

Registered Number: 4339898

## Eni International Resources Limited



# **Eni International Resources Limited**

## **Annual Report and Financial Statements 2019**



### **Eni International Resources Limited**

Annual Report  
and Financial Statements  
for the Year Ended  
31 December 2019

#### **REGISTERED OFFICE**

Eni House, 10 Ebury Bridge Road  
London SW1W 8PZ  
England

# Eni International Resources Limited

Registered Number: 4339898

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*This includes Eni International Resources Limited ("EIRL") Strategic Report, Board of Directors' report and financial statements for the year ended 31 December 2019, which have been prepared under the International Financial Reporting Standards (IFRS), as adopted by the European Union.*



# **Eni International Resources Limited**

## **BOARD OF DIRECTORS**

### **Chairman**

A Bonettini

### **Managing Director**

M Volpati

### **Directors**

A Bonettini

M Volpati

M Trezza

### **Company Secretary**

M Trezza

### **Independent Auditor**

PricewaterhouseCoopers LLP

The Capitol

431 Union Street

AB11 6DA

Aberdeen.

The directors present their Strategic and Directors' Reports for the year ended 31 December 2019.

# Eni International Resources Limited

## STRATEGIC REPORT

### BUSINESS REVIEW & COMPANY DEVELOPMENTS

#### Principal Activities

Eni International Resources Limited (“EIRL” or “the company”) continues to provide specialist recruitment, business and career management services to the Eni S.p.A. (“Eni”) group globally. During 2019, in addition to the consolidation of its role as the international employer of the Eni group, EIRL maintained its activity to support the business growth of the Eni group with a year-end headcount of 831 international employees. In addition, EIRL continued to focus on activities relevant to career development, training and retention of employees and consolidated its capabilities and expertise by managing expatriate resources on assignment from Eni international subsidiaries, focusing on a more harmonised contractual model and integrated administration service.

EIRL recruits and manages highly skilled employees, across five continents. The company currently employs staff from over 65 nationalities.

Key stakeholder relationships within the Eni group are managed using the EIRL business model of delivering services across Eni globally, using an in-house structure and building core generalist and specialist international Human Resources (“HR”) skills, whilst also utilising an extensive array of outsourced specialist skills.

#### Key performance indicators

Key performance indicators of the company are set out below:

	2018 GBP	2019 GBP	Variance GBP
Total revenue	138.060.996	144.448.625	6.387.629
Operating profit	1.347.267	592.904 -	754.363
Profit for the financial year	926.114	887.622 -	38.492
Total equity	29.190.240	30.235.872	1.045.633
International assignees (annual avg)	723	794	71
eirl London employees (annual avg)	62	64	3
Training & development	455.059	1.146.199	691.140

The number of EIRL’s employees on international assignment was 831 (2018: 723) at the end of 2019. The number of employees has increased compared to 2018 due to the new initiatives and projects launched in the upstream business. Sourcing and deploying key resources with the right language

# Eni International Resources Limited

## STRATEGIC REPORT (Continued)

### BUSINESS REVIEW & COMPANY DEVELOPMENT (Continued)

skills, international experience and multicultural exposure is a core specialisation of EIRL, which plays a key role in responding to the needs of the Eni group globally.

In addition to the new 219 mobilisation cases, 140 reassignments (2018: 216) have been performed.

#### Consolidation as international employer of Eni

Throughout 2019, in addition to HR Management's core business activities of global mobility and employee management, a number of projects have been conducted with the aim of continuous improvement:

- **Review of International Employment Contracts:** This project was implemented in order to define a new standard for International Employment Contracts. The aim of the project is to ensure the contract's total compliance with UK labour law and reduce litigation risks. A new standard for Eni International Employment Contracts was defined and the implementation was gradually carried out, starting from new assignments, renewals and contractual extensions.
- **GDPR:** At the change of the EU General Data Protection Regulation (EU) 2016/679, in order to ensure the compliance with the new privacy and data protection obligations, an overall review of the procedures for data storage, data management and data transmission was performed. All the sensitive data relating to EIRL international employees and EIRL local resources are processed in accordance with the conditions defined in the new regulation.
- **New Compliance Model:** Eni's Management System Guidelines "Compliance Model regarding Corporate Responsibilities for Foreign Subsidiaries of Eni" and its annex, issued on December 21<sup>st</sup> 2017, was adopted by EIRL's Board of Directors on March 28th 2018, and subsequently applied.
- **Organizational Structure:** In order to ensure the development of local internal resources and to achieve a governance process reengineering, a new organizational structure was defined and implemented reducing the number of expatriates from HQs.
- **Pulse Questionnaire:** The data collected with the 'Pulse Questionnaire' was analysed at a global level and clustered by Professional Families. The results sharing phase with Eni's Professional Areas has been launched and it will be completed within 2019.
- **EIRL Alumni Program:** Addressed to ex-EIRL employees, the EIRL Alumni Program has been started with the aim of having a group of resources with proven experience and reliability and belonging mainly to core business areas. These resources could be re-hired following a simplified process, reducing the time to market and simplifying the on boarding activities, to improve the support required by the business. The nomination of Alumni among the ex-employees of EIRL comes from the Professional Area in collaboration with EIRL. The Alumni List is cyclically updated by EIRL, involving directly the Professional Areas of resources.

#### International Global Resourcing

EIRL Global Resourcing identifies and attracts high quality and mobile resources from the global market and provides recruitment services in support of Eni Group subsidiaries for home national vacancies.

# Eni International Resources Limited

## STRATEGIC REPORT (continued)

### BUSINESS REVIEW & COMPANY DEVELOPMENT (Continued)

As of March 2019, the scope of EIRL's home national recruitment services was expanded to include all business areas outside of Italy, such as Eni Trading & Shipping (ETS), Versalis, Refining & Marketing and Support Functions. EIRL also assumed responsibility for recruiting all disciplines (i.e. technical and non-corporate) for the Upstream subsidiaries.

During the course of the year, EIRL designed and successfully delivered assessment centres in Mozambique (internships) and Egypt (management training course, run in conjunction with the Egyptian Ministry of Petroleum). The team also successfully carried out two business missions to accelerate the recruitment of home nationals for Eni Mexico, supported by integrated digital advertising campaigns.

Cost management of the selection process remains a key focus. EIRL Global Resourcing maintained its direct hire strategy in 2019, with fewer than 10% of new international hires engaged via external agencies. Greater agency usage was registered for the newly acquired non-upstream business areas, such as ETS.

The Global Resourcing Team maintained contact with EIRL Alumni throughout 2019, resulting in the greatest number of Alumni re-hires since the inception of the programme. This activity focused on Well Area vacancies, which represented the vast majority of international requests in 2019.

The retender process for the recruitment agencies was launched in 2019, with new contracts due to come into force in March 2020.

### Internal Communications and Change Management (COMGE)

2019 saw the COMGE Unit progress with a number of projects concerned with both internal communication and recruitment marketing/employer branding. Employee engagement was a key theme, alongside forging even stronger relationships and partnerships with colleagues in headquarters communications functions and the new EIRL Italian Branch. A number of successes were attained in 2019, including:

- **IE Magazine: In 2019**, two editions of the EIRL employee magazine were published content that is fully aligned with Eni's business strategy and high-profile global activities. The August 2019 edition had a focus on Eni recent successes upon entry to the Middle East region, featuring interviews with some of the Eni people who played a key role in negotiations and operations there. The issue also provided employees with a summary of all the agreements that have been signed in each country. The December 2019 magazine concentrated on digitalisation, with a look at the Green Data Center, social media and the Eni Data Lab. Both issues saw a combined readership of almost 700 employees globally, in addition to our print edition.
- **New EIRL Intranet:** A project was initiated to redesign and build, in SharePoint, a new EIRL intranet for both local and international employees. In collaboration with agency Enhance Media, the site was designed according to Eni standards and will launch early 2020.

## Eni International Resources Limited

### STRATEGIC REPORT (continued)

#### BUSINESS REVIEW & COMPANY DEVELOPMENT (Continued)

- **Waste Management and the Circular Economy:** Eni's continued focus on an increasingly more 'circular' business model meant that EIRL and Eni UK joined forces once again to address the issues of recycling and waste management. Email campaigns sharing recycling tips and inviting employees to complete a survey about their environmental concerns, as well as improved visibility of recycling points and the near-elimination of single use plastics in the building all formed the foundation of our long-term commitment to communicating effectively on this issue.
- **Brexit and immigration:** COMGE worked closely with TAPR and Deloitte to create and share a variety of communications with affected employees (EU citizens working with Eni in the UK). A combination of email communications and a dedicated webinar on the KMS featuring immigration experts from Deloitte helped bring clarity to employees around the EU settlement scheme and associated deadlines. The webinar was attended by 60 colleagues across the UK and headquarters.
- **Eni Mexico recruitment:** COMGE supported the Global Resourcing department in its recruitment campaigns for local hires in Eni Mexico through campaigns on LinkedIn, email marketing and search engine marketing. The LinkedIn campaign received more than 15,000 clicks to our job adverts in Mexico.
- **Job advert copywriting training:** The Global Resourcing team attended a dedicated half-day job advert copywriting training session to support them in optimising the quality and effectiveness of job adverts published on eni.com. The objective was to increase the external reputation of Eni and EIRL in the eyes of the best talent in the market applying for our job opportunities. Coordinated by COMGE, the workshop was facilitated by an expert from agency Enhance Media and attended by 13 recruiters.

#### Tax & Payroll

The Tax & Payroll department focuses on the governance and control of tax and social security compliance for our international assignees, as well as the payroll process and management of our pension schemes. This centralized function has already achieved economic efficiencies in our supplier contracts, cost monitoring of our assignees, and is a key reference for assistance to Eni subsidiaries.

Tax & Payroll continues to strengthen its compliance processes in collaboration with HR Management colleagues and Headquarters. The department is well aligned with the financial objectives and cost control initiatives of the company.

Additionally, the team is in constant communication with Eni subsidiaries to assist with their own tax and social security compliance. By working quickly and transparently with colleagues, Tax & Payroll ensures that both global compliance requirements and internal financial requirements are met.

## STRATEGIC REPORT (continued)

### BUSINESS REVIEW & COMPANY DEVELOPMENT (Continued)

#### Learning & Development

During 2019, EIRL's Learning & Development team (EIRL L&D) continued to focus on the improvement of the existing working relationships with Professional Areas and HR Business Partner functions within Headquarters and subsidiaries abroad with the aim to enhance the international employees' experience by providing them with opportunities including, but not limited to soft skills, technical, and language training. For EIRL L&D, 2019 also meant striking a balance between the prioritisation of new business, employee and administration focused objectives.

At the business level, a key priority for L&D was to continue presenting its in-depth analysis of Pulse Questionnaire results to the Professional Area's. With an average global response rate of 85%, overall average results were placed between Good and Excellent. In addition, to further enhance the 'start of assignment experience', the L&D Team planned the launch of an on-line Onboarding Program. Eirl Employees will not only be able to discover the history of Eni, learn about the Eni world (structure, strategy, values and culture that form the foundation of Eni Model of Excellence), but also learn about EIRL's scope in the wider Eni context and the Professional Area models.

At the employee level, L&D Connect Calls were implemented with the aim of 'connecting' and 'getting to know' our employees. Quarter 2 and 3 gave the team the necessary time to research, prepare and design the L&D Connect Call process and tools as well as conduct a trial with a small pool of employees. Implementation took place during Quarter 4, where a pool of approximately 40 employees were targeted and called. Immediate feedback from employees revealed a desire for more conversations surrounding their professional and personal learning and development. So far the initiative has been well received and targets for 2020 will be set to reach a wider range of EIRL international employees around the globe. It is hoped to impact both employees and the business positively by increasing business knowledge and awareness and employee engagement, motivation and retention over the long-term.

At an administrative level, the team sought to add value to its usual operative processes by digitalisation of the training evaluation form, effecting stricter mandatory training monitoring and focusing on resources individually via new training budget and assessment centre processes.

Furthermore, the Learning and Development Team's dedicated focal points supported individual employees' development by:

- Maintaining a consistent and accurate track record of employees' performance history and proactively providing such information to Professional Areas and Subsidiaries
- Collecting segmentation score; almost 100% of scores for eligible population for Upstream & Support function, analyse and sharing the information with HQ
- Organising and coordinating Assessment, Development Centres and Focus Interviews; the results of which lead to establishing of personalised action plans

## **Eni International Resources Limited**

### **STRATEGIC REPORT (continued)**

#### **BUSINESS REVIEW & COMPANY DEVELOPMENT (Continued)**

- Supporting the implementation of individual training and professional development plans
- Improvement of ECU invoicing/payment processes, increasing the effort in reducing the turnaround time
- Analysing and preparing of Development budget for three years, 2020-2022
- Continuously improving the management of the international training budget and forecasts by working with ECU and Eni Subsidiaries to streamline the process of training budget allocation and monitoring expenditures; spotlight on Critical Resources
- Update and revision of L&D Guidelines streamlining the process and defining a simplified matrix to clarify the process workflow
- Collaboration with SVIL HQ Team during the tender Phase in relation to the Potential Evaluation Service; collaboration in setting up the pilot with the new provider
- In collaboration with ECU, delivering a multi-faceted foreign language programme consisting of online and face-to-face tuition. EIRL International employees and their spouse/partners have had the opportunity to learn foreign language to facilitate their integration into the life and culture of the new assignment country and enhance the employees' international working experience
- Monitored the merge of EIRL, HQ and Subsidiaries Mandatory Training Monitoring process

#### **Compensation & Benefits**

In 2019, the Compensation & Benefits Department (C&B) continued its activities dedicated to performing various compensation analyses, managing the company's benefits for international employees and activities aimed at rewarding EIRL employees by reviewing base salaries and awarding performance bonuses.

C&B focused its attention on ensuring full alignment with the key Eni Headquarters functions in terms of practices and procedures, in order to adapt EIRL's compensation approach and maintain its competitiveness within the international market. To strengthen cooperation and efficiency, knowledge sharing initiatives were organised with other EIRL departments.

This year C&B focused mainly on the following activities:

- **Global reward analysis**

In continuation with the analyses performed in previous years, the team has maintained its focus on job offers issued and negotiated, in order to monitor the reasons for rejections and to minimize the time taken to finalise the compensation process.

# Eni International Resources Limited

## STRATEGIC REPORT (continued)

### BUSINESS REVIEW & COMPANY DEVELOPMENT (Continued)

In order to fully support the EIRL's renewed target for the recruitment of Drilling professionals, C&B carried out a specific analysis of our remuneration offering. This was to ensure that we remain competitive within the International market and so enhancing the company's attractiveness allowing the recruitment of the best talent within the competitive Drilling industry.

There was a continuation of analysis on gender diversity and high performer employees in conjunction with other EIRL and Eni departments, enhancing cooperation, knowledge-sharing and effectiveness.

- **Management of company benefits**

In 2019, EIRL continued to pay particular attention to benefits as an important aspect of increasing job offer acceptance rates, retaining employees and maintaining their commitment. The benefits managed by EIRL are mainly related to international medical insurance, travel insurance, group life assurance, accidental death and dismemberment, total permanent disability and long-term disability.

In 2019 there was a specific focus on proactively preparing for a Tender for the provision of international medical insurance that will take place in 2020.

- **Compliance**

In 2019, C&B continued to focus on the quality, accuracy and transparency of EIRL compensation and benefits processes and continued to support the company with the issuance of the new international employment documents to employees, in order to ensure best practise under employment law.

- **Improvement of internal processes**

In 2019 C&B department was fully involved in the updating of the ICT system in place. The team sought to update existing functionalities, as well as introduce new ones, and so achieving the full integration of various compensation processes. This has meant increased traceability, a reduced risk of manual error and has contributed to a faster time to market.

### Compliance

In terms of Internal Compliance, following the adoption of the new MSG 'Compliance Model regarding corporate responsibilities for Italian subsidiaries of ENI' and its annexes and the constitution of the Local Compliance Committee (LCC), 2019 has been the year of consolidation of the new model. The Local Compliance Committee held 2 meetings in 2019 with the objectives of:

- Support the MD in activities related to the implementation and spreading of the MSG governing the new compliance model for preventing corporate liability;



# Eni International Resources Limited

## STRATEGIC REPORT (continued)

### BUSINESS REVIEW & COMPANY DEVELOPMENT (Continued)

- Support the identification of any possible compliance requirements deriving from local laws or regulations concerning the corporate liability.

As required by the MSG, the LCC prepared six-monthly reports for the Board on its activities and functions.

At the end of the year and following the operations of the Eirl Italian branch, it has been established that Eirl will adopt the Compliance Model effective in Italy and as a consequence, in 2020 a Watch Structure will be constituted for Eirl.

During 2018, the company continued to roll out institutional training courses via e-learning.

EIRL has continued to update its own regulatory system in order to adopt and implement Management System Guidelines and other regulatory instruments issued by Eni or relevant for local activities.

### HSE

EIRL constantly promotes an awareness on safety and environment following both the guidelines from Eni S.p.A. and implementing its own initiatives such as:

- Waste Recycling and reduction of single-use plastic initiative
- Print reduction awareness
- Individual workstation (desk) assessments and purchase of specific ergonomic aids

Furthermore, the HSE team:

- Integrated HSE processes and procedures with documentation that is compliant with local regulations and Eni standards.
- Implemented HSE activities integrated with Eni house HSE management system.

Health Management System:

In 2019 the HSE team:

- Completed 709 pre-employment and periodical medicals in the EIRL population:
  - 40 for EIRL local staff
  - 669 for International employees
- Completed 46 return to work assessments ensuring fitness for work on location:

## **Eni International Resources Limited**

### **STRATEGIC REPORT (continued)**

#### **BUSINESS REVIEW & COMPANY DEVELOPMENT (Continued)**

- 4 for EIRL local staff
- 42 for international employees
- Supported EIRL international population with medical support and emergency management.
- Implemented a health management system documentation compliant with local and Eni standards.

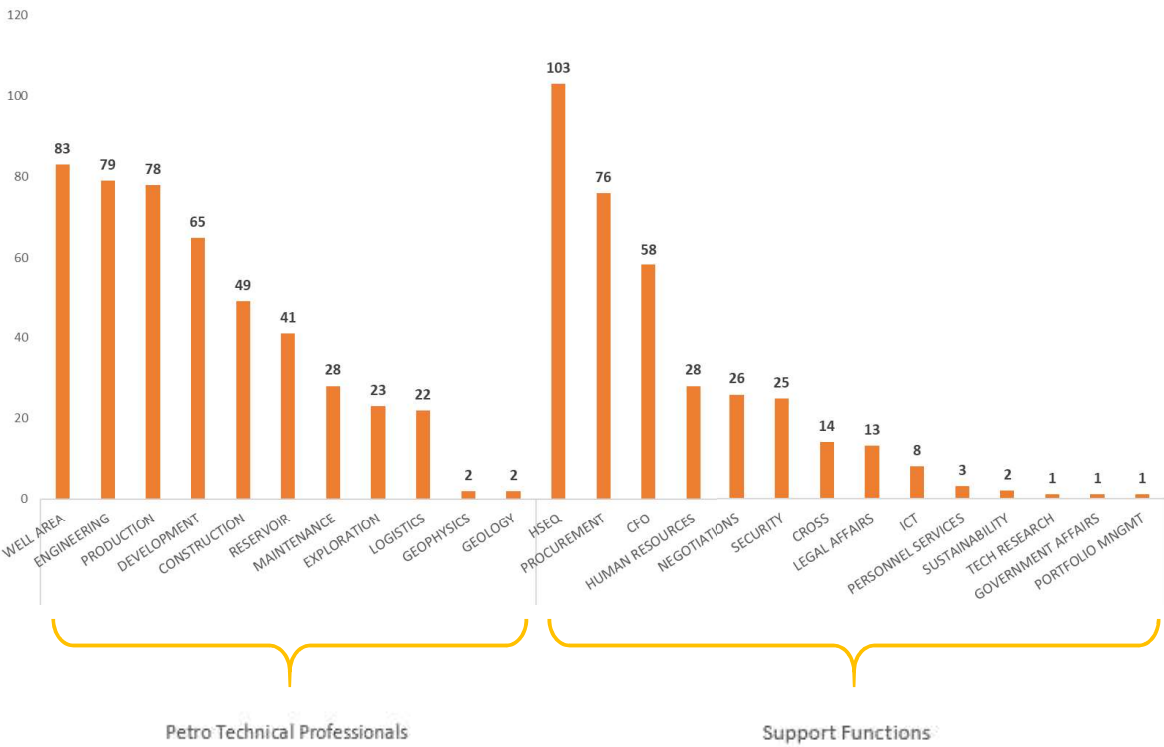
Furthermore, EIRL has developed for its local staff health promotion and HSE activities including:

- Influenza vaccination program.
- Safety and environment day
- “Wellbeing@EIRL” (a programme of talks during which a healthcare expert will talk to EIRL employees about different wellbeing topics)
- Employee Assistance Program (Newsletters from Health Assured regarding Employee Welfare and Work Life balance)
- Eni Circular Economy & Waste Management presentations (with the goal of minimising environmental impact with focus on reduction of single use plastic)
- Eye care promotion

STRATEGIC REPORT (continued)

BUSINESS REVIEW &COMPANY DEVELOPMENT (Continued)

Employee demographics by professional area



472

Petro Technical Professionals

# **Eni International Resources Limited**

## **STRATEGIC REPORT (continued)**

### **BUSINESS REVIEW & COMPANY DEVELOPMENT (Continued)**

#### **2020 PLANNED ACTIVITIES**

##### **International Global Resourcing**

In 2020, Global Resourcing will maintain focus on time to market, by proactively identifying qualified candidates for expatriate vacancies in support of anticipated project ramp-ups, e.g. Angola. Assessment centres will also be held in support of Angola's trainee programme and other home national vacancies.

The team will accelerate collaboration with colleagues from EIRL Italian Branch, with two expatriates due to join the UK based team in the first half of 2020. This will promote knowledge-sharing and development opportunities for team members.

##### **Internal Communications and Change Management (COMGE)**

In 2020, COMGE's focus is on projects that align EIRL departments and employees with Eni strategies and objectives, with projects including:

- Internal Communication 'internationalisation' project in conjunction with COMIE (HQ Internal Communications function) to broaden reach and engagement with comms content;
- Launch of the newly refurbished EIRL global Intranet;
- Supporting Employer Branding and New Recruitment Initiatives with EIRL Italian Branch;
- Guarantee communications support to Global Resourcing in major attraction and recruitment campaigns as well as supporting communication needs in GR's baseline activities;
- Enhancing and increasing engaging employer branding content on the new Eni.com Careers site;
- Continue to expand Circular Economy comms activities alongside Eni UK team;
- Publish 2/3 issues of IE Magazine – the first of which will focus on the setting-up and activities of the EIRL Italian Branch.

##### **Tax & Payroll**

In 2020, the team will be strengthened and kept continually up-to-date with legislative changes by attending the appropriate training and conferences. Thus Tax & Payroll is well placed to meet the

## **Eni International Resources Limited**

### **STRATEGIC REPORT (continued)**

#### **BUSINESS REVIEW & COMPANY DEVELOPMENT (Continued)**

challenges presented by the ever-changing Tax & Social Security legislation faced by our international assignees.

Additionally, the team will continue to develop its Cost of Labour report with colleagues from Headquarters and third party advisors.

#### **Compliance**

In 2020, as mentioned above, the activities of the Local Compliance Committee will cease and a Watch Structure will be established.

#### **HSE**

Upcoming projects for HSE in 2020 include health promotion and safety and environment awareness campaign including:

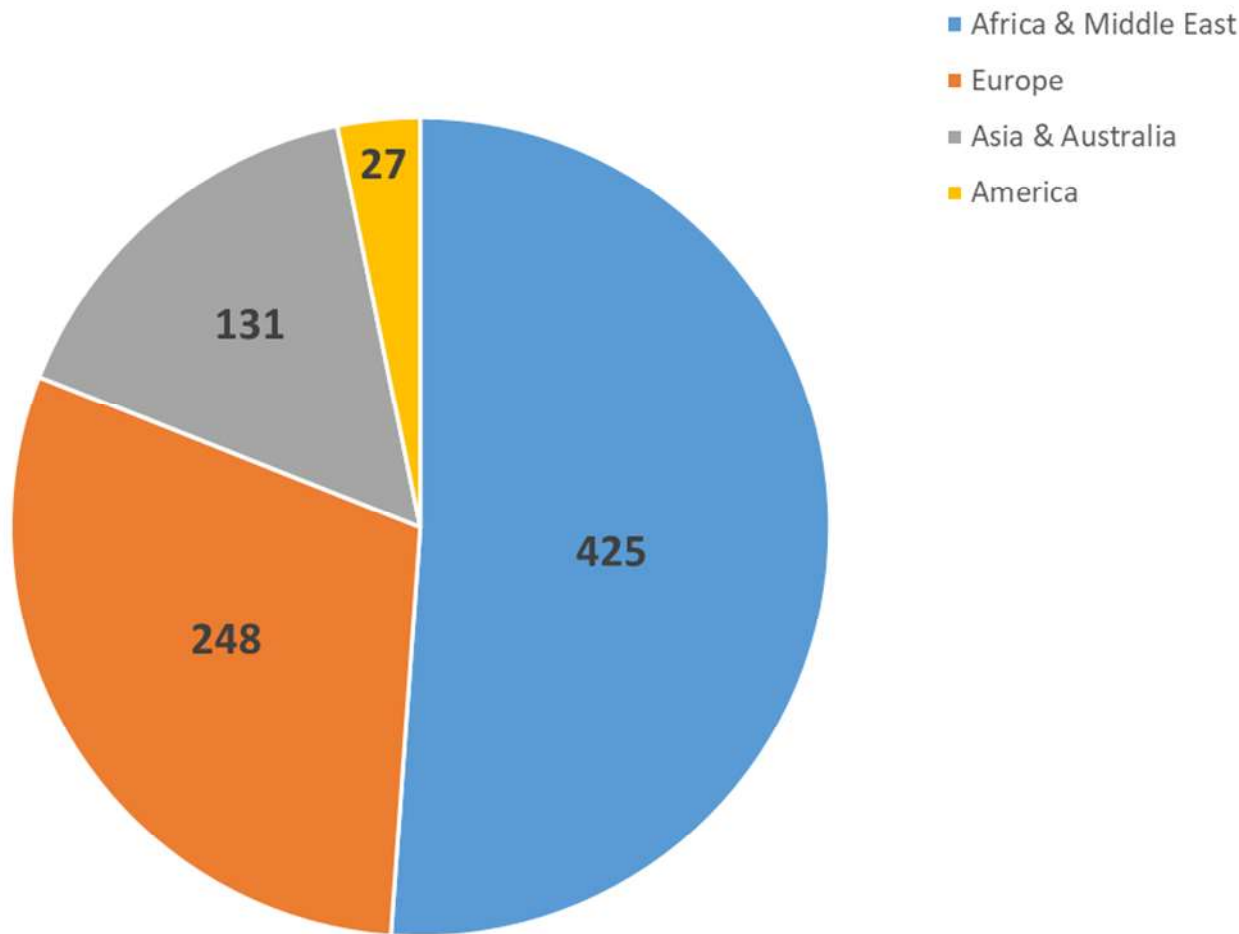
- “Wellbeing@EIRL” (a programme of talks during which a healthcare expert will talk to EIRL employees about different wellbeing topics)
- Employee Assistance Program (Newsletters from Health Assured regarding Employee Welfare and Work Life balance)
- Eni Circular Economy & Waste Management presentations (with the goal of minimising environmental impact with focus on reduction of single use plastic)
- Flu Vaccine (as prevention)

**Eni International Resources Limited**

**STRATEGIC REPORT (continued)**

**BUSINESS REVIEW &COMPANY DEVELOPMENT (Continued)**

**Employee demographics by geographic region**



International employees

**831**

## STRATEGIC REPORT (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES

#### Interest rate risk

Variations in interest rates affect the market value of financial assets and liabilities of the company. As with exchange rate risk, the company works in conjunction with the specialised finance companies of the Eni group to mitigate interest rate risk at a group level. The company does not consider this a material risk as it has no financial debts with variable interest rates and no investments in interest bearing instruments.

#### Foreign exchange rate risk

Exchange rate risk derives from the fact that the company's operations are conducted in currencies other than the GBP (in particular US Dollar and Euro) and due to the time lag existing between the recording of costs and revenues denominated in currencies other than the functional currency and the actual time of the relevant monetary transaction (transaction exchange rate risk). The transaction exchange rate risk arising from payables, receivable and accruals in currencies denominated in currencies other than the functional currency, is not considered to be material due to the fact that the company, working in conjunction with the specialised finance company of Eni, hedges the foreign exchange risk stipulating financial debts in currencies other than the functional currency. Generally speaking, an appreciation of the US Dollar versus the GBP has a positive impact on company's results of operations, and vice-versa. At the balance sheet date the company does not hold any derivative instruments designed to manage exchange rate risk. An analysis of this risk is set in Note 15 to the financial statements.

### SECTION 172(1) UK COMPANIES ACT 2016 ("ACT") STATEMENT

#### Directors

As part of their induction a Director of the Company is informed of their Directors' Duties with specific reference to section 172(1) (a-f) and if necessary can seek additional support and advice from an independent adviser to ensure that they are aware and know the likely consequences of any decision the company makes in the long term.

#### Stakeholders

The directors of the company believe it is fundamentally important that the values and principles which guide the company are clearly defined, both internally and externally, in order to ensure that all company activities are implemented in compliance with the relevant laws and in a context of fair competition, honesty, integrity, fairness and good faith which would promote the success of the company for the benefit of its members as a whole having regard the interests of all its stakeholders: shareholders, workforce, suppliers, customers, lenders, government/tax authorities, pension schemes/trustees, community and environment. These values are embedded in the Eni Code of Ethics, approved by the Board of Directors of its ultimate parent company, Eni S.p.A., on 23 November 2017 and by the Directors of the company on 28 March 2018. The Eni Code of Ethics sets out the challenges of sustainable development and the need to take into consideration the interests of all stakeholders to clearly define the values that the company will accept, acknowledge and share as well

# **Eni International Resources Limited**

## **STRATEGIC REPORT (continued)**

### **SECTION 172(1) UK COMPANIES ACT 2016 (“ACT”) STATEMENT (Continued)**

the responsibilities it assumes, contributing to a better future. The Eni Code of Ethics is brought to the attention of every person or body having business relations with the company.

#### **Employee Interests**

The Directors of the company maintain a regulatory system that includes procedures to facilitate the professional development of its staff and the continued growth of the organisation.

Initiatives include:

- a personal development and training procedure which aims to apply valid and reliable controls to ensure that people are competent to discharge their responsibilities safely and effectively;
- a performance management procedure that aims to improve business, safety environmental, sustainability & human capital performance by planning, allocating and evaluating work carried out by individuals on the basis of personal targets derived from company objectives; and
- participation in the internationalisation programme of the group that aims to provide wider personal experience and employment opportunities through supporting inward and outward work assignments, short term placements and increased dialogue across professional disciplines.

The company is an equal opportunities employer and maintains Company procedures that guarantee all employees with equal access to employment opportunities.

During the year employees are provided with information about the company has continued through various media including meetings, publications, notices, electronic mail and the company intranet. The company has been involved in a wide range of external communication and community relations activities in support of UN Sustainability Development Goals.

The Company ensures that its internal regulatory system is aligned with Eni by ensuring that all Management System Guidelines and Annexes are adopted by board resolutions or by adoption letter by the Managing Director during the period.

#### **Community and the Environment**

In line with Sustainable Development Goal 8 adopted by Eni S.p.A., the ultimate parent company, one of the company’s aim is to incentivise lasting, inclusive and sustainable economic growth, along with full, productive employment and dignified work for all.



**STARTEGIC REPORT (CONTINUED)**

**SECTION 172(1) UK COMPANIES ACT 2016 ("ACT") STATEMENT (CONTINUED)**

**Business Conduct**

The Directors of the company believe that business has the responsibility to respect and support the fundamental human rights, as expressed in the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights. The company is committed to maintaining and improving its practices to combat slavery and human trafficking violations in its operations and supply chain. These values are embedded in the Eni Modern Slavery Act Statement, approved by the Board of Directors of its ultimate parent company, Eni S.p.A., on 24 April 2019 and by the Directors of the company on 20 June 2019. Moreover, as an indirect subsidiary of Eni S.p.A the Board of Directors have adopted the Eni internal Regulatory System including Management System Guidelines which sets out internal policies to achieve a high standard of business conduct. All Board of Directors decisions are taken with regard to section 172 of the Act.

**Shareholders**

The Board of Directors consider and only approve items of business that would promote the success of the company and in the best interests of the company, the company's immediate shareholders, the ultimate parent Eni S.p.A and its stakeholders.

On behalf of the Board

M Volpati  
Managing Director  
5 May 2020



## DIRECTORS' REPORT

### RESULTS AND DIVIDENDS

The results for the year are set out on page 29 of the financial statements. The company made a profit after tax of GBP 887.622 (2018 – GBP 926.115) in the financial year. No dividend was paid in 2019 (2018 – GBP 0).

Considering the amount of retained earnings available for distribution the Board of Directors of the Company propose a dividend distribution in the amount of GBP 21.000.000 (Euro 25.000.000 at the exchange rate EUR/GBP 0,84 (2018: no dividend proposed) for the Company's shareholders for approval.

### MAIN EVENTS OF THE YEAR

During 2019 in line with Eni's strategy to pursue greater integration between Italy and abroad in respect of its recruitment plan arise the opportunity to establish Eni International Resources Limited as the Competent Function in Eni specialised in recruitment and selection activities at a worldwide level.

This opportunity arises from the need to:

- a) Assign ownership of the related processes, encouraging coordination;
- b) Guarantee ownership and consistent view on the selection process in different geographical area in view of Eni's international enhancement, while implementing an operational management that safeguards the territorial specifics; and
- c) Centralising the distinctive recruiting skills present at Eni, maximising synergies in terms of know-how.

Since March 2019 the Company has been active in the coordination and selection of all foreign personnel and the Company's Italian Branch, starting from the same period, has managed the Italian selections of upstream sector experts.

The Company's Branch in Italy the 1<sup>st</sup> of December 2019 rents from Eni Corporate University SpA (a company wholly owned by Eni SpA) on a short term basis the recruitment and selection activities which involves contracts and resources used in the search and selection of Italian personnel and from this date is managing all the recruitment and selection activities in Italy for the Group.

# Eni International Resources Limited

## DIRECTORS' REPORT (continued)

### MAIN EVENTS OF THE YEAR (Continued)

The main effects of the new recruitment and selection activity on 2019 Company's financial statement are included in the table below:

	<b>2019</b>
	<b>GBP</b>
Revenue	727.312
Labour costs	(353.052)
Other expenses	(358.511)
Interest expense	(4.908)
	<b>10.840</b>

	<b>2019</b>
	<b>GBP</b>
Accounts Receivables	612.112
Accounts payables	(601.272)

The number of employee for Company's Branch in Italy is equal to 34 at year end.

### EMPLOYEE INFORMATION

At 31 December 2019, EIRL employed a total of 895 (2018: 784) staff, of which 831 (2018: 723) are international employees and 64 (2018: 62) are London-based. At the end of the year, 3 members of staff were on maternity leave.

EIRL focuses on health protection for all of its people and provides free and timely vaccinations for all employees and family members relocating to new locations. EIRL provides international medical examinations and has an ongoing health-care management programme to ensure the health of all its employees whether residential office-based or on rotational offshore assignments EIRL invests in maintaining the best quality private health insurance for its international population and partners with companies for their protection while travelling on business, and guarantees access to medical evacuations for all employees and family members.

### SUSTAINABILITY

Attention to the human capital is very important for EIRL. In this context, EIRL is active in the development of international careers of its resources recruited from both the external market and Eni subsidiaries. The intent is indeed to enhance our people professionalism and to provide an efficient answer to Eni business needs making motivated and qualified resources available where necessary. EIRL contributes to the process of internationalisation and multicultural enrichment, managing 831 (2018 – 723) resources from more than 65 countries, and with particular focus on technical resources, accounting for 65% of total resources, most of whom qualify as mid-career Petro Technical Professionals (PTPs).

## DIRECTORS' REPORT (continued)

### KEY PERFORMANCE INDICATORS

Key performance indicators are established each year in a business plan which covers a number of strategic and operational objectives for the operations of Eni in the United Kingdom. The business plan is approved at Eni group level and key performance indicators are disclosed in the Eni annual report, which is publicly available. Due to the business focus of EIRL, its contribution towards such key performance indicators would only be in the area of 'employees at year end'.

### DIRECTORS

The Directors of the company who were in office during the year and up to the date of signing the financial statements were Alberto Bonettini (Chairman), Marco Volpati (Managing Director) and Mila Trezza (Director).

### CONTRACTS WITH SERVICE PROVIDERS

EIRL contracts with service providers in 2019 included the following type of services:

- Recruitment services
- Recruitment advertising and job posting services
- Learning & development services
- Pre-employment checks
- Global immigration services, including work permits and document legalisation
- International medical and vaccination services
- Exhibition, promotional and creative design services
- Virtual event and video interview services
- Translation services
- Payroll and tax services
- Insured benefit provision services
- Compensation survey data and employee survey services
- International travel and relocation related services
- Legal services
- Accounting services
- Travel agency services

## DIRECTORS' REPORT (continued)

### CONTRACT WITH SERVICE PROVIDERS (Continued)

Certain services are rendered by the parent company Eni and group affiliated companies, including Eni UK Limited and Eniservizi S.p.A. in areas where the company does not have resources in-house, such as: procurement, ICT, legal, corporate, tax, travel and housing.

### FINANCIAL INSTRUMENTS

Details of the use of financial instruments and financial risk management are included in the relevant notes in the financial statements.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Reporting Standards (IFRSs) as adopted by the European Union (EU). In preparing these financial statements, the directors have also elected to comply with IFRSs issued by the International Accounting Standards Board (IASB). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## DIRECTORS' REPORT (continued)

### PROVISION OF INFORMATION TO AUDITOR

The directors, as at the date of this report, have confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditor in connection with preparing their report) of which the company's auditor is unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### DIVERSITY

The company is committed to providing equal opportunities, training, career development and promotion to all employees without discrimination and continues to be supportive of the employment of disabled persons.

The Company has a continuing policy to ensure that fair and equal employment opportunities are extended to all Employees, regardless of national or ethnic origin, religion or belief, race, sex, marital status, gender, disability, age or sexual orientation. This applies to recruitment, selection, placement, training, promotion, demotion, remuneration, benefits, redundancies, termination, social and recreational programmes and all other conditions of employment.

The company guarantee evaluation processes based on merit, competence and fair treatment in relation to the role, commitment and results achieved.

### GOING CONCERN

The directors have reviewed the 2020 budget and believe that the future cash flows support the company business model enabling it to meet its future financial obligations as and when they fall due.

The directors have not identified any material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

On the 24th of February 2020, the Company signed an agreement with eni finance international SA, the financial Company of the Group, to renew the loan facility. The mentioned loan increased from the original value of 70 million GBP to 80 million GBP for a period of 12 months. This agreement has the core objective of maintaining the Company's financial flexibility in order to deal with unforeseen events and significant reductions of the scenarios may caused by any unpredictable external future events or conditions.

### SUBSEQUENT EVENTS

The emergence and spread of the virus Covid-19 in early 2020 has affected business and economic activities in China and elsewhere.

The subsequent rapid spread to a growing number of countries around the world has caused a market value reduction of oil and other commodities due to the consumption drop as a result of increasingly

**DIRECTORS' REPORT (continued)**

**SUBSEQUENT EVENTS (CONTINUED)**

stringent measures adopted by governments to contain the epidemic with serious effects on productions.

If these events will continue beyond the short term, they could cause a prolonged energy consumption and prices fall with negative consequences on the economic results, cash flow, liquidity and business prospects of the entire oil & gas sector.

Eni group and the Company maintained an high degree of financial flexibility in order to deal unforeseen events and significant reductions of the scenarios capable to mitigate the impact of a price downturn, even of considerable proportions.

Eni group and the Company are currently evaluating the effects of these developments on the oil price scenario and management actions to be implemented to mitigate negative effects.

The new scenario, management assumptions and consequent effects on Company's economic results, cash flow, liquidity and business prospects are currently unpredictable and in accordance to IAS 10 has to be accounted as a non-adjusting event.

On behalf of the Board

M Volpati  
Managing Director  
5 May 2020



## ***Independent auditors' report to the members of Eni International Resources Limited***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Eni International Resources Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholder' equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern..

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.



## ***Independent auditors' report to the members of Eni International Resources Limited (continued)***

### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities set out on page 24, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs (UK) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or
- returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Kevin Reynard (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Aberdeen  
5 May 2020

## FINANCIAL STATEMENTS

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2018 GBP	2019 GBP
Revenues	2	138.060.996	144.448.625
Total revenue		138.060.996	144.448.625
Labour costs	3	(122.538.239)	(126.098.053)
Depreciation	9	-	(2.284.728)
Other expenses	4	(14.175.489)	(15.472.940)
Operating profit		1.347.268	592.904
Interest expense/ income	5	(421.153)	294.718
Profit before taxation		926.115	887.622
Income tax	6	-	-
Other comprehensive expense		-	(2.845)
Total profit and other comprehensive income		926.115	884.778

All results are from continuing operations and are attributable to the equity holders.

### STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share Capital	Retained Earnings	Other reserves	Total Equity
	GBP	GBP	GBP	GBP
<b>Balance at 1 January 2018</b>	<b>50.000</b>	<b>28.121.563</b>	<b>-</b>	<b>28.171.563</b>
Total comprehensive income for the year	-	926.115	-	926.115
Stock option reserve	-	-	92.563	92.563
<b>Balance at 31 December 2018</b>	<b>50.000</b>	<b>29.047.678</b>	<b>92.563</b>	<b>29.190.241</b>
Net income	-	887.622	-	887.622
Change in foreign currency translation	-	-	(327)	(327)
Change in fair value evaluation with impact on OCI	-	-	(2.518)	(2.518)
Stock option reserve	-	-	160.854	160.854
<b>Balance at 31 December 2019</b>	<b>50.000</b>	<b>29.935.300</b>	<b>250.572</b>	<b>30.235.872</b>

# Eni International Resources Limited

## FINANCIAL STATEMENTS (continued)

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	<i>Notes</i>	<b>2018 GBP</b>	<b>2019 GBP</b>
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	7	65.583.583	65.850.470
Cash and cash equivalents	8	557.473	2.436.436
		<b>66.141.057</b>	<b>68.286.906</b>
<b>Non current assets</b>			
Right of use asset	9	-	2.043.273
		-	<b>2.043.273</b>
<b>Total Assets</b>		<b>66.141.057</b>	<b>70.330.180</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	9.329.767	10.799.223
Provisions	11	4.981.228	4.981.909
Borrowings	12	22.639.821	22.557.991
Lease liabilities	9	-	675.107
		<b>36.950.816</b>	<b>39.014.230</b>
<b>Non current liabilities</b>			
Lease liabilities	9	-	1.080.077
		-	<b>1.080.077</b>
<b>Total liabilities</b>		<b>36.950.816</b>	<b>40.094.307</b>
Share capital	13	50.000	50.000
Net income		926.115	887.622
Other reserves	14	92.563	250.572
Retaining earning	14	28.121.563	29.047.678
<b>Total equity shareholders' equity</b>		<b>29.190.241</b>	<b>30.235.872</b>
<b>Total shareholders' equity and liabilities</b>		<b>66.141.057</b>	<b>70.330.180</b>

**FINANCIAL STATEMENTS (continued)**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	2018 GBP	2019 GBP
<b>Cash flows from operating activities</b>		
Net profit	926.114	887.622
<b>Adjustments for non monetary variation:</b>		
Depreciation	-	2.284.728
Finance costs	663.663	685.333
Net exchange differences	(242.511)	(118.265)
<b>Changes in working capital</b>		
Decrease / (increase) in trade and other receivables	5.794.455	(266.887)
(Decrease) / increase in trade and other payables	2.480.954	1.460.448
(Decrease) / increase in provisions	(84.972)	681
<b>Net cash generated from operating activities</b>	<b>9.537.705</b>	<b>4.933.660</b>
<b>Adjustments for interests paid:</b>		
Interest paid	-	(685.333)
<b>Net cash inflow from operating activities</b>		<b>4.248.327</b>
<b>Cash flows from financing activities</b>		
Principal element of lease payments	-	(2.408.948)
Movement in borrowings	(17.155.266)	(121.270)
Stock option reserve		160.854
<b>Net cash used in financing activities</b>	<b>(17.155.266)</b>	<b>2.369.364</b>
Net (decrease) / increase in cash and cash equivalents	(7.617.561)	1.878.963
<b>Cash and cash equivalents at 1 January</b>	<b>8.175.035</b>	<b>557.474</b>
<b>Cash and cash equivalents at 31 December</b>	<b>557.474</b>	<b>2.436.437</b>

The financial statements from page 29 to 47 were approved by the Board on 5 May 2020 and signed on its behalf by the Managing Director Marco Volpati.

Notes on pages 37 to 47 are integral part of this financial statements.

On behalf of the Board

M Volpati  
Managing Director  
5 May 2020



## FINANCIAL STATEMENTS (continued)

### STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies which have been applied throughout the year is set out below.

#### General Information

The company is a limited liability company, by shares, incorporated and domiciled in United Kingdom.

#### Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, Interpretations and the Companies Act 2006 as applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention and on a going concern basis. The accounting policies have been applied consistently, other than where new policies have been adopted.

#### Adoption of new and revised Standards

The company applied for the first time standards, amendments and interpretations to existing standards, issued by the International Accounting Standards Board (IASB) and endorsed by the EU, which are relevant to the company and are effective for the annual accounting periods beginning on or after 1 January 2019. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and effect of the changes as a result of adoption of IFRS 16 are described below.

The company had to change its accounting policies as a result of adopting IFRS 16. The group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. It has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

In applying IFRS 16 for the first time, the company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

## FINANCIAL STATEMENTS (continued)

### STATEMENT OF ACCOUNTING POLICIES (Continued)

- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

The effect of adopting IFRS 16 as at 1 January 2019 is, as follows:

<u>IFRS 16 application</u>	<u>KGBP</u>
Right of use	2.445
Lease Liability as at 1st January 2019	<u>2.445</u>
<i>Of which:</i>	
Current Lease liabilities	469
Non-current lease liabilities	<u>1.976</u>
	<b>2.445</b>

### Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### Revenue

Revenues for secondment activities represent the value of secondment costs incurred during the year recharged to group companies with mark-up on the basis of secondment agreements in place.

Revenues for services activities represents the value of services provided and recharged to group companies with a mark-up based on service agreements in place. The company recognises the revenue for service activities when the amount can be reliably measured. Interest income is recognised on a time proportion basis.

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

# **Eni International Resources Limited**

## **FINANCIAL STATEMENTS (continued)**

### **STATEMENT OF ACCOUNTING POLICIES (Continued)**

Although the new standard applied for the first time in 2018, it did not have a material impact on the financial statements of the Company.

#### **Pension**

The company contributes to a defined contribution scheme, operated by an independent Financial Institution. The assets of the scheme are held separately from those of the company. Contributions payable for the year are charged in the statement of comprehensive income.

#### **Foreign Currencies**

The company's functional and presentation currency is sterling. Transactions denominated in a foreign currency are converted to sterling at rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates ruling at the balance sheet date. The resulting gains and losses are dealt with through the statement of comprehensive income.

#### **Taxation**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### **Cash and Cash Equivalents**

Cash and cash equivalents comprise the company's current bank accounts and cash short-term deposits with an original maturity of three months or less. Deposits held with the Eni Finance International S.A. are included in this classification.

#### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

#### **Borrowing Costs**

All borrowing costs are expensed in the period they occurred. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

## FINANCIAL STATEMENTS (continued)

### STATEMENT OF ACCOUNTING POLICIES (Continued)

#### Related Party Transactions

The company has complied with the requirements of International Accounting Standard (“IAS”) 24 – Related party transactions in these financial statements. Transactions with related parties are disclosed in each relevant note.

#### Financial Instruments

The company classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### Trade Receivables

In relation to IFRS 9, Credit risk is the potential exposure of the company and its subsidiaries to loss in the event of non-performance by a counterparty. The credit risk arising from the company’s normal commercial operations is controlled according to guidelines established by the Eni Group. In addition, the company follows guidelines of the Eni S.p.A. treasury department on the choice of highly credit-rated counterparties in their use of financial instruments.

The company has not experienced material non-performance by any counterparty. As of 31 December 2019, the company has no significant concentrations of credit risk (2018: £nil).

The maximum exposure to credit risk is equal to the carrying amount of the trade and other receivables.

#### Trade Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### Provisions

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 the settlement of that obligation will result in an outflow of resources embodying economic benefits; 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 at the balance sheet date or to transfer it to third parties at that time.

#### Use of Accounting Estimates, Judgements and Assumptions

Provision for deferred and performance bonus.

Provision for performance and deferred bonus is estimated based on a number of assumptions, including available market information and group payout policy. Market conditions can change and this may affect the amount provided for the performance bonus. The directors believe that the deferred and performance bonus provision is reasonable, given information available at the date of approving the financial statements.



## **Eni International Resources Limited**

### **FINANCIAL STATEMENTS (continued)**

#### **STATEMENT OF ACCOUNTING POLICIES (Continued)**

The following is a summary of the assumptions adopted for the evaluation as at 31.12.2019

- discount rate 0.0% pa
- inflation rate 0,7% pa
- Discount rate has been averaged between iBoxx corporate bonds AA1-3Y and 3-5Y
- Mortality : ISTAT 2017
- Disability: INPS
- Dismissal with mutual consent: 3.5% pa

# Eni International Resources Limited

## FINANCIAL STATEMENTS (continued)

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 Parent undertakings

The company's immediate and ultimate parent undertaking, Eni S.p.A., incorporated in Italy, with registered office at Piazzale Enrico Mattei No,1, 00144 Rome, has produced consolidated financial statements for the year ended 31 December 2019 which are now available from its website [www.Eni.com](http://www.Eni.com), or on request to Eni S.p.A., Piazzale Enrico Mattei No, 1, 00144 Rome, Italy.

The parent company of the largest and smallest group into which the company is consolidated is therefore Eni S.p.A.

Eni S.p.A, holds 99,998 % (49.999 shares) of the company's issued share capital. One share is owned by Eni UK Limited.

#### 2 Revenue

	<b>2018</b> <b>GBP</b>	<b>2019</b> <b>GBP</b>
Revenue from related parties are as follows:		
<b>Parent company</b>		
eni spa	28.680.221	24.594.824
<b>Other related parties</b>		
Other related parties	109.380.775	119.853.801
	<b>138.060.996</b>	<b>144.448.625</b>

The caption revenues contains two classes of business that are related to secondment of employees and services provided to eni group subsidiaries.

The split of revenues by geographical area is the following: Africa 73 million GBP, Asia 25 million GBP, Europe 40 million GBP and America 6 million GBP.

# Eni International Resources Limited

## FINANCIAL STATEMENTS (continued)

### NOTE TO THE FINANCIAL STATEMENTS (Continued)

#### 3 Labour costs

	<b>2018</b> <b>GBP</b>	<b>2019</b> <b>GBP</b>
	<hr/>	<hr/>
Wages and salaries	77.424.641	77.479.282
Social security costs and pension	33.613.342	34.610.217
Other staff costs	<hr/> 11.500.256	<hr/> 14.008.553
	<b>122.538.239</b>	<b>126.098.053</b>

#### Directors' Remuneration

The total emoluments for the highest paid director for 2019 was 676.413,49 GBP (2018 – GBP 547.858). In addition, company contributions paid to pension schemes amounted to GBP 7.141,77 (2018: GBP 5.956). Total Directors emoluments are equal to highest paid Director's. The highest paid director did not exercise any share options.

#### Employee numbers

The number of resources employed by the company is the following:

	<b>2018</b> <b>employees No</b>	<b>2019</b> <b>employees No</b>
	<hr/>	<hr/>
<b>By activity:</b>		
London employees	62	64
International assignees	<hr/> 723	<hr/> 794
	<b>784</b>	<b>858</b>

# Eni International Resources Limited

## FINANCIAL STATEMENTS (continued)

### NOTE TO THE FINANCIAL STATEMENTS (Continued)

#### 4 Other expenses

	<b>2018</b> <b>GBP</b>	<b>2019</b> <b>GBP</b>
Timewriting from eni UK Limited	1.089.682	1.101.911
Third parties	13.085.807	14.371.029
<b>Total other expenses</b>	<b>14.175.489</b>	<b>15.472.940</b>

Timewriting from Eni UK Limited relates to provision of ICT, legal, procurement and administration services.

The costs from third parties are detailed as follows:

	<b>2018</b> <b>GBP</b>	<b>2019</b> <b>GBP</b>
Training Costs	455.059	1.146.199
Recruitment Costs & Temporary Staff	746.387	1.487.983
Administration and Taxation Service, Legal & IC	7.344.049	7.236.292
External audit	70.000	36.729
Office rental	773.267	1.099.475
Housing	1.238.973	888.097
Others	2.458.072	2.476.253
<b>Total</b>	<b>13.085.807</b>	<b>14.371.029</b>

The cost for external audit is further analysed as follows:

	<b>2018</b> <b>GBP</b>	<b>2019</b> <b>GBP</b>
Audit fee	18.619	5.485
Non-audit fee	51.381	31.244
	<b>70.000</b>	<b>36.729</b>

The non-audit fee are related to AUP certificates.

The prior year fees were paid to Ernst & Young LLP, current year fees paid to PwC LLP.

# Eni International Resources Limited

## FINANCIAL STATEMENTS (continued)

### NOTE TO THE FINANCIAL STATEMENTS (Continued)

#### 5 Non-operating (expense)/income

	2018 GBP	2019 GBP
Interest expense		
eni Finance International S.A.	663.663	685.333
Foreign exchange gain	(242.511)	(980.051)
	<u>421.153</u>	<u>(294.718)</u>

#### 6 Income tax

The current effective tax rate is equal to 19% (2018: 19 %).

#### Factors affecting the tax charge for the year

The other group companies have agreed to surrender, for no consideration, taxation losses under Section 99 Corporation Tax Act 2010 sufficient to cover the UK taxable profits of the company for the year. The effective tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax applicable to companies in the UK of 19 % (2018 – 19%). The differences are explained below:

	2018 GBP	2019 GBP
Profit before taxation	926.115	887.622
Taxation on profit @19% (2018: 19%)	175.962	168.648
Expenditure not allowable	69.203	(55.290)
Income not taxable	(15.187)	(15.200)
Group relief claimed for no consideration	(229.977)	(98.158)
Movement in deferred tax not recognized	-	-
Total taxation	<u>-</u>	<u>-</u>

## FINANCIAL STATEMENTS (continued)

### NOTE TO THE FINANCIAL STATEMENTS (Continued)

#### 7 Trade and other receivables

	<b>2018</b> <b>GBP</b>	<b>2019</b> <b>GBP</b>
Parent company		
eni spa	9.859.000	5.027.860
Other related parties	55.099.181	57.367.335
Other third parties	553.359	3.210.752
Other tax receivables	72.043	244.523
	<b>65.583.583</b>	<b>65.850.470</b>

The receivables from related parties arise from both secondment and service activities recharged to related parties. The receivables are unsecured in nature and bear no interest.

The value of trade receivables equal to GBP 65.850.470 (2018 – GBP 65.583.583) represents the estimated recoverable amount based on the fact that the caption relates mainly to a number of Eni group companies for whom there is no recent history of default.

	<b>2018</b> <b>GBP</b>	<b>2019</b> <b>GBP</b>
Parent company and other related parties		
Fully performing	34.781.465	44.226.422
Past due but not impaired	30.802.118	21.624.048
	<b>65.583.583</b>	<b>65.850.470</b>

The carrying amount of the company's trade and other receivables are denominated in the following currencies.

	<b>2018</b> <b>GBP</b>	<b>2019</b> <b>GBP</b>
GBP	39.641.673,02	34.736.830
US Dollars	3.000.488,36	6.651.584
Euros	22.523.451,58	23.488.061
NOK (GBP equivalent)	417.970,23	968.673
AUD	-	5.322
	<b>65.583.583</b>	<b>65.850.470</b>

# Eni International Resources Limited

## FINANCIAL STATEMENTS (continued)

### NOTE TO THE FINANCIAL STATEMENTS (Continued)

#### 8 Cash and cash equivalents

	<b>2018</b>	<b>2019</b>
	<b>GBP</b>	<b>GBP</b>
Cash at bank and in hand		
Cash in hand	207	283
Affiliate company:		
<i>Banque Eni S.A.</i>	539.221	2.410.848
Third party	18.046	25.305
	<u>557.473</u>	<u>2.436.436</u>

The balance above contains balances held with third parties for GBP 25.305.

The caption cash and cash equivalents contains bank accounts held in the following foreign currencies, other than GBP:

	<b>2018</b>	<b>2019</b>
	<b>GBP</b>	<b>GBP</b>
USD	96.262	256.674
EUR	161.259	1.827.451

#### 9 Fixed Asset and Lease Liabilities

The effects of the application of the new IFRS16 standard on 2019 financial statement are as follows:

	<b>GBP</b>
Cost at 01.01.2019	-
Additions	4.465.878
Disposals	(137.878)
Cost at 31.01.2019	4.328.000
Depreciation at 01.01.2019	-
Charge for the year	2.284.728
Depreciation at 31.12.2019	2.284.728
NBV at 31.12.2018	-
NBV at 31.12.2019	2.043.273

The value of the lease liability as of 31 December 2019 is equal to GBP 1.755.184 (short term liability GBP 675.107; long term liability GBP 1.080.077). The interest value is GBP 51.246.

# Eni International Resources Limited

## FINANCIAL STATEMENTS (continued)

### NOTE TO THE FINANCIAL STATEMENTS (Continued)

#### 10 Trade and other payables

	<b>2018</b> <b>GBP</b>	<b>2019</b> <b>GBP</b>
Parent company eni spa	1.201.488	997.986
<i>Other related parties</i>		
eni UK Limited	272.736	179.859
Other related parties	1.801.264	1.771.329
Other creditors	6.054.279	7.850.049
	<b>9.329.767</b>	<b>10.799.223</b>

The payables to related parties from service recharges are due within 30 days of the invoice date. The payables bear no interest.

The company believes that the carrying amounts are a reasonable approximation to the fair value.

#### 11 Provisions

	<b>2018</b> <b>GBP</b>	<b>2019</b> <b>GBP</b>
Bonus provision	2.011.543	2.125.624
Deferred bonus provision	2.969.686	2.856.285
	<b>4.981.228</b>	<b>4.981.909</b>

The caption Bonus provision represents the best estimate of the cost related to 2019 performance bonus that will be paid in 2020.



# Eni International Resources Limited

## FINANCIAL STATEMENTS (continued)

### NOTE TO THE FINANCIAL STATEMENTS (Continued)

#### 12 Borrowings

	<b>2018 GBP</b>	<b>2019 GBP</b>
EUR - denominated loan	<u>22.639.821</u>	<u>22.557.991</u>
<b>Total Borrowings</b>	<u><b>22.639.821</b></u>	<u><b>22.557.991</b></u>

The loans expired in January 2020 and the loans are renewed on a demand basis, as a revolving credit facility. The revolving credit facility has been renewed with Eni Finance International S.A. for the period January 2020 – December 2020.

The revolving credit facilities are payable to Eni Finance International SA.

#### 13 Share capital

	<b>2018 GBP</b>	<b>2019 GBP</b>
Allotted and fully paid GBP1 ordinary equity shares	<u>50.000</u>	<u>50.000</u>

The number of allotted and fully paid shares is equal to 50.000.

Under the Companies Act 2006, there is no requirement for the company to have an authorised share capital and the company's Article of Association do not set a maximum amount of shares that the company may allot.

The company's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to its shareholder.

The company regularly reviews its capital structure on the basis of its expected capital requirements in order to achieve the defined strategic objectives and manages its capital accordingly. The company's capital structure fully satisfies its capital requirements and the company has no necessity nor intention of altering the current position.

## FINANCIAL STATEMENTS (continued)

### NOTE TO THE FINANCIAL STATEMENTS (Continued)

#### 14 Retained earnings and other reserves

	2018 GBP	2019 GBP
Retained Earnings		
At 1 January	28.121.563	29.047.678
Profit for the year	926.115	887.622
At 31 December	29.047.678	29.935.300
Other reserves		
At 1 January	-	92.563
Changed in foreign currency translation	-	(327)
Change in fair value evaluation with impact on OCI	-	(2.518)
Stock option reserve	92.563	160.854
At 31 December	92.563	250.572

#### *Long-term monetary incentive plan for the managers of Eni*

On April 13, 2017, the Shareholders Meeting of Eni Spa approved the Long-term Monetary Plan 2017-2019 intended for the Chief Executive Officer of Eni and for managers qualifying as “senior manager deemed critical for the business”.

Plans provide the granting of Eni shares for no consideration to eligible managers after a three-years period under the condition that they would remain in office until vesting. Considering that this falls within the category of employee compensation, in accordance with IFRS, the cost of the plan is determined based on the FV of the financial instruments awarded to the beneficiaries and the number of shares that will be effectively granted at the end of the vesting period; the cost is accruing along the vesting period.

The number of shares that will be granted at the end of the vesting period is conditioned on a 50-50 basis to actual results of two performance parameters against present targets: (i) a market condition in terms to Total Shareholders Return (TSR) of the Eni share compared to the TSR of the FTSE Mib index of the Italian Stock Exchange Market, and to a group of Eni’s competitors (“Peers Group”) and the TSR

of their corresponding stock exchange market; and (ii) growth in the Net Present Value (NPV) of proved reserves benchmarked against the Peer Group.

Depending on the performance of the parameters mentioned above, the number of shares that will vest 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 for Eni International Resources Limited was 43.886; the weighted average fair value of the shares at the same date was € 9.88 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) taking into account the fair value of the Eni share at the grant date (€13.71 per share), reduced by dividends expected along the vesting period (6.13% of the share price determined considering the dividends announced in the 12 months before the award), the volatility of the stock (18.93%), 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.

## FINANCIAL STATEMENTS (continued)

### NOTE TO THE FINANCIAL STATEMENTS (Continued)

The cost related to the long-term monetary incentive plan 2017-2019, recognized as a component of the payroll cost, amounted to £0,26 million with a contra-entry to equity reserves.

#### 15 Pension

The pension charge for the defined contribution scheme represents contributions paid by the company to the EIRL Retirement Benefit Schemes and amounted to GBP 6.160.764 (2018 GBP 6.100.839 ).

#### 16 Foreign exchange rate risk

At 31 December 2019, if the US Dollar had weakened by 10% against the GBP with all other variables held constant, post-tax profit and net equity for the year would have been GBP 500.047 lower (2018 – GBP 235.586 lower).

At 31 December 2019, if the Euro had weakened by 10% against the GBP with all other variables held constant, post-tax profit and net equity for the year would have been GBP 235.853 higher (2018 – GBP 341.395 higher).

#### 17 Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. The company has access to a wide range of funding at competitive rates through the capital markets and banks. The company believes it has access to sufficient funding to meet currently foreseeable borrowing requirements.

Effective management of the liquidity risk has the objective of ensuring the availability of adequate funding to meet short term requirements and due obligations as well as the objective of ensuring a sufficient level of flexibility in order to fund the development plans of the company's businesses.

The table below analyses the company financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**FINANCIAL STATEMENTS (continued)**

**NOTE TO THE FINANCIAL STATEMENTS (Continued)**

<b>As at 31st December 2019</b>	<b>Less than one year GBP</b>
Trade and other payables	10.799.223
Provisions	4.981.909
Borrowings	22.557.991

<b>As at 31st December 2018</b>	<b>Less than one year GBP</b>
Trade and other payables	9.329.767
Provisions	4.981.228
Borrowings	22.639.821

Included within provisions are deferred bonus provisions amounting to GBP 2.856.285 (2018 GBP 2.969.686). These are due to be settled within one to two years. This represents the undiscounted contractual cash flows. Borrowings and trade and other payables will be settled on a gross basis.

**18 Subsequent Events**

The emergence and spread of the virus Covid-19 in early 2020 has affected business and economic activities in China and elsewhere.

The subsequent rapid spread to a growing number of countries around the world has caused a market value reduction of oil and other commodities due to the consumption drop as a result of increasingly stringent measures adopted by governments to contain the epidemic with serious effects on productions.

If these events will continue beyond the short term, they could cause a prolonged energy consumption and prices fall with negative consequences on the economic results, cash flow, liquidity and business prospects of the entire oil & gas sector.

Eni group and the Company maintained an high degree of financial flexibility in order to deal unforeseen events and significant reductions of the scenarios capable to mitigate the impact of a price downturn, even of considerable proportions.

Eni group and the Company are currently evaluating the effects of these developments on the oil price scenario and management actions to be implemented to mitigate negative effects.

The new scenario, management assumptions and consequent effects on Company's economic results, cash flow, liquidity and business prospects are currently unpredictable and in accordance to IAS 10 has to be accounted as a non-adjusting event.