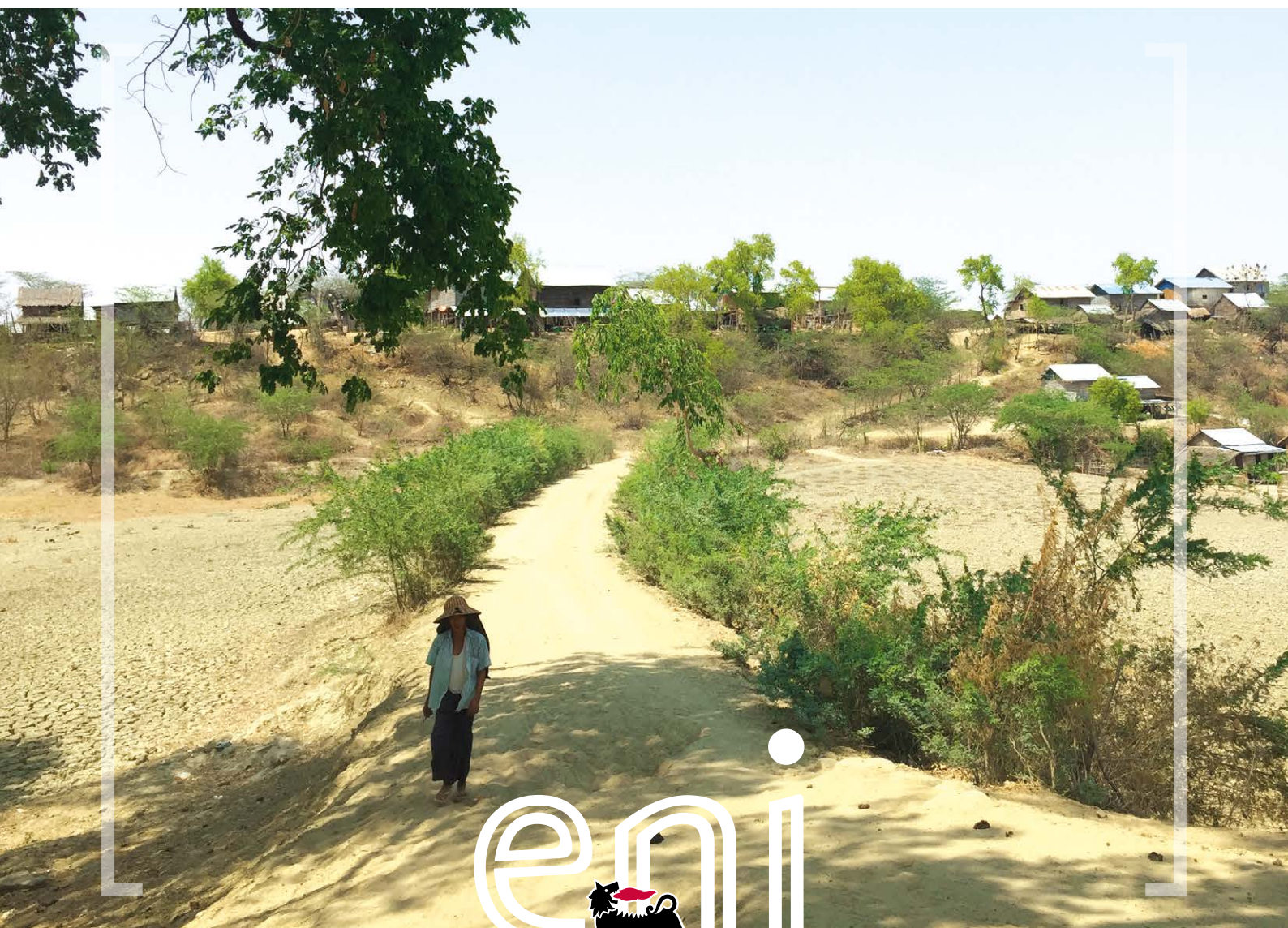


ANNUAL REPORT 2018



eni



foundation



ANNUAL REPORT 2018



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LETTER FROM THE PRESIDENT

It has been another year of frenetic activity for the Eni Foundation, mostly in Myanmar, the land of white elephants. We have put smiles on the faces of people in the dry regions' remotest villages, by providing them with clean water and teaching them to grow a range of more healthy food, not to mention providing medical care for mothers and children. Here, as in the Congo, Angola, Mozambique, Ghana, Indonesia and, in the near future, Egypt, the Eni Foundation is using the experience and expertise of Eni's founder, Enrico Mattei. In Myanmar we have launched a project to help the people of Magway, a mostly agricultural region where it rains barely or not at all for at least four months of the year. The planned work, in agreement with the local ministries of health and agriculture, is to fight malnutrition through improvement of food security, nutrition and health status in 3 townships of Magway Region. We focus on making irrigation more efficient, using new technology to improve production, diversifying agriculture (as it is currently devoted almost entirely to peanuts and sesame), and increasing farmers and local agriculture department's capacity. At the same time, the Eni Foundation concentrates on nutritional services and health care for mothers and babies. One of the basic human rights is health, understood as a state of physical, mental and social well-being. It is a key factor in growth and development in children and is, as the World Health Organization stated, a common good that is inextricable from and "fundamental to the attainment of peace and security" in the world. The Eni Foundation operates with this in mind, in line with its mission. It focuses its attention and work on the main problems linked to children's basic rights. The challenge mainly concerns developing countries, where children are a greater proportion of the population and, due to poor living conditions, more vulnerable. In these countries, children very often do not have access to health care, education, a good diet, clean water or proper hygiene. This is where we come in, with doctors, technicians and workers who try to do the best they can every day. We believe we can succeed.



Domenico Noviello



REPORT ON OPERATIONS

ENI FOUNDATION PROFILE

The Eni Foundation was set up at the end of 2006 to independently start and promote social and humanitarian initiatives in Italy and abroad, providing support, health care and education and protecting culture and the environment. Its particular focus is on the most vulnerable in society, like children, the most delicate and defenceless among us. In line with the values that have always defined Eni's work and Code of Ethics, the Eni Foundation works with respect for the Universal Declaration of Human Rights, core conventions of the International Labour Organization (ILO) and OECD guidelines. The Eni Foundation is inspired by a desire to protect and promote the inalienable and essential rights of human beings, which are the foundation of societies built on principles of equality, solidarity and civil, political, social, economic, cultural and so-called "third-generation" rights. The Eni Foundation respects the cultural, economic and social rights of the local communities it works in and tries to put them in place where possible, particularly the rights to health, proper nutrition, drinking water, education and the highest level of physical and mental health.

HUMAN RESOURCES

In 2016 the Eni Foundation set up an internal structure for carrying out its activities. These include external communication, finding new opportunities, linking the work of bodies and government institutions with that of the Foundation, and support for planning, administration and compliance. We also rely on Eni's skills and expertise, having drawn up a supply contract with the company for technical services.

WORKING METHODS

The Eni Foundation is a business foundation that works towards the goals assigned to it with a pro-active approach. It focuses its work on initiatives it designs and creates itself. All the Eni Foundation's work is inspired by the following principles:

- analysis and understanding of the contexts we work in
- transparent communication with stakeholders
- vision and commitment in the long term
- spreading and sharing results and skills

The Foundation's main work is initiatives to help vulnerable people in society and, within its role as Eni's business foundation, to set out efficiency criteria for the company's work, namely:

- relevance of goals and content
- management control
- sustainability
- measurability of results
- repeatability of operations

The Eni Foundation works on the experience and expertise of Eni's founder, Enrico Mattei, in a range of societies and cultures around the world. In the belief that complex problems require an integrated approach, the Foundation is open to partnerships with other organisations, government bodies and local administration, both at the planning and action phases, provided they have proven experience and skills.

ORGANISATIONAL STRUCTURE

The Eni Foundation's structure is made up of the following bodies:

Board of Directors:
Domenico Noviello (**President**)

Directors:
Antonio Vella, Marco Bollini, Alberto Piatti, Cristiana Argentino

Secretary General:
Filippo Uberti

Board of Auditors:
Paolo Fumagalli (**President**), Vanja Romano, Pier Paolo Sganga

SUMMARY OF ACTIVITIES

CHILD HEALTH

The UN's Millennium Development Goals, released in the 1990s, include reducing maternal and infant deaths to the levels in the basic development indicators (MDGs 4 and 5). In 1990 the fixed goal was a reduction of two thirds by 2015. Yet despite constant progress, especially after 2000, things did not improve as much as hoped, leading the UN to set new Sustainable Development Goals (SDGs). Among them was the prevention of avoidable death in new-borns and children under five, and the reduction of maternal deaths to under 70 per 100,000 live births by 2030.

At the global level, deaths of children under five decreased by a third between 1990 and 2015, falling sharply from 12,700,000 to 5,900,000. One in 12 babies in sub-Saharan Africa dies before his fifth birthday. That is a far higher average than that in high-income countries, where it is one in 147. At one in 19, south-east Asia has the second highest death rate in the world for children under five, after sub-Saharan Africa. The main causes of infant death around the world are pneumonia, diarrhoea, malaria and infectious diseases. These illnesses are responsible for over half of all deaths in sub-Saharan Africa.

Pneumonia is the cause of 15% of all deaths in under-fives, and killed around 922,000 children in 2015. Diarrhoeal diseases come second. A good diet in a clean atmosphere, with salt and zinc supplements and recently-introduced vaccines against pneumococcal diseases and rotavirus, are all factors that can help reduce the incidence of pneumonia and diarrhoeal diseases.

Rotavirus in particular is the most common cause of serious diarrhoea in children. Every year it kills more than 450,000 babies between six and 24 months old, half of them in Africa. Large-scale vaccination against rotavirus is therefore essential for reducing the number of deaths caused by gastroenteritis, above all in areas where health care services are not easy to get to.

Malaria causes 8% of the infant deaths in the world. In 2015 it killed around 306,000 children under five, 292,000 of whom were Africans and 35% were in Nigeria and the Democratic Republic of the Congo alone.



Of the 5.9 million children who died in 2015, almost half were killed by infectious diseases that could have been prevented by vaccination. Measles alone killed 114,900 in 2014.

Last of all, malnutrition contributes to about half of all deaths in under-fives. Other factors play their part, like poor resistance to infections, sight problems and a lack of vitamin A, which stunts growth.

Within infant deaths, the proportion of new-borns is very high. Around 131.4 million babies are born every year in the world, almost 2 million of whom die in the first week of their life. Some of the main reasons, as in maternal death, are poor health and illnesses in mothers, which if not treated during pregnancy can cause premature birth and permanent serious disabilities in babies.

All that said, thanks to the joint efforts of all international organisations and some politicians more attentive the health of their citizens, in the last few years we have seen a marked drop in the level of deaths. This is thanks to improved vaccination services and, more generally, better access to basic health care for children.

MYANMAR

In Myanmar, under the Memorandum of Understanding signed in November 2017, the Eni Foundation supporting the Magway regional authorities to fight malnutrition, following the national plan.

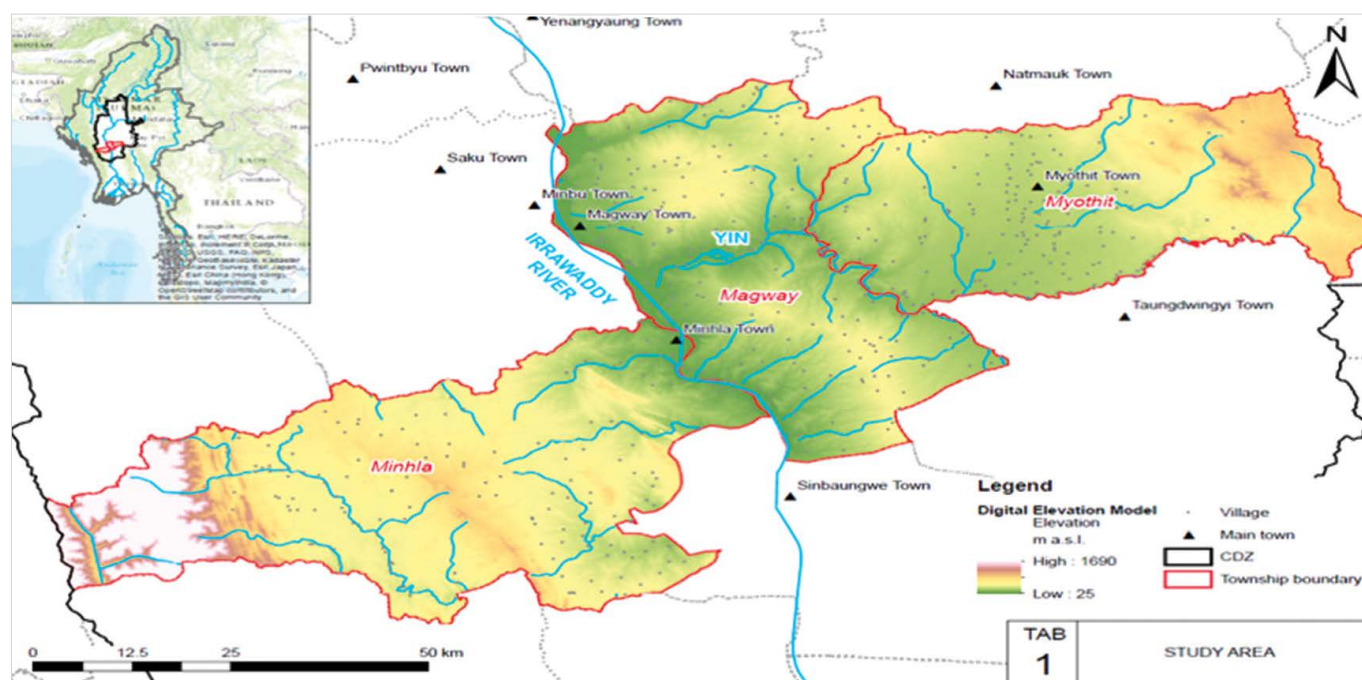
The initiative was planned jointly with local authorities, with the support of the University of Milan and the Italian National Institute of Health. It focuses on three strategic sectors, for integrated improvement:

- agriculture extension services and irrigation water
- safe water supply and sanitation services

→ primary health care services in the mentioned townships.

The work is carried out in the central Myanmar Region – Magway Region, which has a population of 3,917,055. The economy of Magway rely heavily on agriculture, as well as petrol production and other extracting industries.

The project focus in particular on three townships in the Magway region – Magway, Myothit and Minhla – which have a total surface area of 5,700 km² and a population of around 600,000.



TOWNSHIPS

	Minhla	Magway	Myothit
Population data (total)	117,069	302,325	174,894
urban	14,127	90,616	8,785
rural	102,942	211,709	166,109
male	56,599	145,145	84,293
female	60,470	157,180	90,601
under one year old		4,582	2,584
under five years old	8,028	21,835	14,325
under 15 years old	25,472		47,069
15–49 years old	34,596	88,532	92,928
15–49 years old (male)			44,970
15–49 years old (female)			47,958
over 50 years old			34,897
Administrative breakdown			
Wards	10	15	5
Villages	152	216	179
Village sections	63	61	52

After signing the agreement, the Eni Foundation promised to finance the project and was responsible for its management, together with its technical partners from the Ministry of Health and Sports and the Ministry of Agriculture, Livestock and Irrigation, to align with local and national strategies and plans.

BACKGROUND

Between India and China, Myanmar is a large country in Southeast Asia with a long coastline of 1,930 km bordering the Bay of Bengal and the Andaman Sea.

Out of a population of 53.8 million inhabitants (2015), 65% live in a rural environment, is the fifth most populist country among the ASEAN nations.

In Myanmar life expectancy at birth is 65.9 years for total population, 65 years for male and 68 years for female. The crude birth rate is 18.9 births per 1,000 populations at 2014 with the crude death rate at 8.54 in 2013.

Despite tremendous economic changes, Myanmar retains many weaknesses. Myanmar's struggle is visible in comparison with its regional environment; amongst the ASEAN, it has the lowest life expectancy and the second-highest rate of infant child mortality.

More than 35 per cent of children in Myanmar show signs of developmental problems caused by chronic malnutrition, while 8 per cent of children are severely malnourished. According to UNICEF data, approximately 80,000 of the children affected by acute malnutrition are at high risk of dying, the under-five mortality rate of 50 per 1,000 live births is high with half occurring among new-borns. In 2016, 29.2 per cent of children under five were stunted with wasting at 7 per cent. Five million children lack access to an improved water supply.

Myanmar is a country rich in jade and gems, oil, natural gas and other mineral resources. In 2013, its GDP (nominal) stood at US\$56.7 billion and its GDP (PPP) at US\$221.5 billion. The income gap in Myanmar is among the widest in the world. As of 2016, Myanmar ranks 145 out of

188 countries in human development, according to the Human Development Index.

A quarter of Myanmar's population lives in poverty. The land is susceptible to periods of drought but also flooding; the management of the water supply does not meet the country's needs and only a low percentage (around 5 per cent) of water used for irrigation actually reaches the fields.

STRATEGY

The scope of the project aims to support Government of Myanmar in pursuing the improvement of food security, nutrition and health status of population living in 3 townships of Magway Region.

Such actions are embedded in the framework of an integrated project that will be conducted by adopting a multispectral approach, thus, focusing on the nexus of agriculture, water supply and healthcare, especially contribute to the increase of access to:

- agriculture extension services and irrigation water
- safe water supply and sanitation services
- primary health care services with a focus on:
 - maternal and child health and severe malnutrition
 - hygiene and sanitation education

PARTNERS AND ROLES

Eni Foundation finances the project, and is responsible for its management. The Myanmar Ministry of health and Sports, and the Ministry of Agriculture Livestock and Irrigation are taking crucial role in guaranteeing the full cooperation of all level Authorities involved in the Project implementation. The Magway Regional Agriculture Department, Regional Department of Rural development, Regional irrigation and water department, Regional public health department are directly involved, by making available the facilities involved, the technical personnel, equipment, and any other additional support required.

Among the project's scientific partners, the University of Milan provides technical support in matters relating to water and agriculture sectors, and Italian National Institute of Health for health sector.

LENGTH AND COST

2017–2020 (2.2 million euros).

EXPECTED RESULTS BY PROJECT COMPONENT

The project, in line with the strategy of Myanmar Ministry of Health and Sports, and Ministry of Agriculture, Livestock and Irrigation, foresees the realization towards the following expected results:

MAIN STATISTICS

Gross national income per capita (US \$) (source: WORLD BANK 2016)	1,195
Population (thousands) (source: UNICEF 2015)	53,897
- under 18 years old (thousands)	16,200
- under 5 years old (thousands)	4,434
Life expectancy at birth (years) (source: UNICEF 2012)	65
Rate of infant death (per 1,000 live births) (source: UNICEF 2015)	
- under five years old	50.8
- under 12 months old	40
- new-borns	26
% born underweight (2008–2012) (source: DHS)	8.6
% under five years old underweight (moderate and severe 2008–2012)	22.6
% under five years old with stunted growth (moderate and severe 2008–2012)	35
Rate of maternal death (per 100,000 live births) (source: WHO 2015)	178
Risk of maternal death throughout life (source: UNICEF 2015)	1 in 260
Domestic consumption of water per capita (litres) (source: ASEAN IWRM 2016)	160
Percentage of population who use drinking water from supply network (%) (source: UNICEF 2015)	8
Percentage of population who use an improved source of drinking water (%) (source: UNICEF 2015)	73
Percentage of population who use a surface water source (%) (source: UNICEF 2015)	5

AGRICULTURE COMPONENT

- 1 Crop productivity and farmers' resilience improved through the support to rural advisory service and promotion of good agricultural practices (GAP).
- 2 Improved access to irrigation technology applied to horticultural production and improved nutritional security at household/community level.
- 3 Agricultural production, water supply and groundwater related data collected, informatized and systematized through the implementation of a multilevel knowledge-based management system.

WATER COMPONENT

- 1 Improved access to water for domestic and drinking use in the jointly selected priority villages
- 2 Improved access to water for irrigation in the jointly selected priority sites

HEALTH COMPONENT

- 1 Community behavior change in hygiene and other relevant maternal and child health topics due to increased awareness of the general population.
- 2 Improved service provision in rural health centers and sub-health centers through:
 - dedicated training on the main health concerns
 - provision of medical equipment and furniture
 - supply of water and photovoltaic plants
- 3 Regional Level supported in Townships capacity building on:
 - non-communicable diseases
 - elder health care
- 4 Children with severe acute malnutrition jointly identified and provided with improved access to medical treatment, supplementary feeding/micronutrients and follow up service

ACTIVITIES COMPLETED IN 2018

ADMINISTRATION AND LOGISTICS

Project onsite office opens in Magway city during the first quarter of 2018, operating with four local staffs, coordinated by one international staff.

LOCAL PROJECT IMPLEMENTATORS

In the first few months of the project we chose the NGOs to work with in the country, while setting out the working plan and aims for the competition to select the implementator.

This process invited over 100 local and international NGOs and involved:

- pre-selecting from qualification list
- carrying out the tender process
- selecting of the winning 2 NGOs

The NGOs been selected were:

- **AVSI Foundation** for the water component
- **Progetto Continenti Myanmar** for the health care and agriculture components

ACTIVITY CARRIED OUT IN RELATION TO EXPECTED RESULTS

In relation to result 1:

- 1 **Crop productivity and farmers' resilience improved through the support to rural advisory service and promotion of good agricultural practices (GAP).**

- 1.1 Training/refreshment courses of extensionists in the township of Magway, Minhla and Myothit

The study phase of the project has been completed, and it mainly aims to the evaluating of current situation of crop production and access of extension service.

With the support from Department of Agriculture (DOA) at Township level in Magway, Minhla and Myothit, the report collected the community perception of the current extension services and crops' productivity (sesame, groundnut, cotton, paddy and vegetables) in all of the 16 project villages.

- 1.2 Establishment of demonstration plots and dissemination of GAPs.

Public consultations with local communities was hold in the sixteen project villages covering 879 participants. The groups are composed of village administration, farmers (small, medium and large scale) and landless farmers. Overall of 480 beneficiary farmers will be selected from the total participants

As for result 2:

- 2 **Improved access to irrigation technology applied to horticultural production and improved nutritional security at household/community level.**

- 2.1 The study phase of micro-irrigation has been completed in all the 8 project villages, and it mainly aims to the evaluating of water assess and which kind of water infrastructure is effective for each area.

- 2.2 Suitable water resources were identified, water quality and soil test been completed and approved suitable.

As for result 3:

- 3 **Agricultural production, water supply and groundwater related data collected, informatized and systematized through the implementation of a multilevel knowledge-based management system.**

The cooperation has been established with National radio Bagan FM for conducting agricultural based talk shows. With the support from Department of Agriculture in Magway region, a total of 17 agriculture experts and respective topics has been identified, including topics as Good agricultural practices (GAP), Seed production, Soil and water management, Pest and disease management etc.

WATER SECTOR

In relation to result 1:

- 1 **Improved access to water for domestic and drinking use in the jointly selected priority villages.**

The project's water sector aims at improving the livelihood of farming communities in their access to water and water related services in the project area. Where available, groundwater is generally considered among the most precious water resources, as it is available with more temporal continuity than surficial water, it is generally protected from bacterial contamination and, provided it is managed sustainably, it guarantees to be a long-term source. Drilling of tube wells is one of the activities to be performed.

After the preliminary survey, the project target at completing 16 tube wells, including 14 deep wells (180-300m) and 2 shallow wells (down to 30 m), composing as following:

- Magway Township: 10 deep wells
- Myothit Township: 4 deep wells and 1 shallow well
- Minhla Township: 1 shallow well

The detailed activities includes the following steps:

- Awareness and consensus raising (local authorities and communities)
- Survey (Preliminary survey, Detailed Survey, Geophysical Survey)
- Site Selection (Well Point Selection)
- Drilling Tube Well (Mobilization, Mud Points, Soil sampling, penetration rate, Mud fluid, Logs, Geographic log, Penetration log, Well logging, Gamma log & E log, Well Design, Casing & Scream, Well developing, Pump Test, Pump Installation, Water Sampling and Water Quality Test)
- Ground Tank and Pump House constructions
- Tube Well Report
- Handover to Village

By the end of 2018, 2 deep wells in Magway were completed, within which 1 well has been handed over to the village on 12 Dec; another 4 deep wells were in process.

As for result 2:

2 Improved access to water for irrigation in the jointly selected priority sites

In several parts within the area of intervention, groundwater cannot be found or, where present, has such a high salt content that it cannot be used. In these areas, construction of water ponds provides the best choice to improve access to water during the dry season. After completion of the water ponds construction, a water distribution system to the village will be also established, which will be powered by the solar panel.

After the preliminary survey, the project target at completing 7 water ponds, including 3 new water ponds construction and 4 existing ponds renovation, composing as following:

- Myothit Township: 1 new water pond construction and 1 existing water pond renovation
- Minhla Township: 2 new water ponds construction and 3 existing water ponds renovation

The detailed activities includes the following steps:



- Awareness and consensus raising (local authorities and communities)
- Survey (Preliminary survey, Detailed Survey, Geophysical Survey)
- Site Selection (Well Point Selection)
- Construction Water Pond (Mobilization, Excavation, compaction, sloping, spill way etc) Ground Tank and Pump House construction
- Fencing
- Hand Pump Installation
- Water Distribution from Hand Dug well by Lifting solar powered Pump to the Village (Pump, pannel, pipe line and ground tank)
- Water Pond Reporting
- Handover to Village

By the end of 2018, all the sites specific analysis were completed and the civil work will start from summer season from March 2019.

HEALTH SECTOR

In relation to result 1:

1 Community behavior change in hygiene and other relevant maternal and child health topics due to increased awareness of the general population

Information, education and communication.

The study phase report on health sector has been completed. The survey was prepared to identify beneficiaries' perspective for the health sector, and it is based on the KAP (Knowledge, Attitudes and Practices) approach and supported by Township Medical Officers.

The following findings are listed below:

- diabetes mellitus and hypertension are the most common non-communicable diseases at the village level
- among the other common diseases, diarrhea is the most prevalent one, apart from seasonal flu.
- maternal and children health is generally neglected, due to the general lack of knowledge.
- delivery rooms in all three townships is identified as a less developed point

- shortage of power supply from government electricity line is common, made the sustainable power supply like solar power system as a urgent need.

As for result 2:

2 Improved service provision in rural health centers and sub-health centers through

- dedicated training on the main health concerns
- provision of medical equipment and furniture
- supply of water and photovoltaic plants

2.1 In-service Health Personnel Training Activities

Regarding the “capacity development” component of the project, meetings have been carried out with MOHS at Regional level. During Nov, an initial inception workshop has been carried out successfully in Magway city, attended by 29 representatives from all 17 project health centers. Based on the workshop, 4 training topics were identified:

- Women's Health (including gynecological services, reproductive health, risk factors by gender, talking to women)
- Health Protection (including water safety, environmental health, assessment of risks and hazards).
- Community Participation (such as PLA techniques, focus group discussion, identifying specific targets, promoting the participation of volunteers, etc.)
- Effective Planning (include the preparation of effective work plans, planning for events, logistics, etc)

The 4 training courses is planned to be implemented in 2019.

2.2 Supplying medical equipment and furniture

During the initial needs assessment, a list of equipment and furniture was drawn up in collaboration with the regional health department. This list, updated with the department after independent progress was made, was used as the basis of the procurement process.

2.3 Support for water and photovoltaic plants.

The photovoltaic system installation in the delivery rooms will be carried out in close partnership with the Township Medical Officers and their teams.

The field evaluation of the sites has conducted to the proposed 17 RHC/SHC, the site visit have confirmed from the engineering aspects, together with the Regional and Township level.

As for result 3:

3 Regional Level supported in Townships capacity building on:

- non-communicable diseases
- geriatric medicine

Through the consultation stage with the regional MoHS and the inception workshop for the health center staffs, the following 2 topics have been identified as necessary for regional level workshops. The Regional MoHS will be responsible to nominate the trainers, participants and the suitable time schedule.

- non-communicable diseases
- geriatric medicine

In order to conduct the workshop in a more effective manner, it is proposed and agreed with Regional MoHS that each topic will be repeated separately in the 3 townships, each session will include the participants in the specific township around 70 persons, in order to facilitate the logistic arrangement as well as to have a higher level of interaction. The 2 workshops of 6 sessions will be arranged during 2019-2020.

As for result 4:

4 Children with severe acute malnutrition jointly identified and provided with improved access to medical treatment, supplementary feeding/micronutrients and follow up service

Screening for SAM children under the supervision of the rural or sub health center staff were conducted in the Magway and Min-hla Townships. A total number of 462 children were benefit in the screening activities.

For the identified malnutrition cases, support will be provided to facilitate either hospitalization or home-based treatment.

3 months follow up of the identified beneficiaries will be carried out after the initial package is provided, during the follow up, IEC session and home visit for measurement will be conducted at least one time per month.

FINANCIAL STATEMENT 2018



TABLES

BALANCE SHEET

ACTIVITIES	(euro)	Notes	31.12.2017	31.12.2018
A RECEIVABLES FROM ASSOCIATES FOR PAYMENT OF SHARES				
B ASSETS				
II Tangible assets			-	-
C CURRENT ASSETS				
I Inventories				
II Credit				
Pre-paid taxes		1	-	144
			-	144
III Financial assets (which are not considered assets)				
IV Cash and cash equivalents		2		
Bank and postal deposits			3,284,373	5,457,757
			3,284,373	5,457,757
D ACCRUAL AND DEFERRALS				
TOTAL ASSETS			3,284,373	5,457,901
LIABILITIES AND SHAREHOLDERS' EQUITY	(euro)	Notes	31.12.2017	31.12.2018
A SHAREHOLDERS' EQUITY				
I Free assets		3		
Operating fund (art. 6 of the by-laws)			-	-
Operating result for previous years			(40,622,915)	(41,754,777)
Operating result for current year			(1,131,862)	(1,168,594)
II Company endowment fund		4	44,574,129	47,964,031
			2,819,352	5,040,660
B PROVISIONS FOR RISKS AND CHARGES				
C SEVERANCE INDEMNITY				
D DEBTS				
Trade payables		5	290,005	189,196
Payables due to founding partner		6	94,411	151,917
Payables due to banks		7	343	-
Payable taxes		8	9,181	900
Other debts		9	71,081	75,228
Debts to the Ministry of the Economy and Finance				
			465,021	417,241
E ACCRUAL AND DEFERRALS				
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			3,284,373	5,457,901
F MEMORANDUM ACCOUNTS				
Assets with third parties				

MANAGEMENT REPORT

REVENUE	(euro)	Notes	2017	2018
Revenues from typical activities				
Financial and asset revenues				
Financial revenues from bank deposits		10	280	101
Other financial revenues and other revenues				
TOTAL REVENUES			280	101
EXPENSES	(euro)	Notes	2017	2018
Expenses from typical activities				
Purchases		11	11,004	33,759
Services		12	695,390	365,122
Various operating costs		13	2,005	450,720
			686,391	849,601
Financial and assets charges				
Financial charges on bank deposits		14	2	9,187
General support costs				
Services		15	440,134	304,491
Other expenses		16	100	91
			440,234	304,582
TOTAL EXPENSES			1,126,627	1,163,370
RESULT BEFORE TAXES			(1,126,347)	(1,163,269)
TAXES FOR THE YEAR				
Current taxes		17	(5,515)	(5,325)
TOTAL TAXES FOR THE YEAR			(5,515)	(5,325)
OPERATING RESULT			(1,131,862)	(1,168,594)

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

TRAINING CRITERIA

The financial statement for the Foundation for the year ending 31 December 2018 conforms to the instructions given in art. 20 of Presidential Decree no. 600/73, which requires even non-commercial bodies to carry out all management operations with general, systematic accounting that allows them to draw up a financial statement every year. The Board of Directors is called upon in the by-laws to approve the financial statement for each year.

The scheme adopted in the absence of specific legislation has the structure recommended in articles 2423 et seq. of the Italian Civil Code, adapted to the specific features of non-profit company bodies. In this regard, we have chosen to refer to the scheme suggested by Consiglio Nazionale dei Dottori Commercialisti in its recommendation no.1 of July 2002.

The scheme adopted for the balance sheet is the one suggested for non-profit bodies that do not carry out activities associated with company ones. The activity carried out by the Foundation lies within this remit, in terms of its direct aims as set out in the by-laws.

The management report presents a scheme based on categorising expenses. The management of typical activity is therefore distinguished from financial and general support activity.

On the basis of the above considerations, the financial statement is made up of the balance sheet, the management report and the note, which is an integral part of the document.

REPORT ON THE FINANCIAL STATEMENT

Pursuant to the Foundation's by-laws, the Board of Auditors, composed of three members, ascertained that the accounts had been regularly kept up throughout the year, and that civil, tax, social security and statutory compliance had been observed.

ASSESSMENT CRITERIA

The financial statement items were assessed on the basis of principles of prudence and competence, with a view to continuation of activities. The effect of operations and other events was recorded in accounting and attributed to the year to which the operations refer, not to those in which the relevant cash movement took place (collections and payments).

BALANCE SHEET

The assessment criteria for the balance sheet items were as follows:

- tangible assets: recorded at normal value
- debts: recorded at nominal value

MANAGEMENT REPORT

The assessment criteria for the income statement were as follows:

- revenues and expenses: recorded in the income statement according to category and based on the principle of prudence

TAX ASPECTS

The Foundation is subject to the tax rules particular to non-commercial bodies.

The main aspect is that activity carried out by the Foundation is not liable to income taxes, as it is related to achieving social and humanitarian aims. Withheld taxes on interest income on bank deposits are considered subject to tax withholding and cannot therefore be requested as reimbursement or compensated with other taxes.

As for IRAP tax, the Foundation is subject to a rate of 4.82% for the financial year 2018. The taxable base for determining tax is made up of the total payments to coordinated and ongoing collaborators, and the cost of managed staff.

As it has not carried out its own business, artistic or professional activities over the year, the Foundation is not subject to any VAT compliance in absence of specific conditions.

INFORMATION ON EMPLOYMENT

The Foundations has no paid employees.

STATE FUNDS - INFORMATION LAW NO. 124/2017

Pursuant to art. 1, paragraph 125, of Law no. 124/2017, below are the funds received by Italian state bodies:

Funding body	Financial amount received (€)	Description	Date of collection
Eni S.p.A.	3,389,902.00	Contribution Founding partner	31/10/2018

NOTE TO THE ITEMS OF THE FINANCIAL STATEMENT AND OTHER INFORMATION

BALANCE SHEET

Current assets

1 Pre-paid taxes

Pre-paid taxes of €144 were from receivables from inland revenue as the balance for IRAP tax for the tax year 2018.

2 Cash and cash equivalents

Cash and cash equivalents of €5,457,757 are entirely made up of stock at Banque Eni, with two active current accounts: the operating current account of €5,454,457 and the current account opened in December 2018 for a charitable initiative for Eni employees in the CFO's area, La Casa di Sam, of €3,300.

The aforementioned account will be closed in 2019 and the funds transferred to Cooperativa Sociale Martinengo, of which La Casa di Sam is head.

SHAREHOLDERS' EQUITY

3 Free assets

Free assets are made up of:

- the negative operating result for the previous years of €41,754,777
- the negative operating result for the year in question €1,168,594

4 Endowment fund

The endowment fund has €47,964,031 and is made up of payments by the founding partner Eni S.p.A.

DEBTS

5 Trade payables

Trade payables amount to €189,196, made up of:

- €85,000 to Ghana Exploration & Production
- €79,762 to Eni Myanmar
- €28,065 to Eni Mozambique S.p.A.
- €1,876 Deloitte Risk Advisory
- €-5,507 to Prolink Ghana

They refer to services related to relevant contracts over the year.

6 Payables due to founding partner

Payables to Eni S.p.A., of €151,917, are from charges relating to costs for management staff and the service contract.

7 Payables due to banks

There are no payables due to banks (€343 in 2017).

8 Payable taxes

Payable taxes of €900 relate to debts for withheld taxes on independent work.

9 Other debts

Other debts total €75,228 and relate to appropriation of emoluments for components of the company boards of €56,576, payables to professionals and consultants of €4,809 and payables to various creditors of €13,843 (€3,300 for fundraising for La Casa di Sam, €3,518 for appropriation for Progetto Continenti Agricoltura and €7,025 for appropriation for Progetto Continenti Salute).

OPERATING INCOME STATEMENT

FINANCIAL AND ASSET REVENUES

10 Financial revenues from bank deposits

Financial revenues of €101 include matured interest income maturati on the current account at BNL Gruppo BNP Paribas, an account that expired in September 2018.

EXPENSES FROM TYPICAL ACTIVITIES

The expenses in question relate to costs specifically of carrying out company activity, borne by the Foundation.

11 Purchases

These total €33,759 and relate to purchases of materials and equipment for the agricultural, water and health care components of the Burma project.

12 Services

These total €365,122 and refer to the costs sustained in the projects in Mozambique, Ghana and Burma, for medical services, technical services, specialist staff, research, training, raising awareness, and support for health care, farming and water operations, broken down as follows:

- €28,065 for the Mozambique project
- €91,067 for the Ghana project
- €245,990 for the Burma project

13 Various operating costs

These total €450,720 and include €450,000 for the first and second sums to the Dream project in Zimpeto, in Mozambique, and €720 for taking part in conferences.

14 Financial charges on bank deposits

These total €9,187 and relate to passive interest on the current account at Banque Eni.

GENERAL SUPPORT COSTS

The expenses in question refer to costs of carrying out the Foundation's management activities.

15 Services

These total €304,491 and include:

- services from Eni S.p.A. in the remit of the services contract, for €55,500
- services from components of the statutory bodies, of €70,792 (net of €22,699 for closing the appropriations for scientific committees)
- services for received management staff of €160,442
- banking services of €2,275
- other services of €15,482, relating to printing and translation of financial statement 2016–2017

16 Other expenses

These total €91 and are made up of stamp duty on the current account.

TAXES

17 Current taxes

Current taxes total €5,325 and are made up of €5,299 in IRAP tax for the year 2018 and €25 in withheld taxes on interest income on bank deposits, considered withheld tax under art. 26, paragraph 4, of Presidential Decree no. 600/73.

The operating result for 31 December 2018 is negative €1,168,594.

AUDITORS' REPORT ON THE FINANCIAL STATEMENT FOR THE YEAR ENDING 31.12.2018

ENI FOUNDATION

Body subject to the direction of Eni S.p.A.
Based at Piazzale Enrico Mattei 1 – 00144 Rome
No. 46/2007 in the register of legal persons
Tax code 97436250589

REPORT OF THE BOARD OF AUDITORS
ON THE FINANCIAL STATEMENT OF 31 DECEMBER 2018

Dear President and Directors,

Over the financial year ending 31 December 2018, we carried out monitoring with respect to existing legislation, applying the principles of conduct of the Board of Auditors recommended by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili. We monitored observance of the law and company by-laws.

In relation to the activities carried out in the year 2018, we report as follows.

We monitored observance of the law and by-laws.

We got information from the Directors on the activities carried out and operations of greater importance in terms of finance and assets, defined and carried out in the financial year and recorded exhaustively in the report on operations, to which we refer you. Based on information made available to us, we can reasonably state that operations started by the Foundations conform to law and the by-laws and are not manifestly unwise, risky, contrary to the Board's decisions or likely to compromise the integrity of the company's assets.

At our meetings, we have monitored and acquired knowledge of the organisational structure of the Foundation, internal control system, administrative and accounting system, and ability to present the operating information accurately.

The Supervisory Body published the two weekly monitoring reports on 30 June 2018 and 18 February 2019, in which it stated that Model 231 had been updated to include offences created in 2018. The reports do not reveal any significant events or violations of the model.

The Foundation, while not considered subject to the Management System Guidelines set out by Eni for itself and its subsidiaries, decided to comply with this system. In its regular decisions, the Board of Directors therefore incorporates the documents that Eni releases now and then, adapting them to the concerns of the Foundation.

During the monitoring described above, we found nothing to condemn under art. 2408 of the Civil Code, and no unusual activity with related and/or third parties, or petitions, omissions or reprehensible actions to point out or mention in this report.

The Board of Auditors notes that the negative result for the year 2018 of €1,168,594.17 is made up mostly of expenses for costs and services mainly in support of ongoing projects.

The year saw the following expenses specifically for activities for the three ongoing projects:

	Ghana	Mozambique	Burma	Total
Purchases			€33,759	€33,759
Services	€91,067	€28,065	€245,990	€365,122
Total	€91,067	€28,065	€279,749	€398,881

General support activities totalled around €305,000, divided between unattached staff for around €160,000, services from Eni S.p.A. for around €56,000, fees to the statutory bodies for around €71,000 and other, minor services for around €18,000. Various management expenses total €450,720 and relate to €450,000 for the first and second sums for the Dream project in Mozambique and the Community of Sant'Egidio.

Financial charges on bank deposits total around €9,000 and current taxes total around €5,000.

Over the financial year, management auditing reports have been done for every project, with evidence of prior authorisation, execution times, costs sustained so far and progress so far. For the Ghana and Mozambique projects specifically, Excel tables were used in which the figures were divided into items based on type of cost, and show the data for the approved budget, progressive statements and final budget. For the Burma project and the head office costs, a planning and audit system called "SEGMENT" was used.

Concerning the financial statement for the year ending 31 December 2018, we monitored the implementation and general conformity to the law of training and structure. Specifically, we found that the statement was written in conformity with the instructions in article 20 of Presidential Decree no. 600/73 and articles 2423 et seq. of the Civil Code, adapted to the specific concerns of non-profit bodies as stated in the scheme suggested by Consiglio Nazionale dei Dottori Commercialisti in its recommendation no. 1 of July 2002.

We have monitored observance of the legislation on the report on operations.

The Board of Directors provided information in the note pursuant to article 2497-bis of the Civil Code.

Within their remit, the Board of Auditors noted the results of the financial statement as at 31 December 2018, taking into account what is observed in this report. The Board has no objections to make in relation to the approval of the financial statement which shows a result of €1,168,594.17 for the year, which is a loss (this will be covered by the additional payment to the operating fund, decided by the Board of Directors).

Rome, 9 May 2019

Board of Auditors

Dr. Paolo Fumagalli - President

Dr. Pier Paolo Sganga

Dr. Vanja Romano



foundation

Rome (Italy)

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Registered in the Juridical Persons Register Number 469/2007

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