction of the average breakeven of the projects in execution at 23 \$/barrel thanks to the successful exploration at competitive discovery costs, the deployment of an efficient model to develop hydrocarbon reserves based on a phased approach, reduction of time-to-market and design-to-cost.

The following tables report the breakdown of the operating profit (loss) by business and the key scenario indicators for 2020:

	(€ million)	2020	2019	2018	Change
Exploration & Production		(610)	7,417	10,214	(8,027)
Global Gas & LNG Portfolio		(332)	431	387	(763)
Refining & Marketing and Chemicals		(2,463)	(682)	(501)	(1,781)
EGL, Power & Renewables		660	74	340	586
Corporate and other activities		(563)	(688)	(668)	125
Impact of unrealized intragroup profit elimination		33	(120)	211	153
Operating profit (loss)		(3,275)	6,432	9,983	(9,707)

	2020	2019	2018	% Ch.
Average price of Brent dated crude oil in U.S. dollars ^(a)	41.67	64.30	71.04	(35.2)
Average EUR/USD exchange rate ^(b)	1.142	1.119	1.181	2.0
Average price of Brent dated crude oil in euro	36.49	57.44	60.15	(36.5)
Standard Eni Refining Margin (SERM) ^(c)	1.7	4.3	3.7	(60.5)
PSV ^(d)	112	171	260	(34.5)
TTF ^(d)	100	142	243	(29.6)

(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 AND BREAKDOWN OF SPECIAL ITEMS

	(€ million)	2020	2019	2018	Change	% Ch.
Operating profit (loss)		(3,275)	6,432	9,983	(9,707)	..
Exclusion of inventory holding (gains) losses		1,318	(223)	96		
Exclusion of special items		3,855	2,388	1,161		
Adjusted operating profit (loss)		1,898	8,597	11,240	(6,699)	(77.9)
Breakdown by segment:						
<i>Exploration & Production</i>		1,547	8,640	10,850	(7,093)	(82.1)
<i>Global Gas & LNG Portfolio</i>		326	193	278	133	68.9
<i>Refining & Marketing and Chemicals</i>		6	21	360	(15)	(71.4)
<i>EGL, Power & Renewables</i>		465	370	262	95	25.7
<i>Corporate and other activities</i>		(507)	(602)	(583)	95	15.8
<i>Impact of unrealized intragroup profit elimination and other consolidation adjustments</i>		61	(25)	73	86	
Net profit (loss) attributable to Eni's shareholders		(8,635)	148	4,126	(8,783)	..
Exclusion of inventory holding (gains) losses		937	(157)	69		
Exclusion of special items		6,940	2,885	388		
Adjusted net profit (loss) attributable to Eni's shareholders		(758)	2,876	4,583	(3,634)	..

Management determines adjusted results excluding the special charges previously disclosed and mainly related to non-current write-downs, tax credits and loss on stocks, in order to improve understanding of the key businesses.

In 2020, the **adjusted operating profit** of €1,898 million was around €6.7 billion lower than the previous year (down by 78%). Scenario effects were a loss of -€6.8 billion and the operational and volumes losses relating to the impacts associated with COVID-19 pandemic amounted to €1 billion, while the underlying performance was positive for €1.1 billion, thanks to the positive result reported in the GGP segment, leveraging on the optimizations of gas and LNG asset portfolio, which allow to exploit value from a volatile scenario, biorefineries and fuels marketing contribution and the solid and growing performance of the retail business, notwithstanding COVID-19 pandemic impacts on demand and counterparty risk.

For further information on the adjusted operating profit by business, see the paragraph "Results by business segments".

In 2020, the Group reported an **adjusted net loss** of €758 million due to the weaker operating performance, lower results reported by JV and other investments due to the deteriorated macroeconomic environment and tax rate.

Breakdown of special items

Adjusted net loss includes special items consist of net charges of €6,940 million, relating to the following:

- (i) net impairment losses recorded at Oil & Gas properties in production or under development (€1,888 million, almost related to the first half), driven by a downward revision to management's expectations for crude oil prices in the long-term, which were reduced to 60 \$/barrel and the associated curtailments of expenditures in the years 2020-2021 with the re-phasing of a number of projects, in order to preserve cash generation, as well as negative revisions of reserves. The main impairment losses were recorded at CGUs in Italy, Algeria, Congo, the USA and Turkmenistan;
- (ii) impairment losses at refineries driven by a lowered outlook for refining margins and expectations for a continuing narrowing in spreads between medium-sour crudes vs. light-sweet crude qualities, 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 €1,225 million, almost related to the first half);

- (iii) the impairment of Chemical assets due to a deteriorated margin scenario (€46 million);
- (iv) the accounting effect of certain fair-valued commodity derivatives lacking the formal criteria to be classified as hedges, as well as the fair value of forward contracts to sell volumes of gas which were not accounted based on the own use exemption (charges of €440 million);
- (v) risk provisions mainly in the E&P business (€137 million);
- (vi) provisions for redundancy incentives (€123 million);
- (vii) the reclassification to adjusted operating profit of the negative balance of €160 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;
- (viii) an allowance for doubtful accounts relating to receivables (€77 million) in the E&P business;
- (ix) charges relating to the JV Vår Energi, mainly driven by impairment losses recorded at Oil & Gas assets due to a revised oil price outlook and downward reserve revisions, netted by the accrued currency translation differences at finance debt denominated in a currency other than the reporting currency for which the reimbursement cash outflows are expected to be matched by highly probable cash inflows from the sale of production volumes, in the same currency as the finance debt as part of a natural hedge relationship (for overall charges of €1,111 million);
- (x) a loss of €124 million relating to the alignment of raw material and products inventories to their net realizable values at period end at ADNOC Refining;
- (xi) Eni's share of non current charges/impairments relating to Saipem (charges of €271 million) relating to Saipem;
- (xii) tax effects relating to the aforementioned special items, as well as the write-down of deferred taxes due to a deteriorated profitability outlook (an overall effect of €1,278 million).

BREAKDOWN OF SPECIAL ITEMS

	(€ million)	2020	2019	2018
Special items of operating profit (loss)		3,855	2,388	1,161
- environmental charges		(25)	338	325
- impairment losses (impairments reversal), net		3,183	2,188	866
- net gains on disposal of assets		(9)	(151)	(452)
- risk provisions		149	3	380
- provision for redundancy incentives		123	45	155
- commodity derivatives		440	(439)	(133)
- exchange rate differences and derivatives		(160)	108	107
- reinstatement of Eni Norge amortization charges				(375)
- other		154	296	288
Net finance (income) expense		152	(42)	(85)
of which:				
- exchange rate differences and derivatives reclassified to operating profit (loss)		160	(108)	(107)
Net (income) expense from investments		1,655	188	(798)
of which:				
- gains on disposal of assets			(46)	(909)
- impairments / revaluation of equity investments		1,207	148	67
Income taxes		1,278	351	110
Total special items of net profit (loss)		6,940	2,885	388

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

	(€ million)	2020	2019	2018	Change	% Ch.
Exploration & Production		124	3,436	4,955	(3,312)	(96.4)
Global Gas & LNG Portfolio		211	100	118	111	..
Refining & Marketing and Chemicals		(246)	(42)	224	(204)	..
Eni gas e luce, Power & Renewables		329	275	189	54	19.6
Corporate and other activities		(1,205)	(866)	(948)	(339)	(39.1)
Impact of unrealized intragroup profit elimination and other consolidation adjustments ^(a)		36	(20)	56	56	..
Adjusted net profit (loss)		(751)	2,883	4,594	(3,634)	..
attributable to:						
- Eni's shareholders		(758)	2,876	4,583	(3,634)	..
- Non-controlling interest		7	7	11		

(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

SALES FROM OPERATIONS

	2020	2019	2018	Change	% Ch.
Exploration & Production	13,590	23,572	25,744	(9,982)	(42.3)
Global Gas & LNG Portfolio	7,051	11,779	14,807	(4,728)	(40.1)
Refining & Marketing and Chemicals	25,340	42,360	46,483	(17,020)	(40.2)
- Refining & Marketing	22,965	39,836	43,476	(16,871)	(42.4)
- Chemicals	3,387	4,123	5,123	(736)	(17.9)
- Consolidation adjustments	(1,012)	(1,599)	(2,116)		
EGL, Power & Renewables	7,536	8,448	8,218	(912)	(10.8)
- EGL	6,006	6,420	5,910	(414)	(6.4)
- Power	1,894	2,476	2,648	(582)	(23.5)
- Renewables	14	4	1	10	..
- Consolidation adjustments	(378)	(452)	(341)		
Corporate and other activities	1,559	1,676	1,588	(117)	(7.0)
Consolidation adjustments	(11,089)	(17,954)	(21,018)	6,865	
Sales from operations	43,987	69,881	75,822	(25,894)	(37.1)
Other income and revenues	960	1,160	1,116	(200)	(17.2)
Total revenues	44,947	71,041	76,938	(26,094)	(36.7)

Total revenues amounted to €44,947 million, reporting a decrease of 36.7% from 2019 reflecting the COVID-19 effect, in particular: the decline in price of oil (the Brent crude oil benchmark down by 35%) and of gas in all geographies (in particular, the Italian spot market "PSV" down by 35%), lower sales of energy, fuels and chemical products, as well as lower production availability due to full enactment of lockdown measure in response to the pandemic emergency.

Sales from operations in the full year of 2020 (€43,987 million) decreased by €25,894 million or down by 37.1% from 2019, with the following breakdown:

→ revenues generated by the Exploration & Production segment (€13,590 million) decreased by 42.3% due to the deteriorated price scenario, reflected on realization hydrocarbon prices (down by 34%);

→ revenues generated by the Global Gas & LNG Portfolio segment (€7,051 million) decreased by €4,728 million or down by 40.1% due to lower natural gas prices and reduced volumes. The decrease reflected the economic downturn due to COVID-19 pandemic which affected the European gas demand, in particular in the second quarter, during the pandemic peak;

→ revenues generated by the Refining & Marketing and Chemicals segment (€25,340 million) decreased by €17,020 million (down by 40.2%) due to the sharply depressed scenario following the crisis of fuel demand and the automotive sector;

→ revenues generated by the EGL, Power & Renewables (€7,536 million) decreased by €912 million or down by 10.8%, due to the collapse of commodities prices impacted by lower consumptions for the economic slowdown.

OPERATING EXPENSES

	(€ million)	2020	2019	2018	Change	% Ch.
Purchases, services and other		33,551	50,874	55,622	(17,323)	(34.1)
Impairment losses (impairment reversals) of trade and other receivables, net		226	432	415	(206)	(47.7)
Payroll and related costs		2,863	2,996	3,093	(133)	(4.4)
of which: provision for redundancy incentives and other		123	45	155		
		36,640	54,302	59,130	(17,662)	(32.5)

Operating expenses for 2020 (€36,640 million) decreased by €17,662 million from 2019, down by 32.5%. Purchases, services and other (€33,551 million) were down by 34.1% vs. 2019, reflecting lower costs for hydrocarbon supplies (gas under long-term supply contracts and refinery and chemical feedstocks). This reduction is a consequence of the decisive actions implemented by management to preserve profitability

and strengthen resilience to the pandemic scenario, achieving an opex decrease of €1.9 billion vs. pre-COVID-19 level, of which 30% structural. Payroll and related costs (€2,863 million) decreased by €133 million from 2019 (down by 4.4%), mainly due to the decreased average employment rate outside Italy and the appreciation of the euro against the USD, partly offset by higher provision for redundancy incentives.

DEPRECIATION, DEPLETION, AMORTIZATION AND IMPAIRMENTS

	(€ million)	2020	2019	2018	Change
Exploration & Production		6,273	7,060	6,152	(787)
Global Gas & LNG Portfolio		125	124	226	1
Refining & Marketing and Chemicals		575	620	399	(45)
- Refining & Marketing		488	530	311	(42)
- Chemicals		87	90	88	(3)
EGL, Power & Renewables		217	190	182	27
- EGL		166	133	126	33
- Power		45	55	56	(10)
- Renewables		6	2		4
Corporate and other activities		146	144	59	2
Impact of unrealized intragroup profit elimination		(32)	(32)	(30)	
Total depreciation, depletion and amortization		7,304	8,106	6,988	(802)
Impairment losses (impairment reversals) of tangible and intangible and right of use assets, net		3,183	2,188	866	995
Depreciation, depletion, amortization, impairments and reversals, net		10,487	10,294	7,854	193
Write-off of tangible and intangible assets		329	300	100	29
		10,816	10,594	7,954	222

Depreciation, depletion and amortization (€7,304 million) decreased by 9.9% from 2019, in particular in the Exploration & Production segment mainly due to the reduction of capex and productions, as well as the lower book value of Oil & Gas assets as consequence of impairments recorded in 2020 (€1,888 million).

Net impairment losses (impairment reversals) of tangible and intangible and right of use assets amounted to €3,183 million and the disclosure is provided under the paragraph "special items". The breakdown by segment is provided below:

	(€ million)	2020	2019	2018	Change
Exploration & Production		1,888	1,217	726	671
Global Gas & LNG Portfolio		2	(5)	(73)	7
Refining & Marketing and Chemicals		1,271	922	193	349
EGL, Power & Renewables		1	42	2	(41)
Corporate and other activities		21	12	18	9
Impairment losses (impairment reversals) of tangible and intangible and right of use assets, net		3,183	2,188	866	995

Write-off charges amounted to €329 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 Libya, the United States, Angola, Egypt, Oman, Mexico and Libano.

FINANCE INCOME (EXPENSE)

	(€ million)	2020	2019	2018	Change
Finance income (expense) related to net borrowings		(913)	(962)	(627)	49
- Interest expense on corporate bonds		(517)	(618)	(565)	101
- Net income from financial activities held for trading		31	127	32	(96)
- Interest expense for banks and other financing institutions		(102)	(122)	(120)	20
- Interest expense for lease liabilities		(347)	(378)		31
- Interest from banks		10	21	18	(11)
- Interest and other income from receivables and securities for non-financing operating activities		12	8	8	4
Income (expense) on derivative financial instruments		351	(14)	(307)	365
- Derivatives on exchange rate		391	9	(329)	382
- Derivatives on interest rate		(40)	(23)	22	(17)
Exchange differences, net		(460)	250	341	(710)
Other finance income (expense)		(96)	(246)	(430)	150
- Interest and other income from receivables and securities for financing operating activities		97	112	132	(15)
- Finance expense due to the passage of time (accretion discount)		(190)	(255)	(249)	65
- Other finance income (expense)		(3)	(103)	(313)	100
		(1,118)	(972)	(1,023)	(146)
Finance expense capitalized		73	93	52	(20)
		(1,045)	(879)	(971)	(166)

Net finance expenses were €1,045 million, an increase of €166 million from 2019. The main drivers of were: (i) recognition of expenses on exchange rate (€460 million) offset by the positive change of fair-valued currency derivatives (up by €382 million) lacking the formal criteria to be designated as hedges under IFRS 9; (ii) decrease of other finance expense

reflecting the lower cost of debt, as well as the circumstance that in 2019 was reported the interest expense accrued on risk provisions, in particular in the E&P segment and (iii) the reduction of finance expense (up by €65 million) relating to the accretion discount of liabilities recognized at present value following lower discount rates.

NET INCOME FROM INVESTMENTS

2020	(€ million)	Exploration & Production	Global Gas & LNG Portfolio	Refining & Marketing and Chemicals	EGL, Power & Renewables	Corporate and other activities	Group
Share of gains (losses) from equity-accounted investments		(980)	(15)	(363)	6	(381)	(1,733)
Dividends		118		32			150
Other income (expense), net			(48)	(18)	(9)		(75)
		(862)	(63)	(349)	(3)	(381)	(1,658)

Net income from investments amounted to €1,658 million related to:

→ a loss of €1,733 million due to the share of losses at equity-accounted entities, mainly the upstream joint venture Vår Energi, ADNOC Refining and Saipem, which were negatively affected by the deteriorated scenario as well as impairment losses of tangible assets and inventories valuation allowance, offset by accrued currency translation differences at finance debt denominated in a currency other than the reporting currency for which the reimbursement cash outflows are expected to be

matched by highly probable cash inflows from the sale of production volumes, in the same currency as the finance debt as part of a natural hedge relationship;

→ dividends of €150 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 (€113 million) and Saudi European Petrochemical Co. (€28 million).

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

	(€ million)	2020	2019	2018	Change
Share of gains (losses) from equity-accounted investments		(1,733)	(88)	(68)	(1,645)
Dividends		150	247	231	(97)
Net gains (losses) on disposals			19	22	(19)
Other income (expense), net		(75)	15	910	(90)
Income (expense) from investments		(1,658)	193	1,095	(1,851)

INCOME TAXES

In 2020, income taxes amounted to €2,650 million (€5,591 million in 2019) with a loss before income taxes of €5,978 million.

In 2020, the Group's tax rate recorded a disproportionate value, with accrued income taxes being more than 100% of pre-tax profit due to a depressed pricing scenario which, on the one hand, determined higher relative weight of certain transactions and therefore higher distortive effects of certain tax items than in the past, and on the other hand limited the Company's ability to recognize deferred tax assets for current losses. The Group tax rate was significantly and negatively affected by the following trends:

→ the incurrence of non-deductible expenses and losses, because their tax recognition depends on the achievement of certain project milestones (such as a project FID) as in the case of explorations expenses or due to being related to in-

tercompany losses as in the case of the one incurred in connection with the resale of the non-equity Libyan gas entitlements; those impacts under normal scenarios are strongly mitigated;

→ the inability to recognize tax-losses carryforwards in certain jurisdictions due to lack of sufficient future taxable profits against which deferred tax assets are offset as required by IAS 12;

→ the recognition of current income taxes on intercompany dividend distribution which created a mismatch due to absence of pre-tax profit at Group level (intercompany dividends are eliminated in the consolidation process).

Net of these transactions, the Group's normalized tax rate would come at 70% reflecting the high impact in the Eni's portfolio of PSA oil contracts that have tax rates less sensitive to oil prices.

	(€ million)	reported (ex-special items)	non-deductible costs, losses and exploration items	unrecognized deferred tax assets on losses for the period	tax accrued on intercompany dividends	normalized tax rate
Pre-tax profit		1,002	741			1,743
Accrued income taxes		1,753		(330)	(195)	1,228
Tax rate		n.s.				70%

Results by business segments¹

EXPLORATION & PRODUCTION

	(€ million)	2020	2019	2018	Change	% Ch.
Operating profit (loss)		(610)	7,417	10,214	(8,027)	..
Exclusion of special items:		2,157	1,223	636		
- environmental charges		19	32	110		
- impairment losses (impairment reversals), net		1,888	1,217	726		
- net gains on disposal of assets		1	(145)	(442)		
- provision for redundancy incentives		34	23	26		
- risk provisions		114	(18)	360		
- exchange rate differences and derivatives		13	14	(6)		
- other		88	100	(138)		
Adjusted operating profit (loss)		1,547	8,640	10,850	(7,093)	(82.1)
Net finance (expense) income ^(a)		(316)	(362)	(366)	46	
Net income (expense) from investments ^(a)		262	312	285	(50)	
of which: Vår Energi		193	122			
Income taxes ^(a)		(1,369)	(5,154)	(5,814)	3,785	
Adjusted net profit (loss)		124	3,436	4,955	(3,312)	(96.4)
Results also include:						
Exploration expenses:		510	489	380	21	4.3
- prospecting, geological and geophysical expenses		196	275	287	(79)	(28.7)
- write-off of unsuccessful wells ^(b)		314	214	93	100	46.7
Average realizations						
Liquids ^(c)	(\$/bbl)	37.06	59.26	65.47	(22.20)	(37.5)
Natural gas	(\$/kcf)	3.76	4.94	5.20	(1.18)	(23.9)
Hydrocarbons	(\$/boe)	28.92	43.54	47.48	(14.62)	(33.6)

(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 2020, **Exploration & Production** reported an **adjusted operating profit** of €1,547 million, down by €7.1 billion y-o-y, or 82%. The decrease was driven by a sharply deteriorated oil and natural gas pricing scenario in all the geographies, particularly in the second quarter which was the hardest hit by the downturn, as well as COVID-19 pandemic impacts (lower production volumes due to lower capital expenditures and operational impacts), OPEC+ production cuts and lower gas demand. Furthermore, the result of the period was affected by a loss incurred in reselling Libyan non-equity gas volumes, which were marketed in Europe. This resale price is excluded from the calculation of Eni's average realized gas prices be-

cause Eni's realized prices are calculated only with reference to equity production. Higher write-off expenses relating to unsuccessful exploration wells also negatively affected the full year performance and were partly offset by the optimization of operating expenses.

Adjusted operating profit excluded **special charges** of €2,157 million.

Adjusted net profit of €124 million decreased by 96.4% from 2019 due to lower operating profit and lower results accrued by most of the equity-accounted entities driven by a significantly deteriorated trading environment, except for Vår Energi which reported improving results in the fourth quarter.

(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.

GLOBAL GAS & LNG PORTFOLIO

	(€ million)	2020	2019	2018	Change	% Ch.
Operating profit (loss)		(332)	431	387	(763)	..
Exclusion of special items:		658	(238)	(109)		
- impairment losses (impairment reversals), net		2	(5)	(73)		
- provision for redundancy incentives		2	1	4		
- commodity derivatives		858	(576)	(63)		
- exchange rate differences and derivatives		(183)	109	111		
- other		(21)	233	(88)		
Adjusted operating profit (loss)		326	193	278	133	68.9
Net finance (expense) income ^(a)			3	(3)	(3)	
Net income (expense) from investments ^(a)		(15)	(21)	(1)	6	
Income taxes ^(a)		(100)	(75)	(156)	(25)	
Adjusted net profit (loss)		211	100	118	111	..

(a) Excluding special items.

In 2020, the **Global Gas & LNG Portfolio** segment reported an **adjusted operating profit** of €326 million, up by 68.9% compared to 2019. This improvement was due to the optimization of the gas and LNG assets portfolio, leveraging high price volatility and contracts' flexibility, as well as to a favourable outcome of an LNG contract renegotiation closed in the third quarter. These positive trends more than offset the lower performance at the gas busi-

ness negatively affected by a contraction in gas demand at the main European markets due to the COVID-19 pandemic, mainly in the second quarter of 2020, being the height of the crisis.

Adjusted operating profit excluded **special charges** of €658 million.

Adjusted net profit was €211 million, more than doubled from 2019 mainly due to increased operating profit.

REFINING & MARKETING AND CHEMICALS

	(€ million)	2020	2019	2018	Change	% Ch.
Operating profit (loss)		(2,463)	(682)	(501)	(1,781)	..
Exclusion of inventory holding (gains) losses		1,290	(318)	234		
Exclusion of special items:		1,179	1,021	627		
- environmental charges		85	244	193		
- impairment losses (impairment reversals), net		1,271	922	193		
- net gains on disposal of assets		(8)	(5)	(9)		
- risk provisions		5	(2)	21		
- provision for redundancy incentives		27	8	8		
- commodity derivatives		(185)	(118)	120		
- exchange rate differences and derivatives		10	(5)	5		
- other		(26)	(23)	96		
Adjusted operating profit (loss)		6	21	360	(15)	(71.4)
- Refining & Marketing		235	289	370	(54)	(18.7)
- Chemicals		(229)	(268)	(10)	39	14.6
Net finance (expense) income ^(a)		(7)	(36)	11	29	
Net income (expense) from investments ^(a)		(161)	37	(2)	(198)	
of which: ADNOC Refining		(167)	23			
Income taxes ^(a)		(84)	(64)	(145)	(20)	
Adjusted net profit (loss)		(246)	(42)	224	(204)	..

(a) Excluding special items.

The **Refining & Marketing** business reported an **adjusted operating loss** of €235 million, down by 18.7% compared to 2019. The oil-based refining business reported a lower performance due to a sharply depressed scenario, negatively affected by the pandemic-induced crisis in fuels demand and by a worsening conversion premium resulting in reduced refinery runs, against the backdrop of overcapacity, competitive

pressure and high levels of inventories. These impacts were partially offset by optimization actions of the industrial setup and by a positive performance of the biorefineries thanks to higher processed volumes and margins. The marketing business reported steady results, despite a strong reduction of sales due to the pandemic effects, thanks to the optimization and efficiency initiatives.

The chemicals segment reported better results from the previous year, notwithstanding the economic recession caused by the COVID-19 pandemic reduced the consumption of plastics in core industries like the automotive sector. Strengthening economic recovery in Asia in the final part of the year, softening competitive pressures and a margin recovery especially at the polyethylene business supported the segment's recovery in the fourth quarter, which also benefitted of higher product availability. In 2020, the **Chemical** business reported an **adjusted operating loss** of €229 million, an improvement of €39 million compared with a loss of €268 million in 2019, notwithstanding the strong reduction of sale volumes recorded in the second and the third quarter, due to an economic downturn in Europe triggered by the restrictive measures implemented during the COVID-19 pandemic's peak, as well as ongoing uncertainties

about the strength of the recovery which led operators to postpone purchase decisions. Furthermore, lower sales volumes were negatively affected by reduced product availability due to longer maintenance standstills at the production hubs in response to the COVID-19 emergency (particularly at the steam-cracking of Priolo and the Brindisi hub). Finally, these trends were more than offset in the fourth quarter by a margin recovery especially in the polyethylene business, supported the business recovery in the last part of the year.

Adjusted operating profit of the **R&M and Chemicals** segment of €6 million, excluded **special charges** of €1,179 million and inventory holding losses of €1,290 million. On a net basis, the **negative result** of €246 million reflects a net expense from investment in ADNOC Refining of €167 million.

EGL, POWER & RENEWABLES

	(€ million)	2020	2019	2018	Change	% Ch.
Operating profit (loss)		660	74	340	586	..
Exclusion of special items:		(195)	296	(78)		
- environmental charges		1		(1)		
- impairment losses (impairment reversals), net		1	42	2		
- risk provisions		10				
- provision for redundancy incentives		20	3	118		
- commodity derivatives		(233)	255	(190)		
- exchange rate differences and derivatives			(10)	(3)		
- other		6	6	(4)		
Adjusted operating profit (loss)		465	370	262	95	25.7
- Eni gas e luce		325	278	201	47	16.9
- Power & Renewables		140	92	61	48	52.2
Net finance (expense) income ^(a)		(1)	(1)	(1)		
Net income (expense) from investments ^(a)		6	10	10	(4)	
Income taxes ^(a)		(141)	(104)	(82)	(37)	
Adjusted net profit (loss)		329	275	189	54	19.6

(a) Excluding special items.

In 2020 the retail gas and power business, managed by **Eni gas e luce**, reported a solid and growing performance with an **adjusted operating profit** of €325 million, up by €47 million or 16.9% from 2019, notwithstanding reduced sales due to lower consumption following the economic downturn and higher provisions for impairment losses at trade receivables in line with an expected deterioration in the counterparty risk. Performance was supported by commercial and efficiency initiatives, the contribution of extra-commodity business in Italy and by the development of the

business in France and Greece. The **Power & Renewables** business reported an **adjusted operating profit** of €140 million (up by €48 million vs. 2019), benefitting from higher margins.

Adjusted operating profit of €465 million excluded **special charges** of €195 million.

The segment reported an **adjusted net profit** of €329 million an increase of 19.6% due to an improved operating performance.

CORPORATE AND OTHER ACTIVITIES

	(€ million)	2020	2019	2018	Change	% Ch.
Operating profit (loss)		(563)	(688)	(668)	125	18.2
Exclusion of special items:		56	86	85		
- <i>environmental charges</i>		(130)	62	23		
- <i>impairment losses (impairment reversals), net</i>		21	12	18		
- <i>net gains on disposal of assets</i>		(2)	(1)	(1)		
- <i>risk provisions</i>		20	23	(1)		
- <i>provision for redundancy incentives</i>		40	10	(1)		
- <i>other</i>		107	(20)	47		
Adjusted operating profit (loss)		(507)	(602)	(583)	95	15.8
Net finance (expense) income ^(a)		(569)	(525)	(697)	(44)	
Net income (expense) from investments ^(a)		(95)	43	5	(138)	
Income taxes ^(a)		(34)	218	327	(252)	
Adjusted net profit (loss)		(1,205)	(866)	(948)	(339)	(39.1)

(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, 2020	December 31, 2019	Change
Fixed assets			
Property, plant and equipment	53,943	62,192	(8,249)
Right of use	4,643	5,349	(706)
Intangible assets	2,936	3,059	(123)
Inventories - Compulsory stock	995	1,371	(376)
Equity-accounted investments and other investments	7,706	9,964	(2,258)
Receivables and securities held for operating purposes	1,037	1,234	(197)
Net payables related to capital expenditure	(1,361)	(2,235)	874
	69,899	80,934	(11,035)
Net working capital			
Inventories	3,893	4,734	(841)
Trade receivables	7,087	8,519	(1,432)
Trade payables	(8,679)	(10,480)	1,801
Net tax assets (liabilities)	(2,198)	(1,594)	(604)
Provisions	(13,438)	(14,106)	668
Other current assets and liabilities	(1,328)	(1,864)	536
	(14,663)	(14,791)	128
Provisions for employee benefits	(1,201)	(1,136)	(65)
Assets held for sale including related liabilities	44	18	26
CAPITAL EMPLOYED, NET	54,079	65,025	(10,946)
Eni shareholders' equity	37,415	47,839	(10,424)
Non-controlling interest	78	61	17
Shareholders' equity	37,493	47,900	(10,407)
Net borrowings before lease liabilities ex IFRS 16	11,568	11,477	91
Lease liabilities	5,018	5,648	(630)
- of which Eni working interest	3,366	3,672	(306)
- of which Joint operators' working interest	1,652	1,976	(324)
Net borrowings post lease liabilities ex IFRS 16	16,586	17,125	(539)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	54,079	65,025	(10,946)
Leverage	0.44	0.36	
Gearing	0.31	0.26	

(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".

As of December 31, 2020, fixed assets decreased by €11,035 million mainly due to: (i) impairment losses and amortization and depletion charges taken at PP&E (€10,816 million), as well as negative currency translation differences partly offset by capex incurred in the period (€4,644 million); (ii) a reduction in the book value of equity accounted investments and other investments (-€2,258 million) driven by losses incurred at the main equity-accounted entities (Vår Energi and ADNOC Refining); (iii) the write-down of compulsory stock following a decline in crude oil and product prices.

Net working capital (-€14,663 million) was broadly unchanged y-o-y. A lower balance between trade payables and trade receivables (+€369 million) and reduced provisions mainly due to utilizations with respect to the incurrence of expenses (+€668 million) were offset by a lower value of oil and products inventories due to the alignment of the book value to market prices at the period-end (-€841 million) and the write-off of deferred tax assets due to a deteriorated profitability outlook.

COMPREHENSIVE INCOME

	(€ million)	2020	2019
Net profit (loss)		(8,628)	155
Items that are not reclassified to profit or loss in later periods		33	(47)
Remeasurements of defined benefit plans		(16)	(42)
Change in the fair value of minor investments with effects to other comprehensive income		24	(3)
Share of other comprehensive income on equity accounted investments			(7)
Taxation		25	5
Items that may be reclassified to profit or loss in later periods		(2,813)	116
Currency translation differences		(3,314)	604
Change in the fair value of cash flow hedging derivatives		661	(679)
Share of other comprehensive income on equity accounted investments		32	(6)
Taxation		(192)	197
Total other items of comprehensive income (loss)		(2,780)	69
Total comprehensive income (loss)		(11,408)	224
attributable to:			
- Eni's shareholders		(11,415)	217
- Non-controlling interest		7	7

CHANGES IN SHAREHOLDERS' EQUITY

	(€ million)	
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 at January 1, 2020		47,900
Total comprehensive income (loss)	(11,408)	
Dividends distributed to Eni's shareholders	(1,965)	
Dividends distributed by consolidated subsidiaries	(3)	
Net payments on perpetual subordinated bonds	2,975	
Other changes	(6)	
Total changes		(10,407)
Shareholders' equity at December 31, 2020		37,493
attributable to:		
- Eni's shareholders		37,415
- Non-controlling interest		78

Shareholders' equity (€37,493 million) decreased by €10,407 million compared to December 31, 2019 due to the net loss for the period (-€8,628 million), the payment of dividends to Eni's shareholders (€1,965 million related to the 2019 final dividend of €0.43 per share and the 2020 interim dividend of €0.36 per share or one-third of floor dividend) as well as negative foreign

currency translation differences (-€3,314 million) reflecting the depreciation of the dollar vs. the euro as of December 31, 2020 vs. December 31, 2019, partly offset by an increase due to the issuance of two hybrid bonds for approximately €3 billion in October and a positive change in the cash flow hedge reserve (+€661 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, 2020	December 31, 2019	Change
Total finance debt		26,686	24,518	2,168
- Short-term debt		4,791	5,608	(817)
- Long-term debt		21,895	18,910	2,985
Cash and cash equivalents		(9,413)	(5,994)	(3,419)
Securities held for trading		(5,502)	(6,760)	1,258
Financing receivables held for non-operating purposes		(203)	(287)	84
Net borrowings before lease liabilities ex IFRS 16		11,568	11,477	91
Lease Liabilities		5,018	5,648	(630)
- of which Eni working interest		3,366	3,672	(306)
- of which Joint operators' working interest		1,652	1,976	(324)
Net borrowings post lease liabilities ex IFRS 16		16,586	17,125	(539)
Shareholders' equity including non-controlling interest		37,493	47,900	(10,407)
Leverage before lease liability ex IFRS 16		0.31	0.24	(0.07)
Leverage after lease liability ex IFRS 16		0.44	0.36	

Net borrowings as of December 31, 2020 were €16,586 million decreasing by €539 million from 2019. **Total finance debt** of €26,686 million consisted of €4,791 million of short-term debt (including the portion of long-term debt due within twelve months of €1,909 million) and €21,895 million of long-term debt. When excluding the lease liabilities, net borrowings were re-determined at €11,568 million in line with the 2019 year-end.

Leverage² – the ratio of the borrowings to total equity – was 0.44 at December 31, 2020. The impact of the lease liability pertaining to joint operators in Eni-led upstream unincorporated joint ventures weighted on leverage for 4 points. Excluding the impact of IFRS 16 altogether, leverage would be 0.31.

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.

(2) 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.

SUMMARIZED GROUP CASH FLOW STATEMENT^(a)

	(€ million)	2020	2019	2018	Change
Net profit (loss)		(8,628)	155	4,137	(8,783)
<i>Adjustments to reconcile net profit (loss) to net cash provided by operating activities:</i>					
- depreciation, depletion and amortization and other non monetary items		12,641	10,480	7,657	2,161
- net gains on disposal of assets		(9)	(170)	(474)	161
- dividends, interests, taxes and other changes		3,251	6,224	6,168	(2,973)
Changes in working capital related to operations		(18)	366	1,632	(384)
Dividends received by investments		509	1,346	275	(837)
Taxes paid		(2,049)	(5,068)	(5,226)	3,019
Interests (paid) received		(875)	(941)	(522)	66
Net cash provided by operating activities		4,822	12,392	13,647	(7,570)
Capital expenditure		(4,644)	(8,376)	(9,119)	3,732
Investments and purchase of consolidated subsidiaries and businesses		(392)	(3,008)	(244)	2,616
Disposals of consolidated subsidiaries, businesses, tangible and intangible assets and investments		28	504	1,242	(476)
Other cash flow related to investing activities and disinvestments		(735)	(254)	942	(481)
Free cash flow		(921)	1,258	6,468	(2,179)
Net cash inflow (outflow) related to financial activities		1,156	(279)	(357)	1,435
Changes in short and long-term financial debt		3,115	(1,540)	320	4,655
Repayment of lease liabilities		(869)	(877)		8
Dividends paid and changes in non-controlling interests and reserves		(1,968)	(3,424)	(2,957)	1,456
Net issue (repayment) of perpetual hybrid bond		2,975			2,975
Effect of changes in consolidation and exchange differences of cash and cash equivalent		(69)	1	18	(70)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT		3,419	(4,861)	3,492	8,280
Adjusted net cash before changes in working capital at replacement cost		6,726	11,700	12,529	(4,974)

Change in net borrowings

	(€ million)	2020	2019	2018	Change
Free cash flow		(921)	1,258	6,468	(2,179)
Repayment of lease liabilities		(869)	(877)		8
Net borrowings of acquired companies		(67)		(18)	(67)
Net borrowings of divested companies			13	(499)	(13)
Exchange differences on net borrowings and other changes		759	(158)	(367)	917
Dividends paid and changes in non-controlling interest and reserves		(1,968)	(3,424)	(2,957)	1,456
Net issue (repayment) of perpetual hybrid bond		2,975			2,975
CHANGE IN NET BORROWINGS BEFORE LEASE LIABILITIES		(91)	(3,188)	2,627	3,097
IFRS 16 first application effect			(5,759)		5,759
Repayment of lease liabilities		869	877		(8)
Inception of new leases and other changes		(239)	(766)		527
Change in lease liabilities		630	(5,648)		6,278
CHANGE IN NET BORROWINGS AFTER LEASE LIABILITIES		539	(8,836)	2,627	9,375

(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 for the full year 2020 was €4,822 million, 61% lower than 2019 due to a deteriorated scenario and the circumstance that the 2019 amount included higher dividends paid by the JV Vår Energi (€1,057 million in 2019 vs. €274 million in the current period).

Changes in working capital in the full year of 2020 were mainly driven by a reduction in the book value of inventories due to the alignment to their net realizable values at period-end and despite a lower amount of trade receivables due in subsequent reporting periods divested to financing institutions compared to the fourth quarter 2019 (–€1 billion), as well as the settlement of a contractual dispute with a first party in the E&P business (approximately –€0.4 billion).

Adjusted cash flow was €6,726 million with a reduction of 43% compared to the previous year. This non-GAAP measure includes net cash provided by operating activities before changes in working capital excluding inventory holding gains or losses and provisions for extraordinary credit losses and other charges, as well as the fair value of commodity derivatives lacking the formal criteria to be designated as hedges and the fair value of forward gas sale contracts with physical delivery which were not accounted in accordance with the own use exemption. The reduction from the full year of 2019 is due to scenario effects of approximately –€6.0 billion, including the impact of dividends from equity accounted entities, operational impacts associated with the

COVID-19 for -€1.3 billion, while the underlying performance was a positive €2.3 billion. The Group cash tax rate was 32% (31% in the full year of 2019).

A reconciliation of **adjusted net cash before changes in working capital at replacement cost** to net cash provided by operating activities for full year of 2019 and 2020 is provided below:

	(€ million)	2020	2019	2018	Change
Net cash provided by operating activities		4,822	12,392	13,647	(7,570)
Changes in working capital related to operations		18	(366)	(1,632)	384
Exclusion of commodity derivatives		440	(439)	(133)	879
Exclusion of inventory holding (gains) losses		1,318	(223)	96	1,541
Provisions for extraordinary credit losses and other charges		128	336	551	(208)
Adjusted net cash before changes in working capital at replacement cost		6,726	11,700	12,529	(4,974)

CAPITAL EXPENDITURE

	(€ million)	2020	2019	2018	Change	% Ch.
Exploration & Production		3,472	6,996	7,901	(3,524)	(50.4)
- acquisition of proved and unproved properties		57	400	869	(343)	(85.8)
- exploration		283	586	463	(303)	(51.7)
- development		3,077	5,931	6,506	(2,854)	(48.1)
- other expenditure		55	79	63	(24)	(30.4)
Global Gas & LNG Portfolio		11	15	26	(4)	(26.7)
Refining & Marketing and Chemicals		771	933	877	(162)	(17.4)
- Refining & Marketing		588	815	726	(227)	(27.9)
- Chemicals		183	118	151	65	55.1
EGL, Power & Renewables		293	357	238	(64)	(17.9)
- EGL		175	173	143	2	1.2
- Power		52	42	46	10	23.8
- Renewables		66	142	49	(76)	(53.5)
Corporate and other activities		107	89	94	18	20.2
Impact of unrealized intragroup profit elimination		(10)	(14)	(17)		
Capital expenditure		4,644	8,376	9,119	(3,732)	(44.6)
Investments and purchase of consolidated subsidiaries and businesses		392	3,008	244	(2,616)	(87.0)
Total capex and investments and purchase of consolidated subsidiaries and businesses		5,036	11,384	9,363	(6,348)	(55.8)

Cash outflows for capital expenditure and investments were €5,036 million, including the acquisition of the control of the Evolvere company and of minority interests in Fin-project and in Novis Renewables Holdings, as well as capital contributions made to certain equity-accounted entities engaged in the execution of projects of Eni's interest. Net of the above-mentioned non-organic items and of utilization of trade advances cashed by Egyptian partners in previous reporting periods in relation to the financing of the Zohr project (€0.25 billion), net capital expenditures amounted to €4.97 billion, 36% lower than the same period of 2019 leveraging the curtailments implemented by the management following a review of the industrial plan 2020-2021 in response to the pandemic COVID-19 crisis. In the full year of 2020 net capex were fully funded by the adjusted cash flow.

Capital expenditure amounted to €4,644 million (€8,376 million in 2019), decreasing by 45% from 2019 and mainly related to:

- development activities (€3,077 million) mainly in Egypt, Indonesia, the United Arab Emirates, Italy, the United States, Angola, Mexico, Iraq and Kazakhstan;
- refining activity in Italy and outside Italy (€462 million) mainly relating to the activities to maintain plants' integrity and stay-in-business, as well as HSE initiatives; marketing activity (€126 million) for regulation compliance and stay-in-business initiatives in the retail network in Italy and in the rest of Europe;
- initiatives relating to gas and power marketing in the retail business (€175 million).

Alternative performance measures (Non-GAAP measures)

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 not related to operations. 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 minority interests, 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 & 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.

RECONCILIATION TABLES OF NON-GAAP RESULTS TO THE MOST COMPARABLE MEASURES OF FINANCIAL PERFORMANCE DETERMINED IN ACCORDANCE TO GAAPs

2020	(€ million)	Exploration & Production	Global Gas & LNG Portfolio	Refining & Marketing and Chemicals	EGL, Power & Renewables	Corporate and other activities	Impact of unrealized intragroup profit elimination	Group
Reported operating profit (loss)		(610)	(332)	(2,463)	660	(563)	33	(3,275)
Exclusion of inventory holding (gains) losses				1,290			28	1,318
Exclusion of special items:								
- environmental charges		19		85	1	(130)		(25)
- impairment losses (impairments reversal), net		1,888	2	1,271	1	21		3,183
- net gains on disposal of assets		1		(8)		(2)		(9)
- risk provisions		114		5	10	20		149
- provision for redundancy incentives		34	2	27	20	40		123
- commodity derivatives			858	(185)	(233)			440
- exchange rate differences and derivatives		13	(183)	10				(160)
- other		88	(21)	(26)	6	107		154
Special items of operating profit (loss)		2,157	658	1,179	(195)	56		3,855
Adjusted operating profit (loss)		1,547	326	6	465	(507)	61	1,898
Net finance (expense) income ^(a)		(316)		(7)	(1)	(569)		(893)
Net income (expense) from investments ^(a)		262	(15)	(161)	6	(95)		(3)
Income taxes ^(a)		(1,369)	(100)	(84)	(141)	(34)	(25)	(1,753)
<i>Tax rate (%)</i>								175.0
Adjusted net profit (loss)		124	211	(246)	329	(1,205)	36	(751)
<i>of which attributable to:</i>								
- non-controlling interest								7
- Eni's shareholders								(758)
Reported net profit (loss) attributable to Eni's shareholders								(8,635)
Exclusion of inventory holding (gains) losses								937
Exclusion of special items								6,940
Adjusted net profit (loss) attributable to Eni's shareholders								(758)

(a) Excluding special items.

	Exploration & Production	Global Gas & LNG Portfolio	Refining & Marketing and Chemicals	EGL, Power & Renewables	Corporate and other activities	Impact of unrealized intragroup profit elimination	Group
2019	(€ million)						
Reported operating profit (loss)	7,417	431	(682)	74	(688)	(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	(5)	922	42	12		2,188
- net gains on disposal of assets	(145)		(5)		(1)		(151)
- risk provisions	(18)		(2)		23		3
- provision for redundancy incentives	23	1	8	3	10		45
- commodity derivatives		(576)	(118)	255			(439)
- exchange rate differences and derivatives	14	109	(5)	(10)			108
- other	100	233	(23)	6	(20)		296
Special items of operating profit (loss)	1,223	(238)	1,021	296	86		2,388
Adjusted operating profit (loss)	8,640	193	21	370	(602)	(25)	8,597
Net finance (expense) income ^(a)	(362)	3	(36)	(1)	(525)		(921)
Net income (expense) from investments ^(a)	312	(21)	37	10	43		381
Income taxes ^(a)	(5,154)	(75)	(64)	(104)	218	5	(5,174)
<i>Tax rate (%)</i>							64.2
Adjusted net profit (loss)	3,436	100	(42)	275	(866)	(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.

		Exploration & Production	Global Gas & LNG Portfolio	Refining & Marketing and Chemicals	EGL, Power & Renewables	Corporate and other activities	Impact of unrealized intragroup profit elimination	Group
2018	(€ million)							
Reported operating profit (loss)		10,214	387	(501)	340	(668)	211	9,983
Exclusion of inventory holding (gains) losses				234			(138)	96
Exclusion of special items:								
- environmental charges		110		193	(1)	23		325
- impairment losses (impairments reversal), net		726	(73)	193	2	18		866
- net gains on disposal of assets		(442)		(9)		(1)		(452)
- risk provisions		360		21		(1)		380
- provision for redundancy incentives		26	4	8	118	(1)		155
- commodity derivatives			(63)	120	(190)			(133)
- exchange rate differences and derivatives		(6)	111	5	(3)			107
- other		(138)	(88)	96	(4)	47		(87)
Special items of operating profit (loss)		636	(109)	627	(78)	85		1,161
Adjusted operating profit (loss)		10,850	278	360	262	(583)	73	11,240
Net finance (expense) income ^(a)		(366)	(3)	11	(1)	(697)		(1,056)
Net income (expense) from investments ^(a)		285	(1)	(2)	10	5		297
Income taxes ^(a)		(5,814)	(156)	(145)	(82)	327	(17)	(5,887)
<i>Tax rate (%)</i>								56.2
Adjusted net profit (loss)		4,955	118	224	189	(948)	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.

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) (€ million)	Notes to the Consolidated Financial Statement	December 31, 2020		December 31, 2019	
		Amounts from statutory scheme	Amounts of the summarized Group scheme	Amounts from statutory scheme	Amounts of the summarized Group scheme
Fixed assets					
Property, plant and equipment			53,943		62,192
Right of use			4,643		5,349
Intangible assets			2,936		3,059
Inventories - Compulsory stock			995		1,371
Equity-accounted investments and other investments			7,706		9,964
Receivables and securities held for operating activities	(see note 16)		1,037		1,234
Net payables related to capital expenditure, made up of:			(1,361)		(2,235)
- receivables related to disposals	(see note 7)	21		30	
- receivables related to disposals non-current	(see note 10)	11		11	
- payables for purchase of non-current assets	(see note 17)	(1,393)		(2,276)	
Total fixed assets			69,899		80,934
Net working capital					
Inventories			3,893		4,734
Trade receivables	(see note 7)		7,087		8,519
Trade payables	(see note 17)		(8,679)		(10,480)
Net tax assets (liabilities), made up of:			(2,198)		(1,594)
- current income tax payables		(243)		(456)	
- non-current income tax payables		(360)		(454)	
- other current tax liabilities	(see note 10)	(1,124)		(1,411)	
- deferred tax liabilities		(5,524)		(4,920)	
- other non-current tax liabilities	(see note 10)	(26)		(63)	
- current income tax receivables		184		192	
- non-current income tax receivables		153		173	
- other current tax assets	(see note 10)	450		766	
- deferred tax assets		4,109		4,360	
- other non-current tax assets	(see note 10)	181		223	
- receivables for Italian consolidated accounts	(see note 7)	3			
- payables for Italian consolidated accounts	(see note 17)	(1)		(4)	
Provisions			(13,438)		(14,106)
Other current assets and liabilities, made up of:			(1,328)		(1,864)
- short-term financial receivables for operating purposes	(see note 16)	22		37	
- receivables vs. partners for exploration and production activities and other	(see note 7)	3,815		4,324	
- other current assets	(see note 10)	2,236		3,206	
- other receivables and other assets non-current	(see note 10)	1,061		637	
- advances, other payables, payables vs. partners for exploration and production activities and other	(see note 17)	(2,863)		(2,785)	
- other current liabilities	(see note 10)	(3,748)		(5,735)	
- other payables and other liabilities non-current	(see note 10)	(1,851)		(1,548)	
Total net working capital			(14,663)		(14,791)
Provisions for employee benefits			(1,201)		(1,136)
Assets held for sale including related liabilities			44		18
made up of:					
- assets held for sale		44		18	
- liabilities directly associated with held for sale					
CAPITAL EMPLOYED, NET			54,079		65,025
Shareholders' equity including non-controlling interest			37,493		47,900
Net borrowings					
Total debt, made up of:			26,686		24,518
- long-term debt		21,895		18,910	
- current portion of long-term debt		1,909		3,156	
- short-term debt		2,882		2,452	
less:					
Cash and cash equivalents			(9,413)		(5,994)
Securities held for trading			(5,502)		(6,760)
Financing receivables held for non-operating purposes	(see note 16)		(203)		(287)
Net borrowings before lease liabilities ex IFRS 16			11,568		11,477
Lease liabilities, made up of:			5,018		5,648
- long-term lease liabilities		4,169		4,759	
- current portion of long-term lease liabilities		849		889	
TOTAL NET BORROWINGS POST LEASE LIABILITIES EX IFRS 16^(a)			16,586		17,125
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			54,079		65,025

(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)	2020		2019	
	Amounts from statutory scheme	Amounts of the summarized Group scheme	Amounts from statutory scheme	Amounts of the summarized Group scheme
Net profit (loss)		(8,628)		155
Adjustments to reconcile net profit (loss) to net cash provided by operating activities:				
Depreciation, depletion and amortization and other non monetary items		12,641		10,480
- depreciation, depletion and amortization	7,304		8,106	
- impairment losses (impairment reversals) of tangible, intangible and right of use, net	3,183		2,188	
- write-off of tangible and intangible assets	329		300	
- share of profit (loss) of equity-accounted investments	1,733		88	
- other changes	92		(179)	
- net change in the provisions for employee benefits			(23)	
Gains on disposal of assets, net		(9)		(170)
Dividends, interests, income taxes and other changes		3,251		6,224
- dividend income	(150)		(247)	
- interest income	(126)		(147)	
- interest expense	877		1,027	
- income taxes	2,650		5,591	
Cash flow from changes in working capital		(18)		366
- inventories	1,054		(200)	
- trade receivables	1,316		1,023	
- trade payables	(1,614)		(940)	
- provisions for contingencies	(1,056)		272	
- other assets and liabilities	282		211	
Dividends received		509		1,346
Income taxes paid, net of tax receivables received		(2,049)		(5,068)
Interests (paid) received		(875)		(941)
- interest received	53		88	
- interest paid	(928)		(1,029)	
Net cash provided by operating activities		4,822		12,392
Investing activities		(4,644)		(8,376)
- tangible assets	(4,407)		(8,049)	
- prepaid right of use			(16)	
- intangible assets	(237)		(311)	
Investments and purchase of consolidated subsidiaries and businesses		(392)		(3,008)
- investments	(283)		(3,003)	
- Consolidated subsidiaries and businesses net of cash and cash equivalent acquired	(109)		(5)	
Disposals		28		504
- tangible assets	12		264	
- intangible assets			17	
- Consolidated subsidiaries and businesses net of cash and cash equivalent disposed of			187	
- tax disposals			(3)	
- investments	16		39	
Other cash flow related to capital expenditure, investments and disposals		(735)		(254)
- investment of securities and financing receivables held for operating purposes	(166)		(237)	
- change in payables in relation to investing activities	(757)		(307)	
- disposal of securities and financing receivables held for operating purposes	136		195	
- change in receivables in relation to disposals	52		95	
Free cash flow		(921)		1,258

continued SUMMARIZED GROUP CASH FLOW STATEMENT

Items of Summarized Cash Flow Statement and confluence/reclassification of items in the statutory scheme (€ million)	2020		2019	
	Amounts from statutory scheme	Amounts of the summarized Group scheme	Amounts from statutory scheme	Amounts of the summarized Group scheme
Free cash flow		(921)		1,258
Borrowings (repayment) of debt related to financing activities		1,156		(279)
- net change of securities and financing receivables held for non-operating purposes	1,156		(279)	
Changes in short and long-term finance debt		3,115		(1,540)
- increase in long-term debt	5,278		1,811	
- repayments of long-term debt	(3,100)		(3,512)	
- increase (decrease) in short-term debt	937		161	
Repayment of lease liabilities		(869)		(877)
Dividends paid and changes in non-controlling interest and reserves		(1,968)		(3,424)
- reimbursement to non-controlling interest			(1)	
- net purchase of treasury shares			(400)	
- acquisition of additional interests in consolidated subsidiaries			(1)	
- dividends paid to Eni's shareholders	(1,965)		(3,018)	
- dividends paid to non-controlling interest	(3)		(4)	
Issue of perpetual subordinated bonds		2,975		
Effect of changes in consolidation, exchange differences and cash and cash equivalent		(69)		1
- effect of exchange rate changes on cash and cash equivalents and other changes	(69)		1	
Net increase (decrease) in cash and cash equivalent		3,419		(4,861)

Risk factors and uncertainties

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.

Strategic risks and risks related to the business activities and industries of Eni and its consolidated subsidiaries

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 operating performance and cash flow. The price of crude oil has a history of volatility because, like other commodities, it is cyclical and is influenced by several 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. In the short-term, 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. Factors that can influence the global economic activity in the short-term and demand for crude oil include several, unpredictable events, like trends in the economic growth in China, India, the United States and other large oil-consuming Countries, financial crisis, geo-political crisis, local conflicts and wars, social instability, pandemic diseases, the flows of international commerce, trade disputes and governments' fiscal policies, among others. All these events could influence demands for crude oil. In the long-term, factors which can influence demands for crude oil include on the positive side demographic growth, improving living standards and GDP expansion. Negative factors that may affect demand in the long-term comprise 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 tackle climate change and to curb carbon-dioxide emissions (CO₂ emissions), including stricter regulations and control on production and consumption of crude oil, or a shift in consumer preferences. The civil society and several governments all over the world, with the EU leading the way, have announced plans to transition towards a low carbon model through various means and strategies, particularly by supporting development of renewable energies and the replacement of internal combustion vehicles with electric vehicles, including the possible adoption

of tougher regulations on the use of hydrocarbons such as the taxation of CO₂ emissions as a mitigation action of the climate change risk. 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 for crude oil over the long-term and may lead to structural lower crude oil demands and consumption. We also believe that the dramatic events of 2020 in relation to the spread of the COVID-19 pandemic could have possibly accelerated those trends. See the section dedicated to the discussion of climate-related risks below.

Global production of crude oil is controlled to a large degree by the OPEC cartel, which has recently extended to include other important oil producers like Russia and Kazakhstan (so-called OPEC+). 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 United States and the EU against certain producing Countries may influence trends in crude oil prices. However, we believe that the continued rise of crude oil production in the United States due to the technology-driven shale oil revolution has somewhat reduced the ability of the OPEC+ to control the global supply of oil. To a lesser extent, factors like adverse weather conditions such as, hurricanes in sensitive areas like the Gulf of Mexico, and operational issues at key petroleum infrastructure can influence crude oil prices.

The year 2020 was one of the worst on record for the Oil & Gas industry due to the far-reaching consequences of the COVID-19 pandemic, the long-term impacts of which have yet to be understood and estimated. Almost all of the companies in the sector suffered material economic losses and cash flow shortfalls and saw their business fundamentals along with share prices significantly deteriorate due to a massive hit to global demand for crude oil and other energy products and to collapsing commodity prices as direct consequences of the lockdown measures imposed in the first months of the year by governments throughout the world to contain the spread of the pandemic, leading to the suppression of industrial activity, international commerce and travel as well as souring the moods of consumers. To make things worse, while demand was falling precipitously, in

March 2020 the OPEC+ failed to reach a deal for production cuts claimed by some members to counteract the effects of the COVID-19 pandemic and Saudi Arabia decided to increase its output and reduce prices to gain market share. The concurrence of a material reduction in global crude oil demand and rising production on the part of the OPEC+ members triggered a collapse in crude oil prices. At the peak of the COVID-19 crisis and the price war, the value of the Brent crude benchmark had fallen to below 15 \$/BBL, marking the lowest point over several decades on an inflation-adjusted basis. The situation of extreme oversupply in the month of April 2020 was signalled by ballooning global inventories, depletion of storage capacity and a strong contango structure in the prices of contracts for future deliveries. Subsequently, with the gradual easing of lockdown measures and the implementation from May 2020 of major output cuts by the members of the OPEC+ as well as major capex curtailments implemented by international Oil & Gas companies, Brent prices staged a significant comeback, recovering to a level of almost 45 \$/BBL in July. However, this recovery weakened at the end of the summer and in the autumn months due to a continuing rise in COVID-19 cases in western Countries, particularly in the United States, continental Europe and the UK forcing national or local governments to re-impose new restrictive measures or full lockdowns to curb the spread of the virus, which negatively affected the pace of economic recovery and the consumption of fuels like gasoline and gasoil. On the other hand, an acceleration in the economic recovery in mainland China and other Asian Countries where the virus was more effectively contained helped sustain the price of crude oil and a reduction in global inventories. Finally, the recovery of crude oil prices gained strength in the final months of 2020 and in the first months of 2021 due to a favourable combination of market and macro developments, most notably: a break-through in the development and approval of effective vaccines against COVID-19, further acceleration in the pace of economic activity in Asia, the outcome of the presidential election in the United States which fuelled expectations of large stimulus measures in favour of the U.S. economy, the continuing commitments on the part of OPEC+ to support the rebalancing of the oil market by slowing down the planned curtailments of the extra production quotas enacted in May 2020 and finally the surprising announcement by Saudi Arabia that it would implement a voluntary cut of its production quota of 1 million barrels/day in the months of February and March 2021 to compensate for any possible impact on demand due to recrudescence of the pandemic in western Countries. Unexpectedly, while oil companies' executives, traders and fund managers were weighing all these macro and market developments, a massive, unprecedented cold snap hit

the Northern-Eastern hemisphere, particularly Japan, South Korea and China, causing a spike in demand for oil-based heating fuels and LNG, which significantly boosted the market prices of all hydrocarbons. Due to such recent developments, Brent crude oil prices strengthened to 50 \$/bbl at the end of 2020 and then rallied further in the first quarter of 2021 averaging about 60 \$/bbl. Despite this improvement, we expect the trading environment for crude oil price to remain volatile and uncertain in 2021 due to the virus overhang, a weak macroeconomic backdrop in the United States and Europe and high inventory levels in OECD Countries, which remain above historical averages.

The COVID-19 pandemic negatively and materially affected a weak global natural gas market. As a result of the gas demand collapse recorded in the first half of 2020 due to the economic crisis resulting from COVID-19, gas prices fell to unprecedented lows in all the main geographies. Likewise, crude oil and natural gas prices recovered in the second half of the year supported by an improving economy and falling production levels due to capex constraints on global Oil & Gas companies. Overall, natural gas prices fell remarkably in 2020 (the prices at the Italian spot market were 35% lower than in 2019). However, at the end of 2020 and in January 2021 natural gas prices staged a material comeback supported by record seasonal demand in the Northern-Eastern hemisphere driven by record low temperatures.

Lower hydrocarbon prices from one year to another negatively affect the Group's consolidated results of operations and cash flow. This is because lower 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. In 2020, the Brent price averaged about 42 \$/bbl, a decrease of 35% compared to 2019, which significantly and adversely affected Eni's results of operations and cash flow for the year. We estimated that lower equity crude oil realizations and other scenario effects (lower equity gas prices, lower refining margins and other declines as described below) reduced the Company's underlying operating profit and the net cash provided by operating activities by about €7 billion.

Considering the risks and uncertainties to the outlook for 2021, we are retaining a prudent financial framework and capital discipline in our investment decisions, while we are assuming a Brent price forecast of 50 \$/bbl for the full year. Based on the current Oil & Gas assets portfolio of Eni, management estimates that the Company's cash flow from operations will vary by

approximately €150 million for each one-dollar change in the price of the Brent crude oil benchmark compared to the 50 \$/bbl scenario adopted by management for the current year and for proportional changes in gas prices.

In addition to the short-term impacts on the Group's profitability, a market crisis like the one experienced in 2020 may also alter the fundamentals of the oil and natural gas markets. Lower oil and gas prices over prolonged periods of time may have material adverse effects on Eni's performance and business outlook, because such a scenario may limit the Group's ability to finance expansion projects, further reducing the Company's ability to grow future production and revenues, and to meet 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 re-schedule, 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 in the de-booking of proved reserves, if they become uneconomic in this type of environment.

In the course of 2020 Eni's management revised its view of the oil market fundamentals to factor in certain emerging trends. Management considered that the lockdown measures in response to COVID-19 could result in a prolonged period of weak oil demand. Furthermore, the massive actions in support of the economic recovery planned by governments in several Countries may have a strong environmental footprint and be supportive of the green economy, leading to a potential acceleration in the pace of energy transition and in the replacement of hydrocarbons in the energy mix in the long-term. Based on these considerations, in 2020 the Company revised its long-term forecast for hydrocarbon prices, which are the main driver of capital allocations decisions and of the recoverability assessment of the book values of our non-current assets. The revised scenario adopted by Eni foresees a long-term price of the marker Brent of 60 \$/bbl in 2023 real terms compared to the previous assumption of 70 \$/bbl. The price of natural gas at the Italian spot market "PSV" is estimated at 5.5 \$/mmBTU in real terms in 2023 as compared to the previous assumption of 7.8 \$/mmBTU. This changed outlook for hydrocarbons prices drove the recognition of significant impairment losses relating to Oil & Gas assets (€1.9 billion, pre-tax). For further details, see the notes to the consolidated financial statements. Furthermore, given the decline in crude oil prices used in the estimation of proved reserves according to the SEC rules compared to 2019 (average of the first-of-the-day price of each month at 41 \$/bbl in 2020 vs. 63 \$/bbl in 2019), we were forced to debook 124 mmBOE of reserves that have become uneconomic in this environment.

Finally, during a downturn like the one experienced in 2020, the Group's access to capital may be reduced 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.

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 characterized 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.

All 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.

Margins on the manufacturing and sale of fuels and other refined products, chemical commodities, and other energy commodities are driven by economic growth, global and regional dynamics in supplies and demand 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.

In 2020, demand and margins for fuels and petrochemical products were materially hit by the economic downturn triggered by the COVID-19 pandemic, resulting in lower demand for fuels and petrochemical commodities. The trading environment was particularly unfavourable in the refining business due to an unprecedented combination of negative market trends. During the peak of the pandemic crisis in the second quarter of 2020, the lockdown measures imposed by governments throughout the world to curb the spread of the pandemic resulted in the suppression of air travel and people's commuting by car leading to

a massive decline in worldwide consumption of gasoline, kerosene and other fuels. Furthermore, while those restrictive measures were eased in Asia and other parts of the world, they have continued or have been re-imposed in Italy and other European Countries, which are the main reference markets of our refining and marketing business. Although since the implementation of the production cuts by OPEC+ producers, crude oil prices have been moderately recovering throughout 2020, the increases in the cost of the feedstock did not translate into higher prices of fuels due to a depressed demand environment. Finally, the profitability of our business was also negatively affected by the appreciation of sour crude oils towards medium/light qualities such as the Brent, due to market dislocations and the effects of the production cuts implemented by the OPEC+, which reduced availability of sour crudes in the marketplace. This latter trend negatively affected the profitability of conversion plants, which are normally supported by the fact that heavy and sour crudes trade at a discount vs. the light qualities as the Brent. Due to all those market trends, the Company's own internal performance measure to gauge the profitability of its refineries, the SERM (see glossary), fell to historic lows over the second half of 2020, plunging into negative territory at the end of 2020 and the beginning of 2021 in concomitance with the rally in crude oil prices, which has yet to be supported by a recovery of fuel demand in Europe. This trend will negatively affect the profitability of our refining business in 2021. The sales volumes at our network of service stations were significantly impacted by lower consumption due to the lockdown and anti-pandemic measures. The deteriorated outlook for refining margins and fuels consumption triggered a revision of the book value of the Company's oil-based refining assets leading to the recognition of €1.2 billion of impairment losses.

The chemical business of Eni was negatively affected by a significant reduction in demand in the segments most exposed to the COVID-19 crisis such as elastomers following the contraction in the automotive sector, while the polyethylene margins were supported both by the reduction in the cost of oil feedstock and by strong demand for single-use plastics and packaging as consequence of higher demand for goods related to "stay-at-home economy".

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. The economic crisis caused by the suppression of industrial activity and travel in response to the COVID-19 pandemic materially and negatively impacted demand for the Company's products, driving a strong increase in the level of competition across all sectors where we are operating. We believe that the pandemic will have enduring effects on the competition within the Oil & Gas sectors, including the refining and marketing of fuels and other energy commodities and the supply of energy products to the retail segment.

→ 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. The COVID-19 pandemic has caused exploration & production companies to significantly reduce their capital investment in response to lower cash flows from operations and to focus on the more profitable and scenario-resilient projects. We believe that this development will be long-lasting and likely drive increased competition among players to gain access to relatively cheaper reserves (onshore vs. offshore; proven areas vs. unexplored areas).

→ In the Global Gas & LNG Portfolio business, Eni is facing strong competition in the European wholesale markets to sell gas to industrial customers, the thermoelectric sector and retail companies from other gas wholesalers, upstream companies, traders and other players. The results of our wholesale gas business are subject to global and regional dynamics of gas demand and supplies. The results of the LNG business are mainly influenced by the global balance between demand and supplies, considering the higher level of flexibility of LNG with respect to gas delivered via pipeline. In 2020, the economic crisis triggered by the COVID-19 pandemic exacerbated the already weak fundamentals of the gas market. In fact, the lockdown of European economies resulted in sharply lower gas consumption leading to intensified competitive pressures. These developments caused lower sales volumes of gas

marketed via pipeline and by our LNG business and significantly lower prices. In 2020 Eni's gas and LNG sales declined by 11% due to the impact of the economic crisis triggered by the pandemic. Sales margins at our LNG business were put under pressure by collapsing demand due to the lockdown of Asian economies, which are the main outlet of global LNG production, as many buyers requested activation of the force majeure clauses for not lifting LNG contracted volumes. These developments led to increased competition in the global LNG market, dragging down sales margins. We expect continued competitive pressure in our wholesale gas and LNG businesses. However, in the first months of 2021 a colder-than-normal winter in the Northern Hemisphere has supported the price of gas and LNG.

→ In the Refining & Marketing segment, Eni is facing competition both in the refining business and in the retail marketing activity. Our Refining business has been negatively affected for years by structural headwinds due to muted trends in the European demand for fuels, refining overcapacity 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. This unfavourable competitive environment has been exacerbated by the effects of the 2020 economic crisis due to the COVID-19 pandemic, the consequent lockdown of entire economies and travel restrictions, which drove a collapse in the consumption of motor gasoline, jet fuels and other refined products. In the initial stages of the global energy downturn, refining margins were supported by a collapse in crude oil prices. Subsequently, as crude oil prices found support in the production curtailments implemented by the OPEC+, refining margins were severely hit by the weakness in global demand for fuels due to low propensity of people for travelling, which squeezed relative prices of fuels vs. the oil feedstock cost. This trend became particularly unfavourable starting from the summer months when refining margins were much less profitable, until the last months of the year when they even recorded negative value. On average, in 2020, the refining margin (SERM) dropped materially, down by 60% as compared to the prior year. Furthermore, Eni's refining profitability was 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's complex refineries are able to process sour crudes, which typically trade at a discount over Brent crude. Historically, this discount has supported the profitability of complex refineries, like our plant at Sannazzaro in Italy. However, in the course of 2020, a shortfall in supplies of sour crudes due to the production cuts implemented by OPEC+ in response to the COVID-19 pandemic, drove an appreciation of the relative prices of sour crudes as compared to Brent, which negatively affected the results of Eni's refining business by reducing the advantage

of processing sour crudes. Eni believes that the competitive environment of the refining sector will remain challenging in the foreseeable future, considering ongoing uncertainties and risks relating to the strength of the economic recovery in Europe and worldwide, and risks of another round of lockdown measures in case of failure by governments to effectively contain the spread of the pandemic, which would weigh heavily on demand for fuels. Other risks factors include 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 global oversupplies of refinery products. Due to a reduced profitability outlook in the refining business, management recognized impairment charges of €1.2 billion to align the book value of refineries to their realizable values.

The business of marketing refined products to drivers at our network of service stations and to large account customers (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, and un-branded networks with light cost structure. All of these operators compete with each other primarily in terms of pricing and, to a lesser extent, service quality. Against this backdrop, in 2020 the lockdown measures adopted to contain the spread of the pandemic resulted in the suppression of travel and road transportation which weighed heavily on throughput volumes at our network of service stations in Italy and other European markets which were down by 19.9% as compared to the prior year.

→ Eni's Chemical business is in a highly-cyclical, very competitive sector. We have been facing for years 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), where demand is a function of macroeconomic growth. Many of these competitors based in the Far East and the Middle East have been 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 climate change and the preservation of the environment has begun to negatively affect the consumption of single-use plastics. In 2020, these competitive dynamics were greatly amplified by the economic crisis triggered by the lockdown measures in response to the CO-

VID-19 pandemic, which negatively affected plant utilization rates and sales volumes, particularly in those segments more exposed to the recession of their customer segments, like in the case of sales volumes of elastomers to the automotive industry. However, other chemicals segments performed relatively well, because the “stay-at-home economy” boosted demands for certain products like polyethylene, that is utilized in the packaging of food and other consumer goods as well as in materials for the sanitary emergency. These trends supported polyethylene margins. Looking forward, management believes that the competitive environment in the Chemicals businesses will remain challenging due to uncertainties and risks relating to the strength of the economic recovery or another round of lockdown measures in case of by governments to effectively contain the spread of the pandemic.

→ Eni's Retail gas and power business 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. The retail market is characterised by strong competition among selling companies which mainly compete in terms of pricing and the ability to bundle valuable services with 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 ability of residential customers to switch smoothly from one supplier to another. In 2020, the performance of this business was negatively affected by the economic crisis caused by the lockdown measures imposed to contain the spread of COVID-19, which reduced energy demand particularly in the segments of medium and small businesses, increased credit risk and triggered increased credit losses. In 2020, sales volumes of natural gas to the retail market fell by 11%; however, this trend was partly offset by greater power requirements due to the “stay-at-home economy” with sales volumes up by 13% for the year. We anticipate that competition will remain strong in this business due to the likelihood of a slow economic recovery and weak trends in energy consumption, as well as the potential risk of yet another downturn in case of new lockdown measures to contain the pandemic and rising sensitivity among households and businesses to reduce the cost of the energy bill.

Eni also engages in the business of producing gas-fired electricity that is largely sold at wholesale energy market and balancing market (so called MSD) in Italy. Margins on the sale of electricity have declined in recent years due to oversupplies, weak economic growth and inter-fuel competition. The pandemic-driven economic crisis has exacerbated those trends, causing a material reduction in power consumption due to the lockdowns of entire industrial sectors and producing activities. In 2020, power sales in the wholesale market in Italy fell by 10% due to lower

consumption by Italian businesses. Management believes that these factors will continue to negatively affect clean spark spread margins on electricity in the Italian wholesale markets.

In case the Company is unable to effectively manage the above described competitive risks, which may increase in case of a weaker-than-anticipated recovery in the post-pandemic economy or in a worst case scenario of the imposition by governments of new lockdown measures and other restrictions in response to the pandemic, the Group's future results of operations, cash flow, liquidity, business prospects, financial condition, shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's shares may be adversely and significantly affected.

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 Chemical 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 lifecycle 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 on several factors and variables, including the hazardous nature of the products transported due to their flammability and toxicity, the transportation methods utilized (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 risks of blowout, fire and loss of containment and, given that normally high volumes are involved, could present significant risks to people, the environment and the property.

Eni has material offshore operations relating to the exploration and production of hydrocarbons. In 2020, approximately 65% 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 to communities' health and security due to the apparent 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 perils of vessel collisions, which may cause material adverse effects on the Group's operations and the ecosystem.

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 by applying the best available techniques in the marketplace. However, these measures may ultimately not be completely successful in preventing and/or altogether eliminating risks of adverse events. Failure

to properly manage these risks as well as accidental events like human errors, unexpected system failure, sabotages or other unexpected drivers could cause oil spills, blowouts, fire, release of toxic gas and pollutants into the atmosphere or the environment or in underground water and other incidents, all of which could lead to loss of life, damage to properties, environmental pollution, 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 shares.

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 enough 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 case of a disaster of material proportions 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 any 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 shares and could also damage the Group's reputation.

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 our businesses engaged in the marketing of natural gas 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. In 2020, our sales volumes of gas both at wholesale markets and at the retail sector particularly in Italy were negatively affected by lower seasonal sales in the first quarter.

Risks associated with the exploration and production of oil and natural gas

The exploration and production of oil and natural gas require high levels of capital expenditures and are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of oil and gas fields. The exploration and production activities are subject to mining risk and the risks of cost overruns and delayed start-up at the projects to develop and produce hydrocarbons reserves. Those risks could have an adverse, significant impact on Eni's future growth prospects, results of operations, cash flows, liquidity and shareholders' returns.

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, higher-than-average rates of income taxes, additional royalties and taxes on production, environmental protection measures, control over the development and decommissioning of fields and installations, and restrictions on production. A description of the main risks facing the Company's business in the exploration and production of oil and gas is provided below.

Exploratory drilling efforts may be unsuccessful

Exploration activities are mainly subject to mining risk, i.e. 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, deep water prospect off West Africa, Indonesia, the Mediterranean Sea 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 and returns.

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 and potential customers to define project terms and conditions, including, for example, Eni's ability to negotiate favourable long-term contracts to market gas reserves;
- commercial arrangements and granting of all necessary administrative authorizations to build 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 a delayed pay-back period, therefore adversely affecting the economic returns of Eni's development projects and the achievement of production growth targets.

Development projects normally have long lead times 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 agreements 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

In case the Company's exploration efforts are unsuccessful at replacing 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 330 barrels/d for each \$1 change in oil prices based on current Eni's assumptions for oil prices. In 2020, production and year-end proved reserves benefitted from lower oil prices which translated into higher entitlements (approximately 12 kBOE/d of incremental production and 118 MBOE of reserves volumes). 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 a function of 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 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;
- management's assumptions regarding future rates of production and costs and timing of operating and development expenditures. The projections of higher operating and development costs may impair the ability of the Company to economically produce reserves leading to downward reserve revisions;
- 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 may impair the ability of the Company to economically produce reserves leading to downward reserve revisions.

Many of the factors, assumptions and variables underlying the estimation of proved reserves involve management's judgement or are outside management's control (prices, governmental regulations) and may change over time, therefore affecting the estimates of oil and natural gas reserves from year-to-year.

The prices used in calculating Eni's estimated proved reserves are, in accordance with the SEC requirements, calculated by determining the unweighted arithmetic average of the first day-of-the-month commodity prices for the preceding twelve months. For the 12-months ending at December 31, 2020, average prices were based on 41 \$/BBL for the Brent crude oil, which was materially lower than the reference price of 63 \$/BBL utilized in 2019 due to the effects of the pandemic-induced economic crisis on demand and prices of hydrocarbons. Also, the reference price of natural gas was markedly lower than in 2019. Those reductions resulted in Eni having to remove 124 MBOE of proved reserves because they have become uneconomical in this price environment.

Accordingly, the estimated reserves reported as of the end of 2020 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, which could adversely impact Eni's business prospects, results of operations, cash flows and liquidity.

At the end of 2020 due to a combination of a slowdown in development expenditures because of the need to preserve the Group liquidity during the downturn and the removal of a significant amount of reserves that have become uneconomical in this environment, the Group reserves additions for the year of 271 MBOE fell significantly short of the volume produced of 634 MBOE, negatively affecting the replacement ratio of produced volumes and the total quantity of proved reserves at year-end compared to 2019 (down by 5%) which could negatively affect the Group's growth prospects going forward.

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 unde-

veloped reserves may not ultimately be developed or produced

At December 31, 2020, approximately 30% 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 and are subject to the risk of a structural decline in the prices of hydrocarbons due to possible long-lasting effects associated with the COVID-19 pandemic, including acceleration towards a low carbon economy and a shift in consumers' behaviour and preferences. In case of a continued decline in the prices of hydrocarbon the Group may not have enough financial resources to make the necessary expenditures to recover undeveloped reserves. The Group's reserve report at December 31, 2020 includes estimates of total future development and decommissioning costs associated with the Group's proved total reserves of approximately €27.7 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%. 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. Adverse changes in the tax rate applicable to the Group's profit before income taxes in its oil and gas operations would have a negative impact on Eni's future results of operations and cash flows.

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, 2020 the net present value of Eni's proved reserves totalled approximately €27.7 billion and was materially lower than at the end of 2019 because the average prices used to estimate Eni's proved reserves and the net present value at December 31, 2020, as calculated in accordance with the SEC rules, were 41 \$/barrel for the Brent crude oil compared to 63 \$/barrel utilized in 2019 due to the big fall recorded in hydrocarbons prices during the course of 2020 as a result of the demand contraction caused by the COVID-19 pandemic. Actual future prices may materially differ from those used in our year-end estimates.

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's access to hydrocarbons reserves or may cause the Group to re-design, curtail or cease its Oil & Gas operations with significant effects on the Group's business prospects, results of operations and cash flow.

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 and investments on the condition that the concessionaire 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 in February 2019. This law requires certain Italian administrative bodies to adopt by the end of 2021 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, a moratorium on exploration activities, including the award of new exploration leases, is in effect. Following the plan approval, exploration permits will resume in areas that have been identified as suitable and new exploration permits can be awarded. However, in unsuitable areas, exploration permits will be repealed, applications for obtaining new exploration permits ongoing at the time of the law enactment will be rejected and no new permit applications can be filed. As far as development and production concessions are concerned, pending the national plan approval, ongoing concessions remain in effect and administrative procedures underway to grant extensions to expired concessions remain unaffected; however, no applications to obtain new concessions 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; however, development and production concessions in place as at the approval of the national plan that fall in unsuitable areas will be repealed at their expiration, no further extensions will be granted, and no 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 term expired on October 26, 2019. Development activities at the concession have continued since then in accordance with the "prorogation regime" described above, within the limits of the work plan approved when the concession was first 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. Similarly, Company operations are underway in accordance to the ongoing prorogation regime at another 41 expired Italian concessions for hydrocarbons development and production. The Company has also filed requests for extensions within the terms of the law 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 to identify in a reliable and objective manner areas that might be suitable or unsuitable to hydrocarbons activities before the plan is adopted by Italian authorities. 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's 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, the 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 shares.

RISKS RELATED TO POLITICAL CONSIDERATIONS

As of December 31, 2020, approximately 83% of Eni's proved hydrocarbon reserves were located in non-OECD Countries, mainly in Africa and central-south East Asia, 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 economically on a temporary or perma-

nent basis, and Eni's ability to access oil and gas reserves. Particularly, Eni faces risks in connection with the following potential issues and risks:

- 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, loss of assets and threats 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 2020 due plunging hydrocarbons prices as a consequence of the global economic crisis caused by the COVID-19 pandemic. Financial difficulties at Country level often translate into failure by 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 for 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.

The financial outlook of several, non-OECD Countries where Eni is operating was significantly affected by the material contraction recorded in hydrocarbons revenues following the COVID-19 pandemic, which also increased the counterparty risk of a few state-owned or privately-held local companies that are Eni's partners in certain projects to develop Oil & Gas reserves.

Areas where Eni operates and where the Company is particularly exposed to political risk include, but are not limited to Libya, Venezuela and Nigeria.

Eni's operations in Libya are currently exposed to significant geopolitical risks. The current situation of social and political instability dates back to the revolution of 2011 that brought a change of regime and a civil war, triggering an uninterrupted period of lack of well-established institutions and recurrent episodes of internal conflict, clashes, disorders and other forms of civil turmoil. In the year of the revolution, Eni's operations in Libya were materially affected by a full-scale war, which forced the Company to shut down its development and extractive activities for almost all of 2011, with a significant negative impact on the Group's results of operation and cash flow. In subsequent years Eni has experienced frequent disruptions to its operations, albeit on a smaller scale than in 2011, due to security threats to its installations and personnel. In April 2019, a resurgence of the socio-political instability and a failure by the opposed factions to establish a national government triggered the resumption of the civil war with armed clashes in the area of Tripoli and elsewhere in the Country. The situation continued to escalate also because international negotiations aimed at restoring a state of peace and stability proved elusive. At the beginning of 2020 oil export terminals in the eastern and southern parts of Libya were blocked, halting most of the Country's oil export terminals, and force majeure was declared at several Libyan production facilities. Production shut-downs also involved certain of the Company's profit centres (the El Feel oilfield and the Bu Attifel offshore platform). The Company repatriated its personnel and strengthened security measures at its plants and facilities still in operation. However, despite this difficult framework, the Company's largest assets in Libya – the Bahr Essalam offshore platform and the onshore Mellitah oil and gas production centre – have continued to produce regularly. Due to those developments, we estimated a loss of output in the range of 9 kBBL/d on average for the year 2020. In late September, the situation began to improve thanks to a temporary agreement between the conflicting factions, the blockade was lifted at the main ports for exporting crude oil and production resumed at the main fields, revoking force majeure. Despite this, management believes that Libya's geopolitical situation will continue to represent a source of risk and uncertainty to Eni's operations in the Country and to the Group's results of operations and cash flow.

As of December 31, 2020, Libya represented approximately 10% 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's strategy intended to diversify the Group's 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 production activities at its Libyan fields, which would significantly hit results of operations and cash flow.

Venezuela is currently experiencing a situation of financial stress, which has been exacerbated by the economic recession caused by the effects of the COVID-19 pandemic. Lack of financial resources to support the development of the Country's hydrocarbons reserves has negatively affected the Country's production levels and hence fiscal 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 U.S. markets, which is the main outlet of Venezuelan production (see also "Sanctions targets" below).

Presently, the Company retains only one valuable asset in Venezuela: the 50%-participated Cardón IV joint venture, which is operating a natural gas offshore project and is supplying its production to the national oil company, PDVSA, under a long-term supply agreement. We also hold an equity interest in other two oil projects: the PetroJunin oilfield and the Corocoro field, with respect to which in past years we have registered significant impairment losses and reserves de-bookings, with currently little value left to recover. The main risk to Eni's ability to recover its investment is the continued difficulty on the 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 booking a loss provision on the revenues accrued. The expected credit 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 was estimated. As of December 31, 2020, Eni's invested capital in Venezuela was approximately \$1 billion. Despite the negative financial outlook of the Country and of PDVSA, during the course of 2020 the Company was able to collect a certain percentage of accrued revenues, in line with management's estimates of the expected credit losses. Eni expects the financial and political outlook of the Country to remain a risk factor to Eni's operations there for the foreseeable future.

We have significant credit exposure in Nigeria to state-owned and privately-held local companies, where the overall financial and economic outlook of the Country has been made worse by the contraction of petroleum revenues due to the crisis of the oil sector in 2020 caused by the COVID-19 pandemic. Our credit exposure is due to the fact that we are funding the share of capital expenditures pertaining to Nigerian joint operators at Eni-operated oil projects. We have incurred in the past and it is possible to continue incurring in the future significant credit losses because of the ongoing difficulties of our Nigerian counterparts to reimburse amounts past due.

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 occur-

rence 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 shares.

Finally, the United Kingdom left the European Union at the end of January 2020. Due to this decision, it is possible that in the future 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 weak macroeconomic conditions in both the EU and UK due to the COVID-19 pandemic, could have a material adverse effect on energy demand.

Sanction targets

The most relevant sanction programs for Eni are those issued by the European Union and the United States of America and in particular, as of today, the restrictive measures adopted by such authorities in respect of Russia and Venezuela.

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 further adapt its business to any subsequent restrictive measures that shall be adopted by the relevant authorities. In response to these restrictions, the Company has put on hold its projects in the upstream sectors in Russia and currently is not engaged in any Oil & Gas project in the Country. It is not possible to rule out the possibility 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.

Starting from 2017, the United States enacted a regime of economic and financial sanctions against Venezuela. The scope of the restrictions, initially targeting certain financial instruments issued or sold by the Government of Venezuela, was gradually expanded over 2017 and 2018 and then significantly broadened

during the course of 2019 when Petroleos de Venezuela SA ("PDVSA"), the main national state-owned enterprise, has been added to the "Specially Designated Nationals and Blocked Persons List" and the Venezuelan governments and its controlled entities became subject to assets freeze in the United States. Even if such U.S. sanctions are substantially "primary" and therefore dedicated in principle to U.S. persons only, retaliatory measures and other adverse consequences may also interest foreign entities which operate with Venezuelan listed entities and/or in the oil sector of the Country.

The U.S. sanction regime against Venezuela has been further tightened in the final part of 2020 by restricting any Venezuelan oil exports, including swap schemes utilized by foreign entities to recover trade and financing receivables from PDVSA and other Venezuelan counterparties. This latter tightening of the sanction regime could jeopardize our ability to collect the trade receivable owed to us for our activity in the Country.

Eni is carefully evaluating on a case by case basis the adoption of measures adequate to minimize its exposure to any sanctions risk which may affect its business operation. In any case, the U.S. sanctions add stress to the already complex financial, political and operating outlook of the country, which could further limit the ability of Eni to recover its investments in Venezuela.

RISKS SPECIFIC TO THE COMPANY'S GAS BUSINESS IN ITALY

Current, negative trends in gas demands and supplies in Europe 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 is currently party to a few long-term gas supply contracts with state-owned companies of key producing Countries, from where most of the gas supplies directed to Europe are sourced via pipeline (Russia, Algeria, Libya and Norway). These contracts which were intended to support Eni's sales plan in Italy and in other European markets, provide 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 a minimum contractual quantity. Similar considerations apply to ship-or-pay contractual obligations which arise from contracts with pipeline owners, which the Company has entered into to secure long-term transport capacity. 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. The structure

of the Company's portfolio of gas supply contracts is a risk to the profitability outlook of Eni's wholesale gas business due to the current competitive dynamics in the European gas markets. In past downturns of the gas sector, the Company incurred significant cash outflows in response to its take-or-pay obligations. Furthermore, the Company's wholesale business is exposed to volatile 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. 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 logistics costs and other fixed expenses.

Eni's management is planning to continue its strategy of re-negotiating 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 to better manage the take-or-pay obligations (volumes and delivery points among others), considering the risk factors described above. The revision clauses included in 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.

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 wholesale gas and retail Gas & Power businesses are subject to regulatory risks mainly in our 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 and power 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. We believe that laws and regulations intended to preserve the environment and to safeguard health and safety of workers and communities are particularly severe in our businesses due to their inherent nature because of flammability and toxicity of hydrocarbons and of industrial processes to develop, extract, refine and transport oil, gas and products. 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 of plants and infrastructures, the health of employees, contractors and other Company 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 as result 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 or prohibit the discharge of soil, water or groundwater contaminants, emissions of toxic gases and other air pollutants or can impose taxes on polluting air emissions, as in the case of the European Trading Scheme that requires the payment of a tax for each tonne of carbon dioxide emitted in the environment above a pre-set allowance, 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 wilful release of pollutants and contaminants into the atmosphere, the soil, water or groundwater or exceeding the concentration thresholds 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 wilful 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 consequence 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 Eni has experienced in recent years a number of temporary plant shutdowns at our Val d'Agri oil treatment centre due to environmental issues and oil spills, 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 shares.

CLIMATE-RELATED RISKS

The civil society and the national governments adhering to the 2015 COP 21 Paris Agreement are stepping up efforts to reduce the risks of climate change and to support an ongoing transition to a low carbon economy, which will likely lead to the adoption of national and international laws and regulations intended to curb carbon emissions, as well as to the implementation of fiscal measures which could possibly drive technological breakthrough in the use of hydrogen, exponential growth in the development of renewables energies and fast-growing adoption of electric vehicles, thus reducing the world's economy reliance on fossil fuels. These trends could materially affect demand for hydrocarbons in the long-term, while we expect increased compliance costs for the Company in the short-term. Eni is also exposed to risks of unpredictable extreme meteorological events linked to climate change. All these developments may adversely and materially affect the Group's profitability, businesses outlook and reputation

The civil society and the national governments adhering to the 2015 COP 21 Paris Agreement, with the EU playing a leading role, are advancing plans and initiatives intended to transition the economy towards a low carbon model in the long run, as the scientific community has been sounding alarms over the potential, catastrophic consequences for human life on the planet in connection with risks of climate change, based on the scientific relationship between global warming and increasing GHG concentration in the atmosphere, mainly as a result of burning fossil fuels. This push, as well as increasingly stricter regulations in this area, could adversely and materially affect the Group's business.

Those risks may emerge in the short and medium-term, as well as over the long term.

Eni expects that the achievement of the Paris Agreement goal of limiting the rise in temperature to well below 2° C above pre-industrial levels, or the more stringent goal advocated by the Intergovernmental Panel on Climate Change (IPCC) of limiting global warming to 1.5° C, will strengthen the global response to the issue of climate change and spur governments to introduce measures and policies targeting the reduction of GHG emissions, which 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, likely reducing local demand for fossil fuels and negatively affecting global demand for oil and natural gas.

Recently, governmental institutions have responded to the issue of climate change on two fronts: on the one side, governmen-

ts 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. This trend has been progressively gaining traction with an increasing number of governments adopting national agendas and strategies intended to reach the goals of the Paris Agreement and formally pledging to obtain net-zero emissions by 2050, like the EU's Green Deal, which may lead to the enactment of various measures to constrain, limit or prohibit altogether the use of fossil fuels. This trend could increase both in breadth and severity if more governments follow suit.

The dramatic fallout of the COVID-19 pandemic on economic activity and people's lifestyle could possibly result in a breakthrough in the evolution towards a low carbon model of development. The unprecedented contraction in economic activity caused by the lockdown measures adopted throughout the world to contain the spread of the virus, which resulted in the suppression of demand for hydrocarbons, could have an enduring impact on the future role of hydrocarbons in satisfying global energy needs. This is because many governments and the EU have deployed massive amounts of resources to help rebuild entire economies and industrial sectors hit by the pandemic-induced crisis and a large part of this economic stimulus has been or is planned to be directed to help transitioning the economy and the energy mix towards a low carbon model, as in the case of the EU's recovery fund, which provides for huge investments in the sector of renewable energies and the green economy, including large-scale adoption of hydrogen as a new energy source. At the same time, the auto industry is ramping up production of electric vehicles (EVs) and boosting the EVs line-up, while large amounts of risk capital and financing is propelling the growth of an entire new industry of pure-EV players. The growing role of EVs in transportation is leveraging on state subsidies to incentivize the purchase of EVs and growing interest among consumers towards EVs. Other potentially disruptive technologies designated to produce energy without fossil fuels and to replace the combustion engine in the transport sector are emerging, driven by the development of hydrogen-based innovations. These trends could disrupt demand for hydrocarbons in the not so distant future, with many forecasters, both within the industry, or state agencies and independent observers predicting peak oil demand sometimes in the next ten years or earlier; some operators still consider 2019 as the peak year for oil demand. A large portion of 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 state incentives to conserve energy or use alternative energy sources, technological breakthrough in the field of renewable energies or mass-adop-

tion of electric vehicles trigger a structural decline in worldwide demand for oil and natural gas, our results of operations and business prospects may be materially and adversely affected.

We expect our operating and compliance expenses to increase in the short-term due to the likely growing adoption of carbon tax mechanisms. 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's operated assets are included in national or supranational Carbon Pricing Mechanisms, such as the European Emission Trading Scheme (ETS), as a result of which the Company incurs operating expenses. For example, under the European ETS, Eni is obligated to purchase, on the open markets, emission allowances in case its GHG emissions exceed a pre-set amount of free emission allowances. In 2020 to comply with this carbon emissions scheme, Eni purchased on the open market allowances corresponding to 10.5 million tonnes of CO₂ emissions. Due to the likelihood of new regulations in this area and expectations of a reduction in free allowances under the European ETS and of the adoption of similar schemes by a rising number of governments, Eni is aware of the risk that a growing share of the Group's GHG emissions could be subject to carbon-pricing and other forms of climate regulation in the not so distant future, leading to 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.

Our portfolio of oil and gas properties features a large weight of natural gas, the least GHG-emitting fossil energy source, which represented approximately 48% of Eni's production in 2020 on an available-for-sale basis; as of December 31, 2020, gas reserves represented approximately 49% 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 \$/bbl. We believe that those characteristics of our portfolio coupled with a relatively low pay-back period will mitigate the risk of stranded reserves going forward, should risks of structurally declining hydrocarbons demands materialize because of stricter global environmental constraints and regulations and changing consumers' preferences resulting in trends like the mass adoption of electric vehicles or a lower weight of hydrocarbons in the energy mix.

Eni's portfolio exposure to those risks is reviewed annually against changing GHG regulatory regimes, evolving consumers' habits, technological developments and physical conditions to identify emerging risks. To test the resilience of new capital projects, Eni assesses potential costs associated with GHG emissions and their impact on projects' returns. 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 along its life cycle, 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" WEO 2020. This stress test is performed on a regular basis to monitor progress and risks associated with each project. The review performed at the end of 2020 indicated that the internal rates of return of Eni's ongoing projects in aggregate should not be substantially affected by a carbon pricing mechanism, also under the assumption that the costs for emission allowances are not recoverable in the cost oil or are not deductible from profit before taxes. This observation holds true also under the more severe CO₂ pricing assumptions of the IEA SDS scenario. The development process and internal authorization procedures of each E&P capital project feature several checks that may require additional and well detailed GHG and energy management plans to address potential risks of underperformance in relation to possible scenarios of global or regional adoption of regulations introducing mechanisms of carbon cap and trade or carbon pricing. These processes and internal authorization hurdles 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 regulations would make these investments commercially compelling.

Furthermore, management performed a sensitivity analysis of the recoverability of the book values of the Company's Oil & Gas assets under the assumptions set forth in the IEA SDS WEO 2020 to evaluate the reasonableness of the outcome of impairment review of those assets under the base case management scenario as well as possible risks of stranded assets. This stress test covered all 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 which endorse effective action to combat climate change by holding the rise in global average temperature to well below 2°C with respect to the baseline before the Industrial Revolution and to pursuing efforts to limit it to 1.5°C.

The hydrocarbons pricing assumptions of the IEA SDS scenario are substantially aligned to the ones adopted by Eni in its base case impairment review made in accordance with IAS 36. CO₂ emissions costs under the IEA SDS show a strong uptrend consistent with the goal of encouraging the adoption of low carbon technologies. The IEA SDS projects CO₂ emissions costs in advanced economies to reach 140 \$ per ton in real terms 2019 by 2040, 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 and applying the CO₂ cost estimated by the IEA for advanced economies to all of our oil and gas assets validated the resiliency of Eni's asset portfolio, determining a reduction of 11% in the total value-in-use 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 2020 financial statements using the management's base case scenario. That reduction falls to a 5% decline assuming the recoverability of CO₂ costs in the cost oil or the deductibility from the taxable income.

Finally, management considered the following trends in 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 global oil demand in light of the rising commitment on the part of the international community at addressing climate change and speeding up the pace of the energy transition, the increase in energy alternatives to fossil fuels and changing consumer preferences, management has evaluated the recoverability of the book values of Eni's Oil & Gas properties under 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 81% of the volumes of the Company's proven and unproven reserves (latter being properly risked) will be produced within 2035 and 93% of their net present value will be realized. The net present value of those production volumes, valued 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 that to reduce risks of irreversible changes to the ecosystem the world economy needs to limit the increase in global temperatures to 1.5°C. To meet this challenge, the world economy would need to undertake in the next

decades a deeper and more complex transformation, both in term of size and speed, than the one foreseen in the Paris Agreement. Recognizing the IPCC position, the IEA has elaborated in its WEO 2020 a new detailed modelling called the Net Zero Emissions 2050 case (NZE2050) to examine what more would be needed compared to the SDS in next decade to put global CO₂ emissions on a pathway to net zero by 2050. The set of actions contemplated by the IEA NZE2050 case comprise a dramatic increase in investments in low-emission electricity, infrastructure and innovation as well as demanding behavioral changes on part of the consumers. Currently, this scenario like the one outlined by the IPCC have yet to be complemented by a full set of pricing and other operating assumptions, which once available will be analyzed by the Company for the purpose of updating stress-testing models and methodologies.

The scientific community has concluded that increasing global average temperature 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 for 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 European Investment Bank (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 obtain financing for future projects or to obtain it at competitive rates 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 and 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 shares.

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 several 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, or 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 obligations exist 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, the Italian Ministry of the Environment or third parties are claiming compensation for environmental or other damages such as damages to people's health and loss of property value; (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 shares.

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 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 estimated reliably; (iii) the emergence of new evidence and information; and (iv) underestimation of probable future losses due to circumstances that are often inherently difficult to estimate. Certain legal proceedings and investigations in which Eni or its subsidiaries or its officers and employees are defendants involve the alleged breach of anti-bribery and anti-corruption laws and regulations and other ethical misconduct. Such proceedings are described in the notes to the condensed consolidated interim financial statements, 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.

INTERNAL CONTROL RISKS

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.

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 shares.

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, terro-

rists, 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 and increased penalties up to a maximum of 4% of global annual turnover for breach of the regulation. The GDPR requires mandatory breach notification, a standard also followed outside of 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 shares.

Outlook

The latest business trends are the following.

The Eni's industrial plan 2021 forecasts a crude oil price for the Brent benchmark at 50 \$/barrel, a standard Eni' refining margins "SERM" of 3.8 \$/barrel and a EUR/USD exchange rate of 1.19. Under these assumptions, management plans to generate in 2021 enough cash flow from operations to fund the organic capital expenditures (excluding acquisitions), as well as to cover a portion of the floor dividend.

In the first quarter of 2021, the Brent crude oil price sharply increased thanks to the accelerated economic recovery in Asia, signs of recovery in the United States and the production discipline of OPEC+, recording an average price of around

61 \$/barrel, while the refining margin reported a significant negative trend due to the increase in the cost of feedstock without resumption of fuel demand in the reference markets (mainly in Italy and western Europe).

Considering the outlook for 2021, management estimates that the Company's cash flow from operations will vary by approximately €150 million for each one-dollar change in the price of the Brent crude oil benchmark and for proportional changes in gas prices; similarly, management estimates a change of cash flow of approximately €160 million per each one-dollar change in the SERM.

Consolidated disclosure of Non-Financial Information pursuant to Legislative Decree 254/2016

Introduction

The Eni 2020 consolidated disclosure of Non-Financial Information (NFI) has been drafted in accordance with Legislative Decree 254/2016 and the Sustainability Reporting Standards published by the Global Reporting Initiative (GRI)¹. In continuity with previous editions, the document is structured according to the three levers of the integrated business model, Carbon Neutrality by 2050, Operational Excellence and Alliances for development, whose objective is the creation of long-term value for all stakeholders. The contents of the "Carbon Neutrality by 2050" chapter have been organized according to the voluntary recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of 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. In addition, the main United Nations Sustainable Development Goals (SDGs), that constitute an important reference for Eni in the conduct of its activities, have been mentioned in the various chapters.

The NFI is included in the Management Report in the Annual Report, to meet the information needs of Eni stakeholders in a clear and concise manner, further favouring the integrated disclosure of financial and non-financial information. In order to avoid duplication of information and ensure that disclosures are as concise as possible, the NFI provides integrated disclosures, which may include references to other sections of the Management Report, the Corporate Governance and Shareholding Structure Report and the Report on remuneration policy and remuneration paid, when the issues required by Legislative Decree 254/2016 are already contained therein or for further details. Specifically, the Management Report describes the Eni business model and governance, the integrated risk management system and the risk and uncertainty factors in which the main risks, possible impacts and treatment actions are detailed, in line with the disclosure requirements

of Italian regulations. Integration and conciseness are also some of the distinctive elements that allowed Eni to win the 2020 edition of the special award "Oscar" for the Non Financial Information promoted by FERPI – Federazione Relazioni Pubbliche Italiana (Italian Public Relations Federation) – in collaboration with Borsa Italiana and Bocconi University. The NFI contains detailed information on corporate policies, management and organizational models, an in-depth analysis of ESG (Environmental, Social and Governance) risks, the strategy on the topics covered, the most important initiatives of the year, the main performances with related comments and the 2020 materiality analysis. In the 2020 NFI, the "core" metrics defined by the World Economic Forum² (WEF) in its September 2020 White Paper "Measuring Stakeholder Capitalism – Towards Common Metrics and Consistent Reporting of Sustainable Value Creation" were included for the first time. Eni announced its support for the initiative, which aims to define common metrics for long-term value creation and to further promote the convergence of ESG standards and principles.

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 information. The 2020 edition of Eni for will also include the annex "Carbon Neutrality by 2050", and a report dedicated to human rights (Eni for - Human Rights)³. On the occasion of the Shareholders' Meeting, Eni will publish a reconciliation table with the Exploration & Production standards of the Sustainability Accounting Standards Board (SASB).

Below is a reconciliation table showing the information content required by the Decree, the areas and relative positioning in the NFI, the Management Report, the Corporate Governance and Shareholding Structure Report and the Report on remuneration policy and remuneration paid.

(1) For further details, reference is made to the paragraph: "Reporting principles and criteria".

(2) The reconciliation with the WEF core metrics is directly shown in the Content Index in a dedicated column, see pp. 175-178.

(3) The Eni for Human Rights report will be published subsequent to Eni for by June 2021.

	SCOPES OF LEGISLATIVE DECREE 254/2016	COMPANY MANAGEMENT MODEL AND GOVERNANCE	POLICIES APPLIED	RISK MANAGEMENT MODEL	PERFORMANCE INDICATORS
	CROSS-REFERENCES TO ALL SCOPES OF THE DECREE	○ NFI - Management and organizational models, p. 141; Sustainability material topics, p. 170 ○ AR - Business model, pp. 4-5; Responsible and sustainable approach, pp. 6-7; Stakeholder engagement activities, pp. 18-19; Strategy, pp. 20-25; Governance, pp. 32-39 ➤ CGR - Responsible and sustainable approach; Corporate governance model; Board of Directors; Board Committees; Board of Statutory Auditors; Model 231	➤ CGR - Eni Regulatory System; Principles and values. The Code of ethics	○ AR - Integrated Risk Management, pp. 26-31; Risk factors and uncertainties, pp. 114-134	○ AR - Responsible and sustainable approach, pp. 6-7; Eni at a glance, pp. 14-17
CARBON NEUTRALITY BY 2050	CLIMATE CHANGE Art. 3.2, paragraphs a) and b)	○ NFI - Carbon Neutrality by 2050, pp. 144-150 ○ AR - Strategy, pp. 20-25 ➤ CGR - Responsible and sustainable approach	○ NFI - Main regulatory tools, guidelines and management models related to the scopes of Legislative Decree 254/2016, pp. 139-140	○ NFI - Main ESG risks and related mitigation actions pp. 142-143	○ AR - Responsible and sustainable approach, pp. 6-7 ○ NFI - Carbon Neutrality by 2050, pp. 148-150
OPERATIONAL EXCELLENCE	PEOPLE Art. 3.2, paragraphs a) and b)	○ AR - Governance, pp. 32-39 ○ NFI - People (employment, diversity and inclusion, training, industrial relations, welfare, health), pp. 151-155; Safety, pp. 156-157	○ NFI - Main regulatory tools, guidelines and management models related to the scopes of Legislative Decree 254/2016, pp. 139-140	○ NFI - Main ESG risks and related mitigation actions pp. 142-143	○ AR - Responsible and sustainable approach, pp. 6-7 ○ NFI - People, pp. 153-155; Safety, pp. 156-157 ➤ RR - Executive Summary, pp. 12-13
	RESPECT FOR THE ENVIRONMENT Art. 3.2, paragraphs a), b) and c)	○ NFI - Respect for the environment (circular economy, waste, water, spills, biodiversity), pp. 157-162	○ NFI - Main regulatory tools, guidelines and management models related to the scopes of Legislative Decree 254/2016, pp. 139-140	○ NFI - Main ESG risks and related mitigation actions pp. 142-143	○ AR - Responsible and sustainable approach, pp. 6-7 ○ NFI - Respect for the environment, pp. 159-162
	HUMAN RIGHTS Art. 3.2, paragraph e)	○ NFI - Human Rights (security, training, whistleblowing), pp. 162-164 ➤ CGR - Responsible and sustainable approach	○ NFI - Main regulatory tools, guidelines and management models related to the scopes of Legislative Decree 254/2016, pp. 139-140	○ NFI - Main ESG risks and related mitigation actions pp. 142-143	○ AR - Responsible and sustainable approach, pp. 6-7 ○ NFI - Human Rights, p. 164
	SUPPLIERS Art. 3.1, paragraph c)	○ NFI - Human Rights, pp. 162-164; Suppliers, p. 165	○ NFI - Main regulatory tools, guidelines and management models related to the scopes of Legislative Decree 254/2016, pp. 139-140	○ NFI - Main ESG risks and related mitigation actions pp. 142-143	○ AR - Responsible and sustainable approach, pp. 6-7 ○ NFI - Human Rights, p. 164; Suppliers, p. 165
	TRANSPARENCY AND ANTI-CORRUPTION Art. 3.2, paragraph f)	○ NFI - Transparency, anti-corruption and tax strategy, pp. 166-167	○ NFI - Main regulatory tools, guidelines and management models related to the scopes of Legislative Decree 254/2016, pp. 139-140 ➤ CGR - Principles and values. The Code of Ethics; Anti-Corruption Compliance Program	○ NFI - Main ESG risks and related mitigation actions pp. 142-143	○ AR - Responsible and sustainable approach, pp. 6-7 ○ NFI - Transparency, anti-corruption and tax strategy, p. 167
ALLIANCES FOR DEVELOPMENT	LOCAL COMMUNITIES Art. 3.2, paragraph d)	○ NFI - Alliances for promotion of local development, pp. 168-169	○ NFI - Main regulatory tools, guidelines and management models related to the scopes of Legislative Decree 254/2016, pp. 139-140	○ NFI - Main ESG risks and related mitigation actions pp. 142-143	○ AR - Responsible and sustainable approach, pp. 6-7 ○ NFI - Alliances for promotion of local development, p. 169

AR Annual Report 2020

CGR Corporate Governance and Shareholding Structure Report 2020

RR Report on remuneration policy and remuneration paid 2021

○ Sections/paragraphs providing the disclosures required by the Decree

➤ Sections/paragraphs to which reference should be made for further details

The effects of the COVID-19 pandemic

In a year in which the world was turned upside down by the health emergency linked to the outbreak of the COVID-19 pandemic, Eni intervened on several fronts to manage the consequences by exploiting its expertise gained in a complex sector such as energy, in order to protect the health of its employees and contractors. Eni has also worked in synergy with governments, institutions and local and international NGOs with the aim of preventing and countering the spread of the pandemic and minimizing its impact on local communities, both in Italy and abroad.

Emergency management of the pandemic - Despite the scope and speed with which the COVID-19 pandemic spread throughout the world, Eni intervened promptly, also by virtue of the experience gained managing past epidemics such as Sars-Cov-1 and Ebola, and thanks to the regulatory, organizational and operational tools it had already adopted in 2011 to be prepared for the management of epidemic and pandemic events, implementing its own risk management model for Health, Safety, Environment, Security and Public Health and Safety. Since January 2020, there has been a constant flow of communication with the subsidiaries, both in Italy and abroad, with the aim of monitoring the evolution of the emergency and implementing the necessary preventive measures defined by the Company's regulatory instruments and in accordance with the provisions of national and international health authorities. Eni has therefore updated the epidemic and pandemic response plan within its medical emergency procedure.

In particular, Eni, through its Board of Directors, has defined the strategic and coordination guidelines also through the establishment of the Crisis Unit formed by all the competent central functions of Eni with the role of monitoring the regulations in force and, in application of this, taking into account the progress of the pandemic, to indicate the strategic guidelines for the transversal management of the health emergency, defining technical and organizational measures to be implement-

ed for the containment of the spread of the infection in the workplace. On the basis of the indications of the Crisis Unit, each employer has put in place the appropriate measures and operational actions with respect to its own production unit, taking into account the specificities of the work environments, for the counter and containment of the spread of the virus, mainly with regard to: (i) communication, information and training; (ii) hygiene and prevention; (iii) management and use of PPE (Personal Protective Equipment); (iv) sanitization of work environments; (v) reorganization of work arrangements and agile work; (vi) access to workplaces and aggregation areas; (vii) management of suspected and confirmed cases; (viii) health surveillance and protection of fragile workers; (ix) maintenance of essential services and business continuity plan.

In March 2020, all employees with duties that do not require physical presence in the workplace began to perform their professional activities remotely. Over a few days, Eni ensured that 99% of office personnel and, overall, about 87% of total non-shift personnel (almost 14,400 employees) were able to continue their activities through smart working, guaranteeing the maintenance of the IT infrastructure (for further details see Internal control risks, p. 134) and providing about 3,000 PCs, Hot Spots and monitors. At the same time, the return from foreign offices of approximately 500 expatriate colleagues was organized, ensuring the necessary logistical measures, including dedicated flights. Additional and complementary actions have been activated in support of health institutions and important initiatives have been put in place in favour of Eni's people (for more information see the sections on People and Health, pp. 151-155) and in support of Community Health in line with the needs gathered and the evolution of national and territorial health plans (see the section on Alliances for promotion of local development, pp. 168-169). Finally, for more information on the impact of the pandemic on Eni operating performance, see pp. 89-91.

Company mission

The Eni mission – approved by the Board of Directors in September 2019 – shows the path that the Company has taken 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 counter climate change in line with the objectives of the Paris Agreement.

Despite the complex context due to the health emergency, Eni has decided to accelerate its transformation path by committing to achieve total decarbonization of all products and processes by 2050 (for more details see the chapter Strategy pp. 20-25 and the chapter Carbon Neutrality by 2050 pp. 144-150). The mission, which is inspired by the 17 SDGs to the

achievement of which Eni intends to contribute by seizing new business opportunities, confirms the commitment of Eni to a just energy transition. This is possible thanks to Eni's people, the passion and drive towards continuous innovation, respect and promotion of human rights, considering diversity as a resource, integrity in business management and environmental protection. In addition, it must be considered that achieving the SDGs requires unprecedented collaboration between the public and private sectors, as announced at the 2015 Addis Ababa international conference on financing for development. Hence, the commitment of Eni in defining and building cooperations with locally rooted, internationally recognized partners.

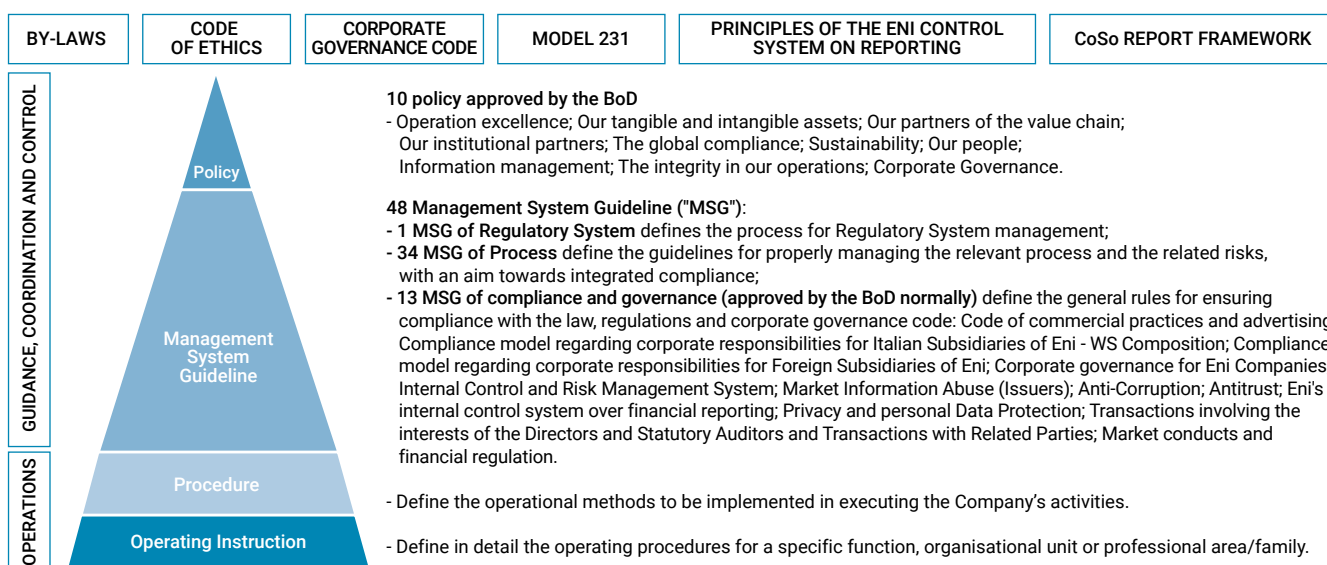
Main regulatory tools, guidelines and management models related to scopes of Legislative Decree 254/2016

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 corporate activities and the exercise of powers, ensuring compliance with the general principles of traceability and segregation.

All of Eni's operational activities can be grouped into a map

of processes functional to the Company's activities and integrated with control requirements and principles set out in the compliance and governance models and based on the By-laws, Code of Ethics, Self Regulatory Code 2018 and Corporate Governance Code 2020⁴, Model 231, SOA principles⁵ and CoSO Report⁶.

GENERAL OVERVIEW OF THE REGULATORY SYSTEM



With regard to the types of instruments that make up the Regulatory System:

- the **Policies**, approved by the Board, are mandatory documents that set out the principles and general rules of conduct on which all the activities carried out by Eni must be based in order to ensure the achievement of corporate objectives, taking into account risks and opportunities. The Policies cut across all processes and are focused on a key element of business management; they apply to Eni SpA and, following the implementation process, to all subsidiaries;
- The **Management System Guidelines** ("MSGs") are the guidelines common to all Eni's companies and may be process or compliance/governance guidelines (the latter normally approved by the Board of Directors) and include sustainability aspects. The individual MSGs issued by Eni SpA apply to subsidiaries, which ensure their implementation, unless a derogation is needed;
- The **Procedures** set out the operating procedures by which the companies' activities are to be carried out. They describe the tasks and responsibilities of the organizational contacts involved, management and control methods and communication flows.

They also regulate operations in order to pursue the objectives of compliance with local regulations. The content is defined in compliance with the Policies and MSGs as implemented by the companies;

- The **Operating Instruction** define the details of the operating procedures referring to a specific function/organizational unit/professional area or professional family, or to Eni's people and functions involved in the fulfilments regulated therein.

The regulatory instruments are published on the Company's Intranet site and, in some cases, on the Company's website. In addition, in 2020, Eni updated its **Code of Ethics** in which it renewed the corporate values that characterize the commitment of Eni people and all third parties working with the Company: integrity, respect and protection of human rights, transparency, promotion of development, operational excellence, innovation, teamwork and collaboration. In the first of the two following tables (p. 140), in addition to the Policies and the Code of Ethics, other Eni regulatory instruments approved by the CEO and/or the BoD are also considered. On the other hand, the second table (p. 141) shows management and organizational models, including management systems, multi-year plans, processes and cross-functional working groups.

(4) Please note that on December 23rd 2020, the Eni Board of Directors resolved to adhere to the new Code, the recommendations of which are applicable as of January 1st 2021. Therefore, as from that date, roles, responsibilities and regulatory instruments must take into account the new recommendations on the subject provided for by the new Code, as well as the decisions taken by the Board of Directors on how to apply these recommendations.

(5) US Sarbanes-Oxley Act of 2002.

(6) Framework issued by the "Committee of Sponsoring Organizations of the Treadway Commission (CoSO)" in May 2013.

**CARBON NEUTRALITY
BY 2050****CLIMATE CHANGE****GOAL**

Combat climate change

PUBLIC DOCUMENTS

Policy "Sustainability", Eni's Position on biomass, Eni's responsible engagement on climate change within business associations, Strategic Plan 2021-2024: towards zero emissions (February 2021)

PRINCIPLES

- Full decarbonization of all products and processes by 2050;
- reduce the carbon footprint towards zero emissions with the contribution of Forestry and CCS initiatives
- develop and implement new technologies for the reduction of climate-altering emissions and more efficient energy production
- ensure sustainable biomass management along the entire 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****PEOPLE, HEALTH & SAFETY****GOAL**

Value 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
- create a safe working environment implementing appropriate prevention initiatives

**OPERATIONAL EXCELLENCE****RESPECT FOR THE ENVIRONMENT****GOAL**

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 exploration and development activities within the boundaries of Natural Sites included in the UNESCO World Heritage List"

PRINCIPLES

- consider, in project assessments and operations, the presence of UNESCO World Heritage 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
- optimise the control and reduction of emissions into the air, water and soil
- act in a sustainable way, minimizing environmental impacts and optimizing the use of energy and natural resources

**OPERATIONAL EXCELLENCE****HUMAN RIGHTS****GOAL**

Protect human rights

PUBLIC DOCUMENTS

Policy "Sustainability", "Our people", "Our Partners of the Value Chain", "Whistleblowing reports received, including anonymously, by Eni SpA and by its subsidiaries in Italy and abroad", "Alaska Indigenous Peoples", Eni's Statement on Respect for Human Rights, Supplier code of conduct

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
- minimize the necessity for intervention by state and/or private security forces to protect employees and assets
- select commercial partners that comply with the Eni Supplier Code of Conduct and that are committed to preventing or mitigating impacts on human rights

**OPERATIONAL EXCELLENCE****TRANSPARENCY AND ANTI-CORRUPTION****GOAL**

Fight any form of corruption, with no exception

PUBLIC DOCUMENTS

Anti-Corruption" Management System Guideline, "Our partners of the value chain" policy, Tax Strategy Guideline, Eni's position on Contracts Transparency

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 the anti-corruption regulations

**ALLIANCES FOR DEVELOPMENT****LOCAL COMMUNITIES****GOAL**

Promote relations with local communities and contribute to their development also through public-private partnerships

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 free, prior and informed consultation with local communities
- cooperate in initiatives to guarantee independent, long-lasting and sustainable local development

MANAGEMENT AND ORGANIZATIONAL MODELS

CLIMATE CHANGE	→ New organization to be a leader in energy transition with two Business Groups: • Natural Resources, for the sustainable valorization of the upstream Oil & Gas portfolio, for energy efficiency and carbon capture • Energy Evolution, for the evolution of the production, transformation and marketing activities from fossil fuel based to bio, blue and green products → Central organizational function dedicated which oversees the Company's strategy and positioning on climate change → Technologies for Energy Transition and Biomasses Programme: to promote research and technological innovation relating to the exploitation of gas resources with a view to full integration with renewable sources, the use of biomasses and the valorisation of scrap materials with reference to their possible application in the process of redefining the energy mix → 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 in progress to all Eni's sites
PEOPLE	→ Employment management and planning process to align skills to the technical and professional needs → Management and development tools, aimed at professional involvement, growth and updating, inter-generational and inter-cultural exchange of experiences, building of cross-cutting and professional managerial development pathways in core technical areas valuing and including diversity → Working group to determine the impacts of Digital Transformation on Roles/Skills. Development of Innovative HR Management Tools → 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 engage employees in compliance with ILO (International Labour Organization) conventions and the guidelines of the Institute for Human Rights and Business → Welfare system for the achievement of work-life balance and the enhancement of services for employees and their families
HEALTH	→ 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 → Occupational medicine for the protection of the health and safety of workers, in relation to the workplace, to occupational risk factors and to the way in which work is carried out and the system of assistance and health promotion for the provision of health services consistent with the results of the analysis of needs and epidemiological, operational and legislative contexts → Health emergency preparedness and response, including epidemic and pandemic response plans → Health for communities: initiatives aimed at maintaining, protecting and/or improving the health status of communities
SAFETY	→ Integrated environment, health and safety management system for workers certified in accordance with the OHSAS 18001/ISO 45001 standard 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 → Working group for the definition of methodologies and tools for the management of the Human Factor in accident prevention
RESPECT FOR THE ENVIRONMENT	→ Integrated environment, health and safety management system: adopted in all plants and production units and certified 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 elements already present, measurement and identification of possible interventions for improvement → International Environmental Legislative Analysis: in-depth analysis of current national and international legislation by environmental matrix and definition of a Ranking of regulatory development for each Country analyzed
HUMAN RIGHTS	→ Human rights management process regulated by an internal regulatory instrument → Inter-functional activities on Business and Human Rights to further align processes with key international standards and best practices → Human Rights Impact Assessment, with a risk-based prioritization model for industrial projects → Security management system aimed at ensuring respect of human rights in all Countries, particularly in high-risk Countries → Three-year e-learning training plan on the main areas of interest on human rights
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 related to workers' health and safety) → Anti-Corruption Compliance Program: system of rules and controls to prevent corruption crimes → Recognition for the Eni SpA Anti-Corruption Compliance Program: certified pursuant to the ISO 37001:2016 standard → Anti-corruption unit placed in the "Integrated Compliance" function reporting directly to the CEO → Eni participation in local EITI multi stakeholder group activities to promote responsible use of resources, fostering transparency
SUPPLIERS	→ Procurement Process designed to check compliance with Eni requirements for reliability, ethical conduct and integrity, health, safety, environmental and human rights protection, through the qualification, selection and assignment of contracts, management and monitoring of suppliers, as well as through assessments using parameters set out by the Social Accountability Standard (SA8000) → JUST: initiative aimed at involving suppliers in the energy transition process
LOCAL COMMUNITIES	→ Sustainability liaison at local level, who interfaces with the Company headquarters to define local community development programmes (Local Development Programme) in line with national development plans integrating business processes → Application of the ESHIA (Environmental Social & Health Impact Assessment) process to all business projects → Stakeholder Management System Platform for the management and monitoring of relations with local stakeholders and of grievances → 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 best use of know-how → Management of Technological Innovation projects in line with best practices (step-by-step planning and control according to the development of the technology) → Continuous updating of procedures relating to the protection of intellectual property and the identification of service/professional service providers

Main ESG risks and related mitigation actions

For the analysis and assessment of risks, Eni has adopted an Integrated Risk Management Model with the aim of enabling management to make informed decisions with an overall and prospective vision⁷. Risks are assessed with quantitative and qualitative tools, taking into account environmental, health and safety, social and reputational impacts. The results of the risk assessment, including the main ESG (Environmental, Social and Governance) risks, are submitted to the Board of Directors and the Control and Risk Committee on a half yearly basis. It should be noted that in 2020, the impact of the Climate Change risk, already a top risk, increased due to the effects of the energy transi-

tion on the Eni business model and management's subsequent commitment in the definition of the Long-Term Strategic Plan. In addition, it should be noted that due to the COVID-19 pandemic in 2020, biological risk has become a top risk, assessed both as a risk to people's health and as a systemic risk capable of affecting Eni's risk portfolio as a whole and, in particular, market, Country and operational risks. The table below provides a summary view of Eni ESG risks classified according to the areas of Legislative Decree 254/2016. For each risk event, the type of risk – top risk and non-top risk – and the page references, where the main treatment actions are set out, are indicated.

RISK MANAGEMENT MODEL

SCOPES OF LEGISLATIVE DECREE 254/2016	RISK EVENT	TOP RISK	MAIN TREATMENT ACTIONS
CROSS RISKS	→ Risks associated with research and development activities		NFI - Carbon neutrality by 2050, pp. 144-150; Safety, pp. 156-157; Respect for the environment, pp. 157-162
	→ Cyber Security	■	AR - Integrated Risk Management, pp. 26-31; Internal control risks, pp. 133-134
	→ Relations with stakeholders	■	AR - Integrated Risk Management, pp. 26-31; Risks related to political considerations, pp. 125-127; Risks associated with the exploration and production of oil and natural gas, pp. 121-125 NFI - Alliances for promotion of local development, pp. 168-169
	→ Political and social instability and Global security risk	■	AR - Integrated Risk Management, pp. 26-31; Risks related to political considerations, pp. 125-127
 CARBON NEUTRALITY BY 2050	CLIMATE CHANGE		
	Art. 3.2, paragraphs a) and b) → Climate Change risk and energy transition risks	■	AR - Integrated Risk Management, pp. 26-31; Safety, security, environmental and other operational risks, pp. 119-121; Climate-related risks, pp. 129-132 NFI - Carbon Neutrality by 2050 (risk management), pp. 146-147

■ Top risk

(7) For further information, see the chapter Integrated Risk Management, on pp. 26-31.

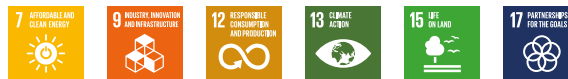
RISK MANAGEMENT MODEL

	SCOPES OF LEGISLATIVE DECREE 254/2016	RISK EVENT	TOP RISK	MAIN TREATMENT ACTIONS
 RATIONAL EXCELLENCE	PEOPLE Art. 3.2, paragraphs c) and d)	→ Biological risk, i.e. the spread of pandemics and epidemics with potential impacts on people, health systems and business	■	AR - Eni at a glance, pp. 14-15; Integrated Risk Management, pp. 26-31; Impact of COVID-19 pandemic, pp. 89-91; Safety, security, environmental and other operational risks, pp. 119-121; Risks associated with the exploration and production of oil and natural gas, pp. 121-125
		→ Risks regarding human health and safety: • Accidents involving workers and contractors • Process safety and asset integrity incidents	■	NFI - People, pp. 151-155, Safety, pp. 156-157
		→ Risks connected with the competency portfolio		
	RESPECT FOR THE ENVIRONMENT Art. 3.2, paragraphs a), b) and c)	→ Blow out	■	AR - Integrated Risk Management, pp. 26-31; Risks associated with the exploration and production of oil and natural gas, pp. 121-125; Safety, security, environmental and other operational risks, pp. 119-121; Risks related to Environmental, Health and Safety regulations and legal risks pp.128-129;
		→ Process safety and asset integrity incidents	■	
		→ Regulatory risk energy sector	■	
		→ Permitting	■	NFI - Respect for the environment, pp. 157-162
	HUMAN RIGHTS Art. 3.2, paragraph e)	→ Risks associated with the violation of human rights (human rights in the supply chain, human rights in security, human rights in the workplace, human rights in local communities)		NFI - Human Rights (risk management), pp. 162-164
	SUPPLIERS Art. 3.1, paragraph c)	→ Risks associated with procurement activities		NFI - Suppliers (risk management), p. 165
	TRANSPARENCY AND ANTI-CORRUPTION Art. 3.2, paragraph f)	→ Investigations and litigation regarding: • Environment, health and safety • Corruption → Risks connected with Corporate Governance	■	AR - Integrated Risk Management, pp. 26-31; Risks related to legal proceedings and compliance with anti-corruption legislation, p. 133 AR - The internal control and risk management system, pp. 38-39 NFI - Transparency, anti-corruption and tax strategy, pp. 166-167
 ALLIANCES FOR DEVELOPMENT	COMMUNITIES Art. 3.2, paragraph d)	→ Risks connected with local content		AR - Integrated Risk Management, pp. 26-31; Risks related to political considerations, pp. 125-127; Risks associated with the exploration and production of oil and natural gas, pp. 121-125 NFI - Alliances for promotion of local development, pp. 168-169

■ Top risk



CARBON NEUTRALITY BY 2050



Eni, aware of the ongoing climate emergency, wants to be an active part of a virtuous path of the energy sector to contribute to carbon neutrality by 2050, in order to keep average global warming within the threshold of 1.5°C at the end of the century. 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) of the Financial Stability Board.

Leadership in disclosure - Eni has been the only Oil & Gas Company involved in the 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 enabled Eni to be confirmed, once again in 2020, as a leading Company in the Climate Change disclosure program of the CDP⁸. The A-rating achieved by Eni was equalled only by few in the Oil & Gas industry and far exceeds the global average rating of C, in a scale ranging from D (minimum) to A (maximum). In 2020, the TPI⁹ assessment awarded Eni, for the first time, the highest rating for management quality, due to the completeness of Eni's decarbonization strategy, and a high ranking for the emission performance of sold products (carbon performance). In the same period, Carbon Tracker¹⁰ published an analysis of the potential risk of investment for the upstream sector of the main Oil & Gas companies in transition scenarios, in which Eni ranked first, distinguishing itself for the ambition of its GHG emission reduction targets, the competitiveness of future projects and for a medium-long term price scenario among the most conservative in the sector.

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 Oil & Gas companies, including Eni, OGCI now counts twelve companies, representing about one-third of global hydrocarbon production. To reinforce its commitment to reduce operational emissions, OGCI has communicated in 2020 a new collective target for the reduction of the GHG emission intensity (Scope 1+2) of upstream operated assets¹¹, consistent with the scenarios in line with the Paris Agreement. The target is in addition to the methane emission intensity reduction target announced in 2018¹². Furthermore, the commitment to the joint investment in a fund of 1 billion dollars has continued, for the development of technologies to reduce GHG emissions throughout the energy value chain at a global scale and to promote, following the initiative started in 2019, (CCUS KickStarter) wide-scale marketing at global level of CCUS (CO₂ Capture, Utilisation and Storage) technology. Eni promotes the need for alignment among the methodologies for GHG reporting in order to make the Oil & Gas sector performances and decarbonization targets comparable. In this sense, Eni collaborates in the Science Based Target Initiative (SBTi), which is working on the definition of guidelines and standards applicable to the sector to define decarbonization targets in line with the objectives of the Paris Agreement. In December 2020, Eni, together with 7 other companies, joined the Energy Transition Principles initiative, committing to increase transparency and consistency in reporting on GHG emissions and Net Carbon Intensity targets. Disclosure on long-term carbon neutrality is organized according to 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 Eni for 2020 - Carbon Neutrality by 2050¹³ Report for a complete analysis; further details will be available through Eni's disclosure to CDP Climate Change questionnaire 2021.

(8) CDP (formerly Carbon Disclosure Project) is an organization recognized internationally as one of the reference institutions in performance assessment and for the climate strategy of listed companies.

(9) Transition Pathway Initiative, an investor-led global initiative that assesses companies' progress in the low-carbon transition. The report published in September 2020 is an update of the first TPI assessment published in 2019.

(10) Financial independent think tank that for years has been conducting analyses to assess the impact of energy transition on financial markets.

(11) Equal to 20 kgCO₂.eq./boe by 2025 compared to the baseline of 23 kgCO₂.eq./boe in 2017 (13% reduction).

(12) Collective target to reduce methane emission intensity of upstream activities to 0.25% by 2025 from the 2017 value of 0.32%.

(13) This report will be published in the occasion of Eni's Shareholders Meeting.

TCFD RECOMMENDATIONS		AR 2020	2020 SUSTAINABILITY REPORT
		Consolidated Non-Financial Information	Addendum Eni For - Carbon neutrality by 2050
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 risks and opportunities linked to climate	✓ 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		✓
	b) Management processes	✓ Key elements	✓
	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		✓
	b) GHG emissions	✓ Key elements	✓
	c) Targets		✓

GOVERNANCE

Role of the BoD. Eni's decarbonization strategy is part of a structured system of Corporate Governance, in which the BoD and the CEO play a central role in managing the main aspects linked to climate change. Based on the 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 2020, the SSC discussed climate change issues at all meetings, including the outcomes of the 2019 United Nations Climate Change Conference (COP25), energy scenarios, the state of the art in research and development for energy transition, Eni's decarbonization strategy, forestry activities, climate partnerships, Eni's responsible engagement on climate change within business associations, climate resolutions and assembly's disclosure

of reference peers¹⁴. As from 2019, the BoD examines and approves Eni's Medium-Long Term Plan, aiming to guarantee the sustainability of its business portfolio in a time frame up to 2050, in line with what is provided for in the Four-Year Strategic Plan. Several members of the new Board of Directors, in place since May 13, 2020, have experience with ESG issues¹⁵. Immediately after the appointment of the Board of Directors and the Board of Statutory Auditors, a board induction programme was implemented for directors and statutory auditors, which covered, among other topics, issues related to the decarbonization process and the environmental and social sustainability of Eni's activities. Eni's economic and financial exposure to the risk deriving from the introduction of new carbon pricing mechanisms is examined by the BoD both during preliminary approval of the investment and in the following half-year 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

(14) For more information, please see the "Sustainability and Scenarios Committee" paragraph of the 2020 Corporate Governance Report.

(15) In particular, in addition to the Chief Executive Officer, Director Litvack and Director Guindani, current and former Chair of the Sustainability and Scenarios Committee respectively, as well as Directors Piccinno and Vermeir. For further details, reference should be made to the biographies of the Directors published in the Governance section of the eni.com website, <https://www.eni.com/en-IT/about-us/governance/board-of-directors.html>

tax value aligned with IEA¹⁶ Sustainable Development Scenario - SDS (see pp. 129-132, "Climate Change Risk" para.). Finally, the BoD is informed on a quarterly basis on the results of the risk assessment and monitoring activities related to Eni's top risks, including climate change.

Role of management. All corporate structures are involved in the definition and implementation of the carbon neutrality strategy and in 2020, to foster its energy transition path, Eni launched a new organizational structure with two business groups: Natural Resources, active in the sustainable development of the upstream Oil & Gas portfolio, in marketing of wholesale natural gas, and in promoting forestry conservation (REDD+) and carbon storage projects, and Energy Evolution, to support the evolution of the production, transformation and marketing activities from fossil fuel based to bio, blue and green products, also through the merge of the retail and renewable businesses. As of 2019, climate strategy issues are part of long-term planning and managed by the CFO area through dedicated structures with the aim of overseeing the process of defining Eni's climate strategy and the related portfolio of initiatives, in line with international climate agreements. The strategic commitment in carbon footprint reduction is part of the essential goals of the Company and is therefore also reflected in the Variable Incentive Plans for the CEO and Company's management. In particular, the 2020-2022 Long-Term Stock-based Incentive Plan provides for a specific objective on issues of environmental sustainability and energy transition (total weight 35%), based on the targets related to decarbonization, energy transition and circular economy processes consistent with the objectives communicated to the market and with a view to aligning with the interests of all stakeholders. The Short-Term deferral Incentive Plan 2021 is closely linked to the Company's strategy, as it is aimed at measuring the achievement of annual objectives in line with Eni's new decarbonization targets. In particular, the upstream emission intensity on an equity basis is considered, which includes indirect emissions (so-called Scope 2) and non-operated activities. Starting this year, the IBT Plan will also include the incremental renewable installed capacity KPI, replacing the one related with the exploration of resources, to support the energy transition strategy. Each of these targets is assigned to the CEO with a weighting of 12.5% and to all the Company's managers according to percentages in line with the attributed responsibilities.

RISK MANAGEMENT

The process for identifying and assessing climate-related risks and opportunities is part of Eni's Integrated Risk Management Model developed to ensure that management makes decisions that take into account current and potential risks, including medium- and long-term risks, and with an integrated, comprehensive and prospective view. In light of the link

between risk and opportunity management and Eni's strategic objectives, the RMI process starts with a contribution in defining Eni's medium- and long-term plan and four-year plan (objectives and actions with de-risking value), and continues with supporting their implementation through periodic risk assessments and monitoring cycles. The IRM process ensures the detection, consolidation and analysis of all Eni's risks and supports the BoD in checking the compatibility of the risk profile with the strategic targets, including those that are medium to long-term. Risks are:

- assessed with quantitative and qualitative tools considering both the probability of occurrence and the impacts that will be determined in a given time frame should the risk occur;
- represented, based on the probability of occurrence and on the impact, by matrices that allow comparison and classification according to importance.

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 using an integrated and cross-cutting approach that involves specialist departments and business lines and considers the related risks and opportunities. The main findings are shown below.

Market scenario. The International Energy Agency (IEA) identifies two main paths of possible evolution of the energy system: the Stated Policies Scenario (STEPS), which includes the policies implemented and planned by governments, and the Sustainable Development Scenario (SDS), which pursues the main energy objectives of sustainable development, including limiting the temperature increase in line with the Paris Agreement. In the SDS scenario, considered by Eni as the main reference for assessing the risks and opportunities associated with energy transition, fossil sources maintain a central role in the energy mix (Oil & Gas equal to 46% of the mix in 2040). Although in this scenario, the global energy demand by 2040 is expected to decrease compared to today (-9.6% vs. 2019, CAGR¹⁷ 2019-2040 -0.5%). In particular, natural gas maintains its portion in the energy mix (23%), and appears as the fossil fuel with the best future perspectives both for integration with renewable sources and for replacement of other sources with higher environmental impacts, especially in emerging Countries. Oil demand, on the other hand, is expected to peak immediately within the next two years and then gradually decline in almost all Countries (with the exception of India and Sub-Saharan Africa). Nevertheless, significant upstream investments are still needed to offset the decline in production from existing fields, although uncertainty remains on the influence that regulatory changes and technological breakthroughs could have on the scenario. Instead, renewable sources will gain growing importance in the progress towards decarbonization, succeeding

(16) International Energy Agency.

(17) CAGR: Compound Annual Growth Rate.

in satisfying in 2040 36% of primary consumption (vs. 14% in 2019), mostly through wind and solar energy.

In its World Energy Outlook 2020 (WEO), IEA introduced an even more challenging scenario called NZE2050 (Net Zero Emissions).

Built on the SDS scenario, it calls for a much stronger set of measures than the SDS in order to achieve net zero emissions by 2050 and limit the temperature increase to 1.5°C by 2100 compared to pre-industrial levels. Energy demand in the NZE2050 decreases by 17% as early as 2030 (vs. -7% compared to SDS), reaching a level similar to 2006, but with an economy twice the size. This is made possible through an even more pronounced recourse (vs. SDS) to electrification, efficiency and changing consumer behaviours.

Regulatory developments. Adoption of policies suitable to sustain the energy transition towards low carbon sources could have significant impacts on the evolution of Eni's business portfolio. In particular, all Parties of the Paris Agreement are called upon to review and strengthen their Nationally Determined Contributions (NDCs) by COP26, to be held in November 2021 in Glasgow. At the same time, an increasing number of governments are announcing carbon neutrality targets by 2050 and some of them, including the EU, have already transposed this into law. In fact, the EU published in December 2019 the European Green Deal, a set of initiatives aimed at achieving carbon neutrality by 2050, a goal transposed into law with the Climate Law. In this context, the EU also intends to revise upwards its 2030 emission reduction target and update most of the related legislation accordingly (e.g. Renewable Directive, EU Emissions Trading Directive). Also with respect to this development, Eni has defined a medium to long-term plan designed 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 Targets section.

Technological developments. The need to build a final energy consumption model with a low carbon footprint will favour technologies for GHG emissions capture and reduction, production of hydrogen from gas as well as technologies that support methane emissions control along the Oil & Gas production chain. These elements will contribute to sustaining the role of hydrocarbons in the global energy mix. Furthermore, technological evolution in the field of energy production and storage from renewable sources and in the field of bio-based activities will be a key lever for the industrial transformation of Eni's business. Scientific and technological research is therefore one of the levers on which Eni's decarbonization strategy is based and the areas of action are described in the Strategy and Targets section.

Reputation. Awareness-raising campaigns by NGOs and other environmentalist organizations, media campaigns, campaigns to ban plastic, shareholder resolutions during meetings, disinvestments by some investors and class action by groups of

stakeholders are increasingly more oriented towards greater transparency on the tangible commitments of Oil & Gas companies towards energy transition. Additionally, some public and private parties have begun proceedings, legal or otherwise, against the major Oil & Gas companies, including companies belonging to Eni's Group, deeming them responsible for the impacts related to climate change and human rights. Eni has long been committed to promoting a constant, open and transparent exchange of views on climate change and human rights issues which are an integral part of its strategy and therefore the 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 on the subjects of 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 Responsible Engagement policy on climate change within business associations, in which it commits to periodically check (update expected in the first half of 2021) consistency of its climate and energy advocacy positions and those of the trade associations to which it belongs.

Physical risks. Intensification of extreme/chronic weather phenomena in the medium-long term could cause damage to plants and infrastructures, resulting in an interruption to industrial activities and increased recovery and maintenance costs. With regard to extreme phenomena, such as hurricanes or typhoons, Eni's current portfolio of assets, designed in accordance with applicable regulations to withstand extreme environmental conditions, has a geographical distribution that does not result in concentrations of high risk. With regard to more gradual phenomena, such as sea level rise or coastal erosion, vulnerability of Eni's assets affected by the phenomenon is assessed through specific analysis, as in the case of Eni's assets in the Nile Delta area, where the impact is however limited and it is therefore possible to hypothesize and implement preventive mitigation interventions to counter the phenomenon. In parallel with its commitment to ensuring the integrity of its operations, Eni is active on Climate Change adaptation, also with regard to the socio-economic and environmental impacts in the Countries where Eni operates. To this end, Eni has launched a project that will end in 2021, in collaboration with FEEM (Fondazione Eni Enrico Mattei) and Pisa Institute of Management (IDM), for the assessment of the main risks/opportunities related to Climate Change and the development of appropriate guidelines and measures that will provide methodological support for the identification and implementation of adaptation actions in Countries of interest to Eni.

STRATEGY AND OBJECTIVES

Following a phase of great transformation that has allowed the group to grow and diversify its portfolio, and at the same time strengthen its financial organization, Eni initiated a new phase

in the development of its business model, strongly oriented towards the creation of long-term value, combining economic/financial and environmental sustainability. Based on these principles, in 2021, the new strategy was defined to relaunch the short, medium and long-term operational objectives that outline the evolutionary and integrated path of the individual businesses and that will lead Eni to carbon neutrality by 2050, in line with the provisions of the scenarios compatible with maintaining global warming within the threshold of 1.5°C. The speed of the evolution and the related contribution of the businesses will depend on the market trend, the technological scenario and the reference regulations. Eni will pursue a strategy that aims to achieve by 2050 the net-zero target on GHG Lifecycle Scope 1, 2 and 3 emissions, and the associated emission intensity (Net Carbon Intensity), referred to the entire life cycle of the energy products sold. In addition, the **intermediate decarbonization targets** were confirmed and further extended:

- -25% of Net GHG Lifecycle Emissions @2030 vs. 2018 and -65% @2040;
- -15% of Net Carbon Intensity of energy products sold @2030 vs. 2018 and -40% @2040;
- Net-zero Carbon Footprint for Scope 1 and 2 emissions from upstream activities by 2030, with a new target of halving by 2024 vs. 2018;
- Net-zero Carbon Footprint for Scope 1 and 2 emissions from all group operations by 2040.

Actions mostly already in place that will contribute to achieve these results are:

- reduction of hydrocarbon production in the medium term, with gradual growth of the gas share, which will reach 90% by 2050;
- gradual conversion of traditional refining using new technologies for the production of decarbonized products and recycling of waste materials;
- increase of "bio" refining capacity to 5/6 million tonnes, palm oil free starting from 2023;
- growth in renewable energy capacity production to 60 GW by 2050;
- progressive increase in the production of blue energy carriers (electricity and hydrogen) from gas, combined with CO₂ capture and storage projects;
- increase in Eni gas e-luce retail customers, with over 20 million by 2050;
- forest conservation projects totalling around 40 million tonnes/year by 2050.

Accurate accounting of emissions is ensured by the application of a reporting model based on a rigorous methodology for evaluating Scope 1+2+3 emissions associated with the value chain of energy products sold, including both those deriving from own production and those purchased from third parties. This distinctive approach exceeds the current standards for estimating emissions and provides an integral and concise

view of the carbon footprint associated with Eni activities. The methodology was developed with the collaboration of independent experts and the resulting indicators are published annually and certified by the financial auditor. Overall spending in the four-year period 2021-24 for decarbonization, circular economy and renewables is approximately €5.7 billion, including scientific and technological research activities designed to support these themes.

PERFORMANCE METRICS AND COMMENTS

Starting from 2016, Eni was among the first in the industry, to commit to targets aimed at improving the performance related to operational GHG emissions of the operated assets, with specific indicators showing the progress achieved so far in terms of reduction of GHG emissions into the atmosphere, use and consumption of energy resources from primary sources and production of energy from renewable sources. In addition to these, in 2020 new medium and long-term targets, accounted for on an equity basis, were defined and in 2021 they have been relaunched during the presentation of the strategy, in which Eni announced the target of net zero emissions (Scope 1, 2 and 3) by 2050. Below are Eni's main long-term objectives and the performance of the associated indicators:

Net-zero Carbon Footprint upstream by 2030: the indicator considers Scope 1+2 emissions from all upstream assets, operated by Eni and by third parties, net of carbon sinks, which in 2020, was down by 23% compared to 2019 due to both the production declines occurred in relation to the health emergency and the offsetting through forestry credits equal to 1.5 million tonnes of CO₂eq.

Net-zero GHG Lifecycle Emissions by 2050: the indicator refers to all Scope 1, 2 and Scope 3 emissions associated with Eni activities and products, along their value chain, net of carbon sinks and in 2020 it was down by 13% mainly due to the decrease in production and sales in all sectors related to the health emergency.

Zero Net Carbon Intensity by 2050: the indicator is calculated as the ratio between absolute net GHG emissions (Scope 1, 2 and 3) along the value chain of energy products and the amount of energy they contain. In 2020 it was essentially stable as the decrease in emissions across all sectors was accompanied by a proportional decrease in production related to the decline in activities due to the health emergency.

With specific reference to short-term decarbonization targets, defined on operated assets and accounted for on a 100% basis, the following is a summary of the results obtained in 2020 and the progress towards defined targets.

Reduction of the upstream GHG emission intensity index by 43% by 2025 vs. 2014:

the upstream GHG intensity index, expressed as the ratio of direct emissions in tonnes of CO₂eq. and the gross production in thousands of barrels of oil equivalent, in 2020 interrupted the progressive reduction trend, due to the drop in production ascribable to the health emergency and other causes, including the reduced production in onshore fields in Libya due to force majeure caused by the geo-political instability situation and the drop in gas demand in Egypt, whose productions are associated with a low emission impact. In 2020, the index recorded a value of 20.0 tonCO₂eq./kboe, up by 2% compared to 2019. The overall reduction compared to 2014 is 26%.

Zero routine gas flaring by 2025: in 2020, the volumes of hydrocarbons sent to routine flaring, equal to 1.03 billion Sm³, fell by 14% compared to 2019 and by 39% compared to 2014, in relation to both the completion of projects to reduce flaring, in particular in Angola, and due to the decrease in activities related to the health emergency that also affected some fields with associated gas flaring.

Reduction of upstream methane fugitive emissions by 80% by 2025 vs. 2014:

upstream methane fugitive emissions were 11.2 ktCH₄ in 2020, down by approximately 50% from 2019, as a consequence of the decreased production related to the health emergency and thanks to monitoring and maintenance activities carried out as part of the Leak Detection And Repair (LDAR) campaigns that are conducted on a periodic basis and to date cover approximately 60 assets. The overall reduction compared to 2014 is 90%, confirming the achievement in advance of the 80% reduction target set for 2025.

An average improvement of 2% per year in 2021 compared to the 2014 carbon efficiency index: the target has extended the

commitment of reducing GHG emissions (Scope 1 and Scope 2) to all business areas. This objective refers to the overall Eni's index, maintaining the appropriate flexibility in the trends of the individual businesses. In 2020, the index was 31.64 tonCO₂eq./kboe, substantially stable with respect to 2019 (31.41 tonCO₂eq./kboe) mainly due to the drop in production related to the health emergency, and in line with the trend in the upstream sector that weighs more on the overall index. The effect was partially offset by the energy efficiency projects launched or completed during the year. In 2020, in fact, Eni went ahead with its investment plan both in projects aiming directly at increasing energy efficiency in its assets (€10M) and in development and revamping projects with significant effects on the energy performance of operations. When fully operational, the interventions carried out during the year will allow fuel savings of 287 ktoe/year (mostly upstream), with a benefit in terms of emissions reduction of approximately 0.7 million tonnes of CO₂eq.

Overall, **direct GHG emissions from assets operated by Eni** in 2020 amounted to 37.8 mln tonCO₂eq., down by 8% compared to 2019, mainly due to the decrease in activities related to the health emergency, in the upstream, power and refining sectors.

The Energy Solutions business in 2020 grew significantly, reporting a 76% increase in renewables installed capacity compared to 2019 (307 MWp in 2020 vs. 174 in 2019) and bringing production to 339.6 GWh. For biofuels, the quantities produced in 2020 rose to 622 thousand tonnes, with a 143% increase with respect to the previous year. For 2020, the financial commitment of Eni in scientific research and technological development amounted to €157 million, of which approximately €74 million was spent on investments for decarbonization and circular economy projects. These investments are related to energy transition, bio-refinement, green chemistry, production from renewable sources, reduction of emissions and energy efficiency.

KPIS RELATED TO MEDIUM-LONG TERM TARGETS¹⁸

		2020	2019	2018	Target
Net Carbon Footprint upstream (Scope 1 + Scope 2 GHG emissions)	(million tonnes CO ₂ eq.)	11.4	14.8	14.8	UPS Net zero 2030
Net GHG Lifecycle Emissions (Scope 1, 2 and 3) ^(a)		439	501	505	Net zero 2050
Net Carbon Intensity (Scope 1, 2 and 3) ^(a)	(gCO ₂ eq./MJ)	68	68	68	Net zero 2050
Renewable installed capacity	MW	307	174	40	60 GW 2050
Capacity of biorefineries ^(b)	(million tonnes/year)	1.11	1.11	0.36	5/6 million tonnes/year 2050

(a) The methodology for calculating Scope 1+2+3 emissions associated to the value chain of energy products sold, has been enhanced in order to better represent Scope 3 end-use emissions; 2019 and 2018 data are updated accordingly.

(b) Installed capacity of Gela biorefinery has been updated to 750 ktonnes/y due to a review of KPI calculation method (2019 data updated accordingly).

(18) KPIS accounted for on an equity basis.

KEY PERFORMANCE INDICATORS

		2020		2019	2018
		Total	of which fully consolidated entities	Total	Total
Direct GHG emissions (Scope 1)	(million tonnes CO ₂ eq.)	37.76	24.32	41.20	43.35
of which: CO ₂ equivalent from combustion and process		29.70	21.30	32.27	33.89
of which: CO ₂ equivalent from flaring ^(a)		6.13	2.53	6.49	6.26
of which: CO ₂ equivalent from venting		1.64	0.31	1.88	2.12
of which: CO ₂ equivalent from methane fugitive emissions		0.29	0.19	0.56	1.08
Carbon efficiency index (Scope 1 and 2)	(tonnes CO ₂ eq./kboe)	31.64	41.78	31.41	33.90
Direct GHG emissions (Scope 1)/100% operated hydrocarbon gross production		19.98	19.84	19.58	21.44
Direct GHG emissions (Scope 1)/Equivalent electricity produced (EniPower)	(gCO ₂ eq./kWh eq.)	391.4	391.0	394	402
Direct GHG emissions (Scope 1)/Refinery throughputs (raw and semi-finished materials)	(tonnes CO ₂ eq./ktonnes)	248	248	248	253
Methane fugitive emissions (upstream)	(ktonnes CH ₄)	11.2	7.01	21.9	38.8
Volumes of hydrocarbon sent to flaring	(billion Sm ³)	1.8	0.9	1.9	1.9
of which: routine flaring		1.0	0.3	1.2	1.4
Indirect GHG emissions (Scope 2)	(million tonnes CO ₂ eq.)	0.73	0.58	0.69	0.67
Indirect GHG emissions (Scope 3) from use of sold products ^(b)		185	na	204	203
Electricity produced from renewable sources ^(c)	(GWh)	339.6	243.4	60.6	11.6
Energy consumption from production activities/ 100% operated hydrocarbon gross production (upstream)	(GJ/toe)	1.52	3.88	1.39	1.42
Net consumption of primary resources/ Equivalent electricity produced (EniPower)	(toe/MWheq.)	0.17	0.17	0.17	0.17
Energy Intensity Index (refineries)	(%)	124.8	124.8	112.7	112.2
R&D expenditure	(€ million)	157	157	194	197.2
of which: related to decarbonization		74	74	102	74
First patent filing applications	(number)	25	25	34	43
of which: filed on renewable sources		7	7	15	13
Production of biofuels	(ktonnes)	622	622	256	219

Unless differently specified, KPIs related to GHG emissions and consumptions refer to operated assets 100% data.

(a) Starting with 2020, the indicator includes all Eni's emissions related to flaring, aggregating also the contributions of Refining & Marketing and Chemicals, which, until 2019, are accounted in the "combustion and process" category.

(b) Category 11 of GHG Protocol Corporate Value Chain (Scope 3) Standard. Based on upstream production, Eni's share, consistently with IPIECA methodologies.

(c) Consistently with Company targets, the indicator is accounted for on an equity basis. In order to ensure comparability, 2019 and 2018 data are represented accordingly.



OPERATING EXCELLENCE MODEL

The Operating Excellence Model is based 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

The Eni business model is based on internal competencies, an asset in which Eni continues to invest to ensure their alignment with business needs, in line with its long-term strategy. Planned evolution of business activities, strategic directions and the challenges posed by changes in technology and the labour market in general imply an important commitment to increase the value of human capital over time through upskilling and reskilling initiatives, aimed at enriching or redirecting the set of skills required.

A CULTURE OF PLURALITY AND THE DEVELOPMENT OF PEOPLE

The approach of Eni to Diversity & Inclusion has been developed in the wake of its cultural sensitivity and tradition, rooted in the international culture of plurality; it is based on the fundamental principles of non-discrimination, equal opportunity and inclusion of all forms of diversity, as well as integration and balancing work with people's personal and family needs. Eni is committed to creating a work environment in which different personal and cultural characteristics or orientations are considered a source of mutual enrichment and an indispensable element of business sustainability. At Eni, there are no differences in gender, religion, nationality, political opinion, sexual orientation, social status, physical abilities, medical conditions, family circumstances and age and any other irrelevant aspect; furthermore, Eni aims to establish working relationships free from any form of discrimination, requiring that similar values be adopted by all third parties working with Eni. Diversity is in fact a resource to be safeguarded and enhanced both within the Company and in all relations with external stakeholders, including suppliers, commercial and industrial partners, as underlined by its mission and Code of Ethics. Eni promotes cross professional exchange through a series of processes, including geographical mobility, as an important experience in the path of personal growth. The consolidation over the years of the processes of induction of new recruits, coaching, training and sharing of skills and best practices with local personnel has ensured continuity in op-



erating activities in 2020, a year characterized by a massive return of expatriate personnel to headquarters. 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 initiatives¹⁹ with the aim of constantly enhancing its processes and operating practices with a view to gender equality. These activities have continued throughout the year through the "dematerialization" of events and meetings that has allowed reaching places, people and realities inaccessible to date, breaking down language and geographical barriers. Remuneration policies for Eni employees are defined according to an integrated model at global level and promote salary progression linked exclusively to meritocratic criteria referring to the skills expressed in the role held, the performance achieved and the references of the local remuneration market. In order to verify the implementation of these policies, since 2011, Eni has annually monitored the remuneration gap between women and men, noting the substantial alignment of remuneration. In addition, in relation to ILO (International Labour Organization) standards, Eni performs annual analyses on the remuneration of local personnel in the main Countries in which it operates, which show minimum salary levels of Eni personnel significantly higher than both the minimum legal salaries and the minimum market remuneration levels, identified for each Country by international providers (for further information, see Report on remuneration policy and remuneration paid 2021, on p. 13).

Relating to the professional management of its resources, Eni has 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. Eni uses various assessment

(19) 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; Fondazione Mondo Digitale; WEF - World Economic Forum; ERT - European Round Table.

tools to support these pathways, including the annual review, the performance and feedback process with a focus on senior managers, middle managers and young graduates and soft skills assessment processes. The year 2020 saw an inevitable downturn in mobility initiatives. However, internal growth and development continued, held remotely.

In 2020, the performance assessment and feedback process covered 97%, while potential assessment activities²⁰ 95% of the total planned with an overall improving trend (+10 p.p. vs. 2019); finally, 123 senior managers and middle managers were assessed using the Management Appraisal methodology.

TRAINING

The 2020 training programme was marked by an intense redesign of many distance learning courses, giving priority to health and safety issues, alongside courses to support people, up to and including master's degrees, to which we wanted to give continuity. HSE training continued where possible in presence, or in distance mode, and covered both mandatory and non-mandatory training content. In addition, a course was created for all Eni employees (Enicampus Live) to encourage greater awareness of individual behaviour in the emergency context and to acquire renewed responsibility for individual and team results. The Diversity & Inclusion training offer was also expanded with new content, including a course dedicated to "gender harassment in the workplace", while the commitment for the contamination remained prevalent for many training initiatives on the emerging issues of Energy Transition, Circular Economy, Carbon Capture, Utilization, and Storage (CCUS), Forestry, Renewable Energy, digitalization both of a technical nature and of Corporate Identity (for new hires, new managers, or managerial figures). Attention continued to be focused both on information security, through the provision of cyber security courses, and on training using innovative techniques such as Virtual Reality Training (for example in the HSE and Drilling field) or Augmented Reality (in the HSE field).

INDUSTRIAL RELATIONS

The energy transition path has determined the need to define a new model of industrial relations and for this reason, on December 3, 2020, Eni and the unions signed a new protocol called "INSIEME, a model of industrial relations to support the energy transition path". The protocol aims at sharing information on this path, updating and renewing professional skills in view of the new business challenges and proposing a clear and favourable regulatory framework for the development of a sustainable business model. 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 (GFA), renewed in 2019 with the main Italian trade unions and IndustriALL Global Union²¹. During 2020, a constant exchange of information was ensured between the Company and the unions, within the framework of competence provided for each agreement, on the main topics of attention (including emergency management, Company reorganizations and Brexit).

WELFARE INITIATIVES²²

The health emergency situation has impacted all personal services, making it necessary both to revise the ways in which initiatives are organized with a view to utmost safety (increased attention to health services, support for summer family organization and employee catering services) and to identify innovative services capable of responding to emerging needs arising from family and social complexity and new ways of working. These new initiatives include an online training course dedicated to parents to help them cope in the new everyday life, addressing issues such as the impact of digital technologies, educational needs and building relationships.

HEALTH

Eni considers health protection an essential requirement and promotes the physical, psychological and social well-being of its people, their families and the communities of the Countries in which it operates. 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, health-care and medical emergency, as well as health promotion initiatives for Eni people and the communities in which it operates. The Eni strategy for health management is oriented, in addition to maintaining and continuously improving health services, to: (i) enhancing access to assistance for all Eni people, interventions in favour of communities and emergency provisions to support situations of fragility created or aggravated by the pandemic; (ii) spreading the culture of health through initiatives in favour of workers, their families and communities identified downstream of risk assessment and impacts in the health field; (iii) implementing occupational medicine activities also in consideration of

(20) Potential assessments are conducted through the methodology of Development Center, Online Assessment, and Individual Assessment.

(21) Organization that represents more than 50 million workers distributed in 140 Countries, in the energy, manufacturing and mining sectors.

(22) Benefits are offered to all employees consistent with the regulations set forth in the Health Care, Supplemental Security and Other Funds.

the risks inherent to new projects, industrial processes and the results of industrial hygiene activities; (iv) promoting the digitalization of health processes and services. In 2020, 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 people and ensuring adequate risk management in the workplace.

In the critical global health context, Eni has implemented a series of prevention and assistance interventions in order to support those in the front line managing health emergencies and local health structures, also thanks to the numerous experiences in health projects gained in response to epidemic events around the world²³. In fact, the Eni centre of competence for the management of health emergencies has supported the business units through: (i) epidemiological updates and new guidelines issued by international bodies, (ii) hygiene measures for the prevention and containment of outbreaks and epidemics/pandemics, (iii) clinical and care flow management best practices, vaccinations and recommendations for travel medicine and (iv) support in defining technical specifications for services related to emergency response.

PERFORMANCE METRICS AND COMMENTS

EMPLOYMENT AND DIVERSITY

Overview - Overall employment amounts to 30,775 people, of whom 21,170 in Italy (68.7% of Eni employees) and 9,605 abroad (31.2% of Eni employees). In 2020, employment at global level decreased by 546 people compared to 2019, equal to -1.7%, with an increase in Italy (+92 employees) and a reduction abroad (-638 employees). The reduction in employment, due mainly to a business scenario affected by the health emergency, concerned both local and international employees. Despite the discontinuity of the energy market, Eni continued to pursue its diversity objectives: in 2020, permanent hires of female personnel stood at 34.6% of total hires compared to 32.3% in the previous year.

Hires - Overall, in 2020, 780 people were hired, 607 of whom with permanent contracts. About 76% involved employees under the age of 40. Of the total number of hires, approximately 23% in upstream business (total 183, of which 109 with permanent contracts and 74 with fixed-term contracts), 20% in Support Function, 10% the R&M area and 47% the other businesses.

Terminations - Overall, 1,600 contracts were terminated (934 in Italy and 666 abroad), 1,323 of which were permanent

contracts²⁴, and 21.0% regarded female employees. In 2020, 22.1% of employees with permanent contracts who ended their employment were under 40 years of age. Due to the negative business scenario generated mainly by the health emergency, the turnover rate decreased compared to previous years mainly due to a reduction in the number of hires.

Female employment - Of the permanent hires in 2020, 34.6% involved female personnel (up 2.3 percentage points vs. 2019). In 2020, the percentage of female employees stood at: 16.3% of executives, 27.7% of middle managers, 29.9% of white collar workers, 2.1% of blue collar workers. Compared to the past, the overall percentage of women on the boards of directors of subsidiaries decreased to 26% in 2020 (29% in 2019), while the overall percentage of women on the supervisory boards of subsidiaries remained substantially stable at 37%. In 2020, the percentage of women in positions of responsibility rose to 26.64%, compared to 26.05% in 2019; in all, women accounted for 24.56% of the Eni total workforce. At Eni, 33% of the figures reporting directly to the CEO are women.

Employment in Italy - There were 379 hires in Italy, of which 346 were permanent contracts (37.6% women, an increase of about 5 percentage points compared to 2019). Despite an increase in employment in Italy of +0.4% compared to 2019, there was a slight decrease in the number of people employed in the youngest age group (18-29), -0.6% vs. 2019, while the 40-49 (+0.8%) and over 60 (+1.15%) age groups increased, partly due to the return of expatriate personnel. Again in Italy, in 2020, there were 934 terminations, 893 of whom were permanently employed (and 19.0% women).

Employment abroad - Average presence of local employees abroad is constant and around 84% in the last three years on average, that confirms Eni commitment to local content through the engagement of local communities in its business activities in the Countries. Use of expatriate personnel is limited to specific expertise and competences hardly available in the Country. Abroad, in 2020, there were 401 new hires, of which 261 were with permanent contracts (30.7% women) and 78.1% were employees under 40 years of age. The balance between hires and terminations abroad at the end of the year was -265 (+401 hires and -666 terminations) and this trend is also attributable to contractual terminations of international resources employed in the E&P business. There were 666 terminations, 430 of whom permanently employed. Of these, 35.3% regarded employees under the age of 40, and 25.1% were women. Abroad, there

(23) For health-related initiatives carried out in favour of the local community in Italy and abroad, see the chapter Alliances for promotion of local development on pp. 168-169.

(24) Of which about 58% for retirement and 28% for resignation.

was a reduction of 645 overseas resources compared to the previous year (-33.5%), in particular -392 Italian expatriates (-28.8%) and -253 international expatriates (-44.9%). Local personnel remains essentially stable compared to 2019 (+0.08%). A total of 1,278 expatriates work abroad (of which 968 Italians and 310 international expatriates). In last years, approximately 20% of employees in positions of responsibility are non-italians, with an increase of 1.3 p.p. vs. 2019. Such an increase is part of professional development paths that include work periods in offices located in Italy or in Countries other than the one of origin. Specifically, percentage of local senior managers & middle managers abroad increased of 2.48 p.p. vs. 2019.

Employment by line of business - About 55% of permanent hires were in the upstream business areas (mainly in Mozambique, the United Kingdom, Mexico and the United States), Retail G&P (France and Greece) and Support Functions, with the main objective of managing turnover to support the consolidation and evolution of skills. Terminations were related to the upstream business (31.8%), Support Functions (25.3%) and R&M (14.2%).

Average age - The average age of Eni's people in the world is 45.8 years (46.7 in Italy and 43.7 abroad): 49.8 years (50.7 in Italy and 47.1 abroad) for senior and middle managers, 44.4 years (45.5 in Italy and 41.9 abroad) for employees, and 41.9 years (40.6 in Italy and 43.7 abroad) for workers.

TRAINING

In a year marked by the COVID-19 emergency, there was a 23.6% reduction in total hours of training provided in 2020 compared to 2019. However, it is important to highlight the significant increase in distance learning, which reached 67% of total hours in 2020 (vs. 28% in 2019).

The average expenditure compared to 2019 has a per capita decrease as it is affected by the reduction in overall training costs, which led to a decrease of 33%; however, it was possible to achieve this result also thanks to efficiency actions with reductions in external costs and greater use of internal teaching.

HEALTH

In 2020, the number of health services sustained by Eni was 354,192, of which 242,160 for employees, 39,840 for family members, 65,662 for contractors and 6,530 for others (e.g. visitors and external patients).

The number of participants in health promotion initiatives in 2020 was 222,708, of whom 99,758 were employees, 86,357 contractors and 36,593 family members. As concerns occupational illnesses, claims fell during 2020 from 73 to 28, with an overall reduction of 61%, due to the reduction of illnesses reported, both by former employees (from 64 to 21 claims) and current employees (from 9 to 7 claims). Of the 28 occupational disease claims submitted in 2020, 10 were submitted by heirs (all relating to former employees).

KEY PERFORMANCE INDICATORS

		2020	2019	2018
Employees as of 31st December ^(a)	(number)	30,775	31,321	30,950
Women		7,559	7,590	7,307
Italy		21,170	21,078	20,576
Abroad		9,605	10,243	10,374
Africa		3,143	3,371	3,374
Americas		925	1,005	1,257
Asia		2,432	2,662	2,505
Australia and Oceania		87	88	90
Rest of Europe		3,018	3,117	3,148
Employees aged 18-24		470	564	437
Employees aged 25-39		8,689	9,289	9,224
Employees aged 40-54		13,739	13,824	14,058
Employees aged over 55		7,877	7,644	7,231
Local employees abroad	(%)	87	81	83
Employees by professional category:	(number)			
Senior managers		965	1,021	1,008
Middle managers		9,172	9,387	9,147
White collars		15,941	16,050	15,839
Blue collars		4,697	4,863	4,956
Employees by educational qualification:				
Degree		15,345	15,375	14,603
Secondary school diploma		12,826	13,184	13,348
Less than secondary school diploma		2,604	2,762	2,999
Employees with permanent contracts ^(b)		30,165	30,571	30,183
Employees with fixed term contracts ^(b)		610	750	767
Employees with full-time contracts		30,290	30,785	30,390
Employees with part-time contracts ^(c)		485	536	560
New hires with permanent contracts		607	1,855	1,264
Terminations of permanent contracts		1,323	1,198	1,270
Turnover rate ^(d)	(%)	6.1	9.8	7.6
Local senior managers & middle managers abroad		19.13	16.65	16.70
Non-Italian employees in positions of responsibility		18.6	17.3	17.9
Seniority	(years)			
Senior managers		23.21	22.78	22.12
Middle managers		20.40	20.00	20.02
White collars		17.03	16.73	17.03
Blue collars		14.15	13.55	13.05
Presence of women on the Boards of Directors	(%)	26	29	33
Presence of women on the Boards of Statutory Auditors ^(e)		37	37	39
Training hours	(number)	1,040,119	1,362,182	1,169,385
Average training hours per employee by employee category		36.2	43.6	36.9
Senior managers		30.7	51.0	41.7
Middle managers		34.9	42.0	37.2
White collars		39.0	43.9	36.2
Blue collars		30.3	44.3	37.7
Average training and development expenditure per full time employee	(€)	778.4	1070.8	1059.5
Employees covered by collective bargaining	(%)	83.40	83.03	80.89
Italy		100	100	100
Abroad		41.78	40.91	35.33
Occupational illnesses allegations received	(number)	28	73	81
Employees		7	9	10
Previously employed		21	64	71

(a) The data differ from those published in the Annual Report (see p. 16) 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 (6% of total women) on part-time contracts, compared to men who are round 0.2% of total men.

(d) Ratio between the number of new hires + terminations of permanent contracts and the permanent employment of the previous year.

(e) 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 organizational models for risk assessment and management and in the promotion of a culture of safety, in order to pursue its commitment to stopping accidents from happening. Several projects and initiatives on the theme of the “Human Factor” were promoted in 2020, mainly concerning: (i) the creation of a behavioural analysis model in search of so-called “weak signals” that provides recommendations for reducing human error, strengthening human “barriers” to counter accident risks and assessing the influence of cultural elements in a given operational reality; (ii) the creation of an accident investigation methodology to highlight recurring causes; (iii) the preparation of a new behavioural training area with the aim of fostering greater awareness of HSE aspects in the field of behavioural safety and Non-Technical Skills.

In addition to these innovative activities, Eni continued to pay particular attention to reinforcing safety during activities at **operating sites**, further standardizing in special regulatory instruments, valid for all Eni entities, the minimum basic principles to be applied in the most critical activities already adopted at site level. In addition, with the continuation of smart working, the “Safety starts @ home” campaign was relaunched and enhanced to promote safety at home starting with the “Safety Golden Rules”²⁵ – the 10 golden rules for safety at work. In the foreign upstream subsidiaries, an initiative was also implemented with the aim of strengthening the leadership and commitment of management at all levels, both of Eni and its contractors.

Regarding the **management of contractors**, the 130 people in the Safety Competence Center (SCC)²⁶ continued to proactively monitor and support the process of improvement of companies towards management models characterized by a safety culture that is more preventive than reactive, monitoring over 2,500 suppliers, equal to 70% of those with potential HSE criticalities in Italy, and managing the anomalies detected with immediate corrective actions and sharing innovative good practices. In addition, agreements (so-called “Safety Pacts”) were developed with various contractors operating in Ghana and Angola.

In 2020, the massive dissemination of the 10 shared operating rules on **process safety** (Process Safety Fundamentals - PSF) was launched, which transversally involved the various Eni businesses, covering about 80% of employees at operating sites.

Moreover, Eni applies **Asset Integrity** process to its assets

and ensures they are well-designed, well-built and with the most appropriate materials, well run, and decommissioned properly, by managing residual risk with the aim of guaranteeing maximum reliability and, above all, safety of people and the environment. The Asset Integrity Management System develops from the initial design stage (Design Integrity), to procurement, construction, installation and testing (Technical Integrity) through to operational and decommissioning (Operating Integrity). In 2020 Eni continued the initiatives launched in 2019 to further promote the Asset Integrity culture with a cross and widespread approach.

With regard to **industrial hygiene**, great attention was paid, in the context of the emergency, to the identification and management of suitable individual prevention devices (PPE) and initiatives were promoted to raise awareness of the effective management of risk factors.

In 2020, Eni continued to develop and implement digital initiatives to support safety, including: the creation of an app to increase HSE culture, initiatives to support issued work permits currently present at more than 60 sites and a project to identify recurring hazardous situations with artificial intelligence technologies.

Lastly, other initiatives were launched in the areas of emergency preparedness and response, use of chemical products, radiation protection with regard to the dangers of exposure to ionizing radiation and product safety. The main corporate objectives for safety and industrial hygiene in 2021 are: (i) the improvement of the Severity Incident Rate (SIR), Eni's 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 the commitment of Eni on reducing the most serious accidents; (ii) the consolidation of the Safety Culture Program, an indicator that monitors the level of proactivity through aspects of preventive safety management; (iii) the continuation of the dissemination of the 10 Process Safety Fundamentals; (iv) the extension to all Eni sites of projects that apply new technologies and new digital devices to support safety; (v) strengthening of oversight in specific areas of industrial hygiene.

PERFORMANCE METRICS AND COMMENTS

In 2020, the total recordable injury frequency ratio (TRIR) of the workforce increased compared to 2019 (+5%), particularly the employee ratio due to an increase in the number of injuries (30

(25) For more information, see: <https://www.eni.com/en-IT/just-transition/culture-of-safety.html>.

(26) Eni Center of Excellence on Safety, which supports Eni industrial sites in Italy and abroad in the coordination and supervision of contract work.

compared to 19 in 2019). In contrast, the ratio for contractors improved by 10%. A fatal injury occurred involving an upstream contractor in Egypt due to crushing. The ratio for injuries at work with serious consequences is nil, since there were no events falling into this category (i.e. no injuries with more than 180 days of absence or with consequences such as total or partial permanent disability).

In Italy, the number of total recordable injuries decreased (27 events compared to 37 in 2019, of which 8 employees and 19 contractors) and the total recordable injury frequency ratio (TRIR) improved by 18%; also abroad the number of injuries decreased (64 events compared to 77 in 2019, of which 22 employees and 42 contractors), but the total recordable injury frequency ratio worsened (+14%).

KEY PERFORMANCE INDICATORS

		2020		2019	2018
		Total	of which fully consolidated entities	Total	Total
TRIR (Total Recordable Injury Rate)	(total recordable injuries/hours worked) x 1,000,000	0.36	0.42	0.34	0.35
Employees		0.37	0.50	0.21	0.37
Contractors		0.35	0.38	0.39	0.34
Number of fatalities as a result of work-related injury	(number)	1	0	3	4
Employees		0	0	1	0
Contractors		1	0	2	4
High-consequence work-related injuries rate (excluding fatalities)	(high-consequence work-related injuries/hours worked) x 1,000,000	0.00	0.00	0.01	0.01
Employees		0.00	0.00	0.00	0.00
Contractors		0.00	0.00	0.01	0.01
Near miss	(number)	841	642	1,159	1,431
Worked hours	(million of hours)	255.1	158.8	334.2	330.6
Employees		81.8	54.1	92.1	91.6
Contractors		173.3	104.7	242.1	239.0

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 by adopting 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 oil spills, to managing waste, to managing the interaction with biodiversity and ecosystem services.

For Eni, **environmental culture** is an important lever for the correct management of environmental issues and for this reason in 2020, it involved its own people through various initiatives including the conduct of specific environmental cultural engagement sessions on the field, the provision of awareness “briefs” on the correct management of environmental aspects and the creation of an environmental communication campaign dedicated to all employees, with interventions by internal and operational experts. At the same time, in renewing its environmental

culture, Eni has directly involved its suppliers, whose activities must reflect Eni’s values, commitment and standards. In 2020, the Safety Pact was extended to the environment as well, involving several suppliers who have committed to implement tangible improvement actions that can be measured through the Safety and Environment Performance Index, whose data are collected with specific tools called “safetymeter” and “environmentmeter”. The commitment of Eni in 2020 also concerned **environmental digitalization** with particular reference to process optimization through the creation of IT tools for the management of environmental compliance, including international compliance, and site-specific technical-management assessment models. The transition path towards a **circular economy** represents for Eni one of the main responses to the current environmental challenges, which is based on the revision of the Company’s production processes and the management of its assets, reducing the withdrawal of natural resources in favour of mate-



rials from renewable sources, reducing and enhancing scrap (from production, waste, emissions, discharges) through recycling or recovery actions and extending the useful life of products and assets through reuse or reconversion actions. In this regard, starting in 2017, Eni began carrying out site-specific circularity analyses, moving from an initial qualitative approach, based on the 3R (Reduce, Reuse, Recycle) criterion, to quantitative assessments with a measurement model developed on the basis of internationally recognized principles and assessed by a third party. This model, through the monitoring of specific indicators, including HSE indicators, makes it possible to measure both the current state of circularity and the effect of the improvement opportunities identified, while at the same time anticipating the setting of future national and international regulations on the subject.

Eni's **waste** management pays particular attention to the traceability of the entire process and to the verification of the parties involved in the disposal/recovery chain, in order to ensure compliance with regulations and the environment. Nearly all of Eni waste in Italy is managed by Eni Rewind, which in 2020, launched a digitalization project for the efficiency and monitoring of its waste management process and implemented solutions to ensure its traceability up to its correct final disposal/recovery, facing regulatory developments that have strengthened the responsibilities of companies in this area.

With reference to **water resources**, Eni operates **efficient management** by evaluating the use of water and the impacts of its activities on water resources for the benefit of the ecosystem, other users and the Company itself. Eni, especially in stressed areas, carries out the mapping and monitoring of water risks and drought scenarios to define long-term actions also aimed at preventing and mitigating the effects of climate change, involving suppliers as well during the qualification process. Following its decision to endorse the CEO Water Mandate in 2019, Eni has launched a number of initiatives including, in line with the first of the core elements of the Mandate, a number of studies to evaluate options to increase the water resilience and efficiency of its assets. In terms of transparency, also in 2020, Eni gave a public response to the CDP Water Security questionnaire, confirming the score obtained last year (A-).

With regard to the management of risks related to **oil spills**, Eni is constantly engaged in every area of intervention: prevention, preparedness, followed by mitigation, response and recovery.

In the area of prevention, in Italy, on the pipeline network of the Val D'Agri Oil Centre, completed on two backbones was the installation of the e-VPMS® technology (Eni Vibroacoustic Pipeline Monitoring System²⁷ – Proprietary Patent), which, among other things, obtained the recognition of Conformity to the Industry 4.0 Plan²⁸ by a third party, while in Nigeria, where the system is already operational on the Kwale-Akri and Ogbobiri-Tebidaba pipelines, installation has been temporarily suspended on the Clough Creek-Tebidaba pipeline (52 km) due to the pandemic and is expected to be rescheduled in 2021. Lastly, regarding R&D, work continued on testing various technologies, including those that monitor the integrity of pipelines and tanks and early warning systems for water and pollution risks, both on upstream and downstream assets. In addition, on the retail network in Italy, the replacement of single-wall underground tanks with new double-wall tanks or resining continued, with completion expected in 2021.

As part of the preparation, in order to minimize intervention times, an analysis of the risk of natural events, such as landslides and river overflows, was carried out on the oil pipeline network in Italy, in order to identify the critical sections and the consequent priorities for defence interventions.

As part of the sustainable recovery of places that have been sabotaged, remediation work is also being carried out using a technology that makes use of plant species (phyto-remediation). Lastly, collaborations continued with IPIECA and IOGP²⁹ in order to strengthen the capacity to respond to marine pollution, in terms of updating and disseminating good practices and regional initiatives such as GI-WACAF - Global Initiative for West, Central and Southern Africa³⁰ and OSPRI - Oil Spill Preparedness Regional Initiative³¹, together with local authorities.

Eni 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 has adopted a specific BES management model that has evolved over time thanks also to long-term collaborations with recognized international organizations that are leaders in biodiversity conservation. The BES management model³² is aligned with the strategic objectives of the Convention on Biological Diversity (CBD)³³ and ensures that the interactions between environmental aspects (such as

(27) e-VPMS® is a technology for detecting vibro-acoustic variations in the structure of pipelines and in the fluid transported by the same, aimed at identifying potential spills in progress.

(28) The Industry 4.0 Plan, included in the Italian Budget Law 2017, is a tool that aims to support and encourage private investment functional to the technological and digital transformation of production processes.

(29) IPIECA - Association of sustainability on environmental and social issues in the Oil & Gas sector; IOGP - Association of upstream Oil & Gas producers for sharing best practices on sustainability issues.

(30) Collaboration between the International Maritime Organization (IMO) and IPIECA to improve the capacity of partner Countries to prepare for and respond to marine oil spills.

(31) Founded by a group of oil and gas companies, including Eni, it aims to encourage and support industry and governments in adopting proven, credible, integrated and sustainable oil spill response capabilities at national, regional and international levels.

(32) Eni BES management model is described in detail in the BES Policy published on the Eni website: <https://www.eni.com/assets/documents/eng/just-transition/Eni-Biodiversity-and-Ecosystem-Services-Policy.pdf>.

(33) Rio de Janeiro, 1992.

BES, climate change, water management) and social aspects (such as the sustainable development of local communities) are identified and managed correctly from the early planning stages. Through the application of the Mitigation Hierarchy, Eni gives priority to preventive measures over corrective ones with the primary objective of no net loss of biodiversity.

The active involvement of stakeholders is fundamental for the implementation and continuous improvement in the management of the BES issue and ensures the effective application of the Mitigation Hierarchy. Consultation and collaboration with local communities, indigenous peoples and other local stakeholders helps to understand their expectations and concerns, determine how ecosystem services and biodiversity are being used, and identify management options that include their needs. The involvement of key stakeholders is an inclusive and transparent process that takes place from the early stages of a project and continues throughout its life cycle. Eni biodiversity risk exposure is periodically assessed by mapping the geographical proximity to protected areas and areas important for biodiversity conservation. This mapping allows identifying priority sites where to take action with higher resolution inquiries 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, since October 2019, Eni has committed not to conduct oil and gas exploration and development activities within the boundaries of Natural Sites included in the UNESCO World Heritage List³⁴. This commitment confirms the Biodiversity and Ecosystem Services Policy that Eni has been following for a long time in its operations, in line with the 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. In 2020, Eni adhered to the "Together with Nature" principles, committing, in addition to recognizing the close link between climate change and biodiversity loss, to minimizing risks and maximizing efforts to protect and conserve existing ecosystems through the application of Nature-based Solutions, based on rigorous ecological principles.

PERFORMANCE METRICS AND COMMENTS

In 2020, sea **water** withdrawals increased by 10% overall, mainly due to the increase recorded at the Priolo petrochemical plant (where activity resumed after the 2019 maintenance shutdown and where, starting in the second half of

2020, functionality tests were carried out on the seawater network with an increase in the related withdrawals). The increase in seawater withdrawals was also influenced by upstream start-up activities in Angola. The increase in sea water withdrawals was partly offset by the lower quantity of raw materials processed at the Taranto refinery (-8 Mm³). Freshwater withdrawals, accounting for about 7% of total water withdrawals and over 70% attributable to the R&MeC sector, declined by 11%. The trend is attributable to a reduction in surface water withdrawals of more than 19 Mm³ at the Mantua (Italy) petrochemical plant due to both the cessation of maintenance activities carried out in 2019 and the individual user awareness and control activities put in place by the site during 2020. Freshwater reuse rate increased to 91% from 89% in 2019. The E&P sector's produced water re-injection rate stood at 53%, down from 2019 (when it stood at 58%) due to shutdowns in Libya, malfunctions of the re-injection systems at the Loango and Zatchi fields in Congo and the Ebocha field in Nigeria (with difficulties in performing maintenance activities due to reduced staffing for the COVID-19 emergency) as well as deconsolidation of Eni Ecuador whose performances in terms of re-injection rates were particularly solid. Analysis of the stress level of hydrographic basins³⁵ and further studies carried out locally shows that freshwater withdrawals from areas under stress account for 1.5% of Eni total water withdrawals. In 2020, in particular, Eni withdrew 113 million cubic meters (Mm³) of freshwater, of which 26.5 Mm³ from water-stressed areas (11.8 Mm³ from superficial water bodies, 5.4 Mm³ from groundwater, 4.6 Mm³ from third parties, 3.2 Mm³ from urban net and 1.5 Mm³ from TAF). Onshore produced water in water-stressed areas was 20.7 Mm³. In 2020, Eni discharged 93.6 Mm³ of freshwater, of which 18.3 Mm³ in water-stressed areas (equal to 20%). Spilled barrels following operational **oil spills** decreased by 7% compared to 2019. The most significant events included a spill in Nigeria of almost 300 barrels at the Brass Terminal (almost all recovered) and a spill of 63 barrels at the Brindisi petrochemical plant (fully recovered). Overall, 64% of operational spill volumes were recovered. Of the barrels spilled, 73% are attributable to activities in Nigeria. With regard to sabotage events, in 2020, there was a decrease in both the number of spills and the quantities spilled. Of volumes spilled, 76% were from upstream operations in Nigeria, where spilled quantities were down 29% compared to 2019. Two events were recorded in Egypt, one of which caused the spill of 1,000 barrels from a crude oil line in the desert (70% already recovered). In Italy, there was a break-in

(34) Natural Sites included in the UNESCO World Heritage List as of May 31, 2019. For further information, please refer to the Eni website: <https://www.eni.com/en-IT/media/press-release/2019/10/eni-makes-no-go-commitment-for-unesco-natural-world-heritage-sites.html>.

(35) 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.

at the Genoa-Ferrera Erboognone oil pipeline near Novi Ligure, which caused the spillage of about 400 barrels of crude oil. Overall, 46% of oil spill volumes from sabotage were recovered. Volumes spilled as a result of chemical spills are mainly attributable to upstream activities in the UK and USA.

Waste generated by Eni from production operations in 2020 decreased by 19% compared to 2019, due to the decline in both non-hazardous waste (76% of the total), and hazardous waste. The decrease in non-hazardous waste is mainly related to the E&P sector, where more than 350,000 tonnes less were generated compared to 2019 due to the slowdown of activities following the COVID-19 emergency and as a result of the cessation of Construction activities in Zohr (Egypt). The reduction in hazardous waste is attributable to both the E&P sector (due to reduced drilling activities in Nigeria and Kazakhstan) and the R&MeC sector, where the Taranto and Sannazzaro refineries recorded a significant drop in waste production due to the slowdown in operations following the health emergency. Eni's share of recovered and recycled waste in 2020 was 13% of the total waste disposed³⁶, up from 2019 thanks to the increase in non-hazardous waste recovered regarding both the E&P sector (Central Southern District) and the R&MeC sector (Gela and Taranto refineries). In 2020, a total of 4.2 million tonnes of waste was generated by remediation activities (of which 3.9 million tonnes by Eni Rewind), of which about 73% was groundwater treated at TAF plants, partly reused and partly returned to the environment. Expenditure on remediation activities amounted to €411 million.

Emissions of pollutants into the atmosphere decreased, with the exception of sulphur oxide (SO_x) emissions, which increased slightly compared to 2019 (+0.1%), particularly for upstream activities where the composition of the gas

sent to the emergency flares at the Val d'Agri Oil Center was updated, a gas that has a higher percentage of hydrogen sulphide (H₂S).

In 2020, Eni updated the assessment of exposure to **biodiversity** risk to the R&M, Versalis and EniPower operational sites, and to the concessions under development or exploitation in the upstream sector, in order to identify where Eni activities fall, even only partially, within protected areas³⁷ or key biodiversity areas (KBA)³⁸. 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 18 sites in 7 Countries (Italy, Austria, Hungary, France, Germany, Switzerland 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, 74 concessions overlap partially with protected areas or KBAs, 30 of which located in 6 Countries (Italy, Nigeria, Pakistan, USA/Alaska, Egypt and the United Kingdom) have operations in the overlapping area. The number of sites and concessions overlapping protected areas/KBAs is in line with 2019 results. In addition, a similar mapping was carried out in 2020 for R&M pipelines in Italy, which showed that about 10% of the total length of the pipelines crosses (under surface) protected areas and KBAs, for stretches with a total length of 118 km and 146 km respectively. In general, for all the Business Lines, the greatest exposure in Italy and Europe is to the protected areas of the Natura 2000 Network³⁹, which is widespread across Europe. In no case, in Italy or abroad, there is any overlapping of operational activities with natural sites belonging to the UNESCO WHS⁴⁰; only one upstream site⁴¹ is located near a WHS natural site (Mount Etna) but there are no operational activities within the protected area.

(36) Specifically, in 2020, 10% of hazardous waste disposed of by Eni was recovered/recycled, 4% was subjected to chemical/physical/biological treatment, 29% was incinerated, 2% was disposed of in landfill and the remaining 55% was sent for other types of disposal (including transfer to temporary storage plants prior to final disposal). With regard to non-hazardous waste, 14% was recovered/recycled, 50% was subjected to chemical/physical/biological treatment, 3% was disposed of in landfills and the remaining 33% was sent for other types of disposal (including transfer to temporary storage plants prior to final disposal and incineration of small quantity).

(37) Source: World Database of Protected Areas.

(38) Source: World Database of Key Biodiversity Areas. 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 analyzed consist of two subsets: 1) Important Bird and Biodiversity Areas; 2) Alliance for Zero Extinction Sites.

(39) Natura 2000 is the main tool of European Union policy for biodiversity conservation. It is a network of environmental habitats throughout the territory of the European Union, set up pursuant to Directive 79/409/EEC of April 2 1979 on conservation of wild birds and Directive 92/43/EEC "Habitat".

(40) WHS, World Heritage Site.

(41) 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

		2020		2019	2018
		Total	of which fully consolidated entities	Total	Total
Total water withdrawals ^(a)	(million m ³)	1,723	1,683	1,597	1,776
of which: sea water		1,599	1,580	1,451	1,640
of which: freshwater		113	101	128	117
of which: from superficial water bodies		71	62	90	81
of which: from subsoil		21	18	20	19
of which: from urban net or tanker		7	6	8	6
of which: polluted groundwater treated at TAF ^(b) plants and used in the production cycle		4	4	3	4
of which: third-party water ^(c)		10	10	6	6
of which: withdrawal from other streams ^(d)		0	0	1	1
of which: brackish water from subsoil or superficial water bodies		11	2	18	19
Freshwater reused	(%)	91	92	89	87
Re-injected production water		53	33	58	60
Total water discharge ^(e)	(million m ³)	1,583	1,580	1,432	1,668
of which: into the sea		1,501	1,501	1,334	1,576
of which: in superficial water bodies		67	67	79	72
of which: in sewerage		11	10	14	15
of which: given to third-party ^(f)		4	2	5	5
Operational oil spills ^(g)					
Total number of oil spills (> 1 barrel)	(number)	46	29	67	72
Volumes of oil spills (> 1 barrel)	(barrels)	958	780	1,033	2,665
Oil spills due to sabotage (including thefts) ^(g)					
Total number of oil spills (> 1 barrel)	(number)	109	107	140	101
Volumes of oil spills (> 1 barrel)	(barrels)	5,831	4,826	6,232	4,022
Chemical spills					
Total number of chemical spills	(number)	24	24	21	34
Volumes of chemical spills	(barrels)	3	3	4	61
Total waste from production activities	(million of tonnes)	1.8	1.5	2.2	2.6
of which: hazardous waste		0.4	0.3	0.5	0.3
of which: non-hazardous waste		1.4	1.2	1.7	2.3
NO _x (nitrogen oxides) emissions	(ktonnes NO ₂ eq.)	51.7	31.2	52.0	53.1
SO _x (sulphur oxides) emissions	(ktonnes SO ₂ eq.)	15.3	4.8	15.2	16.5
NM VOC (Non Methan Volatile Organic Compounds) emissions	(ktonnes)	21.4	10.8	24.1	23.1
TSP (Total Suspended Particulate) emissions		1.3	0.6	1.4	1.5

(a) It is reported that the production water in 2020 was 57.4 Mm³.

(b) TAF: groundwater treatment facilities.

(c) Water withdrawal from third-party are exclusively related to fresh water.

(d) With the aim to further increase the accordance with "GRI 303: Water and effluents 2018" standard used by Eni from 2020 reporting cycle, data related to third party water is reported separately, while in previous editions it was included in "of which freshwater withdrawal from other streams".

(e) It is reported that in 2020 re-injected production water and re-injected water for disposal was equal to 30.5 Mm³. 6% of the total water discharges is fresh water.

(f) It is water given for industrial use.

(g) The 2019 figure was updated following the closure of some investigations after the publication of the 2019 NFI. This circumstance could also occur for the 2020 data.

NUMBER OF PROTECTED AREAS AND KBAS OVERLAPPING WITH R&M, VERSALIS, ENIPOWER OPERATIONAL SITES AND UPSTREAM CONCESSIONS^(a)

		R&M, Versalis, Enipower Operational sites						Upstream Concessions		
		Overlapping with operational sites			Adjacent to operational sites (<1km) ^(b)			With operating activities in the overlapping area		
		2020	2019	2018	2020	2019	2018	2020	2019	2018
ENI Operational sites/Concessions ^(c)	(number)	11	11	n.a.	18	15	n.a.	30	31	27
UNESCO World Heritage Natural Sites	(number)	0	0	n.a.	0	0	n.a.	0	0	0
Natura 2000		5	5	n.a.	19	21	n.a.	16	15	15
IUCN ^(d)		4	4	n.a.	13	11	n.a.	2	3	3
Ramsar ^(e)		0	0	n.a.	3	3	n.a.	3	2	2
Other Protected Areas		2	2	n.a.	8	3	n.a.	11	12	7
KBAs		5	6	n.a.	8	11	n.a.	12	13	12

(a) The reporting boundary, in addition to fully consolidated entities, includes also 5 upstream concessions belonging to operated companies in Egypt and 1 coastal deposit of R&M, belonging to an operated Company as well. For this analysis, upstream concessions as of June 30 of reporting year are considered.

(b) The important areas for biodiversity and the operational sites do not overlap but are at distance of less than 1 km.

(c) Eni's operational site/concession may result in overlapping/adjacent to more protected areas or KBAs.

(d) Protected areas with an assigned IUCN (International Union for Conservation of Nature) management category.

(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 Eni's Board of Directors (BoD). 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)⁽⁴²⁾ and pursuing continuous improvement. These aspects are described within a dedicated report, Eni for Human Rights, published for the first time in December 2019, and updated during 2020⁽⁴³⁾, which provides a full representation of the management model adopted by Eni on the issue and the activities carried out in recent years, using the UNGP Reporting Framework to report commitments and results.

Human rights are one of the areas in which Eni's Sustainability and Scenarios Committee (SSC) performs consultative and advisory functions for the BoD. In 2020, the SSC reviewed the activities carried out during the year and analyzed the result

achieved in the fourth edition of the Corporate Human Rights Benchmark (CHRB), in which Eni confirmed its leadership position, ranking first ex aequo with only one other Company among the 199 assessed.

In 2020, Eni further strengthened the process of awarding management incentives linked to human rights performance, assigning specific objectives to all managers reporting directly to the CEO and other management levels. In addition, Eni adopted a new internal procedure outlining the human rights due diligence process as required by the UNGPs and updated its Code of Ethics. 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 in managing human rights issues were provided in 2020 in order to create a common and shared language and culture throughout the Company and to improve the understanding of the possible impacts of the business on human rights.

Moreover, since 2006 an internal procedure has been in place, also included in the Anti-Corruption Regulatory Instruments, which regulates the process for receiving, analyzing and processing any whistleblowing reports, also related to human rights, sent by or transmitted from stakeholders, Eni's people and other third parties, even confidentially or anonymously.

The commitment of Eni, the management model and activities on human rights focus on issues considered most signif-

(42) UN Guiding Principles on Business and Human Rights (UNGPs).

(43) See: <https://www.eni.com/assets/documents/eni-report-human-rights.pdf>.

ificant for the Company – as also requested by the UNGPs – in light of the business activities carried out and the contexts in which the Company operates. The “salient human rights issues” identified by Eni’s are 13, grouped into 4 categories: human rights (i) **in the workplace** (see chapter People); (ii) in the communities hosting Eni activities; (iii) in business relations (with suppliers, contractors and other business partners); (iv) in security services.

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 uses elements related to the operating context, such as risk indices of the data provider Verisk Maplecroft, and project characteristics, in order to classify upstream business projects according to potential human rights risks and to identify appropriate management measures. Higher-risk projects are specifically investigated through a Human Rights Impact Assessment (HRIA) to identify measures to prevent potential impacts on human rights and manage the existing ones. Consistent with the evolution towards a just transition and its commitment to decarbonization, in 2020, Eni also conducted an in-depth assessment of the Energy Evolution business activities, aimed at identifying the most relevant human rights issues of the projects for the production of energy from renewable sources, following which a specific action plan was prepared. In some Countries, such as Norway, Australia and Alaska, Eni operates in areas where indigenous peoples are present, towards which it has adopted specific policies to protect their rights, culture and traditions and to promote their free, prior and informed consultation. During 2020, Eni approved and published a Policy dedicated to Indigenous Peoples in Alaska⁴⁴, referring to the business activities carried out by Eni US Operating in that area. Respect for human rights in the **supply chain** is ensured through the adoption of transparent, impartial, consistent and non-discriminatory conduct in the selection of suppliers, the evaluation of offers and the verification of contractual activities (see chapter Suppliers).

In 2020, the Supplier Code of Conduct was published, which sets out the principles contained in the Code of Ethics for suppliers that are required to sign it during the qualification or assignment of contracts, committing to respect Eni’s values and to recognize and protect the value of people and prevent any type of discrimination.

To support human rights due diligence, Eni has also introduced a new risk-based model to segment qualified suppliers according to a potential risk of human rights violations in consideration of Country and product risk level. The assessment of these risks is based on the application of an objective and transpar-

ent methodology, which provides for the classification not only of the geographical context but also the evaluation of the peculiarities of the activity carried out, using information verified during the qualification process, which ascertained both the complexity (e.g. skills required, workforce employed, equipment and materials used) and the relevance in HSE terms of the reference product sector. Suppliers assessed in the human rights area carry out activities directly related to Eni’s needs, both industrial (including electrical and instrumental assembly) and civil (including cleaning services). The model makes it possible to apply control measures differentiated on the basis of the level of risk, using criteria inspired by international standards, such as the SA 8000 standard.

Further actions to counteract forms of modern 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”⁴⁵ and in the “Position on conflict minerals”⁴⁶.

With reference to Business Partners in upstream contracts, Eni adopts ad hoc clauses for the respect of human rights. Eni manages its **security operations** in accordance with international principles, including the Voluntary Principles on Security & Human Rights, adhered to by Eni in 2020. In May 2020, Eni was admitted as an “Engaged Corporate Participant” to the Voluntary Principles Initiative (VPI), the multi stakeholder initiative dedicated to the respect of human rights in the management of Security operations that involves governments, companies and NGOs. 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 providers of security forces are selected also according to human rights criteria; (iii) security operators and supervisors receive adequate training on the respect for human rights; (iv) the events considered most at risk are managed in accordance with international standards. Moreover, in 2020, Eni launched the human rights due diligence model, aimed at identifying the risk of negative impacts on human rights in relation to security activities and evaluating the use of preventive and/or mitigation measures. In this regard, the “Security & Human Rights” action plan was drawn up, which envisaged: (i) sample review of the security contracts in place in the first 10 Countries resulting from the risk-based model, in order to verify the presence or absence of human rights clauses; (ii) verification of the allocation/use of security assets and services made available to the public and private security forces operating at Eni Pakistan sites; (iii) implementation of a training and information workshop on “Security & Human Rights” in Angola.

(44) See: <https://www.eni.com/assets/documents/indigenous-peoples-policy-1dec2020-final.pdf>.

(45) In accordance with the English Modern Slavery Act 2015 and, from this year, the Australian Commonwealth Modern Slavery Act 2018.

(46) Compliance with US SEC regulations.

PERFORMANCE METRICS AND COMMENTS

Mandatory training for senior managers and middle managers (Italy and abroad) of the 4 specific modules continued in 2020: "Security and Human Rights", "Human Rights and relations with Communities", "Human Rights in the Workplace" and "Human Rights in the Supply Chain", with a 99% completion rate compared to registrations. In addition, the provision of sustainability and human rights pathways continued for the entire Eni's population on a voluntary basis: "Stakeholder sustainability, reporting and human rights", "Sustainability and integration with business", "SDGs" and the new "SDG's Follow Up: Agenda 2030"; taking into account the two types of use, the overall percentage is 92%.

The e-learning course "Security & Human Rights", dedicated to the target population of the Security professional area (middle managers and senior managers), was also reconfirmed in 2020. The e-learning course has been produced in three languages (Italian, English and French), to extend its accessibility. Thanks also to the course mentioned above, the staff belonging to the professional area trained in human rights reached 91%. 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 by the Global Compact and the Principles for Responsible Investment (PRI) of the United Nations. In 2020, the

training session was carried out in Angola and was attended in presence of 32 representatives of the security forces⁴⁷.

Although no new Human Rights Impact Assessments (HRIAs) were carried out in 2020 due to the emergency, the implementation of actions under the Action Plans related to the HRIAs carried out during 2019 and 2018 on Area 1 development in Mexico and Area 4 development in Mozambique continued. In addition, in 2020, Eni published a Report⁴⁸ on the completion of the Action Plan referred to the North Cabinda project in Angola and a Report⁴⁹ on the progress of the Action Plan referred to the aforementioned Area 1 development project in Mexico.

With regard to whistleblowing reports, in 2020 investigations were completed on 73 files⁵⁰, of which 25⁵¹ included human rights aspects, mainly concerning potential impacts on workers' rights. Among these, 28 assertions were verified with the following results: for 11 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; (ii) actions against business partners/suppliers; (iii) actions against employees, including disciplinary measures, in accordance with the collective labour agreement and other national laws applicable. At the end of the year, 16 files were still open, 6 of which referred to human rights aspects, in particular potential impacts on workers' rights.

KEY PERFORMANCE INDICATORS

		2020	2019	2018
Human rights training hours	(number)	33,112	25,845	10,653
In class		260	108	164
Distance		32,852	25,737	10,489
Employees trained on human rights ^(a)	(%)	92	97	91
Security personnel trained on human rights ^(b)	(number)	32	696	73
Security personnel (professional area) trained on human rights ^(c)	(%)	91	92	96
Security contracts containing clauses on human rights		97	97	90
Whistleblowing files (assertions) on human rights violations closed during the year	(number)	25 (28)	20 (26)	31 (34)
Founded assertions		11	7	9
Unfounded assertions, with the adoption of corrective/improvement measures		9	8	9
Unfounded/Not applicable assertions ^(d)		8	11	16

(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 even significant from one year and the next, are related to the different characteristics of the training projects and to the operating contingencies.

(c) This data is a cumulative percentage value. The 2020 data is calculated considering only Eni's employees, unlike the 2019 figure which also includes contractors.

(d) They are classified as such whistleblowing/assertions in which the reported facts: (i) coincide with the subject of the pre-litigation, litigation and investigation; (ii) cannot be classified as Verifiable Detailed Reports, therefore it is not possible to start the investigation phase; (iii) Verifiable Detailed Reports for which, in light of the outcomes of the preliminary checks conducted, it is not being considered necessary to start the subsequent investigation referred phase.

(47) Other 100 people attended the event (either in presence or remotely), among which Eni's management and employees, other oil companies' members and NGOs.

(48) <https://www.eni.com/assets/documents/eng/just-transition/human-rights/HRA-Action-Plan-Cabinda-Centrum-summary-report-December-2020.pdf>.

(49) <https://www.eni.com/assets/documents/eng/just-transition/human-rights/Eni-Mexico-Summary-report-on-the-implementation-of-Human-Rights-Action-Plan-Area-1-update-2019-2020.pdf>.

(50) 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.

(51) 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, technical-operational, health, safety, environmental protection, human rights and cyber security. 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 the procurement process, Eni: (i) subjects all suppliers to qualification and due diligence processes to verify their professionalism, technical-operational skills, ethical, economic and financial reliability and to minimize the risks inherent in operating with third parties; (ii) requires all suppliers to sign the Supplier Code of Conduct with which they undertake to recognize and protect the value of people and prevent any type of discrimination; (iii) monitors compliance with these commitments, to ensure that suppliers maintain the qualification requirements over time; (iv) if critical issues arise, requires the implementation of improvement actions or, if they do not meet the minimum standards of acceptability, limits or inhibits the invitation to tender. During 2020, Eni launched the JUST (Join Us in a Sustainable Transition) initiative, aimed at involving suppliers in the fair and sustainable energy transition path, enhancing the aspects of environmental protection, economic development and social growth. In particular, Eni has: (i) extended to all qualification processes an assessment related to the respect of human rights; (ii) launched the "Sustainable Transition and Supply Chain" observatory to collect suppliers' sustainability experiences; (iii) introduced sustainability criteria and rewarding mechanisms in tenders to encourage suppliers' best practices; (iv) launched an experimental workshop with qualified companies in the chemical, physical and biological treatment of liquid waste sector to encourage the adoption of circular economy models and/or sustainability initiatives; (v) supported the JUST initiative through external and internal communication activities, conveying the main objectives through eniSpace, the platform for collaboration and communication between Eni and the supply market, with the aim of reaffirming Eni's commitment to the sustainability of its supply chain. In addition, Eni has started the development, in collaboration with Boston Consulting Group (BCG) and Google Cloud,

of Open-es, an open digital platform dedicated to all suppliers in the energy sector with the aim of sharing and enhancing information, best practices and sustainability models along the supply chain and encouraging the entire supply chain towards the sector's energy transition. Finally, in the context of the **COVID-19 health emergency**, Eni has set up a task force to ensure the safe continuity of contractors' activities and at the same time, ensure the resilience of the supply chain during the crisis, so as to be able to guarantee a safe and timely restart after the emergency situation. Measures activated include: (i) the renegotiation of contracts, seeking mutual benefits such as the extension of their duration in exchange for greater flexibility and efficiency and identifying contractual forms capable of sustaining, where possible, employment levels; (ii) measures to protect suppliers at greater financial risk, for example by rebalancing payment terms; (iii) tendering strategies to encourage the opening of the market also to small and medium-sized enterprises or, where not feasible, favouring joint ventures between small/medium-sized enterprises.

PERFORMANCE METRICS AND COMMENTS

During 2020, 5,655 suppliers (including all the new ones) were subject to checks and assessments with reference to environmental and social sustainability aspects (including health, safety, environment, human rights, anti-corruption and compliance). Potential critical issues and/or areas for improvement were identified for 15% of the suppliers audited (828). Of these, only a portion, equal to 124, received a negative evaluation during the qualification phase or was subject to new preventive measures (attention status with clearance, suspension or revocation of qualification) or confirmation of the pre-existing preventive measures. 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

		2020	2019	2018
Suppliers subjected to assessment on social responsibility aspects	(number)	5,655	5,906	5,184
of which: suppliers with criticalities/areas for improvement		828	898	1,008
of which: suppliers with whom Eni has terminated the relations		124	96	95
New suppliers assessed using social criteria	(%)	100	100	100



Transparency, anti-corruption and tax strategy



Demonstrating its commitment to the 10 United Nations Principles for **Responsible Business**, in 2020, Eni was confirmed in the Global Compact LEAD. These principles, including the repudiation of corruption, are reflected in Eni's Code of Ethics, which is distributed to all employees at the time of hiring, and in Model 231 of Eni SpA. 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, must adopt, by resolution of their BoD⁽⁵²⁾, all the **anti-corruption** regulatory instruments issued by Eni SpA. In addition, companies and entities in which it holds a non-controlling interest are encouraged to comply with the standards set forth in internal anti-corruption regulations by adopting and maintaining an adequate internal control system consistent with the requirements of the relevant laws.

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 "Anti-bribery Management Systems" certification. In order to maintain this certification, Eni cyclically undergoes surveillance and recertification audits, which have always ended with a positive outcome. In addition, in order to guarantee the effectiveness of the Anti-Corruption Compliance Program, Eni, through its anti-corruption unit, supports its subsidiaries in Italy and abroad, providing specialized assistance in the activity of assessing the reliability of potential counterparties at risk (due diligence), the management of any critical issues/red flags that emerge and the development of the related contractual safeguards. In particular, specific anti-corruption clauses are included in contracts with counterparties, which also provide for a commitment to view and abide by the principles contained in Eni's Anti-Corruption regulations. The main anti-corruption activities and information on the related regulatory instruments issued during the reporting period are the subject of periodic reports addressed to Eni's internal control bodies and the Chief Financial Officer.

Eni 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 specific corruption risk drivers such as Country, qualification, and professional area. In addition, periodic information and updating activities continued through the preparation of short information briefs on compliance, including any anti-corruption issues.

In 2020, on the occasion of their inauguration, the members of the Board of Directors of Eni SpA were shown the key elements of the Anti-Corruption Compliance Programme for training purposes, also in terms of its consistency with international best practices. In addition, the anti-corruption training program continued for some categories of Eni's third parties with the aim of making them aware of the issue of corruption and in particular, on how to recognize corrupt conduct and how to prevent the violation of anti-corruption laws, in the context of their professional activity. Eni's experience in the field of anti-corruption also matures through continuous participation in international conferences, events and working groups, which represent a tool for Eni to grow and promote and disseminate its values. In this regard, in 2020, Eni actively participated in the World Economic Forum's Partnering Against Corruption Initiative (PACI) and the Oil & Gas ABC Compliance Attorney Group (a discussion group on anti-corruption issues in the Oil & Gas sector).

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 required contractually.

Moreover, since 2006 Eni has issued an internal procedure, aligned with national and international best practices as well as with the Italian law (L.179/2017), in order to manage the process of receiving, analyzing and processing whistleblowing reports received, even in confidential or anonymous form, by Eni SpA and its subsidiaries in Italy and abroad. This internal procedure allows anyone, employees and third parties, to report facts relating to the Internal Control and Risk Management System and concerning behaviors in violation of the Code of Ethics, any laws, regulations, provisions of authorities, internal regulations, Model 231 or Compliance Models for foreign subsidiaries, that may cause damage or prejudice to Eni, even if only to its public image. Dedicated and easily accessible channels have been set up and are available on eni.com.

Eni's **tax strategy**, which has been approved by the Board of Di-

(52) Or alternatively the equivalent body depending on the governance of the subsidiary.

rectors and is available on the Company's website⁵³, is based on the principles of transparency, honesty, fairness and good faith set forth in its Code of Ethics and in the "OECD Guidelines for Multinational Enterprises"⁵⁴ and has as its primary objective the payment of taxes in the various Countries in which it operates, in the knowledge that it can contribute significantly to tax revenues in those Countries, supporting local economic and social development.

Eni has designed and implemented a Tax Control Framework for which Eni's CFO is responsible, structured in a three-step business process: (i) assessment of tax risk (Risk Assessment); (ii) identification and establishment of controls to monitor risks; (iii) verification of the effectiveness of controls and related information flows (Reporting).

As part of its tax and litigation activities risk management, Eni adopts prior communication with the tax authorities and maintains relations based on transparency, dialogue and cooperation, participating, where appropriate, in projects of enhanced cooperation (Co-operative Compliance). True to the commitment to better governance and greater transparency in the extraction sector, which is crucial to foster responsible use of resources and prevent corruption, Eni takes part in the Extractive Industries Transparency Initiative (EITI) since 2005. 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.

In accordance with Italian law no. 208/2015, Eni prepares the "Country-by-Country Report" required by Action 13 of the "Base erosion and profit shifting - BEPS" project, promoted by the OECD with the sponsorship of the G-20, whose objective is to have the profits of multinational companies declared in the jurisdictions where the economic activities that generate them are carried out, in proportion to the value generated. With a view to fostering fiscal transparency for the benefit of all interested stakeholders, this report is published voluntarily by Eni, although there are no regulatory obligations in this regard⁵⁵. The publication of this report has been recognized as best practice by the EITI⁵⁶.

Also in line with its support for the EITI, Eni has published a public position on contract transparency in which governments are encouraged to comply with the new requirement on contracts publication and it is expressed the support to the mechanisms and initiatives that will be launched by Countries to promote transparency in this area. Finally, anticipating by two years the reporting requirements on transparency of payments to States in the exercise of extraction activities introduced by the EU Directive 2013/34 EU (Accounting Directive), Eni had begun in 2015 to provide disclosure on a voluntary basis of a series of summary data on cash flows paid to States in which it conducts hydrocarbon exploration and production activities.

PERFORMANCE METRICS AND COMMENTS

During 2020, 31 audits were carried out in 21 Countries, with anti-corruption checks that confirmed the overall adequacy and effective operation of the Anti-Corruption Compliance Program. In 2020, the ascertained cases of corruption⁵⁷ relating to Eni SpA amounted to 0; for ongoing proceedings see the section Legal Proceedings on pp. 264 and following.

Beginning in March 2020, due to the emergency related to COVID-19, planned classroom training events were conducted in distance mode. In addition, in 2020, the online training continued on anti-corruption issues according to the risk-based methodology started in 2019, aimed at the entire corporate's population. Regarding the commitment with EITI, Eni follows the activities conducted at international level and contributes annually to preparation of the Reports in member Countries; additionally, as a member, Eni takes part in the activities of the Multi Stakeholder Groups in Congo, Ghana, Timor Leste, and the United Kingdom. In Kazakhstan, Indonesia, Mozambique, Nigeria and Mexico, Eni's subsidiaries interface with the local EITI Multi Stakeholder Groups through the industry associations present in the Countries.

KEY PERFORMANCE INDICATORS

		2020		2019	2018
		Total	of which fully consolidated entities	Total	Total
Audit actions with anti-corruption verifications ^(a)	(number)	31	31	27	32
E-learning for resources in medium/high corruption risk context	(number of participants)	3,388	3,276	13,886	951
E-learning for resources in low corruption risk context		3,769	3,694	9,461	1,950
General Workshops		904	832	1,237	1,765
Job specific training		568	539	1,108	1,461
Countries where Eni supports EITI's local Multi Stakeholder Groups	(number)	9	9	9	8

(a) 2018 data refer to fully consolidated entities only.

(53) Please see https://www.eni.com/assets/documents/Tax-strategy_ENG.pdf.

(54) Please see: <http://www.oecd.org/daf/inv/mne/48004323.pdf>.

(55) For more details please see the most recent edition of Country-by-Country Report published in November 2020 related to 2019:

<https://www.eni.com/assets/documents/eng/just-transition/2019/Country-by-Country-2019-ENG.pdf>

(56) EITI pointed out Eni and Shell as companies pioneering Country-by-Country reporting among Oil and Gas majors, see:

<https://eiti.org/news/extractives-companies-champion-tax-transparency>

(57) Data include investigations carried out on any whistleblowing reports.



ALLIANCES FOR PROMOTION OF LOCAL DEVELOPMENT



One lever of Eni's business model is represented by the promotion of local development, through the enhancement of the resources of the Countries where Eni is present, allocating gas production to the local market and promoting access to electricity, together with a wide range of socio-economic development initiatives in line with the development objectives of the Countries themselves. The unpredictable and rapid spread of the pandemic has destabilized health, social and economic systems all over the world. However, at the same time, it has shown how, when faced with great challenges, forces need to be joined and actions implemented together, making the most of common factors with the various partners involved in the areas of interest: from International Organizations to Development Banks, from National Institutions to the private sector, from Universities to Research Centres, from Cooperation Bodies to Civil Society Organizations present in the territories in which Eni operates, with the common goal of fostering local sustainable development in the innate respect for the dignity of every person. Starting from the analysis of the local socio-economic context, which accompanies the various business project phases in order to ensure greater efficiency and systematicity in the decision-making approach, from the time of license acquisition to decommissioning, Eni adopts tools and methodologies consistent with the main international standards to meet the needs of local populations. These activities, defined in specific **Local Development Programmes (LDPs)** in line with the United Nations 2030 Agenda, the National Development Plans, the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the commitments under the Paris Agreement (Nationally Determined Contributions - NDCs), include five lines of action:

- **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. These initiatives are aimed at improving access to off-grid energy and clean cooking, economic diversification (e.g. agricultural projects, micro-credit, infrastructure interventions) and forest protection and conservation, education and vocational training, access to water and sanitation and support of health services/systems, as well as improving the health status of vulnerable groups;
- **Local Content:** generation of added value through the transfer of skills and know-how, activation of labour along the local supply chain and the implementation 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 pursuing the well-being of local communities;
- **Stakeholder engagement:** enhancement of the relationship with stakeholders based on the sharing of values, mutual understanding and attention;
- **Human Rights:** assessment of potential or actual human rights impacts attributable - directly or indirectly - to Eni's activities through Human Rights Impact Assessments, definition of related prevention or mitigation measures, in line with the United Nations Guiding Principles (UNGPs) and promotion of human rights through the local development projects mentioned above.

The definition of Local Development Programme implies the commitment of Eni in the front line on site and alongside other development players to contribute to the sustainable development of Countries. Many of the partnerships developed by Eni with International Organizations and – more generally – of development cooperations move in this direction, such as the agreements signed in 2020: in Ghana with the local office of the World Bank and the Ghana Alliance for Clean Cookstoves and Fuels (GHACCO) to improve cooking systems and reduce forest exploitation, in Angola with USAID⁵⁸ as part of economic diversification with a focus on women's empowerment, and in Kenya with the E4Impact Foundation for the development of local entrepreneurship. In addition, cooperation agreements were signed in 2020 with some Civil Society Organizations such as AMREF, AVSI, CUAMM and VIS⁵⁹.

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 appropriately address local development projects, such as Social Context analysis

(58) United States Agency for International Development.

(59) Organizations from Civil Society recognized as international development cooperation leaders in matters such as access to energy, economic diversification, education, access to water and sanitation, land management, community health.

also based on the global Multidimensional Poverty Index (MPI) developed by UNDP (United Nations Development Programme) and Oxford University – and the Human Rights Impact Assessment – (HRIA);

- management tools to map the relationship with stakeholders and monitor the progress of projects and the results achieved (including Stakeholder Management System - SMS, Logical Framework Approach - LFA and Monitoring, Evaluation and Learning - MEL);
- impact assessment tools, useful for evaluating the direct, indirect and induced benefits generated by Eni in the context of business operations and through the cooperation model, such as Eni's Local Content Evaluation - ELCE and Eni's Impact Tool⁶⁰;
- analyses to measure the percentage spent on local suppliers at some relevant foreign upstream subsidiaries, which in 2020 amounted to about 38% of the total amount spent.

PERFORMANCE METRICS AND COMMENTS

In 2020, investments for local development amounted to around €96.1 million⁶¹ (Eni's share), about 96% of which in the area of upstream activities. In Africa, a total of €44.2 million was spent, of which €36.6 million in the Sub-Saharan area, mainly in the area of development and maintenance of infrastructures, particularly school buildings. In Asia, approximately €28.2 million was spent, mainly on economic diversification, in particular for the development and maintenance of infrastructures. In Italy, €16.9 million was spent. Overall, approximately €41.8 million was invested in infrastructure development activities, of which €20.8 million in Asia, €16.3 million in Africa, €4.4 million in Central and South America. Key projects implemented in 2020 include initiatives to encourage: (i) access to water through desalination plants in Iraq and wells fed by photovoltaic systems in North-East Nigeria; (ii) access to electricity in Libya and Nigeria; (iii) economic diversification both in the agricultural sector in Congo and

Nigeria and to support local and youth entrepreneurship in Nigeria and Ghana; (iv) access to education with activities for both students and trainers in Angola, Mozambique, Ghana, Iraq and Mexico. As part of the interventions implemented in response to the health needs of the populations of the Countries in which it is present, in 2020, Eni supported 22 initiatives against the COVID-19 pandemic, in 14 foreign Countries, aimed in particular at local vulnerable groups, hospitals, health institutions and ministries of health, providing: ventilators and respirators; intensive care equipment and other medical equipment; personal protective equipment. In addition, the emergency response plan included: (i) implementation of community awareness campaigns and "community engagement" actions aimed at preventing the spread of the virus; (ii) creation of access points and distribution of safe water equipped with soap for hand washing; (iii) social protection and food assistance measures such as the distribution of meals for families, vulnerable groups and school canteens; (iv) measures to support the education system through the creation of widespread learning spaces and the distribution of educational materials. In addition to its support to fight the pandemic, Eni has carried out 29 initiatives in 13 Countries to improve the health status of the populations of partner Countries as an essential prerequisite for socio-economic development, through the strengthening of the skills of health personnel, the construction and rehabilitation of health facilities and their equipment, access to drinking water, information, education and awareness-raising on health issues among the populations involved.

Lastly, in 2020, with the aim of assessing the potential impact of projects on the health of the communities involved, Eni completed 4 HIAs (Health Impact Assessment), of which 3 were integrated ESHIA studies (Environmental and Social Health Impact Assessment).

During 2020, 107 grievances⁶² were received, of which 53% were resolved and closed. The complaints mainly concerned: management of environmental aspects, employment development, land management.

KEY PERFORMANCE INDICATORS

		2020		2019	2018
		Total	of which fully consolidated entities	Total	Total
Local development investment	(€ million)	96.1	80.4	95.3	94.8
of which: infrastructure		41.8	38.8	43.4	32.4

(60) 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. Eni's 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.

(61) The figure includes expenses for resettlement activities which in 2020 amounted to €12.2 million, of which: €11.8 million in Mozambique, €0.4 million in Ghana and €0.004 million in Kazakhstan.

(62) 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 the relevant issues for the Strategic Plan and sustainability report, the materiality analysis is updated. The material aspects include the priority issues relevant to all of Eni's major stakeholders, whether external or internal, through the multi-stakeholder approach and identify the key challenges and opportunities of the entire chain of activities for creating value in the long term.

Identification of relevant aspects

The analysis has been updated from last year's material aspects to which the priorities reported by ESMA⁶³ on non-financial reporting have been added.

Analysis of internal and external priorities

The materiality of the topics identified is determined based on the priority analyses:

- the relevance of stakeholders and their requests, mapped and weighed both through a dedicated platform (Stakeholder Management System - SMS), which supports the management of relations with local stakeholders, and through interviews with the departments responsible for managing

relations with specific stakeholders at central level on an ongoing basis throughout the year, through meetings, consultations, initiatives, workshops, etc.;

- the ESG risks resulting from the Integrated Risk Management (IRM) process, which also takes into account the evidences provided by external providers, including RepRisk⁶⁴. These risks are assessed considering also potential environmental, social, health and safety and reputational impacts;
- the scenario elements – determined based on the topics that were addressed during the Sustainability and Scenario Committee (SSC) meetings in 2020.

The combination of these analyses allows for the inclusion of priority issues for both relevant stakeholders and the Company itself.

Sharing and validation with the governing body

The management involved in the non-financial reporting process validated the material aspects, which, in turn, were presented to the SSC and the Board of Directors, together with the relevant analysis.

Below are the 2020 material topics associated with the SDGs on which Eni's activities have a direct or indirect impact.

2020 MATERIAL TOPICS

CARBON NEUTRALITY BY 2050		SDGs
COMBATING CLIMATE CHANGE	GHG emissions, Promotion of natural gas, Renewables, Biofuels and Green Chemistry, CO ₂ storage solutions	7 - 9 - 12 - 13 - 15 - 17
OPERATIONAL EXCELLENCE		
PEOPLE	Employment, Diversity & Inclusion and Training	4 - 5 - 8 - 10
HEALTH	Health emergency management Occupational health and local communities' health	3 - 6 - 8
SAFETY	People safety and asset integrity	3 - 8
ENVIRONMENT	Water resources, biodiversity, oil spill, air quality, remediation and waste	3 - 6 - 9 - 11 - 12 - 14 - 15
HUMAN RIGHTS	Rights of workers and local communities Supply chain and Security	1 - 4 - 8 - 10 - 16 - 17
INTEGRITY IN BUSINESS MANAGEMENT	Transparency and Anti-Corruption	16 - 17
ALLIANCES FOR DEVELOPMENT		
ACCESS TO ENERGY	Access to energy	7 - 17
LOCAL DEVELOPMENT THROUGH PUBLIC-PRIVATE PARTNERSHIPS	Economic diversification; Education and Training; Access to water and sanitation; Health; Protection and conservation of forests and land protection; Public Private Partnership; Health emergency support	1 - 2 - 3 - 4 - 5 - 6 - 7 8 - 9 - 10 - 13 - 15 - 17
LOCAL CONTENT	Business and added value created in countries of presence	4 - 8 - 9
DIGITALIZATION, INNOVATION AND CYBER SECURITY		7 - 9 - 12 - 13 - 17

(63) ESMA, the European Securities and Markets Authority, is the EU body with the role of safeguarding the stability of the EU's financial system and issued a public statement last 28th of October including also priorities related to non-financial reporting.

(64) 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

Standards, guidelines and recommendations. The Consolidated Non-Financial Information was prepared in accordance with the Legislative Decree 254/2016 transposing the European Directive on Non-Financial Information, and the "Sustainability Reporting Standards", published by the Global Reporting Initiative (GRI Standards), with a level of adherence "in accordance Core" and has been subject to a limited review by the independent Company, which is also the auditor of Eni's Annual Report as of December 31, 2020. All GRI's indicators in the Content Index refer to the version of the GRI Standards published in 2016, with the exception of those of: (i) "Standard 403: Occupational Health and Safety", (ii) "Standard 303: Water and Effluents" – which refer to the 2018 edition – and (iii) "Standard 207: Tax" of 2019. In addition, the recommendations reported by ESMA on non-financial statements as well as the set of core metrics defined by WEF in the September 2020 White Paper "Measuring Stakeholder Capitalism - Towards Common Metrics and Consistent Reporting of Sustainable Value Creation" were taken into account in drafting the document.

Key Performance Indicators. KPIs are selected based on the topics identified as most significant, are collected on an annual basis according to the consolidation scope of the reference year and refer to the period 2018-2020. In general, trends in data and performance indicators are also calculated using decimal places not shown in the document. The data for the year 2020 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 scope, or if significant updated information becomes available. If a restatement is made, the

reasons for it are appropriately disclosed in the text. Most of the KPIs presented are collected and aggregated automatically through the use of specific Company software.

Boundary. The boundary of the key performance indicators is aligned with the objectives set by the Company and represents the potential impact of the activities Eni manages. In particular, for KPIs relating to safety, the environment and climate, the boundary is made up of companies with HSE impacts⁶⁵ and includes: (i) companies in joint operations, jointly controlled or associated companies in which Eni has control over operations and (ii) Eni's subsidiaries with HSE risk⁶⁶. With regard to health, the data consider the companies with health impacts and companies under joint operation or joint control or associates in which Eni has the control of the operations (with the sole exception of data relating to occupational illness reports, which refer to fully consolidated companies only). The boundary of data relating to anti-corruption training, local development investments and the number of Countries in which Eni supports EITI relates to the reporting companies in which these activities are conducted. 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, and based on specific agreements third parties deemed to have a higher risk, as provided for under the contracts entered with Eni. Comments on performance relate to these boundaries. In addition to these Key Performance Indicators, there is an additional view only for 2020 where the data of the fully consolidated companies are presented. Finally, the indicators relating to people, human rights and suppliers refer to the data of fully consolidated companies.

(65) In addition to fully consolidated companies, the boundary includes the following non fully consolidated companies: Agiba Petroleum Co; Cardón IV SA; Costiero Gas Livorno SpA; Esacontrol SA; Eni Abu Dhabi Refining & Trading Services BV; Eni Gas Transport Services Srl; Eni Iran BV; Eni Ukraine LLC; EniProgetti Egypt Ltd; Groupment Sonatrach-Agip; Industria Siciliana Acido Fosforico - ISAF - SpA - in liquidation; Karachaganak Petroleum Operating BV; Mellitah Oil & Gas BV; Mozambique Rovuma Venture SpA; Oleodotto del Reno SA; OOO "Eni-Nefto"; Oléoduc du Rhone SA; Petrobel Belayim Petroleum Co; Servizi Fondo Bombole Metano SpA; Società EniPower Ferrara Srl; Société Energies Renouvelables Eni-ETAP SA; Tecnoesa SA; Versalis Pacific (India) Private Limited; Vår Energi AS.

(66) Based on the type of activity performed and the number of employees, Eni SpA subsidiaries with HSE impacts (significant and limited) are included in the scope of consolidation, while those with no HSE impacts are excluded.

KPI	METHODOLOGY
CLIMATE CHANGE	
GHG EMISSIONS	Scope 1: direct GHG emissions are those deriving from sources associated to the Company's assets (e.g. combustion, flaring, fugitive and venting), and include CO₂, CH₄ e N₂O; the Global Warming Potential used for conversion into CO₂ equivalent is 25 for CH₄ and 298 for N₂O. Contributions of biogenic CO₂ emissions are not included. Scope 2: are the indirect GHG emissions related to the generation of electricity, steam and heat purchased from third parties. Scope 3: indirect GHG emissions associated with the value chain of Eni's products, which involve an analysis by category of activity. In the Oil and Gas sector, the most significant category is that related to the use of energy products (end-use), which Eni calculates according to internationally consolidated methodologies (GHG Protocol and IPIECA), based on upstream production.
EMISSION INTENSITY	Indicators consider the direct GHG emissions (Scope 1) related to assets operated by Eni, which include CO₂, CH₄ e N₂O, accounted for on a 100% basis. → Upstream: indicator focused on emissions associated to development and production of hydrocarbons. Denominator refers to gross operated production. → R&M: indicator focused on emissions related to traditional and biorefineries. Denominator refers to refinery throughputs (raw and semi-finished materials). → EniPower: indicator focused on emissions related to electricity and steam production of thermoelectric plants. Denominator refers to equivalent electricity produced (excluding Bolgiano cogeneration plant).
CARBON EFFICIENCY	The indicator represents GHG emissions (Scope 1 and Scope 2 in tonCO₂eq.) of the main industrial activities operated by Eni divided by the productions (converted by homogeneity into barrels of oil equivalent using Eni's average conversion factors) of the single businesses of reference, thus measuring their degree of operating efficiency in a decarbonization scenario. In particular, the following specifications apply: → Upstream: includes the hydrocarbon production and electricity plants; → R&M: includes only refineries; → Chemicals: includes all plants; → EniPower: includes thermoelectric plants except for Bolgiano cogeneration plant. Differently from the other emission intensity indicators, which refer to single businesses and consider only GHG Scope 1 emissions, the operating efficiency index effectively measures Eni's commitment for reducing its GHG emission intensity by including also Scope 2 emissions.
ENERGY INTENSITY	The refining energy intensity index represents the total amount of energy actually used in the reference year among the various refinery processing plants, divided by the corresponding value of preset standard consumption values for each processing plant. To allow comparison over the years, 2009 data is taken as a reference (100%). For other sectors, the index represents the ratio between significant energy consumption associated to operated plants and the related production.
NET CARBON FOOTPRINT UPSTREAM	The indicator considers GHG Scope 1+2 emissions associated to hydrocarbons development and production activities, operated by Eni and by third parties, accounted for on an equity basis (Revenue Interest), net of annulments from forestry credits occurred in the reference reporting year.
NET GHG LIFECYCLE EMISSIONS	The indicator refers to GHG Scope 1+2+3 emissions associated with the value chain of the energy products sold by Eni, including both those deriving from own productions and those purchased from third parties, accounted for on an equity basis, net of offset. Differently from Scope 3 end-use emissions, which Eni reports based on upstream production, the Net GHG Lifecycle Emissions indicator considers a much wider perimeter, including Scope 1, 2 and Scope 3 emissions referred to the whole value chain of energy products sold by Eni, thus including Scope 3 end-use emissions associated to gas purchased by third parties and petroleum products sold by Eni.
NET CARBON INTENSITY	The indicator, accounted for on an equity basis, is defined as the ratio between Net GHG Lifecycle Emissions (see Net GHG Lifecycle Emissions definition) and the energy content of the products sold by Eni.
RENEWABLE INSTALLED CAPACITY	The indicator is measured as the maximum generating capacity of Eni's share power plants that use renewable energy sources (wind, solar and wave, and any other non-fossil fuel source of generation deriving from natural resources, excluding, from the avoidance of doubt, nuclear energy) to produce electricity. The capacity is considered "installed" once the power plants are in operation or the mechanical completion phase has been reached. The mechanical completion represents the final construction stage excluding the grid connection.
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. This is the only KPI dedicated to people that considers role-based employees (Company with which the employee enters into the employment contract). All others, including indicators on training, are calculated according to the utilisation method (Company where the work is actually done). It should be noted that, using this second method, the two aspects (role companies and service) could coincide.
SENIORITY	Average number of years worked by employees at Eni and its subsidiaries.
TRAINING HOURS	Hours provided to Eni's employees through training courses managed and carried out by Eni Corporate University (classroom and remote) and through activities carried out by the organizational units of Eni's 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 managers + middle managers (employees born in the Country in which their main working activity is based) divided by total employment abroad.

KPI	METHODOLOGY
TURNOVER RATE	Ratio between the number of new hires + resolutions of permanent contracts and permanent employment for the previous year.
SAFETY	Eni uses a large number of contractors to carry out the activities within its own sites. TRIR: total recordable injury 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: 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 detected in 2020 in Eni concern: → HGV maneuvers; → Load lifting; → Energized systems, in particular equipment containing high/low temperature fluids, exposed electrical parts or moving mechanical parts, the latter related to parts of drilling or cutting equipment.
HEALTH	Number of occupational disease claims 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: hearing loss).
ENVIRONMENT	
WATER RESOURCES	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. The limit for freshwater, which is more conservative than that indicated by the GRI reference standard (equal to 1,000 ppm), is 2,000 ppm TDS, as provided in the IPECA/API/IOGP 2020 guidance. Water discharges: The internal procedures relating to the operational management of water discharges regulate the control of the minimum quality standards and the authorization limits prescribed for each operational site, ensuring that they are respected and promptly resolved if they are exceeded.
BIODIVERSITY	Number of sites overlapping with protected areas and Key Biodiversity Areas (KBAs): R&M, Versalis and EniPower operational sites and pipelines in Italy and abroad, which are located within (or partially within) the boundaries of one or more protected areas or KBAs (December of each reference year). 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 KBA, are less than 1 km away (December of each reference year). Number of upstream concessions overlapping protected areas and Key Biodiversity Areas (KBAs), with activities in the overlapping area: active national and international concessions, operated, under development or in production, present in the Company's databases in June of each reference year 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 or Key Biodiversity Areas (KBAs), without activities in the overlapping area: active national and international concessions, operated, under development or in production, present in the Company's databases in June of each reference year 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" 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: → it is globally recognized 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.
SPILL	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. Specifically, in 2020, volumes spilled by operational spill impacted 95% soil and 5% water body, those due to sabotage impacted 93% soil and 7% water body.
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 third party authorised for disposal.

KPI	METHODOLOGY
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_x and NO₂, excludes N₂O. SO_x: total direct emissions of sulphur oxides, including emissions of SO₂ and SO₃. NM VOC: total direct emissions of hydrocarbons, hydrocarbon substitutes and oxygenated hydrocarbons that evaporate at normal temperature. They include LPG and exclude methane. PST: 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 porter contracts with human rights clauses" and the "Total number of security and security porter 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 adoption of improvement actions and not founded/not applicable.
SUPPLIERS	
SUPPLIERS SUBJECTED TO ASSESSMENT	The indicator refers to the processes managed by the companies in the boundary; it represents all the suppliers subject to Due Diligence or subject to a qualification process or subject to a performance assessment feedback on HSE or Compliance or commercial conduct or subject to a feedback process or subject to an assessment on human rights issues (based on the SA 8000 standard or similar certification). The indicator therefore refers to all suppliers for which Vendor Management activities are centralized in Eni SpA (i.e. all Italian, mega and international suppliers) and to local suppliers of Eni Ghana, Eni Pakistan, Eni US and Eni Angola, Eni México S. de RL de CV and IEOC.
NEW SUPPLIERS ASSESSED ACCORDING TO SOCIAL CRITERIA	This indicator is included in the "Suppliers subject to assessment" indicator and represents all new suppliers subjected to a new qualification process.
TRANSPARENCY, ANTI-CORRUPTION AND TAX STRATEGY	
Country-BY-Country REPORT	The disclosure relating to the Country-by-Country report is covered by means of a reference to the last published document (generally the financial year preceding the NFI reporting year) in line with the provisions of the relevant GRI standard (207-4).
ANTI-CORRUPTION TRAINING	E-learning for resources in a context at medium/high risk of corruption. E-learning for resources in a context at low risk of corruption. Generale workshop: classroom training events for staff in a context at high risk of corruption. Job specific training: classroom training events for professional areas in a context at risk of corruption.
LOCAL DEVELOPMENT	
LOCAL DEVELOPMENT INVESTMENTS	The indicator refers to the Eni share of spending in local development initiatives 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 2020 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 analyzed: 1) "Equity method" (Ghana): the share of expenditure towards local suppliers is determined on the basis of the percentage of ownership of the corporate structure (e.g. for a Joint Venture with 60% local components, 60% of total expenditure towards the Joint Venture is considered as expenditure towards local suppliers); 2) "Local currency method" (Angola and UK): the share paid in local currency is identified as expenditure towards local suppliers; 3) "Country registration method" (Iraq and Nigeria): the expenditure towards suppliers registered in the Country and not belonging to international groups/mega suppliers (e.g. suppliers of drilling services/auxiliary drilling services) is identified as local; 4) "Method of registration in the Country + local currency" (Congo and Mexico): expenditure towards suppliers registered in the Country and not belonging to international groups/mega suppliers (e.g. suppliers of drilling services) is identified as local. For the latter, spending in local currency is considered to be local. The selected Countries are Ghana, Angola, UK, Iraq, Nigeria, Congo and Mexico. The Countries selected are those most representative for Eni business from a strategic point of view and in which a significant component of expenditure was recorded compared to the total spent by the Eni Group.

CONTENT INDEX

Material Aspect/ GRI Disclosure	Description/GRI Disclosure	Section and/or page number	Omission	WEF - Core themes and metrics
ORGANIZATIONAL PROFILE				
102-1	Name of the organization	Annual Report 2020, p. 1		
102-2	Activities, brands, products, and services	Annual Report 2020, pp. 2-3		
102-3	Location of headquarters	Annual Report 2020, back cover		
102-4	Location of operations	Annual Report 2020, p. 2		
102-5	Ownership and legal form	Annual Report 2020, back cover https://www.eni.com/en-IT/about-us/governance/shareholders.html		
102-6	Markets served	Annual Report 2020, pp. 2-3		
102-7	Scale of the organization	Annual Report 2020, pp. 14-17		
102-8	Information on employees and other workers	NFI, pp. 153-155; 172-173		
102-9	Supply chain	NFI, p. 165		
102-10	Significant changes to the organization and its supply chain	Annual Report 2020, pp. 198-200; 369		
102-11	Precautionary Principle or approach	Annual Report 2020, pp. 26-31		
102-12	External initiatives	Annual Report 2020, pp. 18-19		
102-13	Membership of associations	Annual Report 2020, pp. 18-19		
STRATEGY				
102-14	Statement from senior decision-maker	Annual Report 2020, pp. 8-13		
102-15	Key impacts, risks, and opportunities	Annual Report 2020, pp. 26-31; 114-134		Risk and opportunity oversight - Integrating risk and opportunity into business process
ETHICS AND INTEGRITY				
102-16	Values, principles, standards, and norms of behavior	Annual Report 2020, pp. 4-7; 38-39 NFI, page pp. 138; 140		Governing purpose - Setting purpose Ethical behaviour - Protected ethics advice and reporting mechanisms (see also p. 166)
GOVERNANCE				
102-18	Governance structure	Annual Report 2020, pp. 32-39		
STAKEHOLDER ENGAGEMENT				
102-40	List of stakeholders groups	Annual Report 2020, pp. 18-19		
102-41	Collective bargaining agreements	NFI, pp. 155; 172		
102-42	Identifying and selecting stakeholders	Annual Report 2020, pp. 18-19		
102-43	Approach to stakeholder engagement	Annual Report 2020, pp. 18-19		Stakeholder engagement - Material issues impacting stakeholders
102-44	Key topics and concerns raised	Annual Report 2020, pp. 18-19		
REPORTING PRACTICE				
102-45	Entities included in the consolidated financial statements	Annual Report 2020, pp. 334-369 NFI, p. 171		
102-46	Defining report content and topic Boundaries	NFI, pp. 171; 176-178		
102-47	List of material topics	NFI, pp. 170; 176-178		Stakeholder engagement - Material issues impacting stakeholders
102-48	Restatements of information	NFI, 149-150; 161		
102-49	Changes in reporting	NFI, pp. 170-171; 176-178		
102-50	Reporting period	NFI, p. 171		
102-51	Date of most recent report	https://www.eni.com/en-IT/publications/2019.html		
102-52	Reporting cycle	NFI, p. 171		

Material Aspect/ GRI Disclosure	Description/GRI Disclosure	Section and/or page number	Omission	WEF - Core themes and metrics
102-53	Contact point for questions regarding the report	https://www.eni.com/en-IT/just-transition.html		
102-54/102-55	Claims of reporting in accordance with the GRI Standards and content index	NFI, pp. 171; 175-178		
102-56	External assurance	NFI, pp. 179-181		
COUNTER CLIMATE CHANGE				
GHG Emissions, Promotion of natural gas, Renewables, Biofuels and Green Chemistry, Solutions for the storage of CO ₂				
Economic performance - Management approach (103-1; 103-2; 103-3)		Boundary: external and internal (Suppliers - RNES ¹ , customers RNEC ²) NFI, pp. 140-141; 144; 170; 176		
201-2	Financial implications and other risks and opportunities due to climate change	Annual Report 2020, pp. 29; 129-132 NFI, pp. 144-150		
Emissions - Management approach (103-1; 103-2; 103-3)		Boundary: external and internal (Suppliers - RNES ¹ , customers RNEC ²) NFI, pp. 140-141; 144-150; 170; 172; 176		Climate change - TCFD implementation
305-1	Direct GHG emissions (Scope 1)	NFI, pp. 148-150; 172		
305-2	Greenhouse gas emissions from energy consumption (Scope 2)	NFI, pp. 148-150; 172		
305-3	Other indirect GHG emissions (Scope 3)	NFI, pp. 148-150; 172		Climate change - Greenhouse gas (GHG) emissions
305-4	GHG emission intensity	NFI, pp. 148-150; 172		
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	NFI, pp. 159-161; 174		
Energy - Management approach (103-1; 103-2; 103-3)		Boundary: internal NFI, pp. 140-141; 144-150; 170; 172; 176		
302-3	Energy intensity	NFI, pp. 148-150; 172		
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. 140-141; 151-155; 170; 172; 176		
202-2	Proportion of senior management hired from the local community	NFI, pp. 153-155; 172		
Employment - Management approach (103-1; 103-2; 103-3)		Boundary: internal NFI, pp. 140-141; 151-155; 170; 172-173; 176		
401-1	New employee hires and employee turnover	NFI, pp. 153-155; 173		Employment and wealth generation - Absolute number and rate of employment
Occupational health and safety - Management approach (103-1; 103-2; 103-3; 403-1; 403-2; 403-4; 403-5; 403-7)		Boundary: internal NFI, pp. 140-141; 151-155; 170; 173; 176		
403-10	Work-related ill health	NFI, pp. 153-155; 173		
Training and education - Management approach (103-1; 103-2; 103-3)		Boundary: internal NFI, pp. 140-141; 151-155; 170; 172; 176		
404-1	Average hours of training per year per employee	NFI, pp. 153-155; 172		Skills for the future - Training provided
Diversity and equal opportunity - Management approach (103-1; 103-2; 103-3)		Boundary: internal		
		NFI, pp. 140-141; 151-155; 170; 176		Dignity and equality - Pay equality Report on remuneration policy and remuneration paid 2021, p. 12
				Dignity and equality - Wage level Report on remuneration policy and remuneration paid 2021, p. 13
405-1	Diversity of governance bodies and employees	NFI, pp. 153-155		Quality of governing body - Governance body composition
		Corporate Governance and Shareholding Structure Report 2020, Board of Directors		Dignity and equality - Diversity and inclusion

Material Aspect/ GRI Disclosure	Description/GRI Disclosure	Section and/or page number	Omission	WEF - Core themes and metrics
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: internal and external (suppliers) NFI, pp. 140-141; 156-157; 170; 173; 177		Health and well-being - Health and safety
403-9	Work-related injuries	NFI, pp. 156-157; 173		Health and well-being - Health and safety
REDUCTION OF ENVIRONMENTAL IMPACTS				
Water resources, Biodiversity, Oil spill, Air quality, Remediation and waste				
	Water - Management approach (103-1; 103-2; 103-3; 303-1; 303-2)	Boundary: internal NFI, pp. 140-141; 157-161; 170; 173; 177		
303-3	Water withdrawal	NFI, pp. 159-161; 173		Freshwater availability - Water consumption and withdrawal in water-stressed areas
303-4	Water discharge	NFI, pp. 159-161; 173		
	Biodiversity - Management approach (103-1; 103-2; 103-3)	Boundary: internal NFI, pp. 140-141; 157-162; 170; 173; 177		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	NFI, pp. 159-162; 173		Nature loss - Land use and ecological sensitivity
	Effluents and waste - Management approach (103-1; 103-2; 103-3)	Boundary: internal NFI, pp. 140-141; 157-161; 170; 173; 177		
306-2	Waste by type and disposal method	NFI, pp. 159-161; 173		
306-3	Significant spills	NFI, pp. 159-161; 173		
	Environmental compliance - Management approach (103-1; 103-2; 103-3)	Boundary: internal NFI, pp. 140-141; 157-162; 170; 177		
307-1	Environmental compliance	Annual Report 2020, pp. 264-279		
HUMAN RIGHTS				
Rights of workers and local communities, Supply chain and Security				
	Non-discrimination - Management approach (103-1; 103-2; 103-3)	Boundary: internal and external (Local security forces and Suppliers - RNES ¹) NFI, pp. 140-141; 162-164; 170; 174; 177		Dignity and equality - Risk for incidents of child, forced or compulsory labour
406-1	Incidents of discrimination and corrective actions taken	NFI, pp. 164; 174		
	Security practices - Management approach (103-1; 103-2; 103-3)	Boundary: internal and external (Local security forces and Suppliers - RNES ¹) NFI, pp. 140-141; 162-164; 170; 174; 177		
410-1	Security personnel trained in human rights policies or procedures	NFI, pp. 164; 174		
	Human rights assessment - Management approach (103-1; 103-2; 103-3)	Boundary: internal and external (Local security forces and Suppliers - RNES ¹) NFI, pp. 140-141; 162-164; 170; 177		
412-2	Training on human rights	NFI, p. 164		
	Suppliers and social assessment - Management approach (103-1; 103-2; 103-3)	Boundary: internal and external (Local security forces and Suppliers - RNES ¹) NFI, pp. 140-141; 165; 170; 174; 177		
414-1	New suppliers that were screened using social criteria	NFI, pp. 165; 174		

Material Aspect/ GRI Disclosure	Description/GRI Disclosure	Section and/or page number	Omission	WEF - Core themes and metrics
INTEGRITY IN BUSINESS MANAGEMENT Transparency, anti-corruption and tax strategy				
Anti-corruption - Management approach (103-1; 103-2; 103-3)		Boundary: internal NFI, pp. 140-141; 166-167; 170; 174; 178		
205-2	Communication and training on anti-corruption policies and procedures	NFI, pp. 166-167; 174; 178		Ethical behaviour - Anti-corruption
205-3	Confirmed incidents of corruption and actions taken	NFI, p. 167		
Tax - Management approach (103-1; 103-2; 103-3; 207-1; 207-2; 207-3)		Boundary: internal NFI, pp. 140-141; 166-167; 170; 174; 178		
207-4	Tax: Country-by-Country reporting	NFI, pp. 166-167; 174. See Note 32 on the Consolidated Financial Statements for further information.		
ACCESS TO ENERGY, LOCAL DEVELOPMENT THROUGH PUBLIC-PRIVATE PARTNERSHIPS Economic diversification, Education and training, Access to water and sanitation, Health				
Indirect economic impacts - Management approach (103-1; 103-2; 103-3)		Boundary: internal NFI, pp. 140-141; 168-170; 174; 178		
203-1	Infrastructure investments and services supported	NFI, pp. 169; 174		
		Boundary: internal		Employment and wealth generation - Financial investment contribution In 2020, investments net of write-downs amounted to €1,444 million and share buy-backs plus dividend payments amounted to €1,968 million
Economic performance - Management approach (103-1; 103-2; 103-3)		NFI, pp. 140-141; 170; 178		Community and social vitality - Total tax paid Eni paid €2,049 million in taxes in 2020.
201-1	Direct economic value generated and distributed	NFI, p. 178		Employment and wealth generation - Economic contribution 1) In 2020, Eni generated an economic value of €46 billion of which €41 billion was distributed, in particular: 81% are operating costs, 7% wages and salaries for employees, 7% payments to capital suppliers, 5% payments to the Public Administration. 2) Eni received approximately €84 million in financial assistance from the Public Administration in 2020, mainly abroad.
Local communities - Management approach (103-1; 103-2; 103-3)		Boundary: internal NFI, pp. 140-141; 168-170; 178		
413-1	Operations with local community engagement, impact assessments, and development programs	NFI, pp. 168-169		
LOCAL CONTENT				
Procurement practices - Management approach (103-1; 103-2; 103-3)		Boundary: internal and external (suppliers - RNES ¹⁾ NFI, pp. 140-141; 168-170; 174; 178		
204-1	Proportion of spending on local suppliers	NFI, pp. 168-169; 174		
DIGITALIZATION, INNOVATION AND CYBER SECURITY				
Technological development - Management approach (103-1; 103-2; 103-3)		Boundary: internal NFI, pp. 140-141; 144-157; 178		Innovation of better products and services - Total R&D expenses NFI, pp. 148-150

(1) RNES: Reporting not extended to suppliers.

(2) RNEC: Reporting not extended to customers.

Independent auditor's 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 undertaken a limited assurance engagement on the consolidated non-financial statement of Eni SpA and its subsidiaries (the "Group") for the year ended 31 December 2020 prepared in accordance with article 4 of the Decree, presented in the specific section of the report on operations and approved by the board of directors on 18 March 2021 (the "NFS").

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016, and updated to 2019, by the GRI - Global Reporting Initiative (the "GRI Standards"), disclosed in the chapter "Reporting principles and criteria" of the NFS, identified by them as the reporting standard.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

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 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 Italia 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 the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("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, 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 of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, 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 standard 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 the information reported in the 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;
 - key risks generated 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 detail, we held meetings and interviews with the management of Eni SpA and with the personnel of Eni Mediterranea Idrocarburi SpA, Eni UK Limited and Versalis SpA and we performed limited analyses 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 its 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 the sites of Eni SpA (Venice Refinery and Distretto Centro-Settentrionale – Centro Olio Trecate), Eni Mediterranea Idrocarburi SpA (Nuovo Centro Olio Gela), Eni UK Limited (Liverpool Bay Offshore Assets) and Versalis SpA (Porto Marghera Plant), 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 meetings and interviews 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.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Eni Group for the year ended 31 December 2020 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Rome, 2 April 2021

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 2020 translation.

Other information

Acceptance of Italian responsible payments code

Cohently 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 2020, payments to Eni's suppliers were made within 52 days, in line with contractual provisions.

Article No. 15 (former Article No. 36) of Italian regulatory ex-changes (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, 2020, eight of Eni's subsidiaries: NAOC – Nigerian Agip Oil Co Ltd, Eni Petroleum Co Inc, Eni Congo SA, Nigerian Agip Exploration Ltd, Eni Canada Holding Ltd, Eni Ghana Exploration and Production Ltd, Eni Trading & Shipping Inc, Eni Finance USA Inc;

→ 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.

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 5,310 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 ratio 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 GHG emissions (Scope 1 and Scope 2 in tonnes CO₂eq.) of the main industrial activities operated by Eni divided by the productions (converted by homogeneity into barrels of oil equivalent using Eni's average conversion factors) of the single businesses of reference.

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 gas-oline, are natural gas liquids.

Net Carbon Footprint Overall Scope 1 and Scope 2 GHG emissions associated with Eni's operations, accounted for on an equity basis, net of carbon sinks.

Net Carbon Intensity Ratio between the Net GHG lifecycle emissions and the energy products sold, accounted for on an equity basis.

Net GHG Lifecycle Emissions GHG Scope 1+2+3 emissions associated with the value chain of the energy products sold by Eni, including both those deriving from own productions and those purchased from third parties, accounted for on an equity basis, net of offset.

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.

Renewable Installed Capacity Is measured as the maximum generating capacity of Eni's share of power plants that use renewable energy sources (wind, solar and wave, and any other non-fossil fuel source of generation deriving from natural resources, excluding, from the avoidance of doubt, nuclear energy) to produce electricity. The capacity is considered "installed" once the power plants are in operation or the mechanical completion phase has been reached. The mechanical completion represents the final construction stage excluding the grid connection.

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.

Scope 3 GHG Emissions Indirect GHG emissions associated with the value chain of Eni's products.

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>

/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	Liquefield Natural Gas
LPG	Liquefield 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
mmttonnes	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

Consolidated financial statements 2020

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Consolidated balance sheet

		December 31, 2020		December 31, 2019	
(€ million)	Note	Total amount	of which with related parties	Total amount	of which with related parties
ASSETS					
Current assets					
Cash and cash equivalents	(5)	9,413		5,994	
Financial assets held for trading	(6)	5,502		6,760	
Other current financial assets	(16)	254	41	384	60
Trade and other receivables	(7)	10,926	802	12,873	704
Inventories	(8)	3,893		4,734	
Income tax receivables	(9)	184		192	
Other current assets	(10) (23)	2,686	145	3,972	219
		32,858		34,909	
Non-current assets					
Property, plant and equipment	(11)	53,943		62,192	
Right-of-use assets	(12)	4,643		5,349	
Intangible assets	(13)	2,936		3,059	
Inventory - Compulsory stock	(8)	995		1,371	
Equity-accounted investments	(15)	6,749		9,035	
Other investments	(15)	957		929	
Other non-current financial assets	(16)	1,008	766	1,174	911
Deferred tax assets	(22)	4,109		4,360	
Income tax receivables	(9)	153		173	
Other non-current assets	(10) (23)	1,253	74	871	181
		76,746		88,513	
Assets held for sale	(24)	44		18	
TOTAL ASSETS		109,648		123,440	
LIABILITIES AND EQUITY					
Current liabilities					
Short-term debt	(18)	2,882	52	2,452	46
Current portion of long-term debt	(18)	1,909		3,156	
Current portion of long-term lease liabilities	(12)	849	54	889	5
Trade and other payables	(17)	12,936	2,100	15,545	2,663
Income tax payables	(9)	243		456	
Other current liabilities	(10) (23)	4,872	452	7,146	155
		23,691		29,644	
Non-current liabilities					
Long-term debt	(18)	21,895		18,910	
Long-term lease liabilities	(12)	4,169	112	4,759	8
Provisions	(20)	13,438		14,106	
Provisions for employee benefits	(21)	1,201		1,136	
Deferred tax liabilities	(22)	5,524		4,920	
Income tax payables	(9)	360		454	
Other non-current liabilities	(10) (23)	1,877	23	1,611	23
		48,464		45,896	
Liabilities directly associated with assets held for sale	(24)				
TOTAL LIABILITIES		72,155		75,540	
Share capital		4,005		4,005	
Retained earnings		34,043		35,894	
Cumulative currency translation differences		3,895		7,209	
Other reserves and equity instruments		4,688		1,564	
Treasury shares		(581)		(981)	
Profit (loss)		(8,635)		148	
Equity attributable to equity holders of Eni		37,415		47,839	
Non-controlling interest		78		61	
TOTAL EQUITY	(25)	37,493		47,900	
TOTAL LIABILITIES AND EQUITY		109,648		123,440	

Consolidated profit and loss account

(€ million)	Note	2020		2019		2018	
		Total amount	of which with related parties	Total amount	of which with related parties	Total amount	of which with related parties
Sales from operations		43,987	1,164	69,881	1,248	75,822	1,383
Other income and revenues		960	35	1,160	4	1,116	8
REVENUES AND OTHER INCOME	(28)	44,947		71,041		76,938	
Purchases, services and other	(29)	(33,551)	(6,595)	(50,874)	(9,173)	(55,622)	(8,009)
Net (impairment losses) reversals of trade and other receivables	(7)	(226)	(6)	(432)	28	(415)	26
Payroll and related costs	(29)	(2,863)	(36)	(2,996)	(28)	(3,093)	(22)
Other operating income (expense)	(23)	(766)	13	287	19	129	319
Depreciation and amortization	(11) (12) (13)	(7,304)		(8,106)		(6,988)	
Net (impairment losses) reversals of tangible and intangible assets and right-of-use assets	(14)	(3,183)		(2,188)		(866)	
Write-off of tangible and intangible assets	(11) (13)	(329)		(300)		(100)	
OPERATING PROFIT (LOSS)		(3,275)		6,432		9,983	
Finance income	(30)	3,531	114	3,087	96	3,967	115
Finance expense	(30)	(4,958)	(26)	(4,079)	(36)	(4,663)	(283)
Net finance income (expense) from financial assets held for trading	(30)	31		127		32	
Derivative financial instruments	(23) (30)	351		(14)		(307)	
FINANCE INCOME (EXPENSE)		(1,045)		(879)		(971)	
Share of profit (loss) from equity-accounted investments		(1,733)		(88)		(68)	
Other gain (loss) from investments		75		281		1,163	
INCOME (EXPENSE) FROM INVESTMENTS	(15) (31)	(1,658)		193		1,095	
PROFIT (LOSS) BEFORE INCOME TAXES		(5,978)		5,746		10,107	
Income taxes	(32)	(2,650)		(5,591)		(5,970)	
PROFIT (LOSS)		(8,628)		155		4,137	
Attributable to Eni		(8,635)		148		4,126	
Attributable to non-controlling interest		7		7		11	
Earnings (loss) per share (€ per share)	(33)						
Basic		(2.42)		0.04		1.15	
Diluted		(2.42)		0.04		1.15	

Consolidated statement of comprehensive income

(€ million)	Note	2020	2019	2018
Profit (loss)		(8,628)	155	4,137
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)	(16)	(42)	(15)
Share of other comprehensive income (loss) on equity-accounted investments	(25)		(7)	
Change of minor investments measured at fair value with effects to other comprehensive income	(25)	24	(3)	15
Tax effect	(25)	25	5	(2)
		33	(47)	(2)
<i>Items that may be reclassified to profit or loss in later periods</i>				
Currency translation differences	(25)	(3,314)	604	1,787
Change in the fair value of cash flow hedging derivatives	(25)	661	(679)	(243)
Share of other comprehensive income (loss) on equity-accounted investments	(25)	32	(6)	(24)
Tax effect	(25)	(192)	197	58
		(2,813)	116	1,578
Total other items of comprehensive income (loss)		(2,780)	69	1,576
Total comprehensive income (loss)		(11,408)	224	5,713
Attributable to Eni		(11,415)	217	5,702
Attributable to non-controlling interest		7	7	11

Consolidated statements of changes in equity

Equity attributable to equity holders of Eni										
	Note	Share capital	Retained earnings	Cumulative currency translation differences	Other reserves and equity instruments	Treasury shares	Net profit for the year	Total	Non-controlling interest	Total equity
(€ million)										
Balance at December 31, 2019	(25)	4,005	35,894	7,209	1,564	(981)	148	47,839	61	47,900
Profit (loss) for the year							(8,635)	(8,635)	7	(8,628)
Other items of comprehensive income (loss)										
Remeasurements of defined benefit plans net of tax effect	(25)				9			9		9
Change of minor investments measured at fair value with effects to OCI	(25)				24			24		24
Items that are not reclassified to profit or loss in later periods					33			33		33
Currency translation differences	(25)			(3,313)	(1)			(3,314)		(3,314)
Change in the fair value of cash flow hedge derivatives net of tax effect	(25)				469			469		469
Share of "Other comprehensive income (loss)" on equity-accounted investments	(25)				32			32		32
Items that may be reclassified to profit or loss in later periods				(3,313)	500			(2,813)		(2,813)
Total comprehensive income (loss) of the year				(3,313)	533		(8,635)	(11,415)	7	(11,408)
Dividend distribution of Eni SpA	(25)		1,542				(3,078)	(1,536)		(1,536)
Interim dividend distribution of Eni SpA	(25)		(429)					(429)		(429)
Dividend distribution of other companies									(3)	(3)
Allocation of 2019 net income			(2,930)				2,930			
Cancellation of treasury shares	(25)				(400)	400				
Increase in non-controlling interest relating to acquisition of consolidated entities	(26)								15	15
Issue of perpetual subordinated bonds	(25)				3,000			3,000		3,000
Transactions with holders of equity instruments			(1,817)		2,600	400	(148)	1,035	12	1,047
Costs for the issue of perpetual subordinated bonds			(25)					(25)		(25)
Other changes			(9)	(1)	(9)			(19)	(2)	(21)
Other changes in equity			(34)	(1)	(9)			(44)	(2)	(46)
Balance at December 31, 2020	(25)	4,005	34,043	3,895	4,688	(581)	(8,635)	37,415	78	37,493

continued Consolidated statements of changes in equity

	Note	Equity attributable to equity holders of Eni							Non-controlling interest	Total equity
		Share capital	Retained earnings	Cumulative currency translation differences	Other reserves and equity instruments	Treasury shares	Net profit for the year	Total		
(€ million)										
Balance at December 31, 2018		4,005	35,189	6,605	1,672	(581)	4,126	51,016	57	51,073
Changes in accounting policies (IAS 28)			(4)					(4)		(4)
Balance at January 1, 2019		4,005	35,185	6,605	1,672	(581)	4,126	51,012	57	51,069
Profit (loss) for the year							148	148	7	155
Other items of comprehensive income (loss)										
Remeasurements of defined benefit plans net of tax effect	(25)				(37)			(37)		(37)
Share of "Other comprehensive income (loss)" on equity-accounted investments	(25)				(7)			(7)		(7)
Change of minor investments measured at fair value with effects to OCI	(25)				(3)			(3)		(3)
Items that are not reclassified to profit or loss in later periods					(47)			(47)		(47)
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)
Items that may be reclassified to profit or loss in later periods				604	(488)			116		116
Total comprehensive income (loss) of the year				604	(535)		148	217	7	224
Dividend distribution of Eni SpA	(25)		1,513				(2,989)	(1,476)		(1,476)
Interim dividend distribution of Eni SpA	(25)		(1,542)					(1,542)		(1,542)
Dividend distribution of other companies									(4)	(4)
Reimbursements to minority shareholders									(1)	(1)
Allocation of 2018 net income			1,137				(1,137)			
Acquisition of treasury shares	(25)		(400)		400	(400)		(400)		(400)
Transactions with shareholders			708		400	(400)	(4,126)	(3,418)	(5)	(3,423)
Other changes in shareholders' equity			1		27			28	2	30
Balance at December 31, 2019	(25)	4,005	35,894	7,209	1,564	(981)	148	47,839	61	47,900

continued Consolidated statements of changes in equity

	Equity attributable to equity holders of Eni							Non-controlling interest	Total equity
	Share capital	Retained earnings	Cumulative currency translation differences	Other reserves and equity instruments	Treasury shares	Net profit for the year	Total		
(€ million)									
Balance at December 31, 2017	4,005	34,525	4,818	1,889	(581)	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	34,770	4,818	1,889	(581)	3,374	48,275	49	48,324
Profit (loss) for the year						4,126	4,126	11	4,137
Other items of comprehensive income (loss)									
Remeasurements of defined benefit plans net of tax effect				(17)			(17)		(17)
Change of minor investments measured at fair value with effects to OCI				15			15		15
Items that are not reclassified to profit or loss in later periods				(2)			(2)		(2)
Currency translation differences			1,787				1,787		1,787
Change in the fair value of cash flow hedge derivatives net of tax effect				(185)			(185)		(185)
Share of "Other comprehensive income (loss)" on equity-accounted investments				(24)			(24)		(24)
Items that may be reclassified to profit or loss in later periods			1,787	(209)			1,578		1,578
Total comprehensive income (loss) of the year			1,787	(211)		4,126	5,702	11	5,713
Dividend distribution of Eni SpA		1,441				(2,881)	(1,440)		(1,440)
Interim dividend distribution of Eni SpA		(1,513)					(1,513)		(1,513)
Dividend distribution of other companies								(3)	(3)
Allocation of 2017 net income		493				(493)			
Transactions with shareholders		421				(3,374)	(2,953)	(3)	(2,956)
Other changes in shareholders' equity		(2)		(6)			(8)		(8)
Balance at December 31, 2018	4,005	35,189	6,605	1,672	(581)	4,126	51,016	57	51,073

Consolidated statement of cash flows

(€ million)	Note	2020	2019	2018
Profit (loss)		(8,628)	155	4,137
Adjustments to reconcile profit (loss) to net cash provided by operating activities				
Depreciation and amortization	(11) (12) (13)	7,304	8,106	6,988
Net Impairments (reversals) of tangible and intangible assets and right-of-use assets	(14)	3,183	2,188	866
Write-off of tangible and intangible assets	(11) (13)	329	300	100
Share of (profit) loss of equity-accounted investments	(15) (31)	1,733	88	68
Net gain on disposal of assets		(9)	(170)	(474)
Dividend income	(31)	(150)	(247)	(231)
Interest income		(126)	(147)	(185)
Interest expense		877	1,027	614
Income taxes	(32)	2,650	5,591	5,970
Other changes		92	(179)	(474)
Cash flow from changes in working capital		(18)	366	1,632
- inventories		1,054	(200)	15
- trade receivables		1,316	1,023	334
- trade payables		(1,614)	(940)	642
- provisions		(1,056)	272	(238)
- other assets and liabilities		282	211	879
Net change in the provisions for employee benefits			(23)	109
Dividends received		509	1,346	275
Interest received		53	88	87
Interest paid		(928)	(1,029)	(609)
Income taxes paid, net of tax receivables received		(2,049)	(5,068)	(5,226)
Net cash provided by operating activities		4,822	12,392	13,647
- of which with related parties	(36)	(4,640)	(6,356)	(2,707)
Cash flow from investing activities		(5,959)	(11,928)	(9,321)
- tangible assets	(11)	(4,407)	(8,049)	(8,778)
- prepaid right-of-use assets	(12)		(16)	
- intangible assets	(13)	(237)	(311)	(341)
- consolidated subsidiaries and businesses net of cash and cash equivalent acquired	(26)	(109)	(5)	(119)
- investments	(15)	(283)	(3,003)	(125)
- securities and financing receivables held for operating purposes		(166)	(237)	(366)
- change in payables in relation to investing activities		(757)	(307)	408
Cash flow from disposals		216	794	2,142
- tangible assets		12	264	1,089
- intangible assets			17	5
- consolidated subsidiaries and businesses net of cash and cash equivalent disposed of	(26)		187	(47)
- tax on disposals			(3)	
- investments		16	39	195
- securities and financing receivables held for operating purposes		136	195	294
- change in receivables in relation to disposals		52	95	606
Net change in securities and financing receivables held for non-operating purposes		1,156	(279)	(357)
Net cash used in investing activities		(4,587)	(11,413)	(7,536)
- of which with related parties	(36)	(1,372)	(2,912)	(3,314)

continued Consolidated statement of cash flows

(€ million)	Note	2020	2019	2018
Increase in long-term financial debt	(18)	5,278	1,811	3,790
Repayments of long-term financial debt	(18)	(3,100)	(3,512)	(2,757)
Payments of lease liabilities	(12)	(869)	(877)	
Increase (decrease) in short-term financial debt	(18)	937	161	(713)
Dividends paid to Eni's shareholders		(1,965)	(3,018)	(2,954)
Dividends paid to non-controlling interest		(3)	(4)	(3)
Reimbursements to non-controlling interest			(1)	
Acquisition of additional interests in consolidated subsidiaries			(1)	
Acquisition of treasury shares			(400)	
Issue of perpetual subordinated bonds	(25)	2,975		
Net cash used in financing activities		3,253	(5,841)	(2,637)
- of which with related parties	(36)	164	(817)	16
Effect of exchange rate changes and other changes on cash and cash equivalents		(69)	1	18
Net increase (decrease) in cash and cash equivalents		3,419	(4,861)	3,492
Cash and cash equivalents - beginning of the year	(5)	5,994	10,855	7,363
Cash and cash equivalents - end of the year	(5)	9,413	5,994	10,855

Notes on Consolidated Financial Statements

IMPACT OF COVID-19 PANDEMIC

The trading environment in 2020 saw a material reduction in the global demand for crude oil driven by the lockdown measures implemented worldwide to contain the spread of the COVID-19 pandemic causing a sharp contraction in economic activity, international commerce and travel, mainly during the peak of the crisis in the first and second quarter of 2020.

The shock in the hydrocarbon demand occurred against the backdrop of a structurally oversupplied oil market, as highlighted by the disagreements among OPEC+ members on the response to be adopted to manage the crisis in early March 2020. The producing countries of the cartel decided against maintaining the existing quotas and as a result the market was inundated with production while demand was crumbling. Those developments led to a collapse in commodity prices.

At the peak of the downturn, between March and April, the Brent marker price fell to about 15 \$/barrel, the lowest level in over twenty years. The oversupply drove oil markets into contango, a situation when prices per prompt delivery quote below prices for future deliveries, while both land and floating storages reached the highest technical filling levels. Since May, oil prices have been staging a turnaround thanks to an agreement reached within OPEC+ which implemented production cuts and an ongoing recovery in the world economy and oil consumption following an ease to restrictive measures, which were driven in large part by a strong rebound of activity in China. Brent prices recovered to almost 45 \$/barrel in the summer months.

However, during the autumn months the macroeconomic rebound hit a standstill in the USA and in Europe due to a continuous recrudescence in virus cases, which forced the governments and local authorities in those countries to reinstate partial or full lockdowns and other restrictive measures that weighted heavily on oil and products demands as millions of people continued living stranded. In this period, crude oil prices were supported by strict production discipline on part of OPEC+ members and the market was able to accommodate the return of Libya's production by the end of September.

Barometer of the weakness of the fundamentals in the energy sector in the third quarter was the trend in the

refining margins which dropped into negative territory due to weak demand for fuels and the crisis in the airline sector, which prevented refiners from passing the cost of the crude oil feedstock to the final prices of products. To make things worse, OPEC+ production cuts impacted the availability of medium-heavy crudes, narrowing the price differentials with light-medium qualities like the Brent crude and squeezing the refiners' conversion advantage.

However, since mid-November a few market and macroeconomic developments triggered a rally in oil prices, which reached 50 \$/bbl at the end of the year rebounding from the still depressed level of October and then rose to an average of over 60 \$/barrel in the first quarter of 2021.

In 2020 due to the macroeconomic and market developments caused by the COVID-19 pandemic, the price of the Brent benchmark crude oil prices decreased by 35% compared to the previous year, with an annual average of 42 \$/barrel, the price of natural gas at the Italian spot market "PSV" declined on average by 35%, and the Standard Eni Refining Margin – SERM decreased by 60%.

Considering the market trends, management revised the Company's outlook for hydrocarbons prices assuming a more conservative oil scenario with a Long Term Brent price at 60 \$/barrel in 2023 real terms (compared to the previous projection of 70 \$/barrel) to reflect the possible structural effects of the pandemic on oil demand and the risk that the energy transition will accelerate due to the fiscal policies adopted by governments to rebuild the economy on more sustainable basis. These developments had negative, material effects on Eni's results of operations and cash flow. In 2020, Eni reported a net loss of €8.6 billion due to the reduction in revenues driven by lower realized prices and margins for hydrocarbons with an estimated impact of €6.8 billion and lower production volumes and other business impacts caused by the COVID-19 pandemic for €1 billion, as well as the recognition of impairment losses of €3.2 billion taken at Oil & Gas assets and refineries due to a revised management's outlook on long-term oil and gas prices and lowered assumptions for the refining margins. A loss of approximately €1.3 billion was incurred in relation to the evaluation of inventories of oil and products, which were aligned to their net realizable values at period end, and a €1.7 billion loss taken at equity-accounted investments.

All these trends caused the Group to incur an operating loss of €3.3 billion. These effects were partially offset by cost efficiencies and other management initiatives to counter the effects of the pandemic. Furthermore, the Group net loss for the year was also affected for €1.3 billion by the write-down of deferred tax assets.

Net cash provided by operating activities declined to €4.8 billion with a reduction of 61% compared to 2019, due to lower prices of hydrocarbons and other scenario effects for €6 billion and the negative impact on operations associated with the COVID-19 for €1.3 billion, attributable to reduced expenditures, lower demand for fuel and chemicals, longer maintenance standstills in response to the COVID-19 emergency, lower LNG offtakes and lower gas demand and higher provisions for impairment losses at trade receivables. These negative impacts were partially offset by cost savings and other initiatives in response to the pandemic crisis.

In order to respond to this large-scale shortfall, management has taken several decisive actions to preserve the Company's liquidity, the ability to cover maturing financial obligations and to mitigate the impact of the crisis on the Group's net financial position, as follows:

- In 2020 Eni reduced capital expenditures by a significant amount. Those capex reductions mainly related to upstream activities, targeting production optimization activities and the rephasing of certain development projects. The delayed or re-phased activities can be restarted quickly in normal conditions, determining a recovery of related production.
- Implemented widespread cost reduction initiatives across all businesses resulting in significant cost savings.
- In May 2020, a €2 billion bond was issued. Then, in October two hybrid bonds were issued for a total amount of €3 billion; those latter bonds are classified among equity for balance sheet purposes.

- A share repurchase program approved before the start of the crisis was put on hold.
- Established a new dividend policy with the introduction of a variable component of the dividend in line with the volatility of the scenario. The new policy establishes a floor dividend currently set at 0.36 €/share under the assumption of a Brent scenario of at least 43 \$/barrel and a growing variable component based on a recovery in the crude oil scenario. The floor amount will be revalued over time depending on the Company delivering on its industrial targets. For 2020, the dividend proposal is equal to the floor dividend.

The Company limited the increase in net borrowings before IFRS 16 which closed the year at €11.6 billion (unchanged over 2019), while retaining leverage at 0.31. The Company can count to fulfill the financial obligations coming due in the next future on a liquidity reserve of €20.4 billion as of December 31, 2020, consisting of:

- cash and cash equivalents of €9.4 billion;
- €5.3 billion of undrawn committed borrowing facilities;
- €5.5 billion of readily disposable securities (mainly government bonds and corporate investment grade bond) and €0.2 billion of short-term financing receivables.

This reserve is considered adequate to cover the main financial obligations maturing in the next twelve months relating to:

- short-term debt of €2.9 billion;
- maturing bonds of €1.1 billion and other maturing long-term debt of €1.1 billion
- committed investments of €4.3 billion;
- instalments of leasing contracts coming due of €1.1 billion
- the payment of a floor dividend for approximately €1.5 billion (including the final 2020 dividend and the interim floor dividend for 2021 due to paid in September).

1 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

BASIS OF PREPARATION

The Consolidated Financial Statements of Eni SpA and its subsidiaries (collectively referred to as Eni or the Group) have been prepared on a going concern¹ basis in accordance with International Financial Reporting Standards (IFRS)² 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. 38/05³.

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 principles of consolidation and the significant accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated.

The 2020 Consolidated Financial Statements, approved by the Eni's Board of Directors on March 18, 2021, 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 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, taking into account the appropriate eliminations of intragroup transactions (see the accounting policy for "Intragroup transactions"); 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 and comprehensive income attributable to non-controlling interests are presented in specific line items, respectively, in the profit and loss account and in the statement of comprehensive income.

The Consolidated Financial Statements do not consolidate: (i) some subsidiaries being immaterial, either individually or in the aggregate; (ii) companies whose consolidation does not produce material impacts, that are subsidiaries acting as sole-operator in the management of oil and gas contracts on behalf of companies participating in a joint project. In the latter case, the activities are financed proportionally based

(1) With reference to the impacts of COVID-19, see information provided in the previous paragraph.

(2) 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).

(3) As applied to Eni, there are no differences between IFRSs as issued by the IASB and those adopted by the EU, effective for the year 2020.

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. The abovementioned exclusions do not produce material⁴ impacts on the Consolidated Financial Statements⁵.

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 related non-controlling interests are adjusted is attributed to Eni owners' 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 account⁶. 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.

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". Investments in subsidiaries, joint arrangements and associates as of December 31, 2020 are presented separately in the annex "List of companies owned by Eni SpA as of December 31, 2020". This annex includes also the changes in the scope of consolidation.

Consolidated companies' financial statements are audited by external auditors who also audit 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 method⁷.

Under the equity method, investments are initially recognised at cost, allocating it, similarly to business combinations procedures, to the investee's identifiable assets/liabilities; any excess of the cost of the investment over the share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill, not separately recognised but included in the carrying amount of the investment. 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-

(4) According to IFRSs, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

(5) 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, 2020".

(6) 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.

(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.

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 carrying amount of the net investment, resulting from the application of the abovementioned measurement criteria, is tested for impairment by comparing it 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 COMBINATIONS

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. The consideration transferred includes also the fair value of any assets or liabilities resulting from contingent considerations, contractually agreed and dependent upon the occurrence of specified future events. Acquisition-related costs are accounted for as expenses when incurred.

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)¹¹. 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.

(8) If the retained investment continues to be classified either as a joint venture or an associate and so 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.

(10) Fair value measurement principles are described in the accounting policy for "Fair value measurements".

(11) As an alternative, IFRSs allow to use the full goodwill method, which leads to the portion of goodwill/badwill attributable to non-controlling interests being recognised; the choice of measurement basis for goodwill/badwill (partial goodwill method vs. full goodwill method) is made on a transaction-by-transaction basis.

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 to the investee's assets and enforceable obligations for the investee's liabilities 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.

The cumulative resulting exchange differences are presented in the separate component of Eni owners' 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 U.S. dollar.

The main foreign exchange rates used to translate the financial statements into the parent's functional currency are indicated below:

(currency amount for 1 €)	Annual average exchange rate 2020	Exchange rate at December 31, 2020	Annual average exchange rate 2019	Exchange rate at December 31, 2019	Annual average exchange rate 2018	Exchange rate at December 31, 2018
U.S. Dollar	1.14	1.23	1.12	1.12	1.18	1.15
Pound Sterling	0.89	0.90	0.88	0.85	0.88	0.89
Australian Dollar	1.66	1.59	1.61	1.60	1.58	1.62

(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 difference, that is attributable to the non-controlling interests, is allocated to and recognised as part of "Non-controlling interest".

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, as well as whether 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 of the subsequent appraisal activities, 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, or when 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 and 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 and gas assets are depreciated generally under the UOP method, as their useful life is closely related to the availability of proved oil and 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 and 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. Proved reserves are determined according to US SEC rules that require the use of the yearly average oil and gas prices for assessing the economic producibility; material changes in reference prices could result in depreciation charges not reflecting the pattern in which the assets' future economic benefits are expected to be consumed to the extent that, for example, certain non-current assets would be fully depreciated within a short term. In these cases the reserves considered in determining the UOP rate are estimated on the basis of economic viability parameters, reasonable and consistent with management's expectations of production, in order to recognise depreciation charges that more appropriately reflect the expected utilization of the assets concerned.

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 SERVICE CONTRACTS

Oil and gas reserves related to Production Sharing Agreements 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.

A similar scheme applies to service contracts.

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 and 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 and 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 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. Similar uncertainties concern unproved 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. Proved reserves can be classified as developed or undeveloped. Volumes are classified into proved developed reserves as a consequence of development activity. Generally, reserves are booked as proved developed at the start of production. 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"). Analogous approach is adopted for present obligations to realise social projects in oil and gas development areas.

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 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.

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.

In the oil and gas activities, the operator of an unincorporated joint operation which enters into a lease contract as the

(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 and gas rights, leases of land and any rights of way related to oil and 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.

(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.

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 and 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 makes 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 and 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.

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 impairment.

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.

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 the carrying amount of common facilities within the E&P segment is assessed by considering the set of recoverable amounts of the CGUs benefiting from the common facility.

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 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 projects²² are included, consistent with the targets of the decarbonization strategy, within the expected operating cash outflows; in this regard, considering that the forestry projects can be developed in countries where Eni does not carry out operating activities and given the difficulty to allocate such cash outflows, on a reasonable and consistent basis, to CGUs of the relevant segment, the related discounted cash outflows are treated as a reduction of the headroom of that specific 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 Global Gas & LNG Portfolio (GGP) segment, the Chemical business and each business within the Eni gas e luce, Power & Renewables segment, 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

(22) For the recognition criteria of forestry certificates see the accounting policy for "Costs".

the asset in prior years. An impairment loss recognised for goodwill is not reversed in a subsequent period²³.

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 selling in the near future and generating a profit from fluctuations in price are measured at fair value less costs to sell and any subsequent changes in fair value are recognised in the profit and loss account. 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 "Trade and 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 and 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. The definition of CGUs and the identification of their appropriate grouping for the purpose of testing for impairment the carrying amount of goodwill, corporate assets as well as common facilities within the E&P segment, require judgement by management. In particular, CGUs are identified considering, inter alia, how management 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.

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

(23) 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.

elements, production taxes and the costs to be incurred for the reserves yet to be developed. When appropriate according to facts and circumstances management's estimate could also include risk-adjusted unproved reserves. 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 and 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.

More details on the main assumptions underlying the determination of the recoverable amount of tangible, intangible and right-of-use assets are set out in note 14 – Impairment review of tangible and intangible assets and right-of-use assets.

FINANCIAL INSTRUMENTS

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 losses²⁴ (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 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits, as well as financial assets originally due, generally, up to three months, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

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 FVTPL²⁵.

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.).

(24) Receivables and other financial assets measured at amortised cost are presented on the balance sheet net of their loss allowance.

(25) The expected credit loss model is also adopted for issued financial guarantee contracts not measured at FVTPL. Expected credit losses recognised on issued financial guarantees are not material.

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 counterparties²⁶. 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 assessment 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.

Further details on the main assumptions underlying the measurement of expected credit losses of financial assets are provided in note 7 – Trade and other receivables.

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 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

(26) 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.

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.

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 change in provisions due to the passage of time is recognised within "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 in financial statements 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.

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 made.

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. Any change due to the unwinding of discount on provisions is recognised within "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.

Analogous approach is adopted for present obligations to realise social projects related to operating activities carried out by the Company.

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 and 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.

Decommissioning and restoration provisions, recognised in the financial statements, include, essentially, the present value of the expected costs for decommissioning oil and natural gas facilities at the end of the economic lives of fields, well-plugging, abandonment and site restoration of the Exploration & Production segment. Any decommissioning and restoration provisions associated with the other segments' assets are generally not recognised, as the obligations, given their indeterminate settlement dates, also considering the strategy to reconvert plants in order to produce low carbon products, cannot be reliably measured. In this regard, Eni performs periodic reviews for any changes in facts and circumstances that might require recognition of a decommissioning and restoration provision.

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 estimated²⁷.

Management, considering the actions already taken, insurance policies obtained to cover environmental risks and provisions already recognised, does not expect any material adverse effect

(27) 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.

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 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 nature. 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.

EQUITY INSTRUMENTS

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.

HYBRID BONDS

The perpetual subordinated hybrid bonds are classified in the financial statements as equity instruments considering that the issuer has the unconditional right to defer, until the date of its own liquidation, the repayment of the principal amount and the payment of accrued interest²⁸. Therefore, the issuer recognises the cash received from the bondholders, net of costs incurred in issuing the hybrid bonds, as an increase in Eni owners' equity; differently, the repayments of the principal amount and the payments of accrued interest (upon the arising of the related contractual payment obligation) are accounted for as a decrease in Eni owners' 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;
- 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 sold.

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, 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.

(28) The payment of accrued interest is required upon the occurrence of events under the issuer's control such as, for example, a distribution of dividends to shareholders.

Significant accounting estimates and judgements: revenue from contracts with customers

Revenue from sales of electricity and gas to retail customers includes the 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. 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 in other comprehensive income or directly in equity, the related current and deferred taxes are also recognised in other comprehensive income or directly in 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.

Management makes complex judgements regarding mainly 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.

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.

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 STATEMENTS

Assets and liabilities on the balance sheet are classified as current and non-current. Items in the profit and loss account are presented by nature. 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 equity includes the total comprehensive income (loss) for the year, transactions with owners in their capacity as owners and other changes in 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

The amendments to IFRSs effective from January 1, 2020 and adopted by Eni, did not have a material impact on the Consolidated Financial Statements. In this regard, the amendments to IFRS 16 "COVID-19-Related Rent Concessions", effective for 2020, were applied to immaterial cases.

4 IFRSs NOT YET EFFECTIVE

IFRSS ISSUED BY THE IASB AND ADOPTED BY THE EU

By the Commission Regulation No. 2021/25 issued by the European Commission on January 13, 2021, the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2" (hereinafter the amendments) were adopted. The amendments provide practical expedients and temporary exceptions from the application of some IFRS requirements related to financial instruments measured at amortised cost and/or hedging relationships modified as a consequence of the interest rate benchmark reform. The

amendments shall be applied for annual reporting periods beginning on or after January 1, 2021.

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. On June 25, 2020, the IASB issued the amendments to IFRS 17 "Amendments to IFRS 17" and the amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9", related to insurance activities, providing, among others, the deferral of the effective date of IFRS 17 by two years. Therefore, IFRS 17, which replaces IFRS 4 "Insurance Contracts", shall be applied for annual reporting periods beginning on or after January 1, 2023.

On January 23, 2020, the IASB issued the amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (hereinafter the amendments), which clarify how to classify debt and other liabilities as current or non-current. Because of further amendments issued on July 15, 2020 ("Classification of Liabilities as Current or Non-current – Deferral of Effective Date"), the amendments shall be applied for annual reporting periods beginning on or after January 1, 2023.

On May 14, 2020, the IASB issued:

- the amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract" (hereinafter the amendments), aimed to provide clarifications for the purpose of assessing whether a contract is onerous. The amendments shall be applied for annual reporting periods beginning on or after January 1, 2022;
- the amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use" (hereinafter the amendments), aimed to state that the proceeds from selling items produced while the company is preparing the asset for its intended use shall be recognised in the profit

and loss account, together with the related production costs. The amendments shall be applied for annual reporting periods beginning on or after January 1, 2022;

- the amendments to IFRS 3 "Reference to the Conceptual Framework" (hereinafter the amendments), aimed to: (i) replace all remaining references to the previous versions of the IFRS Framework with references to the new Conceptual Framework for Financial Reporting included in IFRS 3; (ii) provide clarifications on the requirements for recognising, at the acquisition date, provisions, contingent liabilities and levies assumed in a business combination; (iii) state explicitly that a contingent asset acquired in a business combination cannot be recognised. The amendments shall be applied for annual reporting periods beginning on or after January 1, 2022;
- the document "Annual Improvements to IFRS Standards 2018-2020", which includes, basically, technical and editorial changes to existing standards. The amendments to the standards shall be applied for annual reporting periods beginning on or after January 1, 2022.

On February 12, 2021, the IASB issued:

- the amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" (hereinafter the amendments), aimed to provide clarifications on identifying the material accounting policies to be disclosed in the financial statements. The amendments shall be applied for annual reporting periods beginning on or after January 1, 2023;
- the amendments to IAS 8 "Definition of Accounting Estimates" (hereinafter the amendments), which introduce the definition of accounting estimates essentially to clarify how to distinguish changes in accounting policies from changes in accounting estimates. The amendments shall be applied for annual reporting periods beginning on or after January 1, 2023.

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 €9,413 million (€5,994 million at December 31, 2019) included financial assets with maturity generally of up to three months at the date of inception amounting to €6,913 million (€3,984 million at December 31, 2019) and mainly included short-term deposits in euro and U.S. dollars with financial institutions, having notice of more than 48 hours, to meet the Group's short-term financing needs. Expected credit losses on deposits with banks and financial

institutions measured at amortized cost are immaterial.

Restricted cash amounted to €198 million (same amount as of December 31, 2019) in relation to foreclosure measures by third parties.

The average maturity of bank deposits in euro of €5,948 million was 50 days and the effective interest rate was a negative 0.4%; the average maturity of bank deposits in U.S. dollars of €944 million was 8 days with an effective interest rate of 0.25%.

6 FINANCIAL ASSETS HELD FOR TRADING

(€ million)	December 31, 2020	December 31, 2019
Bonds issued by sovereign States	1,223	1,462
Other	4,279	5,298
	5,502	6,760

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 optimizing returns, within a predefined and

authorized level of risk threshold, 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 €1,361 million (€1,347 million at December 31, 2019).

The breakdown by currency is provided below:

(€ million)	December 31, 2020	December 31, 2019
Euro	3,731	4,272
U.S. dollars	1,688	2,279
Other currencies	83	209
	5,502	6,760

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	499	506	Baa3	BBB
Chile	187	192	A1	A+
Other ^(*)	168	172	from Aaa to Baa1	from AAA to A-
	854	870		
<i>Floating rate bonds</i>				
Italy	253	255	Baa3	BBB
Germany	56	55	Aaa	AAA
Other	43	43	from Aaa to Baa3	from AA+ to BBB
	352	353		
Total quoted bonds issued by sovereign states	1,206	1,223		
Other Bonds				
<i>Fixed rate bonds</i>				
Quoted bonds issued by industrial companies	974	992	from Aa2 to Baa3	from AA to BBB-
Quoted bonds issued by financial and insurance companies	893	910	from Aa1 to Baa3	from AA+ to BBB-
Other bonds	54	55	from Aaa to Baa3	from AAA to BBB-
	1,921	1,957		
<i>Floating rate bonds</i>				
Quoted bonds issued by industrial companies	791	787	from Aa1 to Baa3	from AA+ to BBB-
Quoted bonds issued by financial and insurance companies	1,298	1,301	from Aa1 to Baa3	from AA+ to BBB-
Other bonds	234	234	from Aaa to Baa3	from AAA to BBB-
	2,323	2,322		
Total other bonds	4,244	4,279		
Total other financial assets held for trading	5,450	5,502		

(*) Amounts included herein are lower than €50 million.

The fair value hierarchy is level 1 for €5,248 million and level 2 for €254 million.

During 2020, there were no significant transfers between the different hierarchy levels of fair value.

7 TRADE AND OTHER RECEIVABLES

(€ million)	December 31, 2020	December 31, 2019
Trade receivables	7,087	8,519
Receivables from divestments	21	30
Receivables from joint ventures in exploration and production activities	2,293	2,637
Other receivables	1,525	1,687
	10,926	12,873

Generally, trade receivables do not bear interest and provide payment terms within 180 days.

Trade receivables decreased by €1,432 million due to the drop in prices of hydrocarbons.

At December 31, 2020, Eni sold without recourse receivables due in 2021 for €1,377 million (€1,782 million at December

31, 2019 due in 2020). Derecognized receivables in 2020 related to the Refining & Marketing and Chemical segment for €730 million, to the Eni gas e luce, Power & Renewables segment for €324 million and to the Global Gas & LNG Portfolio segment for €323 million.

Receivables from joint ventures in exploration and production

activities included amounts due by partners in unincorporated joint operation in Nigeria of €1,015 million (€1,052 million at December 31, 2019) in respect of the contractual recovery of expenditures incurred at certain projects operated by Eni. The Nigerian national oil company NNPC owed an amount to Eni of €605 million (€764 million at December 31, 2019), in relation to past investments. About half of this amount is subject to a "Repayment Agreement", whereby Eni is to be reimbursed through the sale of the entitlement attributable to NNPC in certain rig-less petroleum initiatives with low mineral risk, with an expected completion of the reimbursement plan within the next two/three years based on Eni's Brent price scenario. The receivable is stated net of a discount factor equal to 8%, calculated based on the risk of the underlying mineral initiative. The amounts past due related to current investment activities were assessed based on more conservative assumptions than the ones adopted in previous reporting periods to factor in an increased counterparty risk due to COVID-19 developments. A privately held Nigerian oil company owed us €134 million (€113 million at December 31, 2019) which were past due at the reporting date. These amounts were stated net of a provision based on the loss given default (LGD) defined by Eni for international oil companies in a default state.

Receivables from other counterparties comprised: (i) recoverable amounts for €376 million (€373 million at December 31, 2019) 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 divested by the joint venture to the two shareholders. The receivables were stated net of an allowance for doubtful accounts estimated on the basis of 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. Risks associated with the complex financial outlook of the Country and the deteriorated operating environment were taken into account in the estimation of the expected loss by assuming a deferral in the timing of collection of future revenues and overdue credit amounts, which resulted in an expected credit loss rate of about 53%. During the year the percentages of collection of gas sales by the joint venture were in line with the estimated assumptions; (ii) amounts to be received from customers following the triggering of the take-or-pay clause of long-term supply contracts for €325 million (€104 million at December 31, 2019).

Trade and other receivables stated in euro and U.S. dollars amounted to €5,553 million and €4,304 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:

	Performing receivables						Total
	(€ million)	Low Risk	Medium Risk	High Risk	Defaulted receivables	Eni gas e luce customers	
December 31, 2020							
Business customers		1,398	2,746	432	1,351		5,927
National Oil Companies and public administrations		841	620	7	2,653		4,121
Other counterparties		1,243	450	28	141	2,173	4,035
Gross amount		3,482	3,816	467	4,145	2,173	14,083
Allowance for doubtful accounts		(32)	(21)	(29)	(2,429)	(646)	(3,157)
Net amount		3,450	3,795	438	1,716	1,527	10,926
Expected loss (% net of counterpart risk mitigation factors)		0.9	0.6	6.2	58.6	29.7	22.4
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

The classification of the Company's customers and counterparties and the definition of the classes of counterparty risk are disclosed in note 1 – Significant accounting policies. Management has reviewed its assumptions underlying the recoverability of outstanding receivables in light of the widespread economic and financial impacts of the COVID-19 pandemic crisis on the counterparty risk. The review of recoverability assumptions led to both an extension in the timing of credit collection (generally of one year) and a step-up in the probabilities of default applicable across the Company's customer classes. These updated assumptions were based on accumulated experience, independent assessments of the expected increase in the probability of default of commercial

counterparts over a twelve-month time horizon to factor in the financial impact of the ongoing crisis, as well as updated evaluations of the probability of unfavorable developments in the operating environment of the main countries where Eni is conducting Oil & Gas operations leading to an increased risk applicable to our counterparts national oil companies. With regard to customers of the Eni gas e luce business line, the recoverability assessments incorporate the most updated information relating to the performance in credit collection and the ageing of overdue amounts.

The exposure to credit risk and expected losses relating to customers of the Eni gas e luce business line was assessed based on a provision matrix as follows:

	(€ million)	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, 2020							
Customers - Eni gas e luce:							
- Retail		1,155	105	50	102	366	1,778
- Middle		75	16	3	8	232	334
- Other		61					61
Gross amount		1,291	121	53	110	598	2,173
Allowance for doubtful accounts		(46)	(23)	(22)	(57)	(498)	(646)
Net amount		1,245	98	31	53	100	1,527
Expected loss (%)		3.6	19.0	41.5	51.8	83.3	29.7
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

Trade and other receivables are stated net of the allowance for doubtful accounts which has been determined considering the

counterpart risk mitigation factors amounting to €1,016 million (€2,914 million at December 31, 2019):

(€ million)	2020	2019
Allowance for doubtful accounts - beginning of the year	3,246	3,150
Additions on trade and other performing receivables	112	95
Additions on trade and other defaulted receivables	231	525
Deductions on trade and other performing receivables	(82)	(119)
Deductions on trade and other defaulted receivables	(275)	(484)
Other changes	(75)	79
Allowance for doubtful accounts - end of the year	3,157	3,246

Additions to allowance for doubtful accounts on trade and other performing receivables related for €84 million (€65 million in 2019) to Eni gas e luce business line, particularly in the retail business; the increase compared to 2019 is due to the effects of the economic crisis on the solvency of small and medium-sized companies.

Additions to allowance for doubtful accounts on trade and other defaulted receivables related to: (i) the Exploration & Production segment for €118 million (€339 million in 2019) and were in relation with receivables for the supply of equity hydrocarbons to State-owned companies and receivables towards joint operators, State oil Companies and local private companies for cash calls in oil projects operated by Eni; (ii) to

the Eni gas e luce business line for €97 million (€87 million in 2019).

Utilizations of allowance for doubtful accounts on trade and other performing and defaulted receivables amounted to €357 million (€603 million in 2019) and mainly related to the Eni gas e luce business line for €200 million (€343 million in 2019), in particular utilizations against charges of €178 million (€319 million in 2019) mainly in the retail business. Utilizations in Exploration & Production segment of €101 million (€177 million in 2019) related for €73 million to the derecognition of receivables from PDVSA following in-kind refunds.

Net (impairment losses) reversals of trade and other receivables are disclosed as follows:

(€ million)	2020	2019	2018
Net (impairment losses) reversals of trade and other receivables			
New or increased provisions	(343)	(620)	(498)
Net credit losses	(36)	(45)	(37)
Reversals	153	233	120
	(226)	(432)	(415)

Receivables with related parties are disclosed in note 36 – Transactions with related parties.

8 CURRENT AND NON-CURRENT INVENTORIES

Current inventories are disclosed as follows:

(€ million)	December 31, 2020	December 31, 2019
Raw and auxiliary materials and consumables	706	950
Consumables for infrastructure and facility maintenance of perforation activities	1,580	1,477
Finished products and goods	1,603	2,284
Other	4	23
	3,893	4,734

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 to the Exploration & Production segment for €1,463 million (€1,359 million at December 31, 2019).

Finished products and goods included natural gas and oil products for €874 million (€1,467 million at December 31, 2019) and chemical products for €443 million (€547 million at December 31, 2019).

Inventories are stated net of write-down provisions of €348 million (€377 million at December 31, 2019).

Inventories held for compliance purposes of €995 million (€1,371 million at December 31, 2019) related to Italian subsidiaries for €977 million (€1,353 million at December 31, 2019) in accordance with minimum stock requirements for oil and petroleum products set forth by applicable laws. The decrease in current and non-current inventories was due to the alignment of the book values to their net realizable values at year-end, which were affected by the drop in oil and hydrocarbons prices.

9 INCOME TAX RECEIVABLES AND PAYABLES

(€ million)	December 31, 2020				December 31, 2019			
	Receivables		Payables		Receivables		Payables	
	Current	Non Current	Current	Non Current	Current	Non Current	Current	Non Current
Income taxes	184	153	243	360	192	173	456	454

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 €254 million (€362 million at December 31, 2019).

10 OTHER ASSETS AND LIABILITIES

(€ million)	December 31, 2020				December 31, 2019			
	Assets		Liabilities		Assets		Liabilities	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Fair value of derivative financial instruments	1,548	152	1,609	162	2,573	54	2,704	50
Contract liabilities			1,298	394			1,669	456
Other Taxes	450	181	1,124	26	766	223	1,411	63
Other	688	920	841	1,295	633	594	1,362	1,042
	2,686	1,253	4,872	1,877	3,972	871	7,146	1,611

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 included VAT for €475 million, of which €315 million are current, and advances made in December (€742 million at December 31, 2019, of which €557 million current).

Other assets include: (i) gas volumes prepayments due to the take-or-pay obligations in relation to the Company's long-term supply contracts, whose underlying current portion Eni plans to recover within the next 12 months for €53 million, and beyond 12 months for €651 million (€174 million at December 31, 2019); in 2020 the Company opted to increase the take-or-pay advance with a view of optimizing its gas portfolio and motivated by the reduction in gas demand due to the COVID-19 pandemic, expecting to recover the underlying volumes beyond the next year; (ii) underlifting positions of the Exploration & Production segment of €338 million (€323 million at December 31, 2019); (iii) non-current receivables for investing activities for €11 million (same amount as of December 31, 2019).

Contract liabilities included: (i) advances denominated in local currency of €546 million (€1,228 million at December 31, 2019) 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. In 2020, the decrease is due to the offsetting with the gas invoices for the sale of equity production, considering the substantial completion of the investment

activities; (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 €62 million (€64 million at December 31, 2019); the non-current portion amounted to €393 million (€455 million at December 31, 2019).

Revenues recognized during the year related to contract liabilities stated at December 31, 2019 are indicated in note 28 – Revenues and other income.

Liabilities related to other current taxes include excise duties and consumer taxes for €516 million (€628 million at December 31, 2019) and VAT liabilities for €212 million (€311 million at December 31, 2019).

Other current liabilities included overlifting imbalances of the Exploration & Production segment for €559 million (€917 million at December 31, 2019).

Other non-current liabilities included: (i) liabilities for prepaid revenues and income for €323 million (€420 million at December 31, 2019); (ii) the value of gas not withdrawn by customers due to the triggering of the take-or-pay clause provided for by the relevant long-term contracts, the underlying volumes of which are expected to be withdrawn within the next 12 months for €65 million and beyond 12 months for €372 million (€148 million at December 31, 2019); (iii) cautionary deposits for €261 million (€265 at December 31, 2019), of which €228 million from retail customers for the supply of gas and electricity (€231 million at December 31, 2019).

Transactions with related parties are described in note 36 – Transactions with related parties.

11 PROPERTY, PLANT AND EQUIPMENT

	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
(€ million)							
2020							
Net carrying amount - beginning of the year	1,218	46,492	3,632	1,563	7,412	1,875	62,192
Additions	12	6	229	265	3,127	768	4,407
Depreciation capitalized				4	100		104
Depreciation ^(*)	(55)	(5,642)	(508)				(6,205)
Reversals	13	183	342		98	12	648
Impairment	(82)	(1,551)	(972)		(567)	(582)	(3,754)
Write-off			(1)	(296)	(7)	(1)	(305)
Currency translation differences	(2)	(3,325)	(75)	(119)	(605)	(14)	(4,140)
Initial recognition and changes in estimates		870		(9)	94		955
Transfers	39	2,677	755	(47)	(2,630)	(794)	
Other changes	(15)	(62)	(103)	(20)	96	145	41
Net carrying amount - end of the year	1,128	39,648	3,299	1,341	7,118	1,409	53,943
Gross carrying amount - end of the year	4,082	136,468	28,839	1,341	11,169	2,742	184,641
Provisions for depreciation and impairments	2,954	96,820	25,540		4,051	1,333	130,698
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 ^(*)	(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

(*) Before capitalization of depreciation of tangible assets.

Capital expenditures included capitalized finance expenses of €73 million (€93 million in 2019) related to the Exploration & Production segment for €51 million (€71 million in 2019). The interest rate used for capitalizing finance expense ranged from 1.3% to 2.2% (2.6% to 2.8% at December 31, 2019). Capital expenditures primarily related to the Exploration &

Production segment for €3,444 million (€6,889 million in 2019) and included bonuses for €57 million of which €55 million for the acquisition of unproved mineral interest in Algeria.

Capital expenditures by industry segment and geographical area of destination are reported in note 35 – Segment information and information by geographical area.

(%)	
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.

Currency translation differences related to subsidiaries which utilize the U.S. dollar as functional currency (€4,068 million).

Initial recognition and change in estimates include the increase in the asset retirement cost of Exploration & Production segment mainly due to the reduction in discount rates and in estimated costs for social projects to be incurred in respect to the commitments being formalized between Eni SpA and the Basilicata region following to the development plan of oilfields in Val d'Agri relating to royalties for mineral concessions (€439 million).

Transfers from E&P tangible assets in progress to E&P UOP wells, plant and machinery related for €1,690 million to the commissioning of wells, plants and machinery primarily in Egypt, Italy, Algeria, Iraq, United States, Kazakhstan and Mexico. Exploration and appraisal activities of 2020 comprised write-offs of unsuccessful exploration wells costs for €296 million mainly in Libya, United States, Angola, Egypt, Oman, Mexico and Lebanon.

Exploration and appraisal activities related for €1,268 million to the costs of suspended exploration wells pending final determination and for €66 million to costs of exploration wells in progress at the end of the year. Changes relating to suspended wells are reported below:

(€ million)	2020	2019	2018
Costs for exploratory wells suspended - beginning of the year	1,246	1,101	1,263
Increases for which is ongoing the determination of proved reserves	408	368	235
Amounts previously capitalized and expensed in the year	(226)	(183)	(61)
Reclassification to successful exploratory wells following the estimation of proved reserves	(48)	(46)	(297)
Disposals		(15)	(6)
Changes in the scope of consolidation			(58)
Reclassification to assets held for sale			(24)
Currency translation differences	(112)	21	49
Costs for exploratory wells suspended - end of the year	1,268	1,246	1,101

The following information relates to the stratification of the suspended wells pending final determination (ageing):

	2020		2019		2018	
	(€ 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	157	6.7	185	7.7	111	7.0
- between 1 and 3 years	250	11.0	171	6.4	87	2.9
- beyond 3 years	861	19.3	890	26.4	903	24.2
	1,268	37.0	1,246	40.5	1,101	34.1
Costs capitalized for suspended wells						
- fields including wells drilled over the last 12 months	157	6.7	185	7.7	111	7.0
- fields for which the delineation campaign is in progress	631	14.9	556	11.3	217	4.7
- fields including commercial discoveries that proceeds to sanctioning	480	15.4	505	21.5	773	22.4
	1,268	37.0	1,246	40.5	1,101	34.1

Suspended wells costs awaiting a final investment decision amounted to €480 million and primarily related to the exploration costs incurred for the Mamba discovery in Mozambique's offshore Area 4 (€151 million), for which the venture partners are completing the activities for sanctioning the project. The other suspended costs refer to several initiatives ongoing in the main countries of presence (Nigeria,

Congo, Egypt and Indonesia), none of which represented an individually significant amount.

Unproved mineral interests, comprised in assets in progress of the Exploration & Production segment, 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
2020								
Book amount at the beginning of the year	253	939	139	162	115	19	535	2,162
Additions					55	2		57
Net (impairments) reversals	(25)		(134)	(37)				(196)
Reclassification to proved mineral interest			(2)		(61)	(2)	(25)	(90)
Currency translation differences	(25)	(79)	(3)	(11)	(9)	(1)	(42)	(170)
Book amount at the end of the year	203	860		114	100	18	468	1,763
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

Unproved mineral interests comprised the Oil Prospecting License 245 property ("OPL 245"), offshore Nigeria, for €800 million corresponding to the price paid in 2011 to the Nigerian Government to acquire a 50% interest in the property, with another international oil company acquiring the remaining 50%. As of December 31, 2020, the net book value of the property amounted to €1,085 million, including capitalized exploration costs 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. This proceeding is disclosed in note 27 – Guarantees, Commitments and Risks – legal proceedings. The impairment test of the asset confirmed the book value. The impairment review was based on the assumption that the exploration licence due to expire in May 2021 will be renewed or converted into a mining licence. Eni filed an application for renewal/conversion of the licence in compliance with the contractual terms. Considering the inaction of the Nigerian authorities in charge of the matter towards the legitimate request of

the Company and the closeness of the expiry date of the licence, in September 2020 Eni started an arbitration at ICSID, the international centre for settlement of investment disputes, to protect the value of its asset.

Accumulated provisions for impairments amounted to €20,343 million (€18,226 million at December 31, 2019). Property, plant and equipment include assets subject to operating leases for €358 million, essentially relating to service stations of the Refining & Marketing business line. At December 31, 2020, Eni pledged property, plant and equipment for €24 million to guarantee payments of excise duties (same amount as of December 31, 2019). Government grants recorded as a decrease of property, plant and equipment amounted to €103 million (€112 million at December 31, 2019).

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 and gas transportation	Motorway concessions and service stations	Oil and gas distribution facilities	Office buildings	Vehicles	Other	Total
2020									
Net carrying amount - beginning of the year	3,153	313	497	460	6	707	32	181	5,349
Additions	79	193	281	49	22	65	24	95	808
Depreciation ^(a)	(232)	(189)	(252)	(57)	(2)	(118)	(22)	(56)	(928)
Impairment losses				(21)	(15)			(11)	(47)
Currency translation differences	(251)	(13)	(13)			(8)		(7)	(292)
Other changes	(77)	(60)	(67)	(7)		6	(2)	(40)	(247)
Net carrying amount at the end of the year	2,672	244	446	424	11	652	32	162	4,643
Gross carrying amount at the end of the year	3,107	528	927	573	29	859	65	293	6,381
Provisions for depreciation and impairment	435	284	481	149	18	207	33	131	1,738
2019									
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 capitalization of depreciation of tangible assets.

Right-of-use assets (RoU) related: (i) for €3,274 million (€3,895 million at December 31, 2019) to the Exploration & Production segment and mainly comprised 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 9 and 16 years including a renewal option and in addition the lease component of long-term leases of offshore rigs; (ii) for €788 million (€831 million at December 31, 2019) to the Refining & Marketing and Chemical segment relating to motorway concessions, land leases, leases of service stations for the sale of oil products, leasing of vessels for shipping activities and the car fleet dedicated to the car sharing business; (iii) for €526 million (€574 million at December 31, 2019) 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 concerns: (i) a contract with a nominal value of €1.7 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 office buildings with an expiry date of 20 years including an extension option of 6 years; (iii) a contract for the use of a FLNG naval unit, signed by the joint operation Mozambique Rovuma Venture SpA (Eni's interest 35.71%), for the development of the Coral discovery in the offshore of Mozambique, the amount of which will be determined based on the final cost payments incurred for the realization of the asset by the associated company Coral FLNG SA and the financial charges relating to the debt of this company towards Coral South FLNG DMCC. The commencement date of the lease is expected in 2022, corresponding to the start of production of the Coral field. 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 €302 million; (ii) extension options related to service stations

for the sale of oil products of €148 million; (iii) other extension options related to concessions of land for €60 million and

ancillary assets in the upstream business for €48 million. Liabilities for leased assets were as follows:

(€ million)	Current portion of long-term lease liabilities	Long-term lease liabilities	Total
2020			
Book amount at the beginning of the year	889	4,759	5,648
Additions		808	808
Decreases	(866)	(3)	(869)
Currency translation differences	(40)	(269)	(309)
Other changes	866	(1,126)	(260)
Book amount at the end of the year	849	4,169	5,018
2019			
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 €1,652 million (€1,976 million at December 31, 2019) to the portion of the liabilities attributable to 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 €869 million; (ii) cash payments for the interest portion of €329 million.

Lease liabilities stated in U.S. dollars and euro amounted to €3,447 million and €1,411 million, respectively.

Other changes in right-of-use assets and lease liabilities essentially related to early termination or renegotiation of lease contracts.

The amounts recognised in the profit and loss account consist of the following:

(€ million)	2020	2019
Other income and revenues		
Income from remeasurement of lease liabilities	12	6
	12	6
Purchases, services and other		
Short-term leases	67	115
Low-value leases	37	39
Variable lease payments not included in the measurement of lease liabilities	7	16
Capitalised direct cost associated with self-constructed assets - tangible assets	(2)	(2)
	109	168
Depreciation and impairments		
Depreciation of RoU leased assets	928	999
Capitalised direct cost associated with self-constructed assets - tangible assets	(96)	(210)
Impairment losses of RoU leased assets	47	41
	879	830
Finance income (expense) from leases		
Interests on lease liabilities	(347)	(378)
Capitalised finance expense of ROU leased assets - tangible assets	7	17
Net currency translation differences on lease liabilities	24	(6)
	(316)	(367)

13 INTANGIBLE ASSETS

(€ milioni)	Exploration rights	Industrial patents and intellectual property rights	Other intangible assets	Intangible assets with finite useful lives	Goodwill	Total
2020						
Net carrying amount - beginning of the year	1,031	195	568	1,794	1,265	3,059
Additions	18	23	196	237		237
Amortization	(53)	(92)	(130)	(275)		(275)
Impairments	(23)		(7)	(30)	(24)	(54)
Reversals			24	24		24
Write-off	(19)	(5)		(24)		(24)
Changes in the scope of consolidation			7	7	70	77
Currency translation differences	(66)		(3)	(69)	(14)	(83)
Other changes		41	(66)	(25)		(25)
Net carrying amount at the end of the year	888	162	589	1,639	1,297	2,936
Gross carrying amount at the end of the year	1,613	1,623	4,399	7,635		
Provisions for amortization and impairment	725	1,461	3,810	5,996		
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		

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 in Angola, Albania, United Arab Emirates, Egypt, Oman and the extension of a licence in Gabon. The breakdown of exploration rights by type of asset was as follows:

(€ million)	December 31, 2020	December 31, 2019
Proved licence and leasehold property acquisition costs	225	291
Unproved licence and leasehold property acquisition costs	653	709
Other mineral interests	10	31
	888	1,031

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 Eni gas e luce business line for €262 million (€226 million at December 31, 2019); (ii) concessions, licenses, trademarks and similar items for €88 million (€102 million at December 31, 2019) comprised transmission rights for natural gas imported from Algeria

for €25 million (€30 million at December 31, 2019); (iii) capital expenditures in progress on natural gas pipelines for which Eni has acquired transport rights for €78 million

(same amount as of December 31, 2019).

The main amortization rates used were substantially unchanged from the previous year and ranged as follows:

(%)	
Exploration rights	UOP
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	17 - 33
Other intangible assets	4 - 20

Cumulative impairments charges at the end of the year amounted to €2,457 million. The breakdown of goodwill by segment is provided below:

(€ million)	December 31, 2020	December 31, 2019
Eni gas e luce	1,046	981
Exploration & Production	146	190
Refining & Marketing	93	93
Corporate and Other activities	11	
Renewables	1	1
	1,297	1,265

An impairment loss of goodwill was recorded in relation to a business combination of the Exploration & Production segment.

Change in the scope of consolidation of goodwill related for €66 million to the acquisition of the 70% stake in Evolvere, a group operating in the business of distributed generation from renewable sources.

Goodwill acquired through business combinations has been allocated to the CGUs that are expected to benefit from the synergies of the acquisition.

With regard to the Eni gas e luce business line, which has significant allocated goodwill, the allocation of CGU was carried out as follows:

(€ million)	December 31, 2020	December 31, 2019
Domestic market	904	839
Foreign market	142	142
	1,046	981

Goodwill allocated to the CGU Domestic 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 latest of which was the acquisition of 70% of Evolvere group, operating in the business of distributed generation from renewable sources, in line with the strategy of growing the market share in the retail sector through the diversification of the product mix by

offering green electricity. The impairment review performed at the balance sheet date confirmed the recoverability of the carrying amount of this CGU, including the allocated goodwill.

The recoverability of the carrying amount of the CGU Domestic market, including the allocated portion of goodwill, was verified comparing the value in use of the CGU, which was estimated based on the cash flows of the four-year plan approved by management and on 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. These cash flows were discounted by using the post-tax WACC of the retail business adjusted considering the specific country risk for Italy of 4.3%.

There are no reasonable assumptions of changes in the discount rate, growth rate, profitability or volumes that would lead to zeroing the headroom amounting to €2,856 million of the value in use of the CGU Domestic market with respect to its book value, including the allocated goodwill.

Goodwill allocated to the CGU Foreign 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 CGU Domestic market confirmed the recoverability of the carrying amount of these market CGUs, including the goodwill, by using a post-tax WACC adjusted considering a post-tax country risk for France of 4.6% and 4.8% for Greece.

Post-tax cash flows and discount rates resulted in an assessment that substantially approximated a pre-tax assessment.

14 IMPAIRMENT REVIEW OF TANGIBLE AND INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

Management has adopted a conservative stance in elaborating its view of the long-term oil price outlook, considering the risks and uncertainties associated with the post-pandemic recovery and the pace of the energy transition. With the long-term fallout of the pandemic still being evaluated, management sees the prospect of an enduring impact on the global economy, with the potential for weaker demand for energy for a sustained period, because differently from other recessions, the one caused by the pandemic has involved at the same time all cyclical sectors of the economy and the service sector as well with consequent extreme fluctuations in the economic activity.

Eni's management also has a growing expectation that the aftermath of the pandemic will accelerate the pace of transition to a lower carbon economy and energy system, as countries seek to 'build back better' so that their economies will be more resilient in the future.

Based on these considerations, management reviewed on the downside the long-term outlook for oil prices, which is the main driver of investment appraisal and the evaluation of recoverability of the Group's tangible assets. The revised scenario adopted by Eni forecasts a long-term Brent price of 60 \$/bbl in 2023 real terms, compared to a previous level of 70 \$, used in the impairment test in 2019. In 2021 and 2022, Brent prices are set at 50 and 55 \$/bbl, respectively.

The gas price of the Italian spot market has been projected at 5.5 \$/mmBTU in 2023, down from the previous assumption of 7.8 \$/mmBTU.

Management also revised downwards its expectations of future refining margins considering the collapse in the consumption of fuels driven by the pandemic.

The discount rates of future cash flows associated with the use of the assets were estimated on the basis of Eni's weighted average cost of capital, adjusted to discount the specific risks of the operating context of the Group's countries of activity (WACC adjusted). Eni's WACC for 2020 of 6.7% decreased compared to 2019 (7.4%), mainly due to the decline in the yields of risk-free assets of benchmark countries, which turned negative. This trend was mitigated by the greater weight attributed to the short-term volatility of Eni stock (beta determined from independent sources) which compared to the prior year is affected by a greater perceived risk of the Oil & Gas sector due to climate-related risks and structural weaknesses of the industry, also amplified by the pandemic crisis.

The cash flows of the assets have been estimated based on the approved business plans and the residual useful life of the reserves or industrial plants as described in Note 1 – Significant accounting policies, estimates and judgements – Impairment of non-financial assets.

In consideration of the generalized presence of impairment indicators in all Eni's business sectors, including the evidence that as of December 31, 2020, Eni's market capitalization was lower than the book value of the consolidated net assets, and the company policy to regularly test the recoverability of carrying amounts, an impairment test covering 100% of the CGUs was performed.

In the Exploration & Production sector, impairment losses of assets in production or development were recognized for €1,888 million, mainly due to the revision of long-term hydrocarbons prices and the reduced capital expenditures to develop reserves of investments, as well as downward revisions of reserves. The most significant amounts were recorded at properties in Italy (€566 million), Algeria (€409 million), Congo (€306 million), USA (€232 million) and Turkmenistan (€202 million). The post-tax WACC used ranges from a minimum of about 6% for Italy/USA to a range of 7-8% for the other countries, which are redetermined in a range of 6-14% pre-tax.

In the Refining & Marketing business, impairment losses of refining plants were recorded for €1,225 million, mainly related to the Sannazzaro Refinery, driven by the weak fundamentals of the European industry, explained by: the crisis in fuel consumptions due to the pandemic; overcapacity, competitive pressure from Asian and Middle Eastern producers with more efficient scale and cost structures; market dislocations, that have reduced the supply of medium/heavy crude oils, penalizing the profitability of conversion cycles. The pre-tax and post-tax discount rate relating to the Italian refineries is 6.3%.

In addition, the recoverability of the carrying amounts of Oil & Gas activities was assessed also taking into account

the expected expenditure for participating to forestry conservation projects, consistent with Eni's decarbonization targets, the achievement of which includes participating in initiatives for the conservation and repopulation of primary and secondary forests to obtain carbon credits, certified according to international standards. Management expects a gradual ramp-up of these initiatives in the medium-long term with the aim of having a portfolio of forestry projects by 2030 from which to obtain an annual amount of carbon credits capable of covering the deficit of residual direct and indirect emissions ("Scope 1 and 2") of the Exploration & Production sector for the purposes of carbon neutrality of equity production from 2030 onwards. The expenditures for the purchase of carbon credits are considered part of the operating costs of the Exploration & Production sector with reference to the whole sector considered as a single CGU. Net of these projected costs until the end of the residual life of the reserves, the overall headroom of the Exploration & Production sector determined on the basis of the assumptions of the impairment test is reduced by 4.6%. The reasonableness of the outcome of the impairment review made by Eni's at its Oil & Gas activities was assessed on the basis of a stress test analysis performed using the decarbonization scenario developed by the International

Energy Agency (IEA) in its Sustainable Development Scenario in the in the World Energy Outlook (WEO) 2020 which draws a pathway and a set of actions consistent with the goal of the 2015 COP21 Paris Agreement on climate. The IEA SDS scenario is a well-established set of assumptions available on the market place relating to the decarbonization of the world economy. The VIUs of Eni's reserves were reassessed with the projections estimated by the IEA of hydrocarbon prices and the purchase cost of emission allowances of the "advanced" economies equal to \$140 in 2040, in 2019 currency per ton. IEA price assumptions for hydrocarbons are substantially in line with those adopted by Eni, while the cost of CO₂ is significantly higher. This stress test indicates a loss in the value-in-use of the Exploration & Production sector equal to 11% with respect to the base case, assuming non-deductibility or non-recoverability for cost oil purposes of the CO₂ charge (-5% otherwise). These sensitivity analyses do not, however, represent management's best estimate of any impairment losses that might be recognized as they do not fully incorporate the consequential changes that management could implement such as changes to business plans, cost reduction, development reshaping, review of reserves and production volumes.

15 INVESTMENTS

EQUITY-ACCOUNTED INVESTMENTS

	2020				2019			
	Investments in unconsolidated entities controlled by Eni	Joint ventures	Associates	Total	Investments in unconsolidated entities controlled by Eni	Joint ventures	Associates	Total
(€ million)								
Carrying amount - beginning of the year	86	4,592	4,357	9,035	95	5,497	1,452	7,044
Changes in accounting policies (IAS 28)						22		22
Carrying amount restated - beginning of the year	86	4,592	4,357	9,035	95	5,519	1,452	7,066
Additions and subscriptions	2	75	198	275	6	76	2,910	2,992
Divestments and reimbursements		(3)	(1)	(4)	(5)		(17)	(22)
Share of profit of equity-accounted investments	3	21	14	38	6	80	75	161
Share of loss of equity-accounted investments	(2)	(1,399)	(332)	(1,733)	(10)	(157)	(17)	(184)
Deduction for dividends	(5)	(296)	(13)	(314)	(4)	(1,073)	(61)	(1,138)
Change in the scope of consolidation	3	30	1	34	1			1
Currency translation differences	(4)	(254)	(345)	(603)	2	67	17	86
Other changes	(3)	66	(42)	21	(5)	80	(2)	73
Carrying amount - end of the year	80	2,832	3,837	6,749	86	4,592	4,357	9,035

Acquisitions and share capital increases mainly related: (i) for €89 million to the acquisition of a 49% stake in Novis Renewables Holdings LLC and a 50% stake in Novis Renewables LLC and the subsequent capital increase of both companies as part of the partnership with Falck Renewables for the joint development of renewable energy projects in the United States; (ii) for €72 million to the acquisition of a 40% stake of Finproject SpA, a company operating in the compounding sector and in the production of ultralight fabrics, businesses more resilient to the volatility of the chemicals market; (iii) for €38 million to a capital contribution made to Lotte Versalis Elastomers Co Ltd, a joint venture operating in the manufacturing of elastomers in South Korea.

The accounting under the equity method included losses related to: (i) Vår Energi AS for €918 million due to impairment losses recorded at the CGUs of the investee due to revised long-term outlook for hydrocarbons prices and changes in production

profiles; (ii) Abu Dhabi Oil Refining Co (Takreer) for €275 million due to a weaker refining scenario and the recognition of a significant loss in the alignment of the book values of inventories at their net realizable values; (iii) Saipem SpA for €354 million due to a weaker scenario, which impacted on the investment decisions of oil companies together with the curtailments of expenditures made during the downturn driving, lower demand for oil and gas services as well as to the recognition of impairment losses in particular in the Offshore Drilling CGU.

Share of losses of equity-accounted investments included a loss of €46 million accounted at the joint venture Cardón IV SA (Eni's interest 50%) which is operating the Perla gas field in Venezuela, affected by the slowdown in the gas supplies to the buyer PDVSA due to a deteriorated operating environment. Deduction for dividends related for €274 million to Vår Energi AS. Net carrying amount related to the following companies:

(€ million)	December 31, 2020		December 31, 2019	
	Net carrying amount	% of the investment	Net carrying amount	% of the investment
Investments in unconsolidated entities controlled by Eni				
Eni BTC Ltd	24	100.00	30	100.00
Other	56		56	
	80		86	
Joint ventures				
Vår Energi AS	1,144	69.85	2,518	69.60
Saipem SpA	908	31.08	1,250	30.99
Unión Fenosa Gas SA	242	50.00	326	50.00
Cardón IV SA	199	50.00	148	50.00
Gas Distribution Company of Thessaloniki - Thessaly SA	140	49.00	139	49.00
Lotte Versalis Elastomers Co Ltd	51	50.00	74	50.00
PetroJunín SA	50	40.00	53	40.00
Società Oleodotti Meridionali - SOM SpA	32	70.00		
AET - Raffineriebeteiligungsgesellschaft mbH	17	33.33	35	33.33
Other	49		49	
	2,832		4,592	
Associates				
Abu Dhabi Oil Refining Co (Takreer)	2,335	20.00	2,829	20.00
Angola LNG Ltd	1,039	13.60	1,159	13.60
Coral FLNG SA	138	25.00	102	25.00
Finproject SpA	73	40.00		
Novis Renewables Holdings LLC	65	49.00		
United Gas Derivatives Co	58	33.33	69	33.33
Novamont SpA			71	25.00
Other	129		127	
	3,837		4,357	
	6,749		9,035	

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 €44 million relating to Finproject SpA. This surplus was driven by the long-term profitability outlook of the acquired company at the time of the acquisition.

As of December 31, 2020, 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	31.08
Share price (€)	2.205
Market value (€ million)	681
Book value (€ million)	908

As of December 31, 2020, the fair value of Saipem was 25% lower than the book value in Eni's financial statements. Due to this impairment indicator, given the volatility of the stock and the significant spending cuts implemented by the oil companies in the short and medium term in response to the collapse in hydrocarbons prices,

management performed an impairment test of the book value of the investment based on an internal estimation of the value in use of the investment, which confirmed the carrying amount.

Additional information is included in note 37 – Other information about investments.

OTHER INVESTMENTS

(€ million)	2020	2019
Carrying amount - beginning of the year	929	919
Additions and subscriptions	8	11
Change in the fair value	24	(3)
Divestments and reimbursements	(12)	(12)
Currency translation differences	(61)	15
Other changes	69	(1)
Carrying amount - end of the year	957	929

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, 2020 primarily related to Nigeria LNG Ltd for €579 million (€657 million at December 31, 2019), Saudi European Petrochemical Co "IBN ZAH" for €115 million (€146 million at December 31, 2019) and Novamont SpA for €77 million.

Investments in subsidiaries, joint arrangements and associates as of December 31, 2020 are presented separately in the annex "List of companies owned by Eni SpA as of December 31, 2020".

16 OTHER FINANCIAL ASSETS

(€ million)	December 31, 2020		December 31, 2019	
	Current	Non-current	Current	Non-current
Long-term financing receivables held for operating purposes	29	953	60	1,119
Short-term financing receivables held for operating purposes	22		37	
	51	953	97	1,119
Financing receivables held for non-operating purposes	203		287	
	254	953	384	1,119
Securities held for operating purposes		55		55
	254	1,008	384	1,174

Changes in allowance for doubtful accounts were as follows:

(€ million)	2020	2019
Carrying amount at the beginning of the year	379	430
Additions	7	11
Deductions	(7)	(88)
Currency translation differences	(26)	7
Other changes	(1)	19
Carrying amount at the end of the year	352	379

Financing receivables held for operating purposes related principally to funds provided to joint ventures and associates in the Exploration & Production segment (€883 million) to execute capital projects of interest to Eni. These receivables are 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 €383 million (€563 million at December 31, 2019).

Financing receivables held for operating purposes due beyond five years amounted to €771 million (€1,018 million at December 31, 2019).

The fair value of non-current financing receivables held for operating purposes of €953 million has been estimated based on the present value of expected future cash flows discounted at rates ranging from -0.5% to 1.4% (-0.3% and 2.0% at December 31, 2019).

In addition to the expected credit loss model, the recoverability of the financial loan granted to the joint venture Cardón IV SA was assessed on the basis of the recoverability of the investment made by the JV for the development of the Perla field corresponding to the future cash flows of the project adjusted to price possible difficulties in converting future gas sales into cash, essentially

assuming a deferral in the timing of revenues collection.

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 U.S. dollar for €178 million and €1,024 million, respectively.

Securities held for operating purposes related to listed bonds issued by sovereign states.

Securities for €20 million (same amount as of December 31, 2019) 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 0.35 to 4.75	from 2021 to 2030	Baa3	BBB
Others (*)	17	17	17	from 0.05 to 0.20	from 2021 to 2025	from Aa3 to Baa1	from AA to A
Floating rate bonds							
Italy	11	11	11		from 2022 to 2025	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

(€ million)	December 31, 2020	December 31, 2019
Trade payables	8,679	10,480
Down payments and advances from joint ventures in exploration & production activities	417	401
Payables for purchase of non-current assets	1,393	2,276
Payables due to partners in exploration & production activities	1,120	1,236
Other payables	1,327	1,152
	12,936	15,545

The decrease in trade payables of €1,801 million was mainly due to lower prices of hydrocarbons.

Other payables included: (i) the amounts to be paid due to the triggering of the take-or-pay clause of the long-term supply contracts for €376 million (€148 million at 31 December 2019); (ii) payroll payables for €255 million (€215 million at December 31, 2019); (iii) payables for social security contributions for €92 million (same amount as of December 31, 2019).

Trade and other payables were denominated in euro for €5,384 million and in U.S. dollar for €6,243 million.

Because of the short-term maturity and conditions of remuneration of trade payables, the fair values approximated the carrying amounts.

Trade and other payables due to related parties are described in note 36 – Transactions with related parties.

18 FINANCE DEBTS

	December 31, 2020				December 31, 2019			
(€ million)	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	337	759	3,193	4,289	187	504	2,341	3,032
Ordinary bonds		1,140	18,280	19,420		2,642	16,137	18,779
Convertible bonds			396	396			393	393
Commercial papers	2,233			2,233	1,778			1,778
Other financial institutions	312	10	26	348	487	10	39	536
	2,882	1,909	21,895	26,686	2,452	3,156	18,910	24,518

Finance debts increased by €2,168 million due to new issuance net of repayments of €3,115 million, partially offset by currency translation differences relating to foreign subsidiaries and debts denominated in foreign currency recorded by euro-reporting subsidiaries for €876 million. Commercial papers were issued by the Group's financial subsidiaries.

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. At December 31, 2020, debts subjected to restrictive covenants amounted to €1,051 million (€1,243 million at December 31, 2019). Eni was in compliance with those covenants.

Ordinary bonds consisted of bonds issued within the Euro Medium Term Notes Program for a total of €16,356 million and other bonds for a total of €3,064 million.

The following table provides a breakdown of ordinary bonds by issuing entity, maturity date, interest rate and currency as of December 31, 2020:

	Amount	Discount on bond issue and accrued expense	Total	Currency	Maturity		Rate (%)	
(€ million)					from	to	from	to
Issuing entity								
Euro Medium Term Notes								
Eni SpA	1,200	16	1,216	EUR		2025		3.750
Eni SpA	1,000	28	1,028	EUR		2029		3.625
Eni SpA	1,000	12	1,012	EUR		2023		3.250
Eni SpA	1,000	10	1,010	EUR		2031		2.000
Eni SpA	1,000	9	1,009	EUR		2026		1.500
Eni SpA	1,000	2	1,002	EUR		2030		0.625
Eni SpA	1,000		1,000	EUR		2026		1.250
Eni SpA	900	(2)	898	EUR		2024		0.625
Eni SpA	800	2	802	EUR		2021		2.625
Eni SpA	800	1	801	EUR		2028		1.625
Eni SpA	750	10	760	EUR		2024		1.750
Eni SpA	750	6	756	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	1,427	(3)	1,424	USD	2026	2027		variable
Eni Finance International SA	795	6	801	EUR	2025	2043	1.275	5.441
Eni Finance International SA	111	5	116	GBP		2021		4.750
Eni Finance International SA	24		24	YEN		2021		1.955
	16,257	99	16,356					
Other bonds								
Eni SpA	815	5	820	USD		2023		4.000
Eni SpA	815	3	818	USD		2028		4.750
Eni SpA	815	(1)	814	USD		2029		4.250
Eni SpA	285	1	286	USD		2040		5.700
Eni USA Inc	326		326	USD		2027		7.300
	3,056	8	3,064					
	19,313	107	19,420					

As of December 31, 2020, ordinary bonds maturing within 18 months amounted to €1,644 million. During 2020, new bonds issued amounted to €3,514 million.

The following table provides a breakdown of convertible bonds issued by Eni SpA as of December 31, 2020:

	Amount	Discount on bond issue and accrued expense	Total	Currency	Maturity	Rate (%)
Eni SpA	400	(4)	396	EUR	2022	0.000

This is a non-dilutive equity-linked bond, which provides for a redemption value linked to the market price of Eni's shares. The bondholders can exercise their conversion rights at certain expiry dates 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 €16.3 billion were drawn as of December 31, 2020.

The following table provides a breakdown by currency of finance debt and the related weighted average interest rates:

	December 31, 2020				December 31, 2019			
	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	1,004		19,142	1.7	464	0.2	16,526	2.1
U.S. dollar	1,870	1.1	4,522	4.6	1,981	2.3	5,392	4.6
Other currencies	8	(0.5)	140	4.3	7	(0.7)	148	4.3
	2,882		23,804		2,452		22,066	

As of December 31, 2020, Eni retained undrawn uncommitted short-term borrowing facilities amounting to €7,183 million (€13,299 million at December 31, 2019) and undrawn committed borrowing facilities of €5,295 million, of which €4,750 million due beyond 12 months (€4,667 million at December 31, 2019, of which €4,217 million due beyond 12 months).

Those facilities bore interest rates reflecting prevailing conditions in the marketplace.

As of December 31, 2020, 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, 2020	December 31, 2019
Ordinary bonds	22,429	19,173
Convertible bonds	497	402
Banks	4,008	2,904
Other financial institutions	36	49
	26,970	22,528

Fair value of finance debts was calculated by discounting the expected future cash flows at discount rates ranging from -0.5% to 1.4% (-0.3% and 2.0% at December 31, 2019).

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, 2019	22,066	2,452	5,648	30,166
Cash flows	2,178	937	(869)	2,246
Currency translation differences	(348)	(528)	(333)	(1,209)
Other non-monetary changes	(92)	21	572	501
Carrying amount at December 31, 2020	23,804	2,882	5,018	31,704

Other non-monetary changes include €808 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, 2020			December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
A. Cash and cash equivalents	9,413		9,413	5,994		5,994
B. Financial assets held for trading	5,502		5,502	6,760		6,760
C Liquidity (A+B)	14,915		14,915	12,754		12,754
D. Financing receivables	203		203	287		287
E. Short-term debt towards banks	337		337	187		187
F. Long-term debt towards banks	759	3,193	3,952	504	2,341	2,845
G. Bonds	1,140	18,676	19,816	2,642	16,530	19,172
H. Short-term financial debt towards related parties	52		52	46		46
I. Other short-term financial liabilities	2,493		2,493	2,219		2,219
J. Other long-term financial liabilities	10	26	36	10	39	49
K. Total borrowings before lease liabilities (E+F+G+H+I+J)	4,791	21,895	26,686	5,608	18,910	24,518
L. Net borrowings before lease liabilities (K-C-D)	(10,327)	21,895	11,568	(7,433)	18,910	11,477
M. Lease liabilities	795	4,057	4,852	884	4,751	5,635
N. Lease liabilities towards related parties	54	112	166	5	8	13
O. Total borrowings including lease liabilities (K+M+N)	5,640	26,064	31,704	6,497	23,669	30,166
P. Net borrowings including lease liabilities (O-C-D)	(9,478)	26,064	16,586	(6,544)	23,669	17,125

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.

Lease liabilities related for €1,652 million (€1,976 million at December 31, 2019) 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	Other	Total
Carrying amount at December 31, 2019	8,936	2,602	850	199	333	188	113	70	46	769	14,106
New or increased provisions		168	172	61	160	44		1	2	193	801
Initial recognition and changes in estimates	955										955
Accretion discount	190	(2)	1							1	190
Reversal of utilized provisions	(252)	(296)	(526)	(30)	(237)			(7)	(14)	(266)	(1,628)
Reversal of unutilized provisions	(3)	(183)	(96)	(53)		(6)	(9)	(11)	(4)	(38)	(403)
Currency translation differences	(469)		(31)	(8)		(4)	(1)			(9)	(522)
Other changes	5	(26)	15	1	2	(24)	(8)		(1)	(25)	(61)
Carrying amount at December 31, 2020	9,362	2,263	385	170	258	198	95	53	29	625	13,438

Provisions for site restoration, abandonment and social projects include the present value of the estimated costs that the Company expects to incur for dismantling oil and natural gas production facilities at the end of the producing lives of fields, well-plugging, site clean-up and restoration for €8,454 million. Initial recognitions and changes in estimates of €955 million were driven by a decrease in the discount rates and the estimate of the costs for social projects to be incurred following the commitments between Eni SpA and the Basilicata region in relation to the oil development program in the Val d'Agri concession area (€439 million). The unwinding of discount recognized through profit and loss for €190 million was determined based on discount rates ranging from -0.2% to 3.7% (from -0.1% to 6.1% at December 31, 2019). Main expenditures associated with decommissioning operations are expected to be incurred over a fifty-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, 2020, environmental provision primarily related to Eni Rewind SpA for €1,647 million and to the Refining & Marketing business line for €359 million.

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 €250 million.

Reversals of utilized provisions related for €515 million to the Exploration & Production segment in relation to the settlement of contractual disputes.

Provisions for uncertain taxes matters related to the estimated losses that the Company expects to incur to settle tax litigations and tax claims pending with tax authorities in relation to uncertainties in applying rules in force were in respect of the Exploration & Production segment for €139 million.

Loss adjustments and actuarial provisions of Eni's insurance company Eni Insurance DAC represented the estimated liabilities accrued on the basis for third party claims. Against such liability was recorded receivables of €116 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 €146 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, 2020	December 31, 2019
Italian defined benefit plans	258	269
Foreign defined benefit plans	493	412
FISDE, foreign medical plans and other	182	177
Defined benefit plans	933	858
Other benefit plans	268	278
Provision for employee benefits	1.201	1.136

The liability relating to Eni's commitment to cover the healthcare costs of personnel is determined based on the contributions paid by the Company.

Other employee benefit plans related to deferred monetary incentive plans for €128 million, the isopensione plans (a post

retirement benefit plan applicable to a specific category of employees) of Eni gas e luce SpA for €97 million, jubilee awards for €28 million and other long-term plans for €15 million.

Present value of employee benefits, estimated by applying actuarial techniques, consisted of the following:

	2020						2019					
(€ million)	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	269	1,044	177	1,490	278	1,768	275	925	148	1,348	309	1,657
Current cost		23	3	26	50	76		19	2	21	55	76
Interest cost	2	27	2	31	1	32	4	37	3	44	1	45
Remeasurements:	5	48	13	66	4	70	5	41	24	70	1	71
- actuarial (gains) losses due to changes in demographic assumptions	(3)	(10)	2	(11)	2	(9)						
- actuarial (gains) losses due to changes in financial assumptions	9	71	13	93	5	98	7	50	3	60	1	61
- experience (gains) losses	(1)	(13)	(2)	(16)	(3)	(19)	(2)	(9)	21	10		10
Past service cost and (gains) losses on settlements		(2)		(2)	20	18		1	8	9	(2)	7
Plan contributions:		1		1		1		1		1		1
- employee contributions		1		1		1		1		1		1
Benefits paid	(20)	(33)	(9)	(62)	(63)	(125)	(15)	(28)	(9)	(52)	(88)	(140)
Currency translation differences and other changes	2	32	(4)	30	(22)	8		48	1	49	2	51
Present value of benefit liabilities at end of year (a)	258	1,140	182	1,580	268	1,848	269	1,044	177	1,490	278	1,768
Plan assets at beginning of year		632		632		632		545		545		545
Interest income		15		15		15		20		20		20
Return on plan assets		51		51		51		23		23		23
Past service cost and (gains) losses settlements		(3)		(3)		(3)						
Plan contributions:		15		15		15		14		14		14
- employee contributions		1		1		1		1		1		1
- employer contributions		14		14		14		13		13		13
Benefits paid		(21)		(21)		(21)		(19)		(19)		(19)
Currency translation differences and other changes		(41)		(41)		(41)		49		49		49
Plan assets at end of year (b)		648		648		648		632		632		632
Asset ceiling at beginning of year								5		5		5
Change in asset ceiling		1		1		1		(5)		(5)		(5)
Asset ceiling at end of year (c)		1		1		1						
Net liability recognized at end of year (a-b+c)	258	493	182	933	268	1,201	269	412	177	858	278	1,136

Employee benefit plans included the liability attributable to partners operating in exploration and production activities of

€268 million (€175 million at December 31, 2019). Eni recorded a receivable for an amount equivalent to such liability.

Costs charged to the profit and loss account, valued using actuarial assumptions, 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
2020						
Current cost		23	3	26	50	76
Past service cost and (gains) losses on settlements		1		1	20	21
Interest cost (income), net:						
- interest cost on liabilities	2	27	2	31	1	32
- interest income on plan assets		(15)		(15)		(15)
Total interest cost (income), net	2	12	2	16	1	17
- of which recognized in "Payroll and related cost"					1	1
- of which recognized in "Financial income (expense)"	2	12	2	16		16
Remeasurements for long-term plans					4	4
Total	2	36	5	43	75	118
- of which recognized in "Payroll and related cost"		24	3	27	75	102
- of which recognized in "Financial income (expense)"	2	12	2	16		16
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

Costs of defined benefit plans recognized in other comprehensive income consisted of the following:

	2020				2019			
(€ milioni)	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 demographic assumptions	(3)	(10)	2	(11)				
Actuarial (gains)/losses due to changes in financial assumptions	9	71	13	93	7	50	3	60
Experience (gains) losses	(1)	(13)	(2)	(16)	(2)	(9)	21	10
Return on plan assets		(51)		(51)		(23)		(23)
Change in asset ceiling		1		1		(5)		(5)
	5	(2)	13	16	5	13	24	42

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, 2020									
Plan assets with a quoted market price	117	38	297	8	2	76	20	87	645
Plan assets without a quoted market price							3		3
	117	38	297	8	2	76	23	87	648
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

The main actuarial assumptions used in the measurement of the liabilities at year-end and in the estimate of costs expected for 2021 consisted of the following:

	Italian defined benefit plans	Foreign defined benefit plans	FISDE, foreign medical plans and other	Other benefit plans
2020				
Discount rate	(%) 0.3	0.1-14.7	0.3	0.0-0.3
Rate of compensation increase	(%) 1.8	1.3-12.5		
Rate of price inflation	(%) 0.8	0.8-12.2	0.8	0.8
Life expectations on retirement at age 65	(years)	13-26	24	
2019				
Discount rate	(%) 0.7	0.0-13.7	0.7	0.0-0.7
Rate of compensation increase	(%) 1.7	1.3-12.5		
Rate of price inflation	(%) 0.7	0.8-11.3	0.7	0.7
Life expectations on retirement at age 65	(years)	13-25	24	

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	Other areas	Foreign defined benefit plans
2020					
Discount rate	(%) 0.4-0.8	0.1-1.4	2.6-14.7	6.4-9.8	0.1-14.7
Rate of compensation increase	(%) 1.3-3.0	2.5-3.6	2.0-12.5	5.0-9.8	1.3-12.5
Rate of price inflation	(%) 1.3-1.9	0.8-3.1	2.6-12.2	3.0-5.0	0.8-12.2
Life expectations on retirement at age 65	(years) 21-22	23-26	13-17		13-26
2019					
Discount rate	(%) 0.8-1.0	0.0-2.0	2.6-13.7	7.3-11.3	0.0-13.7
Rate of compensation increase	(%) 1.3-3.0	2.5-3.6	2.0-12.5	10.0-11.3	1.3-12.5
Rate of price inflation	(%) 1.3-2.0	0.8-3.1	2.6-11.3	3.3-5.0	0.8-11.3
Life expectations on retirement at age 65	(years) 21-22	24-25	13-17		13-25

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
December 31, 2020						
Italian defined benefit plans	(10)	6	7			
Foreign defined benefit plans	(84)	92	47	25		67
FISDE, foreign medical plans and other	(10)	7			11	
Other benefit plans	(3)	1	1			
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			

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 €132 million, of

which €61 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:

	Italian defined benefit plans	Foreign defined benefit plans	FISDE, foreign medical plans and other	Other benefit plans
December 31, 2020				
2021	12	44	8	71
2022	13	42	7	66
2023	17	50	7	63
2024	20	63	7	16
2025	21	67	7	12
2026 and thereafter	175	227	146	40
Weighted average duration	8.2	19.1	13.7	2.8
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	9.4	18.1	13.3	3.0

22 DEFERRED TAX ASSETS AND LIABILITIES

(€ million)	December 31, 2020	December 31, 2019
Deferred tax liabilities before offsetting	8,581	9,583
Deferred tax assets available for offset	(3,057)	(4,663)
Deferred tax liabilities	5,524	4,920
Deferred tax assets before offsetting (net of accumulated write-down provisions)	7,166	9,023
Deferred tax liabilities available for offset	(3,057)	(4,663)
Deferred tax assets	4,109	4,360

The most significant temporary differences giving rise to net deferred tax assets and liabilities are disclosed below:

(€ million)	Carrying amount at December 31, 2020	Carrying amount at December 31, 2019
Deferred tax liabilities		
Accelerated tax depreciation	6,171	6,796
Leasing	1,089	1,375
Difference between the fair value and the carrying amount of assets acquired	415	617
Site restoration and abandonment (tangible assets)	199	126
Application of the weighted average cost method in evaluation of inventories	56	97
Other	651	572
	8,581	9,583
Deferred tax assets, gross		
Carry-forward tax losses	(6,983)	(6,065)
Site restoration and abandonment (provisions for contingencies)	(2,211)	(2,242)
Timing differences on depreciation and amortization	(2,206)	(2,022)
Accruals for impairment losses and provisions for contingencies	(1,371)	(1,513)
Impairment losses	(1,213)	(946)
Leasing	(1,113)	(1,385)
Employee benefits	(213)	(209)
Over/Under lifting	(211)	(525)
Unrealized intercompany profits	(117)	(120)
Other	(593)	(740)
	(16,231)	(15,767)
Accumulated write-downs of deferred tax assets	9,065	6,744
Deferred tax assets, net	(7,166)	(9,023)

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, 2019	9,583	(15,767)	6,744	(9,023)
Additions	960	(2,649)	2,638	(11)
Deductions	(1,326)	1,357	(130)	1,227
Currency translation differences	(725)	742	(192)	550
Other changes	89	86	5	91
Carrying amount at December 31, 2020	8,581	(16,231)	9,065	(7,166)
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)

Carry-forward tax losses amounted to €23,325 million, of which €17,323 million can be carried forward indefinitely. Carry-forward tax losses were €13,153 million and €10,172 million at Italian subsidiaries and foreign subsidiaries, respectively. Deferred tax assets recognized on these losses amounted to €3,734 million and €3,249 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. The corresponding average rate for foreign subsidiaries was 31.9%. Accumulated write-downs of deferred tax assets related to Italian companies for €7,090 million and non-Italian companies for €1,975 million.

Taxes are also described in note 32 – Income taxes.

23 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

(€ million)	December 31, 2020			December 31, 2019		
	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	125	127	2	97	43	2
- Interest currency swap	128	2	2	26		2
- Outright	4	7	2	8	5	2
	257	136		131	48	
<i>Derivatives on interest rate</i>						
- Interest rate swap	23	74	2	13	34	2
	23	74		13	34	
<i>Derivatives on commodities</i>						
- Future	418	447	1	192	181	1
- Over the counter	89	77	2	89	58	2
- Other	5		2	12		2
	512	524		293	239	
	792	734		437	321	
Trading derivatives						
<i>Derivatives on commodities</i>						
- Over the counter	1,167	1,451	2	2,387	1,953	2
- Future	440	525	1	348	313	1
- Options	4	3	2	21	22	2
	1,611	1,979		2,756	2,288	
Cash flow hedge derivatives						
<i>Derivatives on commodities</i>						
- Over the counter	209	30	2	1	596	2
- Future	119	8	1	34	148	1
- Options		51	2		2	2
	328	89		35	746	
Option embedded in convertible bonds	2	2	2	11	11	2
Gross amount	2,733	2,804		3,239	3,366	
Offsetting	(1,033)	(1,033)		(612)	(612)	
Net amount	1,700	1,771		2,627	2,754	
Of which:						
- current	1,548	1,609		2,573	2,704	
- non-current	152	162		54	50	

Eni is exposed to the market risk, which is the risk that changes in prices of energy commodities, exchange rates and interest rates could reduce the expected cash flows

or the fair value of the assets. Eni enters into financial and commodities derivatives traded on organized markets (like MTF and OTF) and into commodities derivatives traded over

the counter (swaps, forward, contracts for differences and options on commodities) to reduce this risk in relation to the underlying commodities, currencies or interest rates and, to a limited extent, in compliance with internal authorization thresholds, with speculative purposes to profit from expected market trends.

Derivatives fair values were estimated based on market quotations provided by primary info-provider or, alternatively, appropriate valuation techniques generally adopted in the marketplace.

Fair values of non-hedging derivatives related to derivatives that did not meet the formal criteria to be designated as hedges under IFRS.

Fair values of trading derivatives comprised forward sale contracts of natural gas for physical delivery which were not entitled to the own use exemption, as well as derivatives for proprietary trading activities.

Fair value of cash flow hedge derivatives related to commodity hedges were entered by the Global Gas & LNG Portfolio segment. These derivatives were entered into to hedge variability in future cash flows associated with highly probable future trade transactions of gas or electricity or on already contracted trades due to different indexation mechanisms of supply costs versus selling prices. A similar scheme applies to exchange rate hedging derivatives. 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.

The effects of the measurement at fair value of cash flow hedge derivatives are given in note 25 – Equity. Information on hedged risks and hedging policies is disclosed in note 27 – Guarantees, commitments and risks – Risk factors.

In 2020, the exposure to the exchange rate risk deriving from securities denominated in US dollars included in the strategic liquidity portfolio amounting to €1,335 million was hedged by using, in a fair value hedge relationship, negative exchange differences for €120 million resulting on a portion of bonds denominated in US dollars amounting to €1,546 million.

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 Eni Trading & Shipping.

During 2020, there were no transfers between the different hierarchy levels of fair value.

Hedging derivative instruments are disclosed below:

(€ million)	December 31, 2020			December 31, 2019		
	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	821	(438)		2,179	(1,357)	(2)
- Future	541	158	(1)	1,245	(61)	
	1,362	(280)	(1)	3,424	(1,418)	(2)

The breakdown of the underlying asset or liability by type of risk hedged under cash flow hedge is provided below:

(€ million)	December 31, 2020			December 31, 2019		
	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	284	(7)	(941)	1,444	(656)	(739)
	284	(7)	(941)	1,444	(656)	(739)

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)	2020	2019	2018
Net income (loss) on cash flow hedging derivatives	(1)	(2)	
Net income (loss) on other derivatives	(765)	289	129
	(766)	287	129

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.

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)

(€ million)	2020	2019	2018
Derivatives on exchange rate	391	9	(329)
Derivatives on interest rate	(40)	(23)	22
	351	(14)	(307)

Net financial 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.

More information 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, 2020, assets held for sale related to sales of tangible assets for €44 million (€18 million at December 31, 2019).

25 EQUITY

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF ENI

(€ million)	December 31, 2020	December 31, 2019
Share capital	4,005	4,005
Retained earnings	34,043	35,894
Cumulative currency translation differences	3,895	7,209
Other reserves and equity instruments:		
- Perpetual subordinated bonds	3,000	
- Legal reserve	959	959
- Reserve for treasury shares	581	981
- Reserve for OCI on cash flow hedging derivatives net of the tax effect	(5)	(465)
- Reserve for OCI on defined benefit plans net of tax effect	(165)	(173)
- Reserve for OCI on equity-accounted investments	92	60
- Reserve for OCI on other investments valued at fair value	36	12
- Other reserves	190	190
Treasury shares	(581)	(981)
Net profit (loss) for the year	(8,635)	148
	37,415	47,839

SHARE CAPITAL

As of December 31, 2020, the parent company's issued share capital consisted of €4,005,358,876 (same amount as of December 31, 2019) represented by 3,605,594,848 ordinary shares without nominal value (3,634,185,330 at December 31, 2019).

On May 13, 2020, Eni's Shareholders' Meeting declared: (i) to distribute a dividend of €0.43 per share, with the exclusion of treasury shares held at the ex-dividend date, in full settlement

of the 2019 dividend of €0.86 per share, of which €0.43 per share paid as interim dividend. The balance was paid on May 20, 2020, to shareholders on the register on May 18, 2020, record date on May 19, 2020; (ii) to cancel 28,590,482 treasury shares without nominal value maintaining unchanged the share capital and reducing the related reserve for an amount of €399,999,994.58, equal to the carrying value of the shares cancelled.

RETAINED EARNINGS

Retained earnings include the interim dividend distribution effect for 2020 amounting to €429 million corresponding to €0.12 per share, as resolved by the Board of Directors on

September 15, 2020, in accordance with Article 2433-bis, paragraph 5 of the Italian Civil Code; the dividend was paid on September 23, 2020.

CUMULATIVE FOREIGN CURRENCY TRANSLATION DIFFERENCES

The cumulative foreign currency translation differences arose from the translation of financial statements denominated in currencies other than euro.

PERPETUAL SUBORDINATED HYBRID BONDS

Eni issued two euro-denominated perpetual subordinated hybrid bonds for an aggregate nominal amount of €3 billion; issuing costs amounted to €25 million.

The hybrid bonds are governed by English law and are traded on the regulated market of the Luxembourg Stock Exchange. The key characteristics of the two bonds are: (i) an issue of €1.5 billion perpetual 5.25-year subordinated non-call hybrid notes with a re-offer price of 99.403% and an annual fixed coupon of 2.625% until the first reset date of January 13, 2026. As from such date, unless it has been redeemed in whole on or before the first reset date, which is the last day for the first optional redemption, the bond will bear interest per annum determined according to the relevant 5-year Euro Mid Swap rate plus an initial spread of 316.7 basis

points, increased by an additional 25 basis points as from January 13, 2031 and a subsequent increase of additional 75 basis points as from January 13, 2046; (ii) an issue of €1.5 billion perpetual 9-year subordinated non-call hybrid notes with a re-offer price of 100% and an annual fixed coupon of 3.375% until the first reset date of October 13, 2029. As from such date, unless it has been redeemed in whole on or before the first reset date, which is the last day for the first optional redemption, the bond will bear interest per annum determined according to the relevant 5-year Euro Mid Swap rate plus an initial spread of 364.1 basis points, increased by additional 25 basis points as from October 13, 2034 and a subsequent increase of additional 75 basis points as from October 13, 2049.

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 periods to repurchase the Company shares in accordance with resolutions at Eni's Shareholders' Meetings.

RESERVES FOR OTHER COMPREHENSIVE INCOME

(€ million)	Reserve for OCI on cash flow hedge derivatives			Reserve for OCI on defined benefit plans ^(*)			Reserve for OCI on equity-accounted investments	Reserve for OCI on investments valued at fair value
	Gross reserve	Deferred tax liabilities	Net reserve	Gross reserve	Deferred tax liabilities	Net reserve		
Reserve as of December 31, 2019	(656)	191	(465)	(190)	17	(173)	60	12
Changes of the year	(280)	81	(199)	(16)	25	9	32	24
Foreign currency translation differences				(6)	5	(1)		
Reversal to inventories adjustments	(12)	3	(9)					
Reclassification adjustments	941	(273)	668					
Reserve as of December 31, 2020	(7)	2	(5)	(212)	47	(165)	92	36
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

(*) OCI for defined benefit plans at December 31, 2020 includes €7 million relating to equity-accounted investments (€7 million at December, 31 2019).

OTHER RESERVES

Other reserves related to a reserve of €127 million representing the increase in equity attributable to Eni associated with a

business combination under common control, whereby the parent company Eni SpA divested its subsidiaries.

TREASURY SHARES

A total of 33,045,197 of Eni's ordinary shares (61,635,679 at December 31, 2019) were held in treasury for a total cost of €581 million (€981 million at December 31, 2019).

On May 13, 2020, the Shareholders Meeting approved the Long-

Term Monetary Incentive Plan 2020-2022 and empowered the Board of Directors to execute the Plan by authorizing it to dispose up to a maximum of 20 million of treasury shares in service of the Plan.

DISTRIBUTABLE RESERVES

As of December 31, 2020, equity attributable to Eni included distributable reserves of approximately €30 billion.

RECONCILIATION OF NET PROFIT AND EQUITY ATTRIBUTABLE TO ENI OF THE PARENT COMPANY ENI SPA TO CONSOLIDATED NET PROFIT AND EQUITY ATTRIBUTABLE TO ENI

(€ million)	Net profit		Shareholders' equity	
	2020	2019	December 31, 2020	December 31, 2019
As recorded in Eni SpA's Financial Statements	1,607	2,978	44,707	41,636
Excess of net equity stated in the separate accounts of consolidated subsidiaries over the corresponding carrying amounts of the parent company	(10,660)	(2,800)	(8,839)	5,211
Consolidation adjustments:				
- difference between purchase cost and underlying carrying amounts of net equity	(6)	(6)	193	202
- adjustments to comply with Group accounting policies	264	(348)	2,086	1,424
- elimination of unrealized intercompany profits	88	(74)	(478)	(593)
- deferred taxation	79	405	(176)	20
	(8,628)	155	37,493	47,900
Non-controlling interest	(7)	(7)	(78)	(61)
As recorded in Consolidated Financial Statements	(8,635)	148	37,415	47,839

26 OTHER INFORMATION

SUPPLEMENTAL CASH FLOW INFORMATION

(€ million)	2020	2019	2018
Investment in consolidated subsidiaries and businesses			
Current assets	15	1	44
Non-current assets	193	12	198
Net borrowings	(64)		11
Current and non-current liabilities	(17)	(6)	(47)
Net effect of investments	127	7	206
Fair value of investments held before the acquisition of control			(50)
Non-controlling interests	(15)	(2)	
Gain on a bargain purchase			(8)
Purchase price	112	5	148
less:			
Cash and cash equivalents	(3)		(29)
Consolidated subsidiaries and businesses net of cash and cash equivalent acquired	109	5	119
Disposal of consolidated subsidiaries and businesses			
Current assets		77	328
Non-current assets		188	5,079
Net borrowings		11	785
Current and non-current liabilities		(57)	(3,470)
Net effect of disposals		219	2,722
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
Selling price		211	239
less:			
Cash and cash equivalents		(24)	(286)
Consolidated subsidiaries and businesses net of cash and cash equivalent disposed of		187	(47)

Investments in 2020 related to the acquisition by Eni gas e luce SpA of a 70% controlling stake in Evolvere, a group operating in the business of distributed generation from renewable sources for €97 million, net of acquired cash of €3 million, and to the acquisition by Eni New Energy SpA of the whole capital of three companies holding authorization rights for the construction of three wind projects in Puglia for €12 million. The allocation of the purchase price of both business combinations is final.

Investments in 2019 concerned: (i) the acquisition of a 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 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 biochemical 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, 2020	December 31, 2019
Consolidated subsidiaries	4,758	4,323
Unconsolidated subsidiaries	176	197
Joint ventures and associates	3,800	4,075
Others	150	267
	8,884	8,862

Guarantees issued on behalf of consolidated subsidiaries of €4,758 million (€4,323 million at December 31, 2019) primarily consisted of guarantees given to third parties relating to bid bonds and performance bonds for €3,209 million (€2,886 million at December 31, 2019). At December 31, 2019, the underlying commitment issued on behalf of consolidated subsidiaries covered by such guarantees was €4,520 million (€4,013 million at December 31, 2019).

Guarantees issued on behalf of joint ventures and associates of €3,800 million (€4,075 million at December 31, 2019) primarily consisted of: (i) unsecured guarantees and other guarantees for €1,533 million issued towards banks and other lending institutions in relation to loans and lines of credit received (€1,676 million at December 31, 2019), of which €1,304 million (€1,425 million at December 31, 2019) related to guarantees issued as part of the Coral development project offshore Mozambique with respect to the financing agreements of the project with Export Credit Agencies and banks; (ii) guarantees given to third parties relating to bid bonds and performance bonds for €1,544 million (€1,661 million at December 31, 2019), of which €1,079 million (€1,168 million at December 31, 2019) related to guarantees issued towards the contractors who are building a floating vessel for gas liquefaction and exportation (FLNG) as part of the Coral development project offshore Mozambique; (iii) an unsecured guarantee of €499 million (same amount as of December 31, 2019) 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 €165 million (€181 million at December 31, 2019). At December 31, 2020,

the underlying commitment issued on behalf of joint ventures and associates covered by such guarantees was €1,898 million (€2,109 million at December 31, 2019).

Guarantees issued on behalf of third parties of €150 million (€267 million at December 31, 2019) related for €145 million (€158 million at December 31, 2019) to the share of the guarantee attributable to the State oil Company of Mozambique ENH, which was assumed by Eni in favor of the consortium financing the construction of the Coral project FLNG vessel. At December 31, 2020, the underlying commitment issued on behalf of third parties covered by such guarantees was €87 million (€80 million at December 31, 2019).

As provided by the contract that regulates the petroleum activities in Area 4 offshore Mozambique, Eni SpA in its capacity as parent company of the operator Mozambique Rovuma Venture SpA has provided concurrently with the approval of the development plan of the reserves which are located exclusively within the concession area, 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 the 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 €1,223 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 Area 4.

COMMITMENTS AND RISKS

(€ million)	December 31, 2020	December 31, 2019
Commitments	69,998	74,338
Risks	600	676
	70,598	75,014

Commitments related to: (i) parent company guarantees that were issued in connection with certain contractual commitments for hydrocarbon exploration and production activities and quantified, based on the capital expenditures to be incurred, to be €64,294 million (€65,374 million at December 31, 2019). The decrease of €1,080 million was primarily determined by negative exchange rate differences; (ii) a parent company guarantee of €3,260 million (€6,527 million at December 31, 2019) given on behalf of Eni Abu Dhabi Refining & Trading BV following the Share Purchase Agreement to acquire from Abu Dhabi National Oil Company (ADNOC) a 20% equity interest in ADNOC Refining and the set-up of ADNOC Global Trading Ltd dedicated to marketing petroleum products. The decrease of €3,267 million related to the extinction of the parent company guarantee, issued to guarantee the obligations under the Share Purchase Agreement, following the payment of the deferred consideration amounting to €73 million. The parent company guarantee still outstanding 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 re-gasified gas at the Pascagoula plant (United States) over a twenty-year period (until 2031). The expected commitments were estimated at €1,672 million (€1,978 million at December 31, 2019) 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 counterparty an equitable compensation of €324 million. 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 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; (iv) the commitment to purchase of a 20% stake of the project relating to the Dogger Bank (A and B) wind facility in the North Sea for €451 million; (v) the commitment to purchase the remaining 60% stake of Finproject SpA, a company

engaged in the compounding sector for €150 million; (vi) a memorandum of intent signed with the Basilicata Region, whereby Eni has agreed to invest €108 million (€114 million at December 31, 2019) 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".

Risks relate to potential risks associated with: (i) contractual assurances given to acquirers of certain investments and businesses of Eni for €230 million (€248 million at December 31, 2019); (ii) assets of third parties under the custody of Eni for €370 million (€428 million at December 31, 2019).

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 the 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 €12 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 include the agreements entered into for forestry initiatives, implemented within the low carbon strategy defined by the Company, concerning the commitments for the purchase, until 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 guarantees 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 cash flow.

RISK FACTORS

The following is the description of financial risks and their management and control. With reference to the issues related

to credit risk, the parameters adopted for the determination of expected losses and, in particular, the estimates of the probability of default and the loss given default have been updated to take into account the impacts of COVID-19 and its related effects on the economic context and the degree of solvency of Eni's counterparts.

The crisis in energy consumption connected to lockdown measures adopted by the governments around the world to contain the spread of the pandemic and the consequent collapse in hydrocarbon prices have led to a significant contraction in Eni's operating cash flows. Management has adopted all the necessary actions to protect the liquidity and the capital ratios of the Company by reducing costs and investments, by updating the shareholders' remuneration policy and by recurring to capital market as described in the section Impact of COVID-19 pandemic of the Management Report, to which reference is made. As of December 31, 2020, the Company retains liquidity reserves that management deems enough to meet the financial obligations due in the next eighteen months.

No significant effects were reported on hedging transactions connected to the impacts of COVID-19 on the economic context.

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 U.S. 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 U.S. 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 central 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. 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 management. 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 purchase natural gas, 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 (U.S. dollar portfolio). In 2020, 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 2019. The following tables show amounts in terms of VaR, recorded in 2020 (compared with 2019) 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%)

	2020				2019			
	High	Low	Average	At year end	High	Low	Average	At year end
(€ million)								
Interest rate ^(a)	7.39	1.18	2.93	1.34	5.19	2.44	3.80	3.00
Exchange rate ^(a)	0.48	0.10	0.28	0.18	0.41	0.07	0.17	0.15

(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%)

	2020				2019			
	High	Low	Average	At year end	High	Low	Average	At year end
(€ million)								
Commercial exposures - Management Portfolio ^(a)	16.10	3.02	8.50	3.02	23.03	7.74	11.22	9.11
Trading ^(b)	1.57	0.10	0.52	0.25	1.60	0.25	0.51	0.31

(a) Refers to the Gas & LNG Marketing Power business line (risk exposure from Refining & Marketing business line and Global Gas & LNG Portfolio), 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 Global Gas & LNG Portfolio 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 GGP 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)

	2020				2019			
	High	Low	Average	At year end	High	Low	Average	At year end
(€ million)								
Strategic liquidity ^(a)	0.37	0.29	0.32	0.30	0.37	0.31	0.35	0.33

(a) Management of strategic liquidity portfolio starting from July 2013.

(Sensitivity - Dollar value of 1 basis point - DVBP)

	2020				2019			
	High	Low	Average	At year end	High	Low	Average	At year end
(€ million)								
Strategic liquidity ^(a)	0.07	0.03	0.05	0.05	0.05	0.02	0.04	0.05

(a) 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 regarding 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 sales contracts on commodities related to

Eni's businesses, and by financial nature, in relation to the financial instruments 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 dedicated administration departments and is operated based on formal procedures for the assessment of commercial counterparties, the monitoring of credit exposures, credit recovery activities and disputes. The credit worthiness of businesses and large clients is assessed through an internal rating model that combines different default factors deriving from economic

variables, financial indicators, payment experiences and information from specialized 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 defined by the Company's Board of Directors and based on ratings provided for by primary credit rating agencies. 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 counterpart and by group of belonging to check exposures against the limits assigned daily 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 assets, favoring investments with very low risk profile.

At present, the Group believes to have access to sufficient funding to meet the current foreseeable borrowing requirements due to available cash on hand financial assets and lines of credit and the access to a wide range of funding opportunities which we believe we can activate at competitive costs through the credit system and the capital markets.

Eni has in place a program for the issuance of Euro Medium Term Notes up to €20 billion, of which about €16.3 billion were drawn as of December 31, 2020 (€13.9 billion by Eni SpA).

The Group has credit ratings of A- outlook negative 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 2020, the rating of Eni remained unchanged.

As part of the Euro Medium Term Notes program, in 2020 the Company issued bonds for €3.5 billion (€3.0 billion by Eni SpA). In October 2020, Eni placed two euro-denominated perpetual subordinated hybrid bond issues for an aggregate nominal amount of €3 billion. These are perpetual instruments with an early repayment option in favor of the issuer and classified as equity items. The rating agencies assigned to the bonds the following ratings Baa3 / BBB / BBB (Moody's / S&P / Fitch) and an "equity credit" of 50%.

As of December 31, 2020, Eni maintained short-term uncommitted unused borrowing facilities of €7,183 million. Committed unused borrowing facilities amounted to €5,295 million, of which €4,750 million due beyond 12 months. These facilities bore interest rates and fees for unused facilities that reflected prevailing market conditions.

EXPECTED PAYMENTS FOR LIABILITIES, TRADE AND OTHER PAYABLES

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						
(€ million)	2021	2022	2023	2024	2025	2026 and thereafter	Total
December 31, 2020							
Non-current financial liabilities (including the current portion)	1,697	1,518	3,469	2,049	2,730	12,232	23,695
Current financial liabilities	2,882						2,882
Lease liabilities	815	593	503	442	413	2,218	4,984
Fair value of derivative instruments	1,609	26	13	50		73	1,771
	7,003	2,137	3,985	2,541	3,143	14,523	33,332
Interest on finance debt	502	473	461	387	360	1,164	3,347
Interest on lease liabilities	295	252	219	192	165	748	1,871
	797	725	680	579	525	1,912	5,218
Financial guarantees	1,072						1,072

	Maturity year						
(€ million)	2020	2021	2022	2023	2024	2025 and thereafter	Total
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

Liabilities for leased assets including related interest for €2,429 million (€2,953 million at December 31, 2019) pertained to the share of joint operators participating in unincorporated ventures operated by Eni which will be

recovered through a partner-billing process.

The table below presents the timing of the expenditures for trade and other payables.

	Maturity year			
(€ million)	2021	2022-2025	2026 and thereafter	Total
December 31, 2020				
Trade payables	8,679			8,679
Other payables and advances	4,257	111	94	4,462
	12,936	111	94	13,141

	Maturity year			
(€ million)	2020	2021-2024	2025 and thereafter	Total
December 31, 2019				
Trade payables	10,480			10,480
Other payables and advances	5,065	54	100	5,219
	15,545	54	100	15,699

EXPECTED PAYMENTS UNDER CONTRACTUAL OBLIGATIONS²⁹

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.

Amounts expected to be paid in 2021 for decommissioning Oil & Gas assets and for environmental clean-up and remediation are based on management's estimates and do not represent financial obligations at the closing date.

(€ million)	Maturity year						Total
	2021	2022	2023	2024	2025	2026 and thereafter	
Decommissioning liabilities^(a)	400	237	202	425	276	10,433	11,973
Environmental liabilities	383	323	267	255	196	839	2,263
Purchase obligations^(b)	8,041	7,644	7,342	8,150	8,613	63,864	103,654
- Gas							
take-or-pay contracts	6,196	6,852	6,809	7,691	8,392	63,477	99,417
ship-or-pay contracts	893	519	480	439	212	359	2,902
- Other purchase obligations	952	273	53	20	9	28	1,335
Other obligations	2					106	108
- Memorandum of intent - Val d'Agri	2					106	108
Total	8,826	8,204	7,811	8,830	9,085	75,242	117,998

(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 €26.9 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.

(€ million)	Maturity year					Total
	2021	2022	2023	2024	2025 and thereafter	
Committed projects	4,264	3,983	2,890	2,204	1,334	14,675

(29) Contractual obligations related to employee benefits are indicated in note 21 – Provisions for employee benefits.

OTHER INFORMATION ABOUT FINANCIAL INSTRUMENTS

	2020			2019		
	Finance income (expense) recognized in			Finance income (expense) recognized in		
	Carrying amount	Profit and loss account	OCI	Carrying amount	Profit and loss account	OCI
(€ million)						
Financial instruments at fair value with effects recognized in profit and loss account						
Financial assets held for trading ^(a)	5,502	31		6,760	127	
Non-hedging and trading derivatives ^(b)	(19)	(415)		(125)	273	
Other investments valued at fair value ^(c)	957	150	24	929	247	(3)
Receivables and payables and other assets/liabilities valued at amortized cost						
Trade receivables and other ^(d)	10,955	(213)		12,926	(409)	
Financing receivables ^(e)	1,207	99		1,503	110	
Securities ^(a)	55			55		
Trade payables and other ^(a)	13,141	(31)		15,699	33	
Financing payables ^(f)	26,686	(632)		24,518	(802)	
Net assets (liabilities) for hedging derivatives ^(g)	(52)	(941)	661	(2)	(739)	(679)

(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 expense within "Other operating income (loss)" for €766 million (income for €287 million in 2019) and as income within "Finance income (expense)" for €351 million (loss for €14 million in 2019).

(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 €226 million (net impairment losses for €432 million in 2019) and as income within "Finance income (expense)" for €13 million (income for €23 million in 2019), including interest income calculated on the basis of the effective interest rate of €22 million (interest income for €26 million in 2019).

(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 €92 million (income for €99 million in 2019) and net impairment losses for €1 million (net revaluations for €4 million in 2019).

(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 €531 million (interest expense for €647 million in 2019).

(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, 2020			
Financial assets			
Trade and other receivables	11,681	755	10,926
Other current assets	3,719	1,033	2,686
Financial liabilities			
Trade and other liabilities	13,691	755	12,936
Other current liabilities	5,905	1,033	4,872
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

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 €753 million (€713 million at December 31, 2019) and trade

receivables and trade payables pertaining to Eni Trading & Shipping Inc for €2 million (€187 million at December 31, 2019); and (ii) other assets and liabilities for current financial derivatives of €1,033 million (€612 million at December 31, 2019).

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. Generally and unless otherwise indicated, these legal proceedings have not been provisioned because Eni believes a negative outcome to be unlikely 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 (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". Despite the prosecuting PM asked the acquittal of all the defendants, on January 17, 2020, the GUP asked the PM to modify the charges in order to better specify modalities and timing of each disputed conduct. At the preliminary hearing on July 1, 2020, the GUP acquitted all the defendants, some for not having committed the alleged crime and others for prescription. The Company therefore decided to appeal against the sentence, in order to obtain an acquittal on the merits also in relation to the positions of the former managers of the Eni Group acquitted due to prescription.

(ii) **Eni Rewind SpA – Crotona omitted clean-up.** In April 2017, a further criminal case was opened by the Crotona prosecutor's office on the reclamation activities of the Crotona site as a whole. Meanwhile, in the first half of 2018, the new clean-up project presented by the Company was deemed feasible by the Ministry of the Environment. Pending the decisions of the Public Prosecutor, a defense brief was filed to summarize the activity carried out by the subsidiary Eni Rewind (former Syndial SpA) in terms of reclamation, pointing to willingness of executing a decisive plan of action, and to obtain the dismissal of the criminal proceedings. On March 3, 2020, the Ministerial Decree approving the POB Phase 2 was issued.

(iii) **Eni Rewind 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 a request that the defendants would stand trial. Eni's subsidiary Eni Rewind SpA has been summoned for third-party liability. The preliminary hearing is still ongoing.

(iv) **Eni Rewind 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 ongoing.

(v) **Eni Rewind 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. The assessment for the admissibility of a civil claim is ongoing.

(vi) **Eni Rewind SpA – The Phosphate deposit at Porto Torres site.** 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. The preliminary hearing will be held on September 9, 2020. At the outcome of the preliminary hearing, the Judge pronounced against all the defendants a sentence of no place to proceed due to the statute of limitation in relation to the crimes of unauthorized management of landfills and disposal of hazardous wastes as well as against Eni Rewind SpA in relation to the liability pursuant to Legislative Decree 231/01. The Judge also ordered the indictment of the defendants before the Court of Sassari, at the hearing on May 28, 2021, limited to the alleged crime of environmental disaster.

(vii) **Eni Rewind 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; a second instance judge ordered a complex appraisal, believing that they could not decide on the state of the proceedings, appointing three well-known experts. Eni's defenders rejected one of them, believing that he had an interest in the matter; the Court rejected the request for recusal but the Third Instance Court, accepting the appeal of the defendants of the accused, canceled the order by postponement. On the referral, at the request of Eni's lawyers, the Court of Appeal of Bologna, given the different composition of the judging panel, ordered the renewal of the appeal judgment and, consequently, the subsequent revocation of the order with which it had initially prepared the appraisal. On May 25, 2020, at the outcome of the discussion of the parties, the Court acquitted the defendants, and the person sued for damages in relation to 74 cases of mesothelioma, lung cancer, pleural plaques and asbestosis, took note of the res judicata of the acquittal for the disaster complaint and confirmed the conviction for a case of asbestosis. He also declared inadmissible the appeals of several claimants. The Company appealed to a Third Instance Court against the conviction for asbestosis; some claimants challenged the acquittal for other pathologies.

(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 for alleged illegal trafficking of waste, violation of the prohibition of mixing waste, unauthorized management of waste and other violations, and the Company, pursuant to Legislative Decree No. 231/01, which presumes that companies are liable for crimes committed by their employees when performing job tasks. The trial started in November 2017. At the outcome of the preliminary hearings, the Court of Potenza, on March 10, 2021, acquitted all the defendants in relation to the allegation of false statements in an administrative deed, while in relation to the request of administrative fines, the Court declared that there was no need to proceed due to the

statute of limitations. Finally, in relation to the alleged crime of illegal trafficking of waste, the Court acquitted two former employees of the Southern District for not having committed the crime, while convicted six former officials of the same District with suspension of the sentence and at the same time sentenced Eni pursuant to Legislative Decree no. 231/01 to pay a fine of €700,000, with the contextual confiscation of a sum of €44,248,071 deemed to constitute the unfair profit obtained from the crime, from which Eni will deduct the amount incurred for the plant upgrade carried out in 2016. The Court reserved the term of ninety days for the filing of the reasons of the sentence and an appeal will be promptly filed against all the condemnations.

- (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 (the "D" tank) outside of the COVA, that presented a risk 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 characterization plan of the areas inside and outside the COVA was approved by the relevant authorities, to which the Risk Analysis document was subsequently submitted. Following this event, a criminal investigation was initiated in

order to ascertain whether there had been illegal environmental disaster 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 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. The Company has paid damages of an immaterial amount almost to all the 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 which, following an appeal, were canceled by the Third Instance Court. 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. The judgment was suspended in order to allow the continuation of the environmental clean-up and reclamation of the site. As part of the concomitant procedure against the remaining employees and Eni as the legal entity being held liable pursuant to Legislative Decree No. 231/01, the Public Prosecutor, after issuing a notice of conclusion of the preliminary investigations, made a request for indictment. The hearings are ongoing.

- (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 charges against the CEO of the Refinery of Gela SpA and the company itself were dismissed, while a request to put on trial the CEO of EniMed SpA and the company was approved. The proceeding is in progress before the Court of Agrigento, to which the proceeding has been transferred due to territorial jurisdiction.

- (xiii) **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. In March 2021, a notice of conclusion of the preliminary investigations was notified, with the formulation by the Public Prosecutor of the allegations already previously stated.

- (xiv) **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 initially 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 pending in the preliminary investigation phase.

(xv) **Raffineria di Gela SpA and Eni Rewind 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.

(xvi) **Eni Rewind SpA and Versalis – Mantua. Environmental crime investigation.** In August and September 2020, the Public Prosecutor of Mantua notified the conclusion of the preliminary investigations relating to several criminal proceedings. Several employees of the Eni's subsidiaries Versalis SpA and Eni Rewind SpA as well as of a third-party company Edison SpA were notified of being under investigations. Furthermore the above-mentioned entities were being held liable for the alleged crimes committed on their own interest by their own employees pursuant to Legislative Decree No. 231/01. The Public Prosecutor is alleging, depending on some specific areas related to the Mantua industrial hub, the crimes of unauthorized waste management, environmental damage/pollution, omitted communication of environmental contamination and omitted clean-up. Following the filing of defense briefs, the case has been dismissed against some individuals. The Public Prosecutor's Office requested the indictment of the remaining defendants, not yet notified, confirming the allegations referred to in the closing of the investigation.

(xvii) **Versalis SpA – Brindisi plant factory flares and odor emissions - Criminal procedure n. 6580/18 R.G. Mod. 44 against unknown persons.** On May 18, 2018 the manager of the Versalis plant in Brindisi and two other employees were summoned in order to provide brief information regarding two episodes that occurred in April 2018, which led to the activation of the plant torches. The company collaborated with the judicial authorities to provide useful information to exclude that such events may have had a negative and significant impact on air quality. Moreover, the Company is reviewing available data as well as carrying out some important upgrading to minimize any detrimental effect, even if only visual, of the flaring phenomenon with the construction of a new ground torch facility.

At the end of May 2020, in conjunction with a scheduled shutdown of the plant, anomalous concentrations of benzene and toluene were detected; on those bases, the mayor of Brindisi ordered the plant shutdown. The order was issued without any technical check on the real correlation between the peaks detected in the air and the activities in progress at the plant. After a close discussion with the authorities in charge, the order was revoked. However, the Public Prosecutor acquired information and documents, also produced by the Company itself, on the aforementioned order to verify, also from a criminal point of view, any connection or responsibilities.

The proceeding has been filed for the time being against unknown persons and it is not possible to exclude that this event may be the subject of a proceeding from the Public Prosecutor's Office. The company is providing all the involved local authorities with all the useful information for the correct reconstruction of the facts.

(xviii) **Eni SpA R&M Depot of Civitavecchia – Criminal proceedings for groundwater pollution.** In the period in which Eni was in charge of the Civitavecchia storage hub (2008-2018), pending the approval of a characterization plan of the environmental status of the site, the Company, in coordination with public authorities, adopted measures to preserve the safety of the groundwaters and to pursue the clean-up process of the site until its disposal.

The Public Prosecutor of Civitavecchia issued a notice of conclusion of the preliminary investigations, contesting, among others, the former manager of the Eni fuel storage hub of Civitavecchia, the alleged crime of environmental pollution in relation to the mismanagement of the hydraulic barrier placed over the site aimed at putting under emergency safety the contaminated groundwater, as part of the clean-up

process in progress. This circumstance would have been reported by officials of a local authority (ARPA), to whom technical feedback has been provided several times over the years. Eni is under investigation pursuant to Legislative Decree 231/2001. The prosecutor made a request for indictment.

1.2 Civil and administrative proceedings in the matters of environment, health and safety

(i) **Eni Rewind SpA – Summon for alleged environmental damage caused by DDT pollution in 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. Following this appeal, the Company appeared in Court. After the hearings in July 2020 and in January 2021, the sentence is still ongoing.

(ii) **Eni Rewind 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, Eni Rewind 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, basing its request on an alleged ascertainment of liability on the basis of the 2012 provision of Regional Administrative Court. The act, contested by the co-owner companies in December 2017, constitutes a formal notice for environmental damage. 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. The report, recalling the warning of 2017, confirmed the thesis of the parties on the responsibility of the companies co-located for the contamination of the Rada and affirmed a breach of the aforementioned warning by the companies, also communicated to the Public Prosecutor's Office. In agreement with all the other companies involved, this report and other parallel

internal technical investigations were challenged 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, without prejudice to the need for the parties to correctly identify the legal entity responsible for the contamination detected. In the meantime, the company requested, in full compliance with applicable environmental laws, to establish a roadmap for identifying the companies accountable for the environmental pollution and their respective shares of responsibility in order to implement a clean-up and remediation project.

In September 2020, the Company took part in the Investigation Services Conference convened by the Ministry of the Environment on the results of the technical investigations and exhibited, together with its consultants, the in-depth analyzes on the environmental state of the Rada and its observations to the report which would lead to the exclusion of any involvement of the Group companies in the contamination detected.

- (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 Eni Rewind to settle the case. The Company responded with a counterproposal in July 2019. In September 2020, the debate reopened and the drafting of an agreement shared between the parties and considered to be final also by the representatives of the Ministry was reached. The Ministry, through the Attorney's Office, at the hearing in February 2021, declared the "advanced state" of the negotiations, thus allowing the hearing to be postponed to June 2021.

In March 2021, the Inspection Commission also issued a test certificate for the works carried out on the soils, thereby further strengthening the restorative suitability of the measures carried out by the Company.

- (v) **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 that will be quantified in the course of the case. At the end of the trial phase, the Judge sent the parties the proposal for an extra-judicial settlement, putting a deadline to present further proposals on the matter.

(vi) **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 a controlled entity (Eni Oil & Gas Inc) 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. Following a suspension period waiting for the decision on jurisdiction, on May 26, 2020 the proceedings returned to the State Courts. On July 9, 2020, Eni Oil & Gas Inc, together with other defendants, signed a petition for rehearing “en blanc” to request a review of the postponement decision to the competent “9th Circuit Court”. The disputes will remain suspended until a decision made on the petition for rehearing. The Court rejected the petition for rehearing en banc but, at the request of the defendants, granted a suspension of the proceedings of 120 days (until January 2021) to allow the defendants themselves to present a so-called petition for certiorari to the Supreme Court of the United States in order to obtain the revision of rejection. The petition was presented in January 2021 by the defendant; the Supreme Court of the United States will rule on the matter by June 2021.

(vii) **Eni Rewind / Province of Vicenza – Clean-up process for Trissino site.** On May 7, 2019 the Province of Vicenza imposed (with a warning) on some persons and companies as MITENI SpA in bankruptcy, Mitsubishi and ICI, to clean-up the Trissino site where MITENI carried out its industrial activity. In this site, in 2018, based on the analysis carried out by administrative parties, significant concentrations of substances considered highly toxic-harmful and carcinogenic were allegedly discovered in groundwater and in surface water. The analysis carried out by the Province of Vicenza with the direct involvement of the Istituto Superiore di Sanità reported the presence of these substances in the blood of about 53,000 people in the area. The action of health analysis and monitoring by the institutions is destined to increase. The Province warned some individuals, including a former employee who served between 1988 and 1996 as CEO of a company that was taken over by Eni Rewind.

In an initial phase of the administrative procedure, there were no references to the former company Enichem Synthesis, which Eni Rewind took over, therefore

the legal assistance and the defense strategy were concentrated supporting only the persons involved. Instead, several appeals to the Regional Administrative Court have arisen in which Eni Rewind was called into question as the “successor” of Enichem for the period of management of the site as the majority shareholder of MITENI. On the basis of this, in February 2020, the Province extended the proceeding also to Eni Rewind which set a procedural brief for the prompt filing of the proceeding against it.

However, on October 5, 2020 the Province notified a warning with which it would have identified Eni Rewind as further responsible for the potential contamination of the Trissino site. On December 4, 2020 Eni Rewind appealed to the Administrative Court, pending the setting of the hearing.

Eni Rewind was also invited to take part in several meetings that will be held by the Public Entities in relation to the site remediation interventions, and has already participated in the first one held on December 23, 2020, without thereby granting any acquiescence to the provisions issued by the Province. Access to the documents is ongoing with the Public Authorities aimed at acquiring a complete knowledge of the facts and being able to integrate the defenses in these proceedings. In order to carry out a transversal study on the issue of PFAS, the company has established a Working Group (WG) that will analyze the technical-environmental, toxicological and regulatory aspects also addressing the issue with an international approach. In addition to Eni Group personnel, three external competent consultants for the respective subjects are part of the WG.

2. Proceedings concerning criminal/administrative corporate responsibility

(i) **Block OPL 245 – Nigeria.** A criminal case is ongoing 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. Following the discussion of the parties, in response to the request for conviction for all the individuals and companies involved, at the hearing of March 17, 2021 the judge fully acquitted all the defendants, since there was no case.

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 million 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. On May 22, 2020, the Judge accepted the exception presented by Eni and declined its jurisdiction over the case, having found the judicial pending with the Milan procedure according to the criteria set out in Regulation (EU) No 1215/2012. The Appeal Court obtained permission to appeal against the decision. Similarly, the Appeal Court rejected the Nigerian Government's request to appeal the decision, thus making it definitive.

On January 20, 2020, NAE subsidiary was notified of the beginning of a new criminal case before the Federal High Court in Abuja. The proceeding, mainly focused on the accusations against Nigerian persons (including the Minister of Justice in office in 2011, at the time of the disputed facts), involves NAE

and SNEPCO as co-holders of the OPL 245 license. These persons were attributed in 2011 illicit acts of corruptive nature, which NAE and SNEPCO would have unlawfully facilitated. The beginning of the trial, scheduled for the end of March 2020, has been postponed for the closure of the judicial offices in Nigeria due to COVID-19 emergency. A new hearing has not been scheduled to date.

- (ii) **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 January 2018, the Public Prosecutor's Office requested a six-months extension of the deadline for conducting its preliminary investigation into this matter, from January 31, 2018 until July 30, 2018. Subsequently in July 2018, the Public Prosecutor requested a second extension until February 28, 2019. In April 2018, the Public Prosecutor of Milan served Eni SpA with a further request for documentation and notified a former 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 October 2018, the Public Prosecutor ordered the seizure of an e-mail account of another Eni manager, who was formerly the general director of Eni in Congo during the period 2010-2013. In December 2018 and subsequently in May, September and December 2019, Eni was notified by the Public Prosecutor of Milan of a request 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 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, who 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 claims are based on the allegations that the wife of the Company's CEO retained a shareholding of the above-mentioned holding company during 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. Subsequently, on June 15, 2020, the company was informed that an extension of the investigations relating to these allegations was requested until December 21, 2020. 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.

In November 2019, following the notification of further investigative documents, the Board of Statutory Auditors, the Watch Structure of Eni and the Control and Risk Committee asked the professional 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 July 2020, integrates the findings achieved in the first report, particularly indicating that: (i) it is probable that the CEO's wife retained a shareholding in the Petroserve Group for a few years, at least, starting from 2009 until 2012; (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; (iii) absence of evidence that the activity of the abovementioned involved employees was carried out in the interest of Eni.

On September 9, 2020, Eni was notified of a decree, setting a hearing due to the filing by the Public

Prosecutor of Milan requesting a restrictive measure pursuant to Legislative Decree No. 231/01, relating to some oilfields in Congo. In particular, the Judge requested Eni to be banned from exploiting Djambala II, Foukanda II, Mwafi II, Kitina II, Marine VI Bis, Loango, Zatchi oilfields for 2 years and subordinately the appointment of a judicial commissioner to manage those oilfields.

The Judge for Preliminary Investigations in the decree setting the hearing for September 21, 2020, recognized the above-mentioned restrictive measure would have been statute barred on July 14, 2020, since the date of commission of the alleged crimes was mentioned by the public prosecutors till July 14, 2015. However, this five-year limitation term would have been suspended due to the recent anti-COVID-19 legislation until September 16, 2020. The Judge also stated that a claim was pending before the Constitutional Court about the constitutional legitimacy of the aforementioned anti-COVID-19 legislation, with particular reference to the principle of non-retroactivity of an unfavorable rule. Therefore, the hearing initially set for September 21, 2020, was postponed initially to December 10, 2020 pending the resolution of the Constitutional Court and then, once the Court resolved to declare the legitimacy of the anti-COVID-19 rule to February 17, 2021 also to await the filing of the reasons for the sentence.

The hearing of February 17, 2021 was postponed to March 25, 2021, due to the fact that the Public Prosecutor changed the charge from international corruption to undue inducement to give or promise benefits, a possible course of action was explored whereby the public prosecutor and the defendant may request the judge to apply a penalty. On March 15, 2021, the Board of Directors of Eni SpA approved the granting of a special power of attorney in favor of the defense lawyer of Eni SpA, the entity legally liable, to propose a motion to apply a penalty on request of the parties.

The sanction agreed with the Public Prosecutor amounts to €11.8 million. At the hearing on March 25, 2021 the Judge for Preliminary Investigations accepted the agreed sanction and the Prosecutor also revoked the request for a restrictive measure for Eni SpA.

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 (Turrizziani 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. (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 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 to 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.

- (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, the last of which on July 25, 2020. 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 concerned 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 until May 2020 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. Following the requests for review of the aforementioned decree, the material deposited by the Public Prosecutor's Office was made available to the Company, which requested its examination by the same consultants appointed in 2018 to examine the documentation. Subsequently, in June, July and September 2020, Eni was notified by the Public Prosecutor of Milan of several requests for documentation concerning, in particular: the results of the inquiries carried out by the internal audit following an anonymous report relating to a hospitality event in 2017; some clarifications regarding an invoice issued by an external law firm; the internal audit report on relations with a commercial third party; work commitments of the Chief Services & Stakeholder Relations Officer relating to certain dates of 2014 and 2016; the documentation concerning the dismissal of a former Eni employee. All the required documentation has been produced over time to the Judicial Authority. On November 9, 2020, the Company was informed of the notification to Eni's CEO of a technical assessments notice, with contextual guarantee information aimed at allowing participation, through its consultant, in the scheduled review of the content of a telephone device seized from a former Eni employee.

- (iii) **Eni SpA – Public Prosecutor of Milan – Insider trading.** In March 2019, a request for extending certain investigations was notified to Eni's former Chief Upstream Officer by the public prosecutor office of Milan. The commencement of the investigations 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. This investigation has been combined into the abovementioned one.

4. Tax proceedings

- (i) **Dispute for omitted payment of a property tax for some oil offshore platforms located in territorial waters.** Tax disputes are pending with some Italian local authorities regarding whether Oil & Gas offshore platforms located within territorial boundaries should be subject to a property tax in the period 2016-2019. In 2016 the tax regulatory framework 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. In addition, the Finance 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 of June 1, 2016). Based on this interpretation, Eni did not pay any property tax for the years 2016-2019. However, the ruling of the Department of Finance is not binding for local authorities with taxing powers as recognized by the Third Instance Court and some of these have issued assessment notices for 2016-2019. The Company filed an appeal against these notices. Although Eni believes that oil platforms located in the territorial sea should be excluded from the tax base of the property tax on the base of the interpretation of the law in the light of the resolution of the Department of Finance, having assessed the risks of losing in pending disputes, the Company accrued a risk provision, the amount of which excludes fines since Eni's conduct was based on the administrative resolution, as well as taking into account the reduction of the tax base excluding the "plant component" as provided by the law. The proceeding is still ongoing.

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) **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. Following this ruling by the Court, the criminal proceedings can be considered concluded.

- (ii) **Eni Rewind 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. The sentence has become final.

(iii) **Algeria.** 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 in relation to the disputes for the acquisition of the FCP by Eni, declaring the appeal proposed by the Public prosecutor inadmissible against the Company. On June 12, 2020, the General Prosecutor filed an appeal in Third Instance Court for the part of the proceeding relating to Saipem, not expressly challenging the heads and points of the judgment relating to the so-called "Eni affair - FCP". The Third Instance Court rejected the appeal pronounced against Saipem, its former managers and third party accused. 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. The DoJ notified Eni that based on the information it currently possessed, closing its investigation of Eni in connection with Eni's and Saipem's businesses in Algeria without the filing of any charges, ordering the closure of the proceeding as communicated to the market on October 1, 2019. In April 2020 Eni, having informed SEC of the acquittal pronounced on appeal on January 15, 2020, however concluded the investigation by the US SEC on Algerian activities of Saipem SpA, with a transaction that does not involve the admission of responsibility. The agreement provided for the payment of USD 19,750,000, which represents Eni's part of the tax benefits obtained by Saipem in relation to the costs incurred by Saipem, which are non-deductible, in addition to a sum of compensation for interest equal to USD 4,750,000.

(iv) **Eni Rewind 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 for revocation is pending at the Third Instance Court. In July 2020, the appeal to the Third Instance Court was held. The Judge confirmed the outcome of the previous degrees of judgment, only ordering the Company to pay the expenses of the proceeding that the Company promptly provided.

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. In respect of the mining concessions received, Eni pays royalties in accordance with the tax legislation in force in the country and is required to pay the income taxes deriving from the exploitation of the concession. 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 for 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

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 subject to emission trading a lower assignment of emission permits compared 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 2020, 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 17.32 million tonnes, Eni was awarded free emission allowances of 6.84 million tonnes, determining a deficit of 10.48 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

	Exploration & Production	Global Gas & LNG Portfolio	Refining & Marketing and Chemical	Eni gas e luce, Power & Renewables	Corporate and Other activities	Total
(€ million)						
2020						
Sales from operations	6,359	5,362	24,937	7,135	194	43,987
Products sales and service revenues						
Sales of crude oil	1,969		9,024			10,993
Sales of oil products	517		11,852			12,369
Sales of natural gas and LNG	3,505	5,000	20	2,741		11,266
Sales of petrochemical products			3,277		19	3,296
Sales of other products	113	(2)	36	2,366	2	2,515
Services	255	364	728	2,028	173	3,548
Total	6,359	5,362	24,937	7,135	194	43,987
Transfer of goods/services						
Goods/Services transferred in a specific moment	5,896	5,239	24,639	7,135	78	42,987
Goods/Services transferred over a period of time	463	123	298		116	1,000
2019						
Sales from operations	10,499	9,230	41,976	7,972	204	69,881
Products sales and service revenues						
Sales of crude oil	3,505		17,361			20,866
Sales of oil products	1,189		19,615			20,804
Sales of natural gas and LNG	5,454	8,881	214	3,373		17,922
Sales of petrochemical products			4,088		22	4,110
Sales of other products	68		16	2,503	6	2,593
Services	283	349	682	2,096	176	3,586
Total	10,499	9,230	41,976	7,972	204	69,881
Transfer of goods/services						
Goods/Services transferred in a specific moment	9,946	9,117	41,727	7,972	86	68,848
Goods/Services transferred over a period of time	553	113	249		118	1,033
2018						
Sales from operations	9,943	11,931	46,088	7,684	176	75,822
Products sales and service revenues						
Sales of crude oil	3,982		18,471			22,453
Sales of oil products	1,133		21,266			22,399
Sales of natural gas and LNG	4,554	11,575	166	3,347		19,642
Sales of petrochemical products			5,539		35	5,574
Sales of other products	27	1	20	2,362	11	2,421
Services	247	355	626	1,975	130	3,333
Total	9,943	11,931	46,088	7,684	176	75,822
Transfer of goods/services						
Goods/Services transferred in a specific moment	9,676	11,801	46,029	7,684	106	75,296
Goods/Services transferred over a period of time	267	130	59		70	526

(€ million)	2020	2019	2018
Revenues associated with contract liabilities at the beginning of the period	818	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 geographical area, where revenues for 2019 and 2018 are shown restated following the

design of the new macrostructure of Eni, divided in two General Departments.

Sales from operations with related parties are disclosed in note 36 – Transactions with related parties.

OTHER INCOME AND REVENUES

(€ million)	2020	2019	2018
Gains from sale of assets and businesses	10	152	454
Other proceeds	950	1,008	662
	960	1,160	1,116

Other proceeds include €357 million (€368 million in 2019) related to the recovery of the cost share of right-of-use assets pertaining to partners of unincorporated 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)	2020	2019	2018
Production costs - raw, ancillary and consumable materials and goods	21,432	36,272	41,125
Production costs - services	9,710	11,589	10,625
Lease expense and other	876	1,478	1,820
Net provisions for contingencies	349	858	1,120
Other expenses	1,317	879	1,130
	33,684	51,076	55,820
less:			
- capitalized direct costs associated with self-constructed assets - tangible assets	(128)	(197)	(192)
- capitalized direct costs associated with self-constructed assets - intangible assets	(5)	(5)	(6)
	33,551	50,874	55,622

Purchase, services and other charges included geological and geophysical costs of exploration activities for €196 million (€275 million and €287 million in 2019 and 2018, respectively). In 2018, the item included operating leases for €872 million.

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 €157 million (€194 million and €197 million in 2019 and 2018, respectively).

Royalties on the extraction rights of hydrocarbons amounted to €673 million (€1,183 million and €1,043 million in 2019 and 2018, respectively).

Additions to provisions net of reversal of unused provisions mainly related to net additions for litigations amounting to €76 million (net additions of €60 million and €101 million in 2019 and 2018, respectively) and net reversals for environmental liabilities amounting to €15 million (net additions of €329 million and €266 million in 2019 and 2018, 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 geographical area.

Information about leases is disclosed in note 12 – Right-of-use assets and lease liabilities.

PAYROLL AND RELATED COSTS

(€ million)	2020	2019	2018
Wages and salaries	2,193	2,417	2,409
Social security contributions	458	449	448
Cost related to employee benefit plans	102	85	220
Other costs	239	213	170
	2,992	3,164	3,247
less:			
- capitalized direct costs associated with self-constructed assets - tangible assets	(118)	(152)	(142)
- capitalized direct costs associated with self-constructed assets - intangible assets	(11)	(16)	(12)
	2,863	2,996	3,093

Other costs comprised provisions for redundancy incentives of €105 million (€45 million and €37 million in 2019 and 2018, respectively) and costs for defined contribution plans of €96 million (€99 million and €95 million in 2019 and 2018, 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)	2020		2019		2018	
	Subsidiaries	Joint operations	Subsidiaries	Joint operations	Subsidiaries	Joint operations
Senior managers	993	17	1,014	16	999	17
Junior managers	9,280	73	9,267	77	9,095	84
Employees	15,995	349	15,945	361	16,220	361
Workers	4,780	287	4,910	287	5,259	283
	31,048	726	31,136	741	31,573	745

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 and on May 13, 2020, the Shareholders Meeting approved the Long-Term Monetary Incentive Plan 2017-2019 and 2020-2022 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 2017-2019 and 20 million in service of the plan 2020-2022.

The Long-Term Monetary Incentive plans provide for three annual awards (2017, 2018 and 2019 and 2020, 2021 and 2022, respectively) and are 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 Plans provide 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 these incentives fall within the category of employee compensation, in accordance with IFRS, the cost of the plans is determined based on the fair value of the financial instruments awarded to the beneficiaries and the number of shares that are granted at the end of the vesting period; the cost is accruing along the vesting period.

With reference to the 2017-2019 Plan, the number of shares that will be granted at the end of the vesting period will depend: (i) for a 50%, on the 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 ("Peer Group")⁽³⁰⁾ and the TSR of their corresponding stock exchange market⁽³¹⁾; (ii) for a 50%, on the growth in the Net Present Value (NPV) of proved reserves benchmarked against the Peer Group.

With reference to the 2020-2022 Plan, the number of shares that will be granted at the end of the vesting period will depend:

(i) for 25% on a market objective measured as the difference between the Total Shareholder Return (TSR) of Eni Shares and the TSR of the FTSE Mib Index of Italian Stock Exchange on a three-year period, adjusted with Eni's correlation index, compared with similar differences for each company of the Eni's group of competitors (Peer Group); (ii) for 20% on a relative parameter represented by an industrial objective measured in terms of annual unit value (\$/boe) of the Net Present Value of Proven Reserves (NPV) compared with the analogous value of each company in the Peer Group, with a final outcome equal to the average annual results over the three-year period; (iii) for 20% on an absolute parameter represented by an economic-financial objective measured as the Organic Free Cash Flow accumulated in the three-year reference period, compared to the equivalent accumulated value provided for in the first three years of the Strategic Plan approved by the Board of Directors in the year of award and kept unchanged during the performance period. The verification of CFC targets is conducted net of exogenous variables, using a gap-analysis approach approved by the Remuneration Committee, in order to assess the effective corporate performance deriving from the management action; (iv) for the remaining 35% on an environmental sustainability and energy transition objective in a three-year period consisting of three absolute objectives as follows: (a) for 15% to a decarbonization objective measured in terms of CO₂eq. emissions related to Eni operated upstream production (tCO₂eq./kboe) at the end of the three-year period compared with the same value expected in the third year of the Strategic Plan approved by the Board of Directors in the year of award and kept unchanged during the performance period; (b) for 10% on an energy transition objective measured in megawatts (MW) of installed capacity of power generation from renewable sources, at the end of the three-year performance period, compared with the same value expected in the third year of the Strategic Plan approved by the Board

of Directors in the year of award and kept unchanged in the performance period; (c) for 10% on a circular economy objective measured in terms of progress of three important biofuel projects at the end of the three-year performance period, compared with the progress expected in the third year of the Strategic Plan approved by the Board of Directors in the year of award and kept unchanged during the performance period.

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: (i) 2,922,749 shares in 2020, with a weighted average fair value of €4.67 per share; (ii) 1,759,273 shares in 2019, with a weighted average fair value of €9.88 per share; (iii) 1,517,975 shares in 2018, with a weighted average fair value of €11.73 per share.

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, for the 2017-2019 Plan; the stochastic method for the 2020-2022 Plan), taking into account the fair value of the Eni share at the grant date (between €5.885 and €8.303 depending on the grant date in relation to the 2020 award; €13.714 per share in 2019; €14.246 per share in 2018), reduced by dividends expected along the vesting period (between 7.0% and 10.0% of the share price at vesting date in 2020; 6.1% of the share price at vesting date in 2019; 5.8% of the share price at vesting date in 2018), considering the volatility of the stock (between 41% and 44% in relation to the 2020 award; 19% for attribution 2019; 20% for attribution 2018), 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 2020, the costs related to the long-term monetary incentive plan, recognized as a component of the payroll cost, amounted to €7 million (€9 million in 2019; €5 million in 2018) with a contra-entry to equity reserves.

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:

(30) The group consists of the following oil companies: Apache, BP, Chevron, ConocoPhillips, Equinor, ExxonMobil, Marathon Oil, Occidental, Royal Dutch Shell and Total.

(31) The performance condition connected with the TSR in accordance with the international accounting standards represents a so-called market condition.

(€ million)	2020	2019	2018
Wages and salaries	30	28	27
Post-employment benefits	2	2	2
Other long-term benefits	12	12	10
Indemnities upon termination of employment	21	12	
	65	54	39

COMPENSATION OF DIRECTORS AND STATUTORY AUDITORS

Compensation of Directors amounted to €7.54 million, €9.2 million and €9.6 million in 2020, 2019 and 2018, respectively. Compensation of Statutory Auditors amounted to €0.571 million, €0.613 million and €0.604 million in 2020, 2019 and 2018, 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)	2020	2019	2018
Finance income (expense)			
Finance income	3,531	3,087	3,967
Finance expense	(4,958)	(4,079)	(4,663)
Net finance income (expense) from financial assets held for trading	31	127	32
Income (expense) from derivative financial instruments	351	(14)	(307)
	(1,045)	(879)	(971)

The analysis of finance income (expense) was as follows:

(€ million)	2020	2019	2018
Finance income (expense) related to net borrowings			
Interest and other finance expense on ordinary bonds	(517)	(618)	(565)
Net finance income (expense) on financial assets held for trading	31	127	32
Interest and other expense due to banks and other financial institutions	(102)	(122)	(120)
Interest on lease liabilities	(347)	(378)	
Interest from banks	10	21	18
Interest and other income on financial receivables and securities held for non-operating purposes	12	8	8
	(913)	(962)	(627)
Exchange differences	(460)	250	341
Income (expense) from derivative financial instruments	351	(14)	(307)
Other finance income (expense)			
Interest and other income on financing receivables and securities held for operating purposes	97	112	132
Capitalized finance expense	73	93	52
Finance expense due to the passage of time (accretion discount) ^(a)	(190)	(255)	(249)
Other finance income (expense)	(3)	(103)	(313)
	(23)	(153)	(378)
	(1,045)	(879)	(971)

(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 derivative financial income (expense) 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 geographical area.

OTHER GAIN (LOSS) FROM INVESTMENTS

(€ million)	2020	2019	2018
Dividends	150	247	231
Net gain (loss) on disposals		19	22
Other net income (expense)	(75)	15	910
	75	281	1,163

Dividend income primarily related to Nigeria LNG Ltd for €113 million and to Saudi European Petrochemical Co for €28 million (€186 million, €46 million in 2019 and €187 million and €35 million in 2018).

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)	2020	2019	2018
Current taxes:			
- Italian subsidiaries	199	347	301
- subsidiaries of the Exploration & Production segment - outside Italy	1,517	4,729	4,906
- other subsidiaries - outside Italy	84	152	163
	1,800	5,228	5,370
Net deferred taxes:			
- Italian subsidiaries	672	599	130
- subsidiaries of the Exploration & Production segment - outside Italy	73	(172)	497
- other subsidiaries - outside Italy	105	(64)	(27)
	850	363	600
	2,650	5,591	5,970

Current income taxes payable by Italian subsidiaries referred to foreign taxes for €169 million.

The reconciliation between the statutory tax charge

calculated by applying the Italian statutory tax rate of 24% (same amount in 2019 and 2018) and the effective tax charge is the following:

(€ million)	2020	2019	2018
Profit (loss) before taxation	(5,978)	5,746	10,107
Tax rate (IRES) (%)	24.0	24.0	24.0
Statutory corporation tax charge (credit) on profit or loss	(1,435)	1,379	2,426
Increase (decrease) resulting from:			
- higher tax charges related to subsidiaries outside Italy	1,980	2,934	3,096
- impact pursuant to the write-down of deferred tax assets	1,785	938	261
- impact pursuant to foreign tax effects of Italian entities	108	105	46
- Italian regional income tax (IRAP)	107	25	50
- effect due to the tax regime provided for intercompany dividends	96	65	47
- tax effects related to previous years	(30)	147	(24)
- other adjustments	39	(2)	68
	4,085	4,212	3,544
Effective tax charge	2,650	5,591	5,970

The higher tax charges at non-Italian subsidiaries related to the Exploration & Production segment for €1,777 million (€2,934 million and €3,014 million in 2019 and in 2018, respectively).

In 2020, the Group incurred income taxes, despite a pre-tax loss of €5,978 million, due to the economic crisis caused by the COVID-19 having an enduring impact on the hydrocarbons

demand and by the revision of the long-term prices and of future cash flows in Eni's activities. The lower projections of future taxable income had two impacts: the recognition of tax charges due to a write-down of deferred tax assets and a reduced capacity to recognize deferred taxes on the losses of the period.

33 EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per ordinary share are calculated by dividing net profit (loss) 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.

Diluted earnings (loss) per share are calculated by dividing the net profit (loss) 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, 2020, the shares that could be potentially issued related the estimation of new shares that will vest in connection with the 2017-2019 and 2020-2022 long-term monetary incentive plans.

Reconciliation of the weighted average number of shares used for the calculation for both basic and diluted earnings (loss) per share was as follows:

(€ million)	2020	2019	2018
Weighted average number of shares used for basic earnings (loss) per share	3,572,549,651	3,592,249,603	3,601,140,133
Potential shares to be issued for ILT incentive plan	6,465,718	2,251,406	2,782,584
Weighted average number of shares used for diluted earnings (loss) per share	3,579,015,369	3,594,501,009	3,603,922,717
Eni's net profit (loss)	(8,635)	148	4,126
	(€ million)		
Basic earnings (loss) per share	(€ per share)		
	(2.42)	0.04	1.15
Diluted earnings (loss) per share	(€ per share)		
	(2.42)	0.04	1.15

34 EXPLORATION FOR EVALUATION OF OIL & GAS RESOURCES

(€ million)	2020	2019	2018
Revenues related to exploration activity and evaluation		34	17
Exploration activity and evaluation costs:			
- write-off of exploration and evaluation costs	314	214	93
- costs of geological and geophysical studies	196	275	287
Exploration expense for the year	510	489	380
Intangible assets: proved and unproved exploration licence and leasehold property acquisition costs	888	1,031	1,081
Tangible assets: capitalized exploration and evaluation costs	1,341	1,563	1,267
Total tangible and intangible assets	2,229	2,594	2,348
Provision for decommissioning related to exploration activity and evaluation	93	109	77
Exploration expenditure (net cash used in investing activities)	283	586	463
Geological and geophysical costs (cash flow from operating activities)	196	275	287
Total exploration effort	479	861	750

35 SEGMENT INFORMATION AND INFORMATION BY GEOGRAPHIC AREA

SEGMENT INFORMATION

Effective July 1, 2020, Eni's management redesigned the macro-organizational structure of the Group, in line with its new long-term strategy, disclosed in February 2020 to the market and aimed at transforming the Company into a leader in the production and marketing of decarbonized energy products.

The new organization is based on two new General Departments:

- **Natural Resources**, to build up the value of Eni's Oil & Gas upstream portfolio, with the objective of reducing its carbon footprint by scaling up energy efficiency and expanding production in the natural gas business, and its position in the wholesale market. Furthermore, it will focus its actions on the development of carbon capture and compensation projects. The General Department will incorporate the Company's Oil & Gas exploration, development and production activities, natural gas wholesale via pipeline and LNG. In addition, it will include forests conservation (REDD+) and carbon storage projects. The company Eni Rewind (environmental activities), will also be consolidated in this General Department.
- **Energy Evolution** will focus on the evolution of the businesses of power generation, transformation and marketing of products from fossil to bio, blue and green. In particular, it will focus on growing power generation from renewable energy and biomethane, it will coordinate the bio and circular evolution of the Company's refining system and chemical business, and it will further develop Eni's retail portfolio, providing increasingly more decarbonized products for mobility, household consumption and small enterprises. The General Department will incorporate the activities of power generation from natural gas and renewables, the refining and chemicals businesses, Retail Gas&Power and mobility Marketing. The companies Versalis (chemical products) and Eni gas e luce will also be consolidated in this General Department.

In re-designing the Group's segment information for financial reporting purposes, the management evaluated that the components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker (CEO) to make decisions about the allocation of resources and to assess performances would continue being the single business units which are comprised in the two newly-established General Departments, rather than the two groups

themselves. Therefore, in order to comply with the provisions of the international reporting standard that regulates the segment reporting (IFRS 8), the new reportable segments of Eni, substantially confirming the pre-existing setup, are identified as follows:

Exploration & Production: research, development and production of oil, condensates and natural gas, forestry conservation (REDD+) and CO₂ capture and storage projects.

Global Gas & LNG Portfolio (GGP): supply and sale of wholesale natural gas by pipeline, international transport and purchase and marketing of LNG. It includes gas trading activities finalized to hedging and stabilizing the trade margins, as well as optimising the gas asset portfolio.

Refining & Marketing and Chemicals: supply, processing, distribution and marketing of fuels and chemicals. The results of the Chemicals segment were aggregated with the Refining & Marketing performance in a single reportable segment, because these two operating segments have similar economic returns. It comprises the activities of trading oil and products with the aim to execute the transactions on the market in order to balance the supply and stabilize and cover the commercial margins.

Eni gas e luce, Power & Renewables: retail sales of gas, electricity and related services, production and wholesale sales of electricity from thermoelectric and renewable plants. It includes trading activities of CO₂ emission certificates and forward sale of electricity with a view to hedging/optimising the margins of the electricity.

Corporate and Other activities: includes the main business support functions, in particular holding, central treasury, IT, human resources, real estate services, captive insurance activities, research and development, new technologies, business digitalization and the environmental activity developed by the subsidiary Eni Rewind.

Segment information presented to the CEO (i.e. the Chief Operating Decision Maker, ex IFRS 8) includes: revenues, operating profit and directly attributable assets and liabilities. According to the requirements of the international accounting standards regarding segment information in the event of a reorganization of business segments, the segment information for the 2019 and 2018 comparative periods have been restated for homogeneous comparison as follows.

As reported in 2019:

(€ million)	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
Identifiable assets ^(a)	68,915	9,176	12,336	1,860	(492)	91,795
Identifiable liabilities ^(a)	20,164	7,852	4,599	3,927	(141)	36,401
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
Identifiable assets ^(a)	63,051	9,989	11,692	1,171	(420)	85,483
Identifiable liabilities ^(a)	18,110	8,314	4,319	4,072	(275)	34,540

(a) Include assets/liabilities directly associated with the generation of operating profit.

As restated:

(€ million)	Exploration & Production	Global Gas & LNG Portfolio	Refining & Marketing and Chemicals	Eni gas e luce, Power & Renewables	Corporate and Other activities	Adjustments of intragroup profits	Total
2019							
Sales from operations including intersegment sales	23,572	11,779	42,360	8,448	1,676		
Less: intersegment sales	(13,073)	(2,549)	(384)	(476)	(1,472)		
Sales from operations	10,499	9,230	41,976	7,972	204		69,881
Operating profit	7,417	431	(682)	74	(688)	(120)	6,432
Identifiable assets ^(a)	68,915	4,092	13,569	4,068	1,643	(492)	91,795
Identifiable liabilities ^(a)	20,164	3,836	6,272	2,380	3,890	(141)	36,401
2018							
Sales from operations including intersegment sales	25,744	14,807	46,483	8,218	1,588		
Less: intersegment sales	(15,801)	(2,876)	(395)	(534)	(1,412)		
Sales from operations	9,943	11,931	46,088	7,684	176		75,822
Operating profit	10,214	387	(501)	340	(668)	211	9,983
Identifiable assets ^(a)	63,051	4,642	13,099	4,008	1,103	(420)	85,483
Identifiable liabilities ^(a)	18,110	4,089	6,201	2,364	4,051	(275)	34,540

(a) Include assets/liabilities directly associated with the generation of operating profit.

Segment Information:

	Exploration & Production	Global Gas & LNG Portfolio	Refining & Marketing and Chemicals	Eni gas e luce, Power & Renewables	Corporate and Other activities	Adjustments of intragroup profits	Total
(€ million)							
2020							
Sales from operations including intersegment sales	13,590	7,051	25,340	7,536	1,559		
Less: intersegment sales	(7,231)	(1,689)	(403)	(401)	(1,365)		
Sales from operations	6,359	5,362	24,937	7,135	194		43,987
Operating profit	(610)	(332)	(2,463)	660	(563)	33	(3,275)
Net provisions for contingencies	98	64	118	(2)	26	45	349
Depreciation and amortization	(6,273)	(125)	(575)	(217)	(146)	32	(7,304)
Impairments of tangible and intangible assets and right-of-use assets	(2,170)	(2)	(1,605)	(56)	(22)		(3,855)
Reversals of tangible and intangible assets	282		334	55	1		672
Write-off of tangible and intangible assets	(322)			(7)			(329)
Share of profit (loss) of equity-accounted investments	(980)	(15)	(363)	6	(381)		(1,733)
Identifiable assets ^(a)	59,439	4,020	10,716	4,387	1,444	(402)	79,604
Unallocated assets ^(b)							30,044
Equity-accounted investments	2,680	259	2,605	217	988		6,749
Identifiable liabilities ^(a)	17,501	3,785	5,460	2,426	3,316	(83)	32,405
Unallocated liabilities ^(b)							39,750
Capital expenditure in tangible and intangible assets and prepaid right-of-use assets	3,472	11	771	293	107	(10)	4,644
2019							
Sales from operations including intersegment sales	23,572	11,779	42,360	8,448	1,676		
Less: intersegment sales	(13,073)	(2,549)	(384)	(476)	(1,472)		
Sales from operations	10,499	9,230	41,976	7,972	204		69,881
Operating profit	7,417	431	(682)	74	(688)	(120)	6,432
Net provisions for contingencies	97	234	276	(5)	307	(51)	858
Depreciation and amortization	(7,060)	(124)	(620)	(190)	(144)	32	(8,106)
Impairments of tangible and intangible assets and right-of-use assets	(1,347)		(1,127)	(83)	(13)		(2,570)
Reversals of tangible and intangible assets	130	5	205	41	1		382
Write-off of tangible and intangible assets	(292)		(6)	(1)	(1)		(300)
Share of profit (loss) of equity-accounted investments	7	(21)	(63)	10	(21)		(88)
Identifiable assets ^(a)	68,915	4,092	13,569	4,068	1,643	(492)	91,795
Unallocated assets ^(b)							31,645
Equity-accounted investments	4,108	346	3,107	141	1,333		9,035
Identifiable liabilities ^(a)	20,164	3,836	6,272	2,380	3,890	(141)	36,401
Unallocated liabilities ^(b)							39,139
Capital expenditure in tangible and intangible assets and prepaid right-of-use assets	6,996	15	933	357	89	(14)	8,376
2018							
Sales from operations including intersegment sales	25,744	14,807	46,483	8,218	1,588		
Less: intersegment sales	(15,801)	(2,876)	(395)	(534)	(1,412)		
Sales from operations	9,943	11,931	46,088	7,684	176		75,822
Operating profit	10,214	387	(501)	340	(668)	211	9,983
Net provisions for contingencies	235	53	274		579	(21)	1,120
Depreciation and amortization	(6,152)	(226)	(399)	(182)	(59)	30	(6,988)
Impairments of tangible and intangible assets	(1,025)	(6)	(193)	(50)	(18)		(1,292)
Reversals of tangible and intangible assets	299	79		48			426
Write-off of tangible and intangible assets	(97)	(1)	(2)				(100)
Share of profit (loss) of equity-accounted investments	158	(2)	(67)	11	(168)		(68)
Identifiable assets ^(a)	63,051	4,642	13,099	4,008	1,103	(420)	85,483
Unallocated assets ^(b)							32,890
Equity-accounted investments	4,972	355	275	139	1,303		7,044
Identifiable liabilities ^(a)	18,110	4,089	6,201	2,364	4,051	(275)	34,540
Unallocated liabilities ^(b)							32,760
Capital expenditure in tangible and intangible assets	7,901	26	877	238	94	(17)	9,119

(a) Include assets/liabilities directly associated with the generation of operating profit.

(b) Include assets/liabilities not directly associated with the generation of operating profit.

FINANCIAL INFORMATION BY GEOGRAPHICAL AREA

Identifiable assets and investments by geographical area of origin

(€ million)	Italy	Other European Union	Rest of Europe	Americas	Asia	Africa	Other areas	Total
2020								
Identifiable assets ^(a)	17,228	4,159	3,174	4,485	16,360	33,341	857	79,604
Capital expenditure in tangible and intangible assets and prepaid right-of-use assets	1,198	152	119	441	1,267	1,443	24	4,644
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

(a) Include assets directly associated with the generation of operating profit.

Sales from operations by geographical area of destination

(€ million)	2020	2019	2018
Italy	14,717	23,312	25,279
Other European Union	9,508	18,567	20,408
Rest of Europe	8,191	6,931	7,052
Americas	2,426	3,842	5,051
Asia	4,182	8,102	9,585
Africa	4,842	8,998	8,246
Other areas	121	129	201
	43,987	69,881	75,822

Following the exit from the European Union in 2020, revenues relating to the United Kingdom of €4,410 million for 2020 are included in the geographical area "Rest of Europe" while

€6,856 million for 2019 and €6,286 million for 2018 are included in the geographical area "European Union".

36 TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its business, Eni enters into transactions regarding:

- Purchase/supply of goods and services and the provision of financing to joint ventures, associates and non-consolidated subsidiaries;
- Purchase/supply of goods and services to entities controlled by the Italian Government;
- 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 transactions, that were positively examined and valued in application of the procedure, concerned: (i) the revision of a service contract connected to network infrastructures with Vodafone Italia SpA; (ii) the renewal of a contract for the development of editorial content of World Energy magazine with Istituto Affari Internazionali. Both the counterparts are related to Eni SpA through two members of the Board of Directors;
- 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, 2020 are presented separately in the annex "List of companies owned by Eni SpA as of December 31, 2020".

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

December 31, 2020				2020			
Name	(€ million)	Receivables and other assets	Payables and other liabilities	Guarantees	Revenues	Costs	Other operating (expense) income
Joint ventures and associates							
Agiba Petroleum Co		6	52			201	
Angola LNG Supply Services Llc				165			
Coral FLNG SA		6		1,079	49		
Gas Distribution Company of Thessaloniki - Thessaly SA			13			52	
Saipem Group		87	254	509	18	350	
Karachaganak Petroleum Operating BV		25	141			816	
Mellitah Oil & Gas BV		54	250		2	156	
Petrobel Belayim Petroleum Co		65	467			556	
Societa Oleodotti Meridionali SpA		3	399		20	15	
Société Centrale Electrique du Congo SA		48			57		
Unión Fenosa Gas SA		11	4	57	9		(3)
Vår Energi AS		39	190	456	85	1,126	(118)
Other(*)		72	24	1	66	167	
		416	1,794	2,267	306	3,439	(121)
Unconsolidated entities controlled by Eni							
Eni BTC Ltd				165			
Industria Siciliana Acido Fosforico - ISAF SpA (in liquidation)		112	1	1	11		
Other		5	23	10	4	9	
		117	24	176	15	9	
		533	1,818	2,443	321	3,448	(121)
Entities controlled by the Government							
Enel Group		104	165		51	551	86
Italgas Group		1	177		3	714	
Snam Group		189	211		45	1,012	
Terna Group		46	62		152	225	8
GSE - Gestore Servizi Energetici		52	37		586	309	40
Other(*)		8	49		20	63	
		400	701		857	2,874	134
Other related parties		1	4		2	53	
Groupement Sonatrach – Agip «GSA» and Organe Conjoint des Opérations «OC SH/FCP»		87	52		19	262	
		1,021	2,575	2,443	1,199	6,637	13

(*) Each individual amount included herein was lower than €50 million.

		December 31, 2019			2019		
Name	(€ million)	Receivables and other assets	Payables and other liabilities	Guarantees	Revenues	Costs	Other operating (expense) income
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	
Petrobel 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	
		1,104	2,841	2,596	1,252	9,173	19

(*) Each individual amount included herein was lower than €50 million.

December 31, 2018					2018		
Name	(€ million)	Receivables and other assets	Payables and other liabilities	Guarantees	Revenues	Costs	Other operating (expense) income
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		1	2		4	32	
Groupement Sonatrach – Agip «GSA» and Organe Conjoint des Opérations «OC SH/FCP»		40	140		34	229	
		864	3,750	2,588	1,391	8,005	319

(*) 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 Saipem Group mainly for the Exploration & Production segment and residual guarantees issued by Eni SpA relating to bid bonds and performance bonds;
- advances received from Società Oleodotti Meridionali SpA for the infrastructure upgrade of the crude oil transport system at the Taranto refinery;
- the sale of gas to Société Centrale Electrique du Congo SA;
- a performance guarantee given on behalf of Unión Fenosa Gas SA in relation to contractual commitments related to the results of operations, sale of gas and fair value of derivative financial instruments;
- guarantees 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 the realized part of the forward contracts for the purchase of gas;
- 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 the 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 based on 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; the contribution to cover the charges deriving from the performance of OCSIT functions and activities and the contribution paid to GSE for the use of biomethane and other advanced biofuels in the transport sector.

Transactions with other related parties concerned:

- provisions to pension funds managed by Eni of €40 million;
- contributions and service provisions to Eni Enrico Mattei Foundation for €5 million and to Eni Foundation for €1 million.

FINANCING TRANSACTIONS AND BALANCES WITH RELATED PARTIES

		December 31, 2020			2020	
Name	(€ million)	Receivables	Payables	Guarantees	Gains	Charges
Joint ventures and associates						
Angola LNG Ltd				228		
Cardón IV SA		383			57	
Coral FLNG SA		288			22	1
Coral South FLNG DMCC				1,304		
Saipem Group		2	167			6
Société Centrale Electrique du Congo SA		83			7	
Other		15	12	1	27	18
		771	179	1,533	113	25
Unconsolidated entities controlled by Eni						
Other		36	28		1	
		36	28		1	
Entities controlled by the Government						
Other			11			1
			11			1
		807	218	1,533	114	26

		December 31, 2019			2019	
Name	(€ million)	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			
		971	59	1,676	96	36

		December 31, 2018			2018	
Name	(€ million)	Receivables	Payables	Guarantees	Gains	Charges
Joint ventures and associates						
Angola LNG Ltd				245		
Cardón IV SA		705	36		95	
Coral FLNG SA		108				
Coral South FLNG DMCC				1,397		
Shatskorneftegaz Sàrl					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
		964	661	1,664	115	283

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;
- the financing loan 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);
- lease liabilities towards the Saipem group relating to multi-year contracts for the use of drilling equipment;
- 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, 2020			December 31, 2019		
	Total	Related parties	Impact %	Total	Related parties	Impact %
Other current financial assets	254	41	16.14	384	60	15.63
Trade and other receivables	10,926	802	7.34	12,873	704	5.47
Other current assets	2,686	145	5.40	3,972	219	5.51
Other non-current financial assets	1,008	766	75.99	1,174	911	77.60
Other non-current assets	1,253	74	5.91	871	181	20.78
Short-term debt	2,882	52	1.80	2,452	46	1.88
Current portion of long-term lease liabilities	849	54	6.36	889	5	0.56
Trade and other payables	12,936	2,100	16.23	15,545	2,663	17.13
Other current liabilities	4,872	452	9.28	7,146	155	2.17
Non-current lease liabilities	4,169	112	2.69	4,759	8	0.17
Other non-current liabilities	1,877	23	1.23	1,611	23	1.43

The impact of transactions with related parties on the profit and loss accounts consisted of the following:

(€ million)	2020			2019			2018		
	Total	Related parties	Impact %	Total	Related parties	Impact %	Total	Related parties	Impact %
Sales from operations	43,987	1,164	2.65	69,881	1,248	1.79	75,822	1,383	1.82
Other income and revenues	960	35	3.65	1,160	4	0.34	1,116	8	0.72
Purchases, services and other	(33,551)	(6,595)	19.66	(50,874)	(9,173)	18.03	(55,622)	(8,009)	14.40
Net (impairment losses) reversals of trade and other receivables	(226)	(6)	2.65	(432)	28	..	(415)	26	..
Payroll and related costs	(2,863)	(36)	1.26	(2,996)	(28)	0.93	(3,093)	(22)	0.71
Other operating income (expense)	(766)	13	..	287	19	6.62	129	319	..
Finance income	3,531	114	3.23	3,087	96	3.11	3,967	115	2.90
Finance expense	(4,958)	(26)	0.52	(4,079)	(36)	0.88	(4,663)	(283)	6.07

Main cash flows with related parties are provided below:

(€ million)	2020	2019	2018
Revenues and other income	1,199	1,252	1,391
Costs and other expenses	(5,789)	(6,869)	(5,210)
Other operating (expense) income	13	19	319
Net change in trade and other receivables and payables	(136)	(839)	683
Net interests	73	81	110
Net cash provided from operating activities	(4,640)	(6,356)	(2,707)
Capital expenditure in tangible and intangible assets	(842)	(2,332)	(2,768)
Net change in accounts payable and receivable in relation to investments	(370)	(339)	20
Change in financial receivables	(160)	(241)	(566)
Net cash used in investing activities	(1,372)	(2,912)	(3,314)
Change in financial and lease liabilities	164	(817)	16
Net cash used in financing activities	164	(817)	16
Total financial flows to related parties	(5,848)	(10,085)	(6,005)

The impact of cash flows with related parties consisted of the following:

(€ million)	2020			2019			2018		
	Total	Related parties	Impact %	Total	Related parties	Impact %	Total	Related parties	Impact %
Net cash provided from operating activities	4,822	(4,640)	..	12,392	(6,356)	..	13,647	(2,707)	..
Net cash used in investing activities	(4,587)	(1,372)	29.91	(11,413)	(2,912)	25.51	(7,536)	(3,314)	43.98
Net cash used in financing activities	3,253	164	5.04	(5,841)	(817)	13.99	(2,637)	16	..

37 OTHER INFORMATION ABOUT INVESTMENTS³²

INFORMATION ON ENI'S CONSOLIDATED SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTEREST

In 2020 and 2019, Eni did not own any consolidated subsidiaries with a significant non-controlling interest.

Equity pertaining to minority interests as of December 31, 2020, amounted to €78 million (€61 million December 31, 2019).

CHANGES IN THE OWNERSHIP INTEREST WITHOUT LOSS OF CONTROL

In 2020, Eni did not report any changes in ownership interest without loss or acquisition of control.

In 2019, Eni acquired a 10% stake of Windirect BV.

PRINCIPAL JOINT VENTURES, JOINT OPERATIONS AND ASSOCIATES AS OF DECEMBER 31, 2020

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	69.85	69.85
Saipem SpA	San Donato Milanese (MI) (Italy)	Italy	Corporate and financial companies	30.54	31.08
Unión Fenosa Gas SA	Madrid (Spain)	Spain	Global Gas & LNG Portfolio	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	Eni gas e luce	49.00	49.00
Joint Operation					
Mozambique Rovuma Venture SpA	San Donato Milanese (MI) (Italy)	Mozambique	Exploration & Production	35.71	35.71
GreenStream BV	Amsterdam (Netherlands)	Libya	Global Gas & LNG Portfolio	50.00	50.00
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

(32) Investments in subsidiaries, joint arrangements and associates as of December 31, 2020 are presented in the annex "List of companies owned by Eni SpA as of December 31, 2020". This annex includes also the changes in the scope of consolidation.

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:

	2020					
(€ million)	Vår Energi AS	Saipem SpA	Unión Fenosa Gas SA	Cardón IV SA	Gas Distribution Company of Thessaloniki - Thessaly SA	Other joint ventures
Current assets	804	6,411	599	235	31	858
- of which cash and cash equivalent	222	1,687	36		10	43
Non-current assets	16,042	4,831	717	2,040	344	924
Total assets	16,846	11,242	1,316	2,275	375	1,782
Current liabilities	189	4,903	311	262	38	1,022
- current financial liabilities	33	609	99		11	90
Non-current liabilities	15,019	3,391	501	1,615	51	333
- non-current financial liabilities	4,389	2,827	421	785	39	237
Total liabilities	15,208	8,294	812	1,877	89	1,355
Net equity	1,638	2,948	504	398	286	427
Eni's % of the investment	69.85	31.08	50.00	50.00	49.00	
Book value of the investment	1,144	908	242	199	140	188
Revenues and other income	2,450	7,408	854	612	62	286
Operating expense	(980)	(6,980)	(805)	(453)	(19)	(304)
Depreciation, amortization and impairments	(3,425)	(1,273)	(108)	(95)	(16)	(85)
Operating profit (loss)	(1,955)	(845)	(59)	64	27	(103)
Finance income (expense)	31	(166)	(29)	(98)	(1)	(21)
Income (expense) from investments		37	3			
Profit (loss) before income taxes	(1,924)	(974)	(85)	(34)	26	(124)
Income taxes	603	(143)	(2)	(58)	(6)	(4)
Net profit (loss)	(1,321)	(1,117)	(87)	(92)	20	(128)
Other comprehensive income (loss)	(273)	46	(33)	(35)		(25)
Total other comprehensive income (loss)	(1,594)	(1,071)	(120)	(127)	20	(153)
Net profit (loss) attributable to Eni	(918)	(354)	(68)	(46)	10	(93)
Dividends received from the joint venture	274	3			9	10

2019

(€ million)	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 (loss)	329	456	(19)	56	28	(54)
Finance income (expense)	(1)	(210)	(37)	(133)	(1)	(14)
Income (expense) from investments		(18)	6			
Profit (loss) before income taxes	328	228	(50)	(77)	27	(68)
Income taxes	(258)	(130)	8	(103)	(7)	(12)
Net profit (loss)	70	98	(42)	(180)	20	(80)
Other comprehensive income (loss)	40	66	11	5		
Total other comprehensive income (loss)	110	164	(31)	(175)	20	(80)
Net profit (loss) attributable to Eni	49	4	(14)	(90)	10	(40)
Dividends received from the joint venture	1,057				10	6

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:

	2020			
	Abu Dhabi Oil Refining Co (TAKREER)	Angola LNG Ltd	Coral FLNG SA	Other associates
(€ million)				
Current assets	1,391	618	133	623
- of which cash and cash equivalent	97	428	83	303
Non-current assets	17,938	8,633	4,777	4,072
Total assets	19,329	9,251	4,910	4,695
Current liabilities	4,897	424	172	656
- current financial liabilities	4,404	101		263
Non-current liabilities	2,757	1,187	4,186	3,068
- non-current financial liabilities	456	999	4,186	2,928
Total liabilities	7,654	1,611	4,358	3,724
Net equity	11,675	7,640	552	971
Eni's % of the investment	20.00	13.60	25.00	
Book value of the investment	2,335	1,039	138	321
Revenues and other income	11,933	976	1	954
Operating expense	(12,370)	(548)		(917)
Depreciation, amortization and impairments	(851)	(508)		(75)
Operating profit (loss)	(1,288)	(80)	1	(38)
Finance income (expense)	(91)	(96)	(11)	(13)
Income (expense) from investments				16
Profit (loss) before income taxes	(1,379)	(176)	(10)	(35)
Income taxes	4		2	(9)
Net profit (loss)	(1,375)	(176)	(8)	(44)
Other comprehensive income (loss)	(1,101)	(710)	(48)	(60)
Total other comprehensive income (loss)	(2,476)	(886)	(56)	(104)
Net profit (loss) attributable to Eni	(275)	(24)	(2)	(26)
Dividends received from the associate				13

2019

(€ million)	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 (loss)	(293)	494		27
Finance income (expense)	(46)	(151)	(12)	(2)
Income (expense) from investments	282			35
Profit (loss) before income taxes	(57)	343	(12)	60
Income taxes	11		5	(10)
Net profit (loss)	(46)	343	(7)	50
Other comprehensive income (loss)	(59)	162	8	5
Total other comprehensive income (loss)	(105)	505	1	55
Net profit (loss) attributable to Eni	(9)	47	(2)	22
Dividends received from the associate	46			15

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⁽³³⁾, are provided below. Furthermore, it should be underlined that when Eni acts as operator⁽³⁴⁾ of unincorporated joint ventures⁽³⁵⁾, a type of joint venture constituted for the management of oil projects, each consideration made directly by Eni is reported in its full amount, regardless of whether Eni is reimbursed proportionally by the non-operating partners through the mechanism of the cash calls.

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 basis⁽³⁶⁾.

The disclosure includes assistance equal or exceeding €10,000, even though they are granted through several payments during 2020. 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.

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:

(33) The following disclosures do not include assistance granted by foreign subsidiaries to foreign beneficiaries.

(34) In the oil projects, the operator is the subject who in accordance with the contractual agreements manages the exploration activities and in this role fulfills the payments due.

(35) Unincorporated joint ventures means a grouping of companies that operate jointly within the project in accordance with a contract.

(36) In case of non-monetary economic benefits, the cash basis must be assumed substantially referring to the year in which the benefit was enjoyed.

Granted subject	Amount paid (€)
Fondazione Policlinico Agostino Gemelli IRCCS	7,500,000
Fondazione Eni Enrico Mattei	4,956,727
Fondazione Teatro alla Scala	3,094,416
Eni Foundation	1,343,000
ASL Taranto	1,084,286
ASL Brindisi	1,023,763
AOR S. Carlo Potenza	899,067
Dipartimento della Protezione Civile	662,500
Fondazione Giorgio Cini	500,000
Policlinico San Donato ^(*)	442,935
The Halo Trust	280,259
ASP Siracusa	279,185
WEF - World Economic Forum	278,707
AUSL Ravenna	194,974
World Food Programme	183,883
AOU Ospedali Riuniti Ancona	162,697
Torino World Affairs Institute (T.wai)	150,000
IRCCS Ospedale Sacro Cuore Don Calabria di Negrar (Verona)	132,500
ASST Bergamo	117,110
ASP Ragusa	113,293
ASP Caltanissetta	109,578
Council on Foreign Relations	101,509
Atlantic Council of the United States, Inc	93,375
Ajuda de Desenvolvimento de Povo para Povo (ADPP)	87,581
ONG Volontariato Internazionale per lo Sviluppo (VIS)	87,581
World Business Council for Sustainable Development	75,811
Casa di cura Villa Erbosa-Bologna ^(*)	71,200
Associazione Pionieri e Veterani Eni	63,500
EITI - Extractive Industries Transparency Initiative	55,445
Bruegel	50,000
Fondazione COTEC - Fondazione per l'innovazione	50,000
Famiglia di un dipendente scomparso	50,000
Parrocchia di S. Barbara a San Donato Milanese	40,000
Comunità Frontiera Onlus	40,000
Istituti Ospedalieri Bergamaschi - Policlinico San Pietro ^(*)	38,470
Istituti Ospedalieri Bergamaschi - Policlinico San Marco ^(*)	37,500
Istituti Ospedalieri Bresciani - Istituto Clinico San Rocco ^(*)	35,600
Aspen Institute Italia	35,000
italiadecide	35,000
E4IMPACT Foundation	35,000
ASP Messina	34,155
Center For Strategic & International Studies	32,406
Fondazione Italia Cina	30,002
ASL Latina	26,300
AOU Sassari	25,970
CENSIS - Fondazione Centro Studi Investimenti Sociali	25,000
Istituto Clinico Beato Matteo ^(*)	24,000
Institute for Human Rights and Business (IHRB)	22,353
Associazione CIVITA	22,000
Associazione Italiana Sclerosi Laterale Amiotrofica (AISLA ONLUS)	22,000
Council of the Americas	21,862
Associazione Amici della Luiss	20,000
Centro Studi Americani	20,000
Human Foundation	20,000
Global Reporting Initiative	20,000
Associazione CILLA Liguria	20,000
AMICAL	15,428
ASST Mantova Ospedale Carlo Poma	12,985
AULSS 3 Venezia Mestre	12,985

(*) The granted assistance to Gruppo San Donato (GSD) is equal to €661,805. The amount includes also the assistances that individually are lower than €10.000.

39 SIGNIFICANT NON-RECURRING EVENTS AND OPERATIONS

In 2020, in 2019 and 2018, Eni did not report any non-recurring events and operations.

40 POSITIONS OR TRANSACTIONS DERIVING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

In 2020, in 2019 and 2018, no transactions deriving from atypical and/or unusual operations were reported.

41 SUBSEQUENT EVENTS

No significant events were reported after December 31, 2020, apart from what already included in the notes to these Financial Statements.

Supplemental Oil & Gas information (unaudited)

The following information prepared in accordance with “International Financial Reporting Standards” (IFRS) is presented based on the disclosure rules of the FASB Extractive

Activities - Oil and Gas (Topic 932). Amounts related to minority interests are immaterial.

CAPITALIZED COSTS

Capitalized costs represent the total expenditures for proved and unproved mineral properties 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
2020										
Consolidated subsidiaries										
Proved property	18,456	6,465	14,596	19,081	39,848	11,278	10,662	14,567	1,359	136,312
Unproved property	20	311	454	33	2,163	10	1,411	896	179	5,477
Support equipment and facilities	300	20	1,424	216	1,226	109	34	20	11	3,360
Incomplete wells and other	671	147	1,094	193	2,551	1,064	1,469	458	39	7,686
Gross Capitalized Costs	19,447	6,943	17,568	19,523	45,788	12,461	13,576	15,941	1,588	152,835
Accumulated depreciation, depletion and amortization	(15,565)	(5,597)	(12,793)	(12,161)	(32,248)	(2,839)	(9,003)	(12,612)	(805)	(103,623)
Net Capitalized Costs consolidated subsidiaries^(a)	3,882	1,346	4,775	7,362	13,540	9,622	4,573	3,329	783	49,212
Equity-accounted entities										
Proved property		11,466	68		1,384			1,833		14,751
Unproved property		2,131					11			2,142
Support equipment and facilities		23	8					6		37
Incomplete wells and other		1,566	9		17			209		1,801
Gross Capitalized Costs		15,186	85		1,401		11	2,048		18,731
Accumulated depreciation, depletion and amortization		(6,196)	(59)		(343)			(1,076)		(7,674)
Net Capitalized Costs equity-accounted entities^(a)		8,990	26		1,058		11	972		11,057
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)(b)}		9,160	25		1,203		12	1,099		11,499

(a) The amounts include net capitalized financial charges totalling €843 million in 2020 and €878 million in 2019 for the consolidated subsidiaries and €170 million in 2020 and €166 million in 2019 for equity-accounted entities.

(b) 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
2020										
Consolidated subsidiaries										
Proved property acquisitions										
Unproved property acquisitions			55	2						57
Exploration	19	20	69	67	61	7	176	63	1	483
Development ^(a)	472	235	278	422	620	196	1,024	437	10	3,694
Total costs incurred consolidated subsidiaries	491	255	402	491	681	203	1,200	500	11	4,234
Equity-accounted entities										
Proved property acquisitions										
Unproved property acquisitions										
Exploration		47								47
Development ^(b)		1,481	3		6			14		1,504
Total costs incurred equity-accounted entities		1,528	3		6			14		1,551
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

(a) Includes the abandonment costs of the assets for €516 million in 2020, €2,069 million in 2019, negative for €517 million in 2018.

(b) Includes the abandonment costs of the assets for €424 million in 2020, €838 million in 2019, negative €22 million in 2018.

(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 fulfil 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
2020										
Consolidated subsidiaries										
Revenues:										
- sales to consolidated entities	799	334	616		2,315	788	1,333	434	1	6,620
- sales to third parties		53	1,610	2,478	784	547	179	204	109	5,964
Total revenues	799	387	2,226	2,478	3,099	1,335	1,512	638	110	12,584
Production costs	(332)	(139)	(371)	(367)	(782)	(246)	(236)	(272)	(17)	(2,762)
Transportation costs	(4)	(30)	(39)	(11)	(21)	(164)	(4)	(12)		(285)
Production taxes	(111)		(135)		(295)		(133)	(13)		(687)
Exploration expenses	(19)	(14)	(124)	(56)	(77)	(3)	(104)	(112)	(1)	(510)
D.D. & A. and Provision for abandonment ^(a)	(1,149)	(252)	(1,158)	(848)	(2,187)	(454)	(1,070)	(678)	(65)	(7,861)
Other income (expenses)	(255)	(45)	(360)	(204)	25	(153)	(90)	(71)	6	(1,147)
Pretax income from producing activities	(1,071)	(93)	39	992	(238)	315	(125)	(520)	33	(668)
Income taxes	219	69	(671)	(519)	(33)	(134)	(193)	86	(11)	(1,187)
Results of operations from E&P activities of consolidated subsidiaries	(852)	(24)	(632)	473	(271)	181	(318)	(434)	22	(1,855)
Equity-accounted entities										
Revenues:										
- sales to consolidated entities		862								862
- sales to third parties		782	10		131			307		1,230
Total revenues		1,644	10		131			307		2,092
Production costs		(350)	(7)		(23)			(18)		(398)
Transportation costs		(161)	(1)		(11)					(173)
Production taxes			(2)		(3)			(76)		(81)
Exploration expenses		(35)								(35)
D.D. & A. and Provision for abandonment		(1,163)	(1)		(69)			(50)		(1,283)
Other income (expenses)		(90)	(1)		(35)		(2)	(146)		(274)
Pretax income from producing activities		(155)	(2)		(10)		(2)	17		(152)
Income taxes		469	1					(29)		441
Results of operations from E&P activities of equity-accounted entities		314	(1)		(10)		(2)	(12)		289

(a) Includes asset net impairment amounting to €1,865 million.

(€ 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.

PROVED RESERVES OF OIL AND NATURAL GAS

Eni's criteria concerning evaluation and classification of proved developed and undeveloped reserves comply with Regulation S-X 4-10 of the U.S. 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 2020, the average price for the marker Brent crude oil was \$41 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 companies³⁷. The description of qualifications of the person primarily responsible of the reserves audit is included in the third-party audit report³⁸.

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 2020, Ryder Scott Company, DeGolyer and MacNaughton provided an independent evaluation of about 36%³⁹ of Eni's total proved reserves as of December 31, 2020⁴⁰, confirming, as in previous years, the reasonableness of Eni's internal evaluations.

In the three-year period from 2018 to 2020, 92% of Eni's total proved reserves were subject to independent evaluation. As of December 31, 2020, the principal properties which did not undergo an independent evaluation in the last three years were Balder in Norway and Merakes in Indonesia.

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%, 57% and 61% of total proved reserves as of December 31, 2020, 2019 and 2018, respectively, on an oil-equivalent basis. Similar effects as PSAs apply to service contracts; proved reserves associated with such contracts represented 4%, 3% and 3% of total proved reserves on an oil-equivalent basis as of December 31, 2020, 2019 and 2018, 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

(37) From 1991 to 2002 DeGolyer and McNaughton, from 2003 also Ryder Scott. In 2018 and independent evaluation was provided also by Société Générale de Surveillance (SGS).

(38) The reports of independent engineers are available on Eni website eni.com, section Publications/Annual Report 2020.

(39) The percentage of 36% increases to 37% considering the certification of A-LNG (proven reserves equal to 87 Mboe net to Eni) conducted by Gaffney Cline for the shareholders of the A-LNG Consortium (Eni 13.6%).

(40) Including reserves of equity-accounted entities.

as producer of reserves. Reserves volumes associated with oil and gas deriving from such obligation represent 3%, 4% and 4% of total proved reserves as of December 31, 2020, 2019 and 2018, respectively, on an oil equivalent basis; (ii) volumes of proved reserves of natural gas to be consumed in operations amounted to approximately 2,237 BCF at 2020 year-end (2,330 BCF and 2,470 BCF respectively at 2019 and 2018 year-end); (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.

PROVED UNDEVELOPED RESERVES

Proved undeveloped reserves as of December 31, 2020 totalled 2,005 mmboe, of which 1,064 mmbbl of liquids mainly concentrated in Africa and Asia and 4,992 BCF of natural gas particularly located in Africa. Proved

undeveloped reserves of consolidated subsidiaries amounted to 837 mmbbl of liquids and 4,703 BCF of natural gas. Changes in Eni's 2020 proved undeveloped reserves were as follows:

(mmboe)

Proved undeveloped reserves as of December 31, 2019	2,114
Transfer to proved developed reserves	(206)
Extensions and discoveries	40
Revisions of previous estimates	53
Improved recovery	4
Proved undeveloped reserves as of December 31, 2020	2,005

In 2020, total proved undeveloped reserves decreased by 109 mmboe, including the effect of the update of the gas conversion rate of +18 mmboe (proved undeveloped reserves of consolidated companies decreased by 114 mmboe, while those of joint ventures and associates increased by 5 mmboe). Main changes derived from:

- (i) proved undeveloped reserves matured to proved developed reserves amounted to 206 mmboe and were driven by progress in development activities, production start-ups and project revisions. The main reclassifications to proved developed reserves related to the fields of Zohr in Egypt (79 mmboe) and Zubair in Iraq (34 mmboe), to the Area 1 project in Mexico (17 mmboe), to the concession Umm Shaif/Nasr in the United Arab Emirates (16 mmboe) and to the Karachaganak field in Kazakhstan (14 mmboe).
- (ii) new discoveries and extensions of 40 mmboe, of which 33 mmbbl of oil and 35 BCF of natural gas. The increase in oil reserves was driven by the FIDs made for the Breidablikk project in Norway (30 mmboe) and the Pegasus project in the United States (3 mmboe). The increase of 35 BCF of natural gas was due to the Mahani field in the United Arab Emirates;

- (iii) revisions of previous estimates were positive for 53 mmboe (which also included the update of the gas conversion rate), of which 24 mmbbl of oil and around 56 BCF of natural gas. Positive revisions of 319 mmboe were recorded as result of higher entitlements at the oil fields of Zubair in Iraq (47 mmboe), of Karachaganak in Kazakhstan (37 mmboe) and of Area 1 in Mexico (32 mmboe), as well as of the progress in development activities at the Zohr gas field in Egypt (37 mmboe), at the field Umm Shaif in the United Arab Emirates (27 mmboe) and at the Merakes gas field in Indonesia (44 mmboe). Negative revisions of 266 mmboe were mainly driven by negative price effects relating to Area A and E in Libya (-41 mmboe), Belayim and Abu Rudeis in Egypt (-45 mmboe), and by revisions related to reservoir underperformance at the fields Tuomo West in Nigeria (-33 mmboe), Val d'Agri in Italy (-23 mmboe), Cafo/Mle in Algeria (-15 mmboe), Grane in Norway (-12 mmboe), Nasr in the United Arab Emirates (-6 mmboe), Front Runner in the United States (-6 mmboe), M'boundi in Congo (-5 mmboe), Blacktip in Australia (-4 mmboe);
- (iv) improved recoveries of 4 mmboe mainly referred to the Burun field in Turkmenistan.

PROVED RESERVES OF 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
2020										
Consolidated subsidiaries										
Reserves at December 31, 2019	194	41	468	264	694	746	491	225	1	3,124
<i>of which: developed</i>	137	37	301	149	519	682	245	148	1	2,219
<i>undeveloped</i>	57	4	167	115	175	64	246	77		905
Purchase of Minerals in Place										
Revisions of Previous Estimates	1	1	(44)	(14)	10	100	114	16		184
Improved Recovery							5			5
Extensions and Discoveries							1	4		5
Production	(17)	(8)	(41)	(23)	(80)	(41)	(32)	(21)		(263)
Sales of Minerals in Place										
Reserves at December 31, 2020	178	34	383	227	624	805	579	224	1	3,055
Equity-accounted entities										
Reserves at December 31, 2019		424	12		10			31		477
<i>of which: developed</i>		219	12		7			31		269
<i>undeveloped</i>		205			3					208
Purchase of Minerals in Place										
Revisions of Previous Estimates		(11)			9					(2)
Improved Recovery										
Extensions and Discoveries		30								30
Production		(43)			(1)			(1)		(45)
Sales of Minerals in Place										
Reserves at December 31, 2020		400	12		18			30		460
Reserves at December 31, 2020	178	434	395	227	642	805	579	254	1	3,515
Developed	146	207	255	172	484	716	297	173	1	2,451
consolidated subsidiaries	146	31	243	172	469	716	297	143	1	2,218
equity-accounted entities		176	12		15			30		233
Undeveloped	32	227	140	55	158	89	282	81		1,064
consolidated subsidiaries	32	3	140	55	155	89	282	81		837
equity-accounted entities		224			3					227

(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

Main changes in proved reserves of crude oil (including condensates and natural gas liquids) reported in the tables above for the period 2018, 2019 and 2020 are discussed below.

CONSOLIDATED SUBSIDIARIES

Purchase of Minerals in Place

In 2018, purchase of proved reserves (319 mmbbl) mainly related to the entry in two Concession Agreements of Lower Zakum and Umm Shaif and Nasr in Abu Dhabi.

In 2019, purchase of proved reserves (29 mmbbl) related to the acquisition of 100% of the Oooguruk production field in Alaska. In 2020, no purchases were made.

Revisions of Previous Estimates

In 2018, revisions of previous estimates of 86 mmbbl were mainly due to: (i) positive changes in the projects Meleiha in Egypt, Structure E in Libya and Nikaitchuq in the United States; (ii) negative changes at Karachaganak in Kazakhstan and Zubair in Iraq.

In 2019, revisions of previous estimates amounted to 203 mmbbl and were mainly due to: (i) positive revisions of 79 mmbbl in Kazakhstan in relation to the progress in development activities

of the Kashagan and Karachaganak fields; (ii) positive revisions of 37 mmbbl in North Africa primarily in relation to the development of the Berkine Nord project in Algeria and lower contributions from development projects in Libya; (iii) positive revisions of 46 mmbbl in the Sub-Saharan Africa in relation to the progress in development activities of projects in Nigeria and Angola; and (iv) 45 mmbbl of upward revisions in the rest of Asia were due to the progress of development in the Umm Shaif and other projects in United Arab Emirates (25 mmbbl) and to entitlement effects in Iraq, Turkmenistan and Timor Leste. Upward revisions also include 6 mmbbl in Italy and Rest of Europe and 4 mmbbl in the United States. Downward revisions (total 24 mmbbl) are related to Mexico Area 1 (20 mmbbl) due to the removal of uneconomic volumes and for 4 mmbbl in Australia.

In 2020, revisions of previous estimates amounted to an increase of 184 mmbbl. Positive revisions of 100 mmbbl reported in Kazakhstan were driven by higher entitlements and progress in development activities. In the rest of Asia, positive revisions of 114 mmbbl were due to higher entitlements in Iraq (74 mmbbl) and progress at a few projects, among which the most important was the Umm Shaif/Nasr concession in the United Arab Emirates (37 mmbbl). In the Sub-Saharan Africa positive revisions of 10 mmbbl were due to higher entitlements

in Nigeria (14 mmbbl), Angola (8 mmbbl) and Ghana (3 mmbbl), partly offset by negative revisions due to the debooking of the Loango and Zatchi fields reserves in Congo (-18 mmbbl). In America, positive revisions of 16 mmbbl were due to higher entitlements in Mexico (25 mmbbl), partially offset by the removal of non-economic reserves at various fields in the United States (-9 mmbbl). In Egypt, negative revisions of 14 mmbbl were mainly due to the Abu Rudeis project. In North Africa negative revisions of 44 mmbbl were driven by price effects and capital expenditures curtailments in Libya (-30 mmbbl) and Algeria (-17 mmbbl).

Improved Recovery

In 2018, improved recoveries of 13 mmbbl mainly related to Egypt and Iraq.

In 2019, no improved recoveries were reported.

In 2020, improved recoveries of 5 mmbbl related to the Burun project in Turkmenistan.

Extensions and Discoveries

In 2018, new discoveries and extensions of 100 mmbbl mainly related to the sanctioning of the final investment decision for the Area 1 project in Mexico (85 mmbbl).

In 2019, new discoveries and extensions of 34 mmbbl were driven for 21 mmbbl by the final investment decisions relating to the Assa North field in Nigeria and the Agogo field in the operated Block 15/06 offshore Angola. The remaining extensions and discoveries related to certain fields in the United States (9 mmbbl in total, relating to Nikaitchuq and Pegasus-2 fields) and 4 mmbbl in North Africa and Middle East Region driven by incremental near-field discoveries.

In 2020, new discoveries and extensions added 5 mmbbl related to the Pegasus and Front Runner fields in the United States and the Mahani field in the United Arab Emirates 78 BCF related to the final investment decision relating the Assa North field in Nigeria and 6 BCF in the United States and United Kingdom.

Sales of Minerals in Place

In 2018, the sale of 279 mmbbl related to the business combination between Eni Norge AS and Point Resources AS. The merger agreement provided for the sale of the reserves of the former subsidiary Eni Norge as part of the business combination with Point Resources and the acquisition by Eni of the interest in the reserves held by the joint venture Vår Energi, in which Eni owns a 70% stake. The merger did not produce significant effects as the reserves transferred in relation to

the loss of control over the former subsidiary Eni Norge were offset by the acquisition of Eni's interest in the reserves of the equity-accounted entity.

In 2019, the sale of 29 mmbbl related for 28 mmbbl to the sale of the entire interest in the production assets in Ecuador.

In 2020, no sales of oil properties were reported.

EQUITY-ACCOUNTED ENTITIES

Purchase of Minerals in Place

In 2018, purchase of 297 mmbbl related to the aforementioned merger operation in Norway leading the acquisition of the interest in Vår Energi (Eni's interest 70%).

In 2019, purchase of 109 mmbbl related to the acquisition of assets of ExxonMobil in Norway by the joint venture Vår Energi.

In 2020, no purchases of proved reserves were made.

Revisions of Previous Estimates

In 2018, negative revisions of previous estimates for 95 mmbbl included the de-booking of proved undeveloped reserves at a project in Venezuela (-96 mmbbl) due to the deterioration of the local operating environment.

In 2019, positive revisions of previous estimates for 42 mmbbl mainly related to the Rest of Europe area (45 mmbbl) due to development activities of the Balder X project in Norway.

In 2020, negative revisions of previous estimates amounted to 2 mmbbl. In the Rest of Europe negative revisions for 11 mmbbl were reported mainly at the Ringhorne East and Ekofisk fields in Norway driven by price effects. These were partially offset by positive revisions reported in the Sub-Saharan Africa up by 9 mmbbl driven by an improved performance at the Angola LNG project.

Extensions and Discoveries

In 2018, there were no extensions or new discoveries.

In 2019, extensions and new discoveries of 6 mmbbl related to the development of the Trestakk field in Norway.

In 2020, extensions and new discoveries of 30 mmbbl were reported as a result of the final investment decision for the Bredaiblikk project in Norway.

Sales of Minerals in Place

In 2018, no sales were made.

In 2019, sales of 6 mmbbl related to the divestment of minor assets in Norway.

In 2020, no sales of proved reserves were made.

PROVED RESERVES OF NATURAL GAS

(billion cubic feet)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
2020										
Consolidated subsidiaries										
Reserves at December 31, 2019	752	262	2,738	5,191	4,103	1,969	1,349	240	507	17,111
<i>of which: developed</i>	657	242	1,374	4,777	1,858	1,969	685	186	322	12,070
<i>undeveloped</i>	95	20	1,364	414	2,245		664	54	185	5,041
Purchase of Minerals in Place										
Revisions of Previous Estimates	(288)	5	(259)	(65)	9	138	356	(33)		(137)
Improved Recovery										
Extensions and Discoveries				6			54	4		64
Production(a)	(116)	(59)	(278)	(440)	(248)	(104)	(170)	(36)	(33)	(1,484)
Sales of Minerals in Place										
Reserves at December 31, 2020	348	208	2,201	4,692	3,864	2,003	1,589	175	474	15,554
Equity-accounted entities										
Reserves at December 31, 2019		772	14		287			1,648		2,721
<i>of which: developed</i>		597	14		88			1,648		2,347
<i>undeveloped</i>		175			199					374
Purchase of Minerals in Place										
Revisions of Previous Estimates		(128)	1		113			(12)		(26)
Improved Recovery										
Extensions and Discoveries										
Production(b)		(134)	(1)		(36)			(77)		(248)
Sales of Minerals in Place										
Reserves at December 31, 2020		510	14		364			1,559		2,447
Reserves at December 31, 2020	348	718	2,215	4,692	4,228	2,003	1,589	1,734	474	18,001
Developed	280	609	1,028	4,511	1,921	2,003	674	1,668	315	13,009
consolidated subsidiaries	280	194	1,014	4,511	1,751	2,003	674	109	315	10,851
equity-accounted entities		415	14		170			1,559		2,158
Undeveloped	68	109	1,187	181	2,307		915	66	159	4,992
consolidated subsidiaries	68	14	1,187	181	2,113		915	66	159	4,703
equity-accounted entities		95			194					289

(a) It includes production volumes consumed in operations equal to 223 BCF.

(b) It includes production volumes consumed in operations equal to 16 BCF.

(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 ^(a)	(137)	(64)	(419)	(551)	(210)	(99)	(198)	(24)	(36)	(1,738)
Sales of Minerals in Place ^(b)					(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 ^(c)		(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) It includes production volumes consumed in operations equal to 231 BCF.

(b) 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.

(c) It includes production volumes consumed in operations equal to 11 BCF.

(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 ^(a)	(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 ^(b)			(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

(a) It includes production volumes consumed in operations equal to 222 BCF.

(b) It includes production volumes consumed in operations equal to 8 BCF.

Main changes in proved reserves of natural gas reported in the tables above for the period 2018, 2019 and 2020 are discussed below.

CONSOLIDATED SUBSIDIARIES

Purchase of Minerals in Place

In 2018, purchase of 69 BCF essentially related to the entry in two Concession Agreements in Abu Dhabi as previously discussed.

In 2019, purchase of 7 BCF related to the Oooguruk field in Alaska.

In 2020, no purchases were made.

Revisions of Previous Estimates

In 2018, positive revisions of previous estimates of 2,756 BCF mainly related to progress in development activities in the Zohr and Nidoco NW projects in Egypt (2,238 BCF).

In 2019, positive revisions of previous estimates of 1,227 BCF mainly related to: (i) the Sub-Saharan Africa area for 747 BCF

following the final investment decision for the upgrading of the LNG Bonny project in Nigeria (Eni's interest 10.4%); (ii) Egypt for 467 BCF following the progress in development activities of the Zohr field and other minor projects; (iii) upward revisions of 267 BCF were reported in North Africa and were mainly driven by progress in the development at Berkine North fields in Algeria (227 BCF), while the remaining volumes related to the progress of activities in Lybia and other fields in Algeria; (iv) in Kazakhstan we recorded upward revisions of 79 BCF due to better field performance; (v) in the Rest of Asia the upward revisions related to Pakistan (23 BCF relating to over nine fields), United Arab Emirates (13 BCF in three fields), Indonesia at the Jangkrik field (15 BCF) and Iraq at the Zubair Field (15 BCF) mainly driven by progress in development activities. Other revisions for 11 BCF were recorded in the United Kingdom and United States.

In 2020, revisions of previous estimates were a net negative of 137 BCF. In Italy, 288 BCF of negative revisions were reported mainly at the Hera Lacina-Linda, Cervia-Arianna, Luna, Annamaria, Val d'Agri and Porto Garibaldi-Agostino projects and other gas fields in the Adriatic sea due to price

effects. In North Africa, 259 BCF of negative revisions were driven by price effects in Libya (-287 BCF) in particular at Bahr Essalam and Area E fields and in various fields in Algeria (+18 BCF). In Egypt, 65 BCF of negative revisions were recorded at Tuna due to performance revision and at Zohr field due to price effect. In America, 33 BCF of negative revision were due to price effects at various US gas fields (-78 BCF), mainly Alliance fields, partially offset by Area 1 in Mexico (46 BCF). Revisions were positive for 356 BCF in the Rest of Asia driven by a better performance at the Merakes projects in Indonesia (227 BCF) and at the Zubair field in Iraq (97 BCF) due to improved production expectations. In Kazakhstan, positive revisions of 138 BCF were reported at the Karachaganak project due to technical appraisal and higher entitlements.

Improved Recovery

In 2018, 2019 and 2020, no material improved recoveries were recorded.

Extensions and Discoveries

In 2018, new discoveries and extensions of 374 BCF essentially related to: (i) Rest of Asia (205 BCF) mainly following to the final investment decision for the Merakes project in Indonesia; (ii) Italy (86 BCF) mainly due to the final investment decision for the Argo and Cassiopea projects; and (iii) America (76 BCF) due to the final investment decision for the Area 1 operated project in Mexico.

In 2019, new discoveries and extensions of 358 BCF mainly related to the Rest of Asia (274 BCF) following to the final investment decision for the Udr-Ghasha project in the offshore of the United Arab Emirates.

In 2020, new discoveries and extensions of 64 BCF mainly related to the Rest of Asia (with an upward revision of 54 BCF) following the final investment decision for the Mahani field in the United Arab Emirates, with production started-up in January 2021, and Egypt for the near-field discoveries in the Bashrush and Abu Madi West concessions.

Sales of Minerals in Place

In 2018, sales of 1,361 BCF mainly related to: (i) Egypt

(869 BCF) following the sale of 10% of the Zohr project to Mubadala Petroleum; and (ii) Rest of Europe (464 BCF) mainly following the sale of assets in Croatia and the effects of the aforementioned business combination in Norway.

In 2019, sales of 67 BCF mainly related to the Rest of Asia area (48 BCF) following the sale of the 20% stake in the Merakes discovery in Indonesia.

In 2020, no sales were made.

EQUITY-ACCOUNTED ENTITIES

Purchase of Minerals in Place

In 2018, purchase of 360 BCF related to the aforementioned merger operation in Norway leading the acquisition of the interest in Vår Energi.

In 2019, purchase of 405 BCF related to the acquisition of assets of ExxonMobil in Norway by the joint venture Vår Energi.

In 2020, no purchases were made.

Revisions of Previous Estimates

In 2018, negative revisions of previous estimates of 26 BCF mainly related to the de-booking of reserves in Venezuela, already mentioned above.

In 2019, positive revisions of previous estimates of 91 BCF essentially related to the Rest of Europe (76 BCF) following the progress in the Balder X project and the Snorre and Smørbukk fields in Norway.

In 2020, negative revisions of previous estimates of 26 BCF essentially related to the Rest of Europe (128 BCF) mainly in relation to the Grane and Midgard projects in Norway. In Sub-Saharan Africa, 113 BCF of positive revisions were reported at the Angola LNG project due to a better performance.

Extensions and Discoveries

In 2018, 2019 and 2020, there were no extensions or new relevant discoveries.

Sales of Minerals in Place

In 2018, 2019 sales were not material in Rest of Asia and Europe, respectively, while in 2020 no sales were made.

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.

The standardized measure of discounted future net cash flows by geographical area consists of the following:

(€ million)	Italy	Rest of Europe	North Africa	Egypt	Sub-Saharan Africa	Kazakhstan	Rest of Asia	America	Australia and Oceania	Total
December 31, 2020										
Consolidated subsidiaries										
Future cash inflows	6,120	1,737	19,780	26,003	26,901	21,519	22,528	6,638	1,599	132,825
Future production costs	(3,587)	(753)	(5,431)	(7,515)	(10,909)	(6,224)	(7,241)	(3,382)	(265)	(45,307)
Future development and abandonment costs	(1,925)	(756)	(4,378)	(1,638)	(4,257)	(1,743)	(4,511)	(1,786)	(246)	(21,240)
Future net inflow before income tax	608	228	9,971	16,850	11,735	13,552	10,776	1,470	1,088	66,278
Future income tax	(170)	(61)	(4,946)	(5,320)	(2,988)	(2,313)	(6,774)	(441)	(140)	(23,153)
Future net cash flows	438	167	5,025	11,530	8,747	11,239	4,002	1,029	948	43,125
10 % discount factor	(33)	108	(2,413)	(4,101)	(3,714)	(6,040)	(1,681)	(482)	(383)	(18,739)
Standardized measure of discounted future net cash flows	405	275	2,612	7,429	5,033	5,199	2,321	547	565	24,386
Equity-accounted entities										
Future cash inflows		15,306	251		1,253			6,291		23,101
Future production costs		(5,942)	(98)		(982)			(1,641)		(8,663)
Future development and abandonment costs		(6,244)	(29)		(46)			(137)		(6,456)
Future net inflow before income tax		3,120	124		225			4,513		7,982
Future income tax		(576)	(54)		(3)			(1,375)		(2,008)
Future net cash flows		2,544	70		222			3,138		5,974
10 % discount factor		(1,055)	(43)		(110)			(1,460)		(2,668)
Standardized measure of discounted future net cash flows		1,489	27		112			1,678		3,306
Total consolidated subsidiaries and equity-accounted entities	405	1,764	2,639	7,429	5,145	5,199	2,321	2,225	565	27,692

(€ 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

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, 2020, 2019 and 2018, are as follows:

(€ million)	Consolidated subsidiaries	Equity-accounted entities	Total
2020			
Standardized measure of discounted future net cash flows at December 31, 2019	45,487	5,410	50,897
Increase (Decrease):			
- sales, net of production costs	(10,046)	(1,490)	(11,536)
- net changes in sales and transfer prices, net of production costs	(34,188)	(5,324)	(39,512)
- extensions, discoveries and improved recovery, net of future production and development costs	123	142	265
- changes in estimated future development and abandonment costs	792	(834)	(42)
- development costs incurred during the period that reduced future development costs	4,147	1,192	5,339
- revisions of quantity estimates	36	(285)	(249)
- accretion of discount	7,136	1,065	8,201
- net change in income taxes	13,336	3,814	17,150
- purchase of reserves in-place			
- sale of reserves in-place			
- changes in production rates (timing) and other	(2,437)	(384)	(2,821)
Net increase (decrease)	(21,101)	(2,104)	(23,205)
Standardized measure of discounted future net cash flows at December 31, 2020	24,386	3,306	27,692

(€ 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

(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.

(€ million)	Consolidated subsidiaries	Equity-accounted entities	Total
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

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 Francesco Esposito, 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, 2020 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 2020 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 2020 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..

March 18, 2021

/s/ Claudio Descalzi

Claudio Descalzi

Chief Executive Officer

/s/ Francesco Esposito

Francesco Esposito

Officer responsible for the
preparation of financial reports

Independent auditor's report



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of January 27, 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, 2020, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statements of changes in 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, 2020, 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. 38/2005.

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.

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.

PricewaterhouseCoopers SpA

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Key Audit Matters

Auditing procedures performed in response to key audit matters

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", Note 15 "Investments" 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 39,648 million, E&P exploration assets and appraisal amounting to Euro 1,341 million, E&P tangible assets in progress equal to Euro 7,118 million, Right-of-use assets amounting to Euro 3,274 million, Exploration rights in an amount of Euro 888 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 8,454 million at December 31, 2020.

Furthermore, the Group holds investments in the E&P segment, accounted for with the equity method, for a total amount of Euro 2,680 million at December 31, 2020.

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, 2020 depreciation of mineral assets related to the E&P segment amounted to Euro 6,273 million.

At year-end mineral assets recognised in the consolidated financial statements are tested for

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.

Regarding the valuation of Exploration rights and Exploration activities and E&P appraisal,



impairment. The recoverable amount of mineral 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, 2020 net impairment losses related to the mineral assets of the E&P segment and to the interest in Var Energi AS (valued at equity), heavily affected by the COVID-19 pandemic which led to an historic drop in the hydrocarbon demand and the consequent slump in commodity prices, amounted to Euro 1,860 million and Euro 918 million respectively.

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 as the timing these costs are incurred;
- (iii) long-term price projections of hydrocarbons, which include the possible impacts linked to the energy transition, reflected in the 2021 – 2024 Strategic Plan, and which management considers to be consistent with the goals of the 2015 Cop21 Paris Agreement on climate;
- (iv) changes in the tax legislation, in administrative regulations and changes in the underlying contract types;
- (v) the production of oil and natural gas extracted and subsequent reservoir analyses, which can entail significant revisions;
- (vi) changes in oil and natural gas prices, which could affect the volumes of reserves compared to the initial estimate; and
- (vii) 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

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 and those of the Capital Projects & Infrastructure function supported us in the verification of the consistency of the assumptions contained in the 2021 – 2024 Strategic Plan with the changed macroeconomic perspectives of the E&P segment, also in relation to the effects of the COVID-19 pandemic, and in particular (i) the examination of the different valuation models used, (ii) the verification of the methods adopted to estimate



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 significant impact of the COVID-19 pandemic and the consequent drop in the hydrocarbon consumption which determined the slump in commodity prices and (iv) the materiality of the related financial statement line items.

the medium/long-term prices of commodities including the verification of the consistency of such prices with the most recent market consensus, (iii) the verification of inflation rates, also in comparison with the market prices and those expressed by sector analysts and (iv) 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 as well as their consistency with the information contained in the consolidated non-financial statement on the achievement of carbon neutrality and the related climate risks.

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 the *Congo Investigation* and the *OPL 245 Nigeria*, and *Criminal Proceedings 12333/2017*.

Regarding the Congo investigation, following the reduction of the offence of international corruption and Eni's adhesion to the hypothesis of agreed sanctions submitted by the Public Prosecutor, Eni accrued Euro 11.8 million to the provision for risks. In relation to the *OPL 245 Nigeria* proceedings, for which a trial judgment of acquittal was handed down on March 17, 2021, and in relation to Criminal Proceedings 12333/2017 the Group made no accruals to the risk provision as an unfavourable outcome has been considered unlikely by the directors.

Assessing the possible implications for the Group of such proceedings represented a complex evaluation

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 estimation 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



process which entailed a significant degree of professional judgement by the directors as regards both the quantification of the potential accounting impacts and the preparation of the financial statement disclosures.

The directors, in applying their judgment, were supported by in-house and external legal experts in charge of assisting them with the various ongoing proceedings.

outcomes 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.

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. 38/2005 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. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

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, 2020, 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. 58/1998, with the consolidated financial statements of the Eni Group as of December 31, 2020 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, 2020 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. 39/2010, 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 statement pursuant to Legislative Decree No. 254 of December 30, 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of December 30, 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Rome, April 2, 2021

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 2020

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List of companies owned by Eni SpA as of December 31, 2020

INVESTMENTS OWNED BY ENI AS OF DECEMBER 31, 2020

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, 2020, 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, 2020, 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	38	151	189						
Consolidated joint operations				4	5	9			
Investments owned by consolidated companies^(b)									
Equity-accounted investments	5	30	35	24	46	70			
Investments at cost net of impairment losses	4	5	9	2	27	29			
Investments at fair value							4	22	26
	9	35	44	26	73	99	4	22	26
Investments owned by unconsolidated companies									
Owned by controlled companies					4	4			
Owned by joint arrangements					4	4			
					8	8			
Total	47	186	233	30	86	116	4	22	26

(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, 2020, 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 2020 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	25.96 4.37 0.92 68.75

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	4,386,849	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.
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 Petroliifera Italiana SpA	San Donato Milanese (MI)	Italy	EUR	8,034,400	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.
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⁽²⁾	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⁽³⁾	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	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	100.00	F.C.
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 (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	205,000,000	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.

(*) 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 does not benefit from a privileged tax regime pursuant to Art. 167, paragraph 4 of the D.P.R. of December 22, 1986, n. 917: the company operates with permanent establishment in Congo and the nominal tax rate is not lower than 50% of that current in Italy.

(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.

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
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.
Eni BB Petroleum Inc	Dover (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 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		Eq.
Eni China BV	Amsterdam (Netherlands)	China	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Eni Congo SA	Point-Noire (Republic of the Congo)	Republic of the Congo	USD	17,000,000	Eni E&P Holding BV Eni Int. NA NV Sàrl 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	2,007	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	4,000,000,000	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	1,013,439	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.

(*) 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 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.
Eni Indonesia Ots 1 Ltd⁽⁴⁾	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 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	1	Eni UK Ltd	100.00	100.00	F.C.
Eni Marketing Inc	Dover (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.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

(4) Company that does not benefit from a privileged tax regime pursuant to Art. 167, paragraph 4 of the D.P.R. of December 22, 1986, n. 917: the company operates with permanent establishment in Indonesia and the nominal tax rate is not lower than 50% of that current in Italy.

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
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	0	Eni Lasmo Plc Eni LNS Ltd	99.99 (..)	100.00	F.C.
Eni Montenegro BV	Amsterdam (Netherlands)	Republic of 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.
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 (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 (USA)	USA	USD	156,600,000	Eni SpA Eni International BV	63.86 36.14	100.00	F.C.
Eni Petroleum US Llc	Dover (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)	United Arab Emirates	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.

(*) 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 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 Sarl	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⁽⁵⁾	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	50,000,000	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.
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	90,765,492.19	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 (USA)	USA	USD	1,000	Eni Petroleum Co Inc	100.00	100.00	F.C.
Eni USA Gas Marketing Llc	Dover (USA)	USA	USD	10,000	Eni Marketing Inc	100.00	100.00	F.C.
Eni USA Inc	Dover (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 Holding	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	0	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.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

(5) Company that does not benefit from a privileged tax regime pursuant to Art. 167, paragraph 4 of the D.P.R. of December 22, 1986, n. 917: the company operates with permanent establishment in Turkmenistan and the nominal tax rate is not lower than 50% of that current in Italy.

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
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		Eq.
leoc Production BV	Amsterdam (Netherlands)	Egypt	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Lasmo Sanga Sanga Ltd⁽⁶⁾	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	100.00	F.C.
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.
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⁽⁷⁾	Nassau (Bahamas)	Republic of the Congo	USD	300	Eni Congo SA Burren En. Congo Ltd	66.67 33.33		Co.
Zetah Kouiloul Ltd⁽⁷⁾	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.

(6) Company that does not benefit from a privileged tax regime pursuant to Art. 167, paragraph 4 of the D.P.R. of December 22, 1986, n. 917: the company operates with permanent establishment in Indonesia and the nominal tax rate is not lower than 50% of that current in Italy.

(7) 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.

GLOBAL GAS & LNG PORTFOLIO

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Eni Gas Transport Services Srl	San Donato Milanese (MI)	Italy	EUR	120,000	Eni SpA	100.00		Co.
Eni Global Energy Markets SpA (former Eni Energy Activities Srl)	Rome	Italy	EUR	1,050,000	Eni SpA	100.00	100.00	F.C.
Eni Trading & Shipping SpA	Rome	Italy	EUR	60,036,650	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.
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 ^(*)
Eni G&P Trading BV	Amsterdam (Netherlands)	Turkey	EUR	70,000	Eni International BV	100.00	100.00	F.C.
Eni Gas Liquefaction BV	Amsterdam (Netherlands)	Netherlands	EUR	20,000	Eni International BV	100.00	100.00	F.C.
Société de Service du Gazoduc Transtunisien SA - Sergaz SA	Tunis (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	Tunis (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 CHEMICAL

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.
Eni4Cities SpA	San Donato Milanese (MI)	Italy	EUR	50,000	Ecofuel SpA	100.00		Eq.
Eni Fuel SpA	Rome	Italy	EUR	58,944,310	Eni SpA	100.00	100.00	F.C.
Eni Trade & Biofuels SpA (former Eni Energia Srl)	Rome	Italy	EUR	3,050,000	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.

(*) 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 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 Mineralöhlh. 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 Trading & Shipping Inc	Dover (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.
Eni USA R&M Co Inc	Wilmington (USA)	USA	USD	11,000,000	Eni International BV	100.00		Eq.
Esacontrol 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	4,332,947,072	Versalis SpA Versalis Deutschland GmbH Versalis International SA	96.34 1.83 1.83	100.00	F.C.
Versalis Americas Inc	Dover (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	100.00	F.C.
Versalis México S. de RL de CV	Mexico City (Mexico)	Mexico	MXN	1,000	Versalis International SA Versalis SpA	99.00 1.00	100.00	F.C.
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.
Versalis Zeal Ltd	Tokoradi (Ghana)	Ghana	GHS	5,650,000	Versalis International SA Third parties	80.00 20.00	80.00	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

ENI GAS E LUCE, POWER & RENEWABLES**Eni gas e luce****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.
Evolvere Smart Srl	Milan	Italy	EUR	100,000	Evolvere Venture SpA	100.00	70.52	F.C.
Evolvere SpA Società Benefit	Milan	Italy	EUR	1,130,000	Eni gas e luce SpA Third parties	70.52 29.48	70.52	F.C.
Evolvere Venture SpA	Milan	Italy	EUR	50,000	Evolvere SpA Soc. Ben.	100.00	70.52	F.C.
SEA SpA	L'Aquila	Italy	EUR	100,000	Eni gas e luce SpA Third parties	60.00 40.00	60.00	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 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.
Gas Supply Company Thessaloniki - Thessalia SA	Thessaloniki (Greece)	Greece	EUR	13,761,788	Eni gas e luce 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.

Power

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
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.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

Renewables

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
CGDB Enrico Srl	San Donato Milanese (Mi)	Italy	EUR	10,000	Eni New Energy SpA	100.00	100.00	F.C.
CGDB Laerte Srl	San Donato Milanese (Mi)	Italy	EUR	10,000	Eni New Energy SpA	100.00	100.00	F.C.
Eni New Energy SpA	San Donato Milanese (Mi)	Italy	EUR	9,296,000	Eni SpA	100.00	100.00	F.C.
Wind Park Laterza Srl	San Donato Milanese (Mi)	Italy	EUR	10,000	Eni New Energy 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	Eni Energy Solutions 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 Holdings BV Eni Pakistan Ltd (M)	99.98 0.01 0.01	100.00	F.C.
Eni New Energy US Inc	Dover (USA)	USA	USD	100	Eni Petroleum Co Inc	100.00	100.00	F.C.
Eni North Sea Wind Ltd	London (United Kingdom)	United Kingdom	GBP	10,000	Eni Energy Solutions BV	100.00		Eq.

(*) 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		Eq.
D-Share SpA	Milan	Italy	EUR	121,719.25	Agi SpA Third parties	55.21 44.79	55.21	F.C.
Eni Corporate University SpA	San Donato Milanese (MI)	Italy	EUR	3,360,000	Eni SpA	100.00	100.00	F.C.
Eni Energia Italia Srl	San Donato Milanese (MI)	Italy	EUR	50,000	Eni SpA	100.00		Co.
Eni Nuova Energia Srl	San Donato Milanese (MI)	Italy	EUR	50,000	Eni SpA	100.00		Co.
EniProgetti SpA	Venezia Marghera (VE)	Italy	EUR	2,064,000	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		Co.
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 (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.

(*) 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.

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
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 Llc	Dover (USA)	USA	USD	100	Eni Petroleum Co Inc	100.00	100.00	F.C.
EniProgetti Egypt Ltd	Cairo (Egypt)	Egypt	EGP	50,000	EniProgetti SpA Eni SpA	99.00 1.00		Eq.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair 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 Rewind SpA	San Donato Milanese (MI)	Italy	EUR	355,145,040.30	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 ^(*)
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.

(*) 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	Ieoc 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	Ieoc 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	Ieoc Production BV Third parties	37.50 62.50		Co.
East Kanayis Petroleum Co^(†)	Cairo (Egypt)	Egypt	EGP	20,000	Ieoc Production BV Third parties	50.00 50.00		Co.
East Obaiyed Petroleum Co^(†)	Cairo (Egypt)	Egypt	EGP	20,000	Ieoc SpA Third parties	50.00 50.00		Co.
El Tamsah Petroleum Co	Cairo (Egypt)	Egypt	EGP	20,000	Ieoc Production BV Third parties	25.00 75.00		Co.
El-Fayrouz Petroleum Co^(†) (in liquidation)	Cairo (Egypt)	Egypt	EGP	20,000	Ieoc Exploration BV Third parties	50.00 50.00		

(*) 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 ^(*)
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 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) (in liquidation)	Reading, Berkshire (United Kingdom)	United Kingdom	GBP	100	Agip Karachaganak BV Third parties	38.00 62.00		Co.
Khaleej Petroleum Co WII	Safat (Kuwait)	Kuwait	KWD	250,000	Eni Middle E. Ltd Third parties	49.00 51.00		Eq.
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	Ieoc Production BV Third parties	25.00 75.00		Co.
Meleilha Petroleum Company^(†)	Cairo (Egypt)	Egypt	EGP	20,000	Ieoc Production BV Third parties	50.00 50.00		Co.
Mellitah Oil & Gas BV^(†)	Amsterdam (Netherlands)	Lybia	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	Ieoc 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	Ieoc Exploration BV Third parties	30.00 70.00		
North El Burg Petroleum Co	Cairo (Egypt)	Egypt	EGP	20,000	Ieoc SpA Third parties	25.00 75.00		Co.
Petrobel Belayim Petroleum Co^(†)	Cairo (Egypt)	Egypt	EGP	20,000	Ieoc 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.
PetroJunin 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	Ieoc 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	Ieoc 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		

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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 ^(*)
Raml Petroleum Co	Cairo (Egypt)	Egypt	EGP	20,000	Ieoc Production BV Third parties	22.50 77.50		Co.
Ras Qattara Petroleum Co	Cairo (Egypt)	Egypt	EGP	20,000	Ieoc 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	Dubai (United Arab Emirates)	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	Ieoc 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^(†)	Tunis (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^(†)	Tunis (Tunisia)	Tunisia	TND	100,000	Eni Tunisia BV Third parties	50.00 50.00		Co.
Thekah Petroleum Co (in liquidation)	Cairo (Egypt)	Egypt	EGP	20,000	Ieoc Exploration BV Third parties	25.00 75.00		
United Gas Derivatives Co	New Cairo (Egypt)	Egypt	USD	153,000,000	Eni International BV Third parties	33.33 66.67		Eq.
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.
Vår Energi AS^(†)	Forus (Norway)	Norway	NOK	399,425,000	Eni International BV Third parties	69.85 30.15		Eq.
Vår Energi Marine AS	Sandnes (Norway)	Norway	NOK	61,000,000	Vår Energi AS	100.00		
West Ashrafi Petroleum Co^(†) (in liquidation)	Cairo (Egypt)	Egypt	EGP	20,000	Ieoc Exploration BV Third parties	50.00 50.00		

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

(†) Jointly controlled entity.

GLOBAL GAS & LNG PORTFOLIO

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.
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.
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	Tunis (Tunisia)	Tunisia	TND	200,000	Sergaz SA Third parties	49.99 50.01		Eq.
SAMCO Sagl	Lugano (Switzerland)	Switzerland	CHF	20,000	Transmed. Pip. Co Ltd Eni International BV Third parties	90.00 5.00 5.00		Eq.
Transmediterranean Pipeline Co Ltd^{(†)(8)}	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.

(8) 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 CHEMICAL

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 L. 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		Eq.
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^(†)	Rome	Italy	EUR	3,085,000	Eni SpA Third parties	70.00 30.00		Eq.

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 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 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.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

(†) Jointly controlled entity.

(*) 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.
Finproject SpA	Morrovalle (MC)	Italy	EUR	18,500,000	Versalis SpA Third parties	40.00 60.00		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.
Priolo Servizi ScpA	Melilli (SR)	Italy	EUR	28,100,000	Versalis SpA Eni Rewind SpA Third parties	35.15 5.04 59.81		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	Venezia 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	501,800,000,000	Versalis SpA Third parties	50.00 50.00		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.

ENI GAS E LUCE, POWER & RENEWABLES

Eni gas e luce

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
E-Prosume Srl^(†)	Milan	Italy	EUR	100,000	Evolvere Venture SpA Third parties	50.00 50.00		Eq.
Evogy Srl	Seriate (BG)	Italy	EUR	10,000	Evolvere Venture SpA Third parties	40.00 60.00		Eq.
PV Family Srl	Cagliari	Italy	EUR	131,200	Evolvere SpA Soc. Ben. Third parties	23.78 76.22		Eq.
Renewable Dispatching Srl	Milan	Italy	EUR	49,000	Evolvere Venture SpA Third parties	40.00 60.00		Eq.
Tate Srl	Bologna	Italy	EUR	408,509.29	Evolvere Venture SpA Third parties	20.00 80.00		Eq.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
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.
OVO Energy (France) SAS	Paris (France)	France	EUR	66,666.66	Eni gas e luce SpA Third parties	25.00 75.00		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.

Power

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
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.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.
(†) Jointly controlled entity.

Renewables

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.
Novis Renewables Holdings LLC	Wilmington (USA)	USA	USD	100	Eni New Energy US Third parties	49.00 51.00		Eq.
Novis Renewables LLC^(†)	Wilmington (USA)	USA	USD	100	Eni New Energy US Third parties	50.00 50.00		Eq.
Société Energies Renouvelables Eni-ETAP SA^(†)	Tunis (Tunisia)	Tunisia	TND	1,000,000	Eni International BV Third parties	50.00 50.00		Eq.
Solenova Ltd^(†)	London (United Kingdom)	United Kingdom	USD	1,580,000	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.

(†) Jointly controlled entity.

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 ^(*)
Consorzio per l'attuazione del Progetto Divertor Tokamak Test DTT Scarl^(#)	Frascati (RM)	Italy	EUR	1,000,000	Eni SpA Third parties	25.00 75.00		Co.
Saipem SpA^{(#)(†)}	San Donato Milanese (MI)	Italy	EUR	2,191,384,693	Eni SpA Saipem SpA Third parties	30.54 ^(a) 1.73 67.73		Eq.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Commonwealth Fusion Systems Llc	Wilmington (USA)	USA	USD	215,000,514.83	Eni Next Llc Third parties			Eq.
CZero Inc	Wilmington (USA)	USA	USD	8,116,660.78	Eni Next Llc Third parties			Eq.
Form Energy Inc	Somerville (USA)	USA	USD	124,001,561.31	Eni Next Llc Third parties			Eq.
Tecninco Engineering Contractors Llp^(†)	Aksai (Kazakhstan)	Kazakhstan	KZT	29,478,455	EniProgetti 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.

(#) Company with shares quoted in the regulated market of Italy or of other EU countries.

(†) Jointly controlled entity.

(a) Controlling interest: Eni SpA 31.08
Third parties 68.92

Other activities

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method ^(*)
Progetto Nuraghe Scarl	Porto Torres (SS)	Italy	EUR	10,000	Eni Rewind SpA Third parties	48.55 51.45		Eq.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

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	136,000	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	187,569,921.42	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	The Hague (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	10.57 89.43	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.

GLOBAL GAS & LNG PORTFOLIO

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⁽⁹⁾	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	Hamburg (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.
Saudi European Petrochemical Co IBN ZAHR	Al Jubail (Saudi Arabia)	Saudi Arabia	SAR	1,200,000,000	Ecofuel SpA Third parties	10.00 90.00	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.

(9) 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.

Chemical

IN ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	Consolidation or valuation method ^(*)
Novamont SpA	Novara	Italy	EUR	13,333,500	Versalis SpA Third parties	25.00 75.00	F.V.

(*) 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**Other activities****IN ITALY**

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	Consolidation or valuation method ^(*)
Ottana Sviluppo ScpA (in bankruptcy)	Nuoro	Italy	EUR	516,000	Eni Rewind SpA Third parties	30.00 70.00	F.V.

(*) F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost, F.V. = valued at fair value.

CHANGES IN THE SCOPE OF CONSOLIDATION FOR 2020

Fully consolidated subsidiaries

COMPANIES INCLUDED (No. 17)

CGDB Enrico Srl	San Donato Milanese (MI)	Renewables	Acquisition
CGDB Laerte Srl	San Donato Milanese (MI)	Renewables	Acquisition
D-Share SpA	Milan	Corporate and financial companies	Relevancy
Eni Albania BV	Amsterdam	Exploration & Production	Relevancy
Eni Gas Liquefaction BV	Amsterdam	Global Gas & LNG Portfolio	Constitution
Eni Global Energy Markets SpA (former Eni Energy Activities Srl)	Rome	Global Gas & LNG Portfolio	Relevancy
Eni New Energy US Inc	Dover	Renewables	Relevancy
Eni Trade & Biofuels SpA (former Eni Energia Srl)	Rome	Refining & Marketing	Relevancy
Evolvere Energia SpA	Milan	Eni gas e luce	Acquisition
Evolvere Smart Srl	Milan	Eni gas e luce	Acquisition
Evolvere SpA Società Benefit	Milan	Eni gas e luce	Acquisition
Evolvere Venture SpA	Milan	Eni gas e luce	Acquisition
Mizamtec Operating Company S. de RL de CV	Mexico City	Exploration & Production	Relevancy
Versalis Kimya Ticaret Limited Sirketi	Istanbul	Chemical	Relevancy
Versalis México S. de RL de CV	Mexico City	Chemical	Relevancy
Versalis Zeal Ltd	Takoradi	Chemical	Change in governance
Wind Park Laterza Srl	San Donato Milanese (MI)	Renewables	Acquisition

COMPANIES EXCLUDED (No. 4)

Eni CBM Ltd	London	Exploration & Production	Irrelevancy
Evolvere Energia SpA	Milan	Eni gas e luce	Merger
Ieoc Exploration BV	Amsterdam	Exploration & Production	Irrelevancy
Windirect BV	Amsterdam	Renewables	Merger

Consolidated joint operations

COMPANIES EXCLUDED (No. 2)

Società Oleodotti Meridionali - SOM SpA	Rome	Refining & Marketing	Change in operations
Termica Milazzo Srl	Milazzo (ME)	Refining & Marketing	Merger



Eni SpA

Headquarters

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Capital Stock as of December 31, 2020: € 4,005,358,876.00 fully paid

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