



SUSTAINABLE

SAIPEM





*Our people's skills, the solidity  
of our business model, respect  
for our shared values,  
passion and innovation.  
This is how Saipem confronts  
and overcomes the challenges  
of the market.*





## INNOVATION

As my first year as Chairman draws to a close, I would like to take this opportunity to share my takeaways on Innovation. Over the last few months, I have had the privilege to get to know Saipem's businesses through dialogue with Stefano and his management team and through visits to operations and colleagues both in Italy and abroad. It has been – and it is – an enriching journey through a variety of projects, technologies and markets. Three factors have impressed me for their constant presence across our Company's projects: the passion and competence of our people; a strong, shared commitment to health and safety at all levels of the organisation; a relentless drive towards innovation to deliver high quality, sustainable solutions to our customers. People, technology and innovation are at the core of what we do, the DNA of who we are. It is through the dedication of our people and investments in innovation that we ensure an ever-growing level of safety in all our operations; it is through innovation and technology that we help our customers meet their objectives of sustainable growth: shorten time to market, enhance efficiency, respect the environment, reduce our carbon footprint. The world of energy is accelerating its transition towards a sustainable future and Saipem – as reflected in the 2019-2022 plan that the Board has approved – is determined to play a central role in working with its customers to lead this transition. It is in this context and with this strategic goal that Saipem will continue to invest in the development of innovative solutions in key technologies: from LNG to subsea robotics and engineering, from carbon capture to renewables such as offshore wind farms. Digitisation is playing and will continue to play a central role across all of our businesses, as the programme 'Saipem run digital', which was successfully launched in 2018, will continue to be deployed in all innovation and investments plans. Digital twins of our assets, predictive maintenance through AI, structured data and analytics to capture and share our knowledge and competence and speed up engineering and planning phases of our projects. However, it is the creative energy, competence and dedication of our people that will continue to make the difference in the market. Their drive to continuously improve existing processes and technologies, as well as their will and courage to think outside the box; an attitude that Saipem's top management is encouraging and supporting through initiatives such as the Innovation Factory. The Innovation Factory is a place where colleagues from all our operations, divisions and functions, meet to put forward their innovation ideas, share their knowledge, learn from each other and select the innovation projects that will be the foundation of Saipem's competitive advantage in the years to come.

## CLIMATE CHANGE

All the efforts on the development of new technological solutions are playing a relevant role in the energy transition phase, demonstrating how Saipem can also play an active role in terms of innovation to optimise the climate change effects of the energy industry, and to take new opportunities in the sector. We have planned to reduce our dependence on the fossil fuel business gradually by exploring fields that impact the climate less, investing in renewable technologies, and by developing more sustainable fossil fuel uses and diversifying activities. Furthermore, we are making significant efforts to improve the efficiency of our assets and operations to reduce GHG emissions. From a governance point of view, I am glad that the Board of Directors and Board Committees have been increasingly involved in the internal strategic discussion on climate-related issues and their implications on business strategy and plans. I would like to highlight that 2018 marked a step further in our commitment. We have welcomed and followed the recommendations of the *Task Force on Climate-Related Financial Disclosures* for effective disclosure of climate-related financial risks and opportunities. At the beginning of 2019, we published 'Tackling Climate Change', our first report on this topic that proves Saipem's commitment to providing effective disclosure to our stakeholders on how we are equipped to run our business in the long term.





# ENGAGING WITH OUR STAKEHOLDERS

To succeed in our purpose of contributing to the creation of value with our business, engagement and collaboration with our stakeholders is fundamental. Therefore, we maintain a constant and transparent dialogue with them, to understand their priorities and expectations and to contribute to the delivery of sustainable value in the countries where we operate.

The **Management System Guideline (MSG) on 'Stakeholder Engagement'** sets the principles and responsibilities for the engagement process with all relevant Saipem stakeholders. Informing them and sharing the company's goals, programmes and initiatives with them, is the foundation of creating value for the company and for the stakeholders themselves.

This approach has also enabled Saipem to build successful relations over the years with its stakeholders at the global level, thereby ensuring a lasting presence and an effective implementation of its projects in the areas of operation.



## A CONVERSATION WITH... Fabio Belli, Fagioli SpA CEO

*How would you describe your relationship with Saipem?*

We have been working with Saipem for several decades now, and even now our collaboration continues with important contracts. Our long commercial affiliation has allowed us to develop a relationship of mutual trust and to tackle many complex technological challenges.

This is for example the recent case of Scarabeo 9 that was moved to the Black Sea. To do that it was necessary to remove the drilling tower, so that the vessel could cross the Bosphorus Strait, and clear three bridges in Istanbul.

In this case, our collaboration with Saipem started from the very beginning of the feasibility study, moving on to the engineering and the execution of the project. This early collaboration gave us, both Saipem and Fagioli, the opportunity to identify and tackle the technological challenges that the project posed. Scarabeo 9 reached the Black Sea in 2017 and the drilling tower was then successfully reassembled in Romania. Following the end of the campaign in 2018 the vessel was again disassembled to be moved to the Mediterranean Sea.

*Has your cooperation with Saipem influenced your business prospects?*

When we started in the 1950s, we had an exclusively Italian client base. However, the experience gained on the projects completed around the world for our clients, as well as for Saipem, and the development of our commercial strategies, has allowed us to compete on the international market and to broaden our presence in several countries.

As an example, thanks also to different contracts with Saipem, Fagioli expanded (establishing branches and permanent premises) in North Africa (in the late 90's), Canada (2013), Suriname (2013) and Indonesia (2016); countries where the company is now fully operational.

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Fagioli is a world-wide certified engineering company specialised in Heavy Transport and Lifting, Project Logistics and Freight Forwarding activities. Fagioli, originally a transport business, was created in 1955.

Over a short period of time Fagioli became a leading company in the handling and transportation of goods throughout Italy. Continued investments in personnel and equipment soon lead the company into an ever-widening

market in project shipping with destinations and origins around the world. Over 60 years of experience has put Fagioli into the forefront of heavy transportation, lifting and applied engineering.

A WIN-WIN RELATIONSHIP WITH OUR SUPPLIERS

## MEETING CUSTOMER EXPECTATIONS

As part of the overall stakeholder engagement approach, guaranteeing the satisfaction of our clients is key, both in terms of profitability of projects, but also in terms of effectiveness, efficiency and sustainability of the processes adopted in their execution.

Specific **customer satisfaction monitoring and analysis systems** are being implemented in order to improve Saipem operational management and performance in meeting customers' needs and maintaining closer relationships with them. Analysis of the results obtained through the systems are regularly subjected to the company Management Review in order to identify critical areas and preventive or improvement measures.

A direct evaluation is regularly carried out with the involvement of clients through specific meetings and satisfaction questionnaires. Additionally, indirect evaluations are carried out at project level without the explicit involvement of the Client, in accordance with the criticality of the project phase and of the specific activities concerned. During 2018, 50 operating projects were involved in the direct evaluation, with a feedback rate of 60%, for a total of 37 clients involved. More than 70% of respondents said they were completely satisfied with the company's activities (meaning with an overall score of 9 or more in a scale from 0 to 10).

## LISTENING AS KEY TO EMPLOYEE ENGAGEMENT

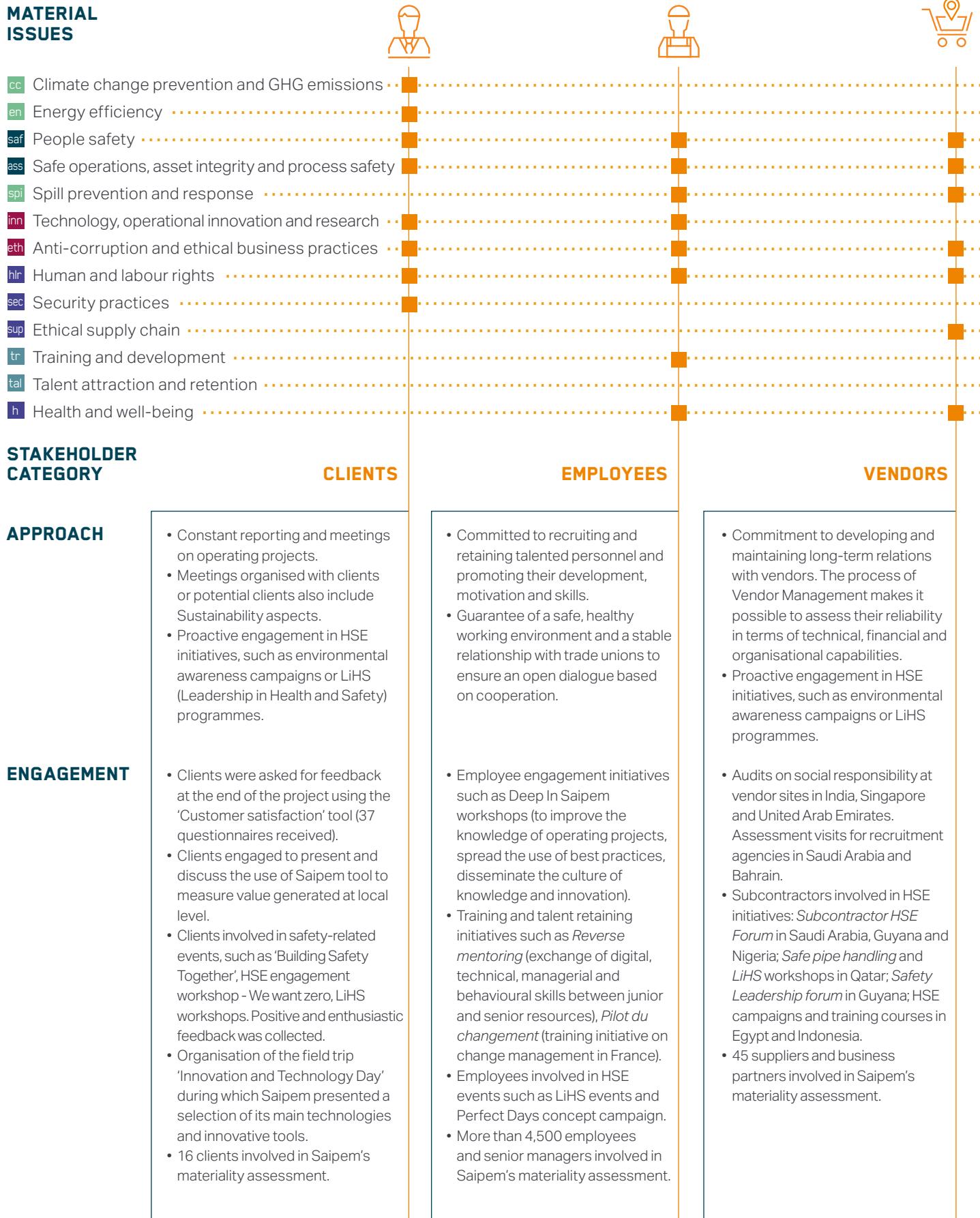
During the period between the end of 2017 and the beginning of 2018, an **engagement survey** has been carried out to measure employee satisfaction. Out of the 16,000 employees invited to take part, more than 5,000 participated in the engagement survey. They were asked to provide feedback on several aspects of the work environment and organisation. Employees mainly rewarded wellbeing, teamwork and professional development as successful aspects, while improvement opportunities have been identified in the area of leadership, rewarding and organisation. For all identified areas, some actions have been selected and are being implemented. Furthermore, at the end of 2018 a new engagement project was launched. It is an **active listening programme** aimed at involving employees from different functions, positions and of different ages in order to discuss and listen to our employees' proposals and concerns.

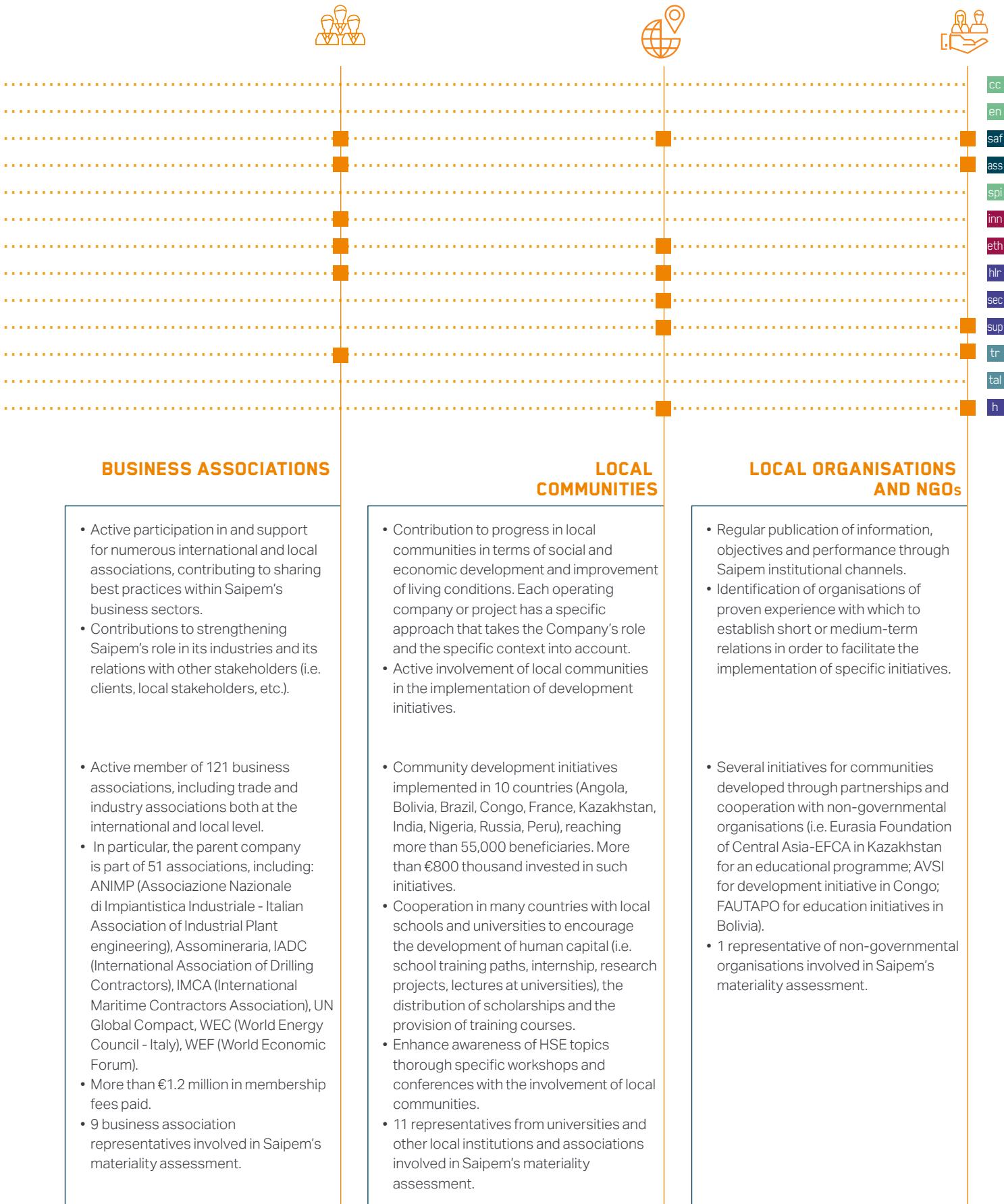
**200**  
Employees involved in 2018 listening programme

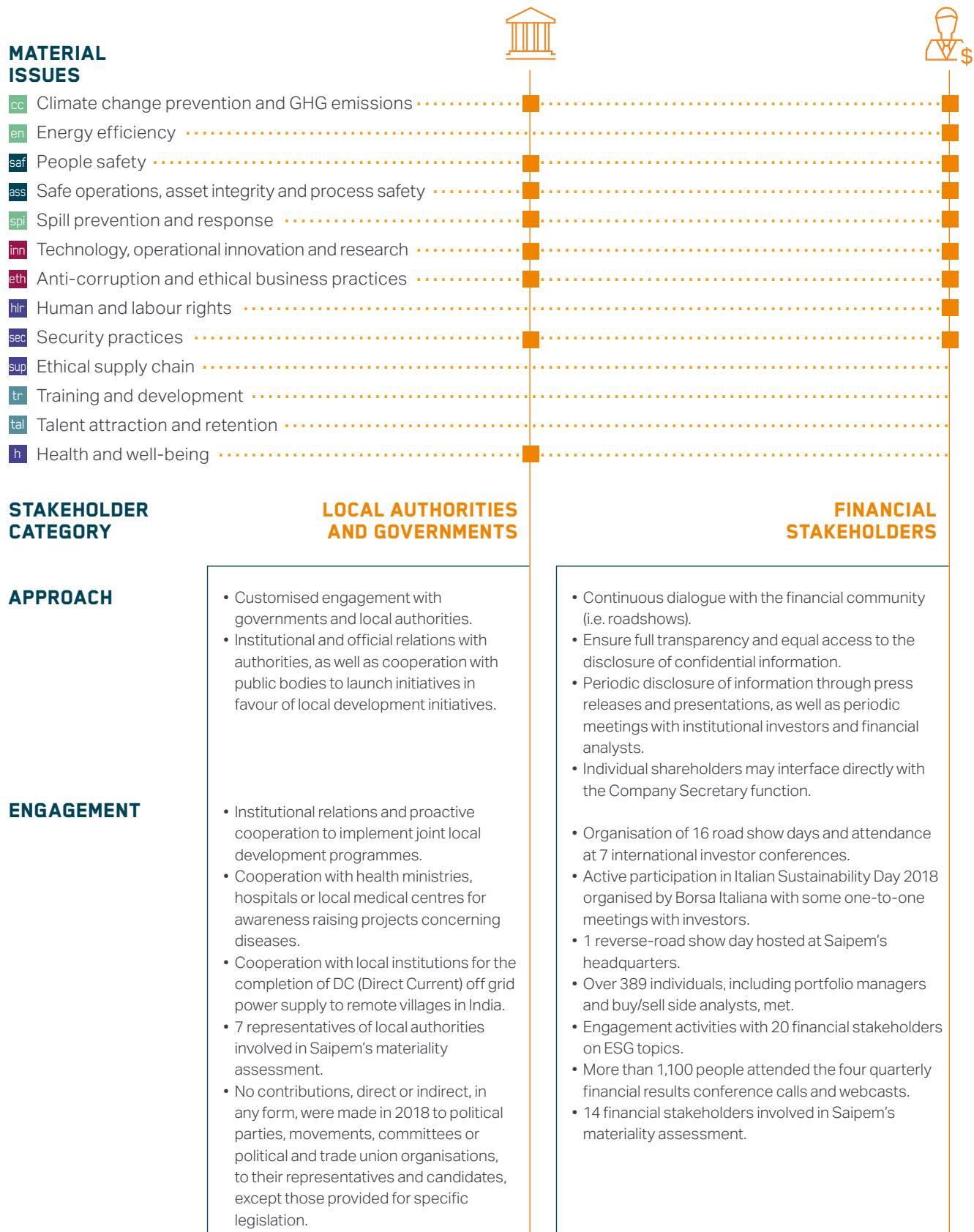
**28**  
Sessions held



# STAKEHOLDER ENGAGEMENT IN 2018







# LINKING STAKEHOLDER EXPECTATIONS TO OUR STRATEGY: SAIPEM MATERIALITY ASSESSMENT

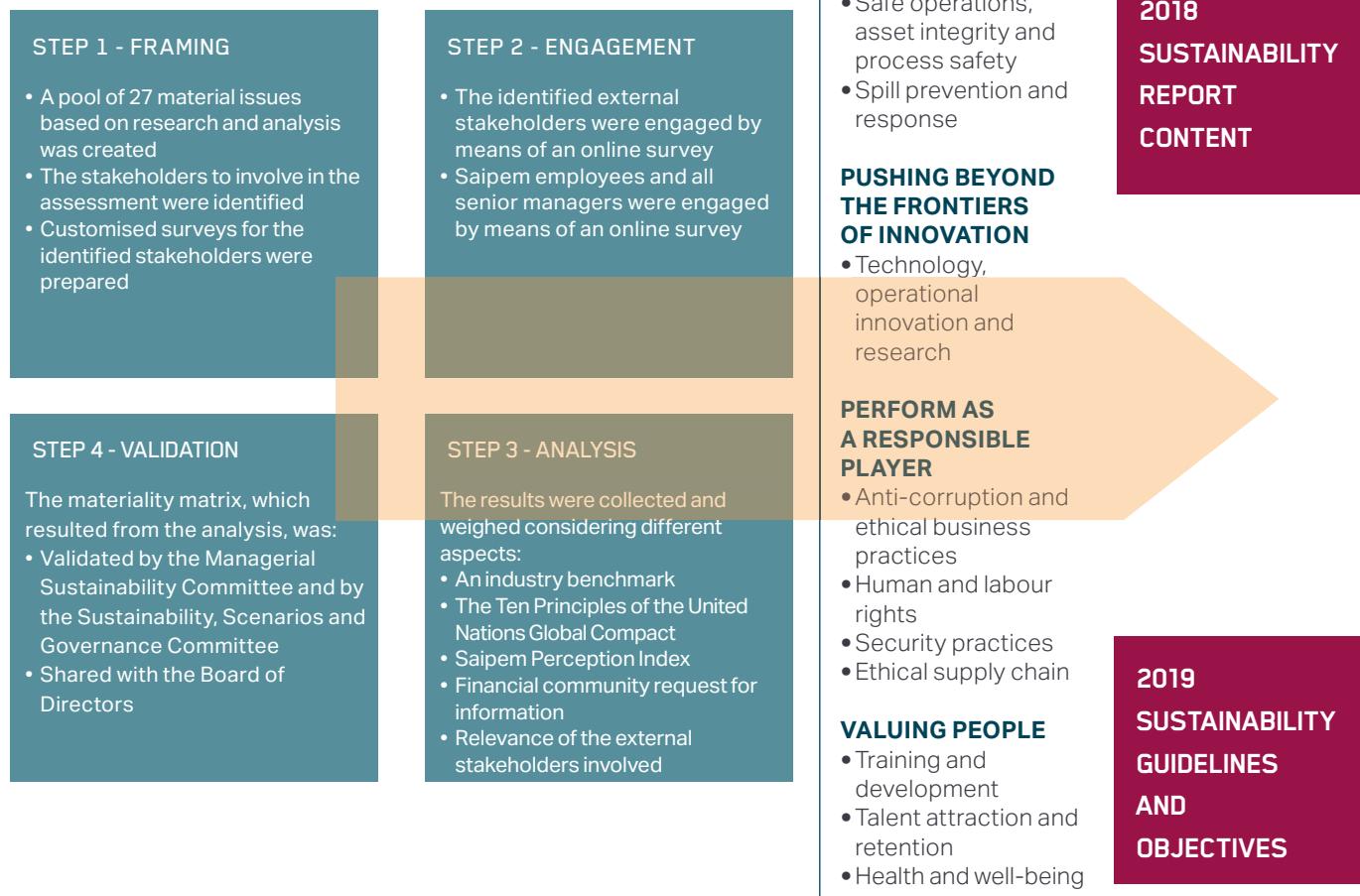
*'Material issues are matters that are meaningful for Saipem's capacity to create long-term value to support the Company's strategy and in line with stakeholder evaluation'*

A strong and focused materiality assessment is the cornerstone of a sustainability strategy that is consistent with the core business, meets stakeholder expectations and produces high-impact results both for Saipem and for society.

Materiality is about identifying the issues that are meaningful for our stakeholders and us, and that are within our capacity to create long-term value to support the Company's strategy. We plot the issues that we consider important for our long-term business success against those that pose risks or opportunities to the Company.

 Further details are available in the section 'Materiality analysis results and report content' at page 59.

## MATERIALITY ASSESSMENT PROCESS AT SAIPEM



**13**

MATERIAL ISSUES IDENTIFIED

**8<sup>th</sup> edition**

MATERIALITY ASSESSMENT PROCESS

**about 5,000**

STAKEHOLDERS INVOLVED

# OUR COMMITMENT TO THE UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact is the world's largest corporate sustainability initiative which involves almost 10,000 companies from 160 countries to align strategies and operations with its ten universal principles on human rights, labour, environment and anti-corruption. **Saipem officially became a signatory in 2016**, drawing inspiration from the Ten Principles to run a sustainable business that creates value for its stakeholders.

**I am pleased to renew Saipem's commitment to support the UN Global Compact in 2019: we have been an active player since 2016 and we have worked to make this initiative and its principles part of our business strategy, day-to-day operations and organisational culture. Every year we aim to strengthen our effort in all our spheres of influence to protect and respect human rights and international labour standards, safeguard the environment and fight corruption. Furthermore, since our business partners play an important role in making our business sustainable, increasing attention is dedicated to promote the respect for the Ten Principles also along our supply chain, contributing to advancing sustainable development together. This renewed commitment is concrete proof of our willingness to be a leader striving for constant progress while meeting our stakeholders expectations.**

Stefano Cao, Saipem CEO

Saipem has been included in the **Web Gallery Project of the Global Compact Network Italy (GCNI)**, an online collection aimed at gathering and sharing the experiences and best practices of organisations contributing to the implementation of the

2030 Agenda for Sustainable Development and to the achievement of its 17 Sustainable Development Goals (SDGs). **'Supply Chain Sustainability - Saipem Business Case'** is the contribution included in the web gallery, for the ultimate purpose

of sharing its lessons learned and the tools developed to manage its large and complex supply chain, and to prevent and mitigate related risks.

 [Read the best practice in the Global Compact Network Italia web gallery.](#)

SDGs coverage:



supports

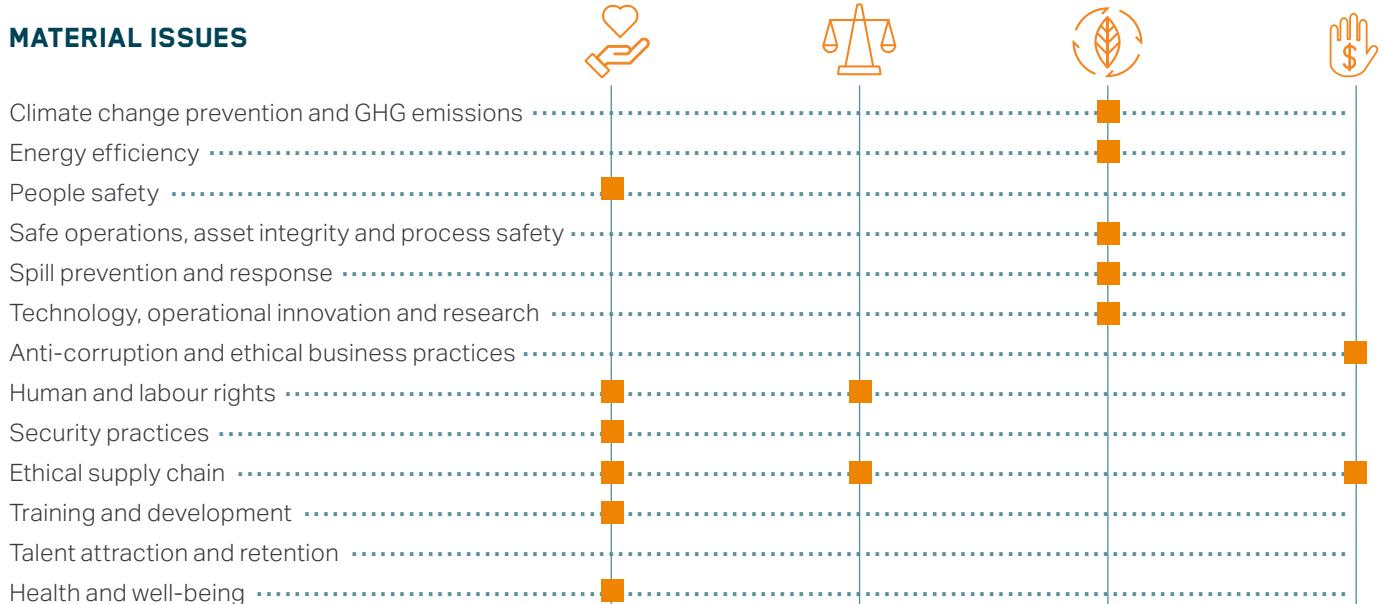


## ITALIAN BUSINESS & SDGs WEB-GALLERY

### Biz & SDGs Experience



## MATERIAL ISSUES



## UN GLOBAL COMPACT AREAS AND PRINCIPLES

HUMAN RIGHTS	LABOUR	ENVIRONMENT	ANTI-CORRUPTION
<p><b>1.</b> Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p><b>2.</b> make sure that they are not complicit in human rights abuses.</p>	<p><b>3.</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p><b>4.</b> the elimination of all forms of forced and compulsory labour;</p> <p><b>5.</b> the effective abolition of child labour; and</p> <p><b>6.</b> the elimination of discrimination in respect of employment and occupation.</p>	<p><b>7.</b> Businesses should support a precautionary approach to environmental challenges;</p> <p><b>8.</b> undertake initiatives to promote greater environmental responsibility; and</p> <p><b>9.</b> encourage the development and diffusion of environmentally friendly technologies.</p>	<p><b>10.</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>

## SAIPEM'S COMMITMENT

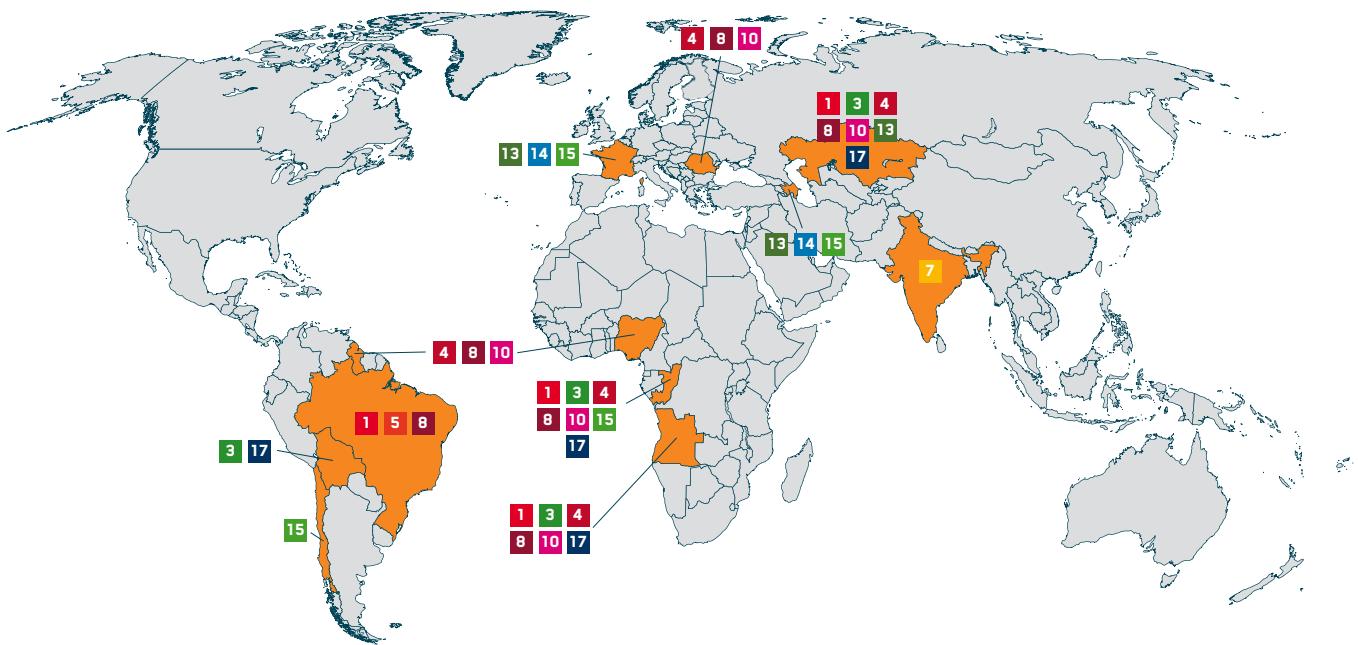
Responsibility towards its people, as well as the attention the Company places on having an ethical and reliable supply chain.

Contribution to value creation in the countries where Saipem operates as an element for supporting the cultural and socio-economic development of local communities.

Continuous technological development that also minimises environmental impacts and Saipem's promotion of an 'environmentally friendly' culture among its stakeholders.

Equipped with an advanced Corporate Governance system and actively fighting corruption.





INEFOP is the National Institute of Employment and Vocational training in **Angola**; it provides training and also job guidance and certification of competencies. Saipem-Petromar is very concerned about the training of the young generation in Angola, so in 2018 and in partnership with INEFOP, we welcomed a group of 90 young students for a 3-month technical internship at Ambriz yard to increase their employability by developing professional skills. The students were mentored by Saipem-Petromar supervisors in several disciplines like piping and welding during their internship.



With the sponsorship of Ersai (Saipem's local company in **Kazakhstan**), the Nurlan Kapparov Foundation implemented a project to provide charitable assistance to gifted children, children from low-income families, and children with disabilities living in rural areas of the country. The foundation proposed a new approach to education, creating a programme focused on providing quality mathematics education in rural areas, so that rural children can have equal opportunities for admission to prestigious universities. Furthermore, a rehabilitation centre for disabled children was opened and the construction began of a dormitory for teachers of the regional physical and mathematical school for gifted children in South Kazakhstan.

Fundación para la Sustentabilidad del Gaviotín Chico aims to contribute to the conservation and protection of a bird in danger of extinction, the Little Tern (*Sternula lorata*), generating highly qualified strategies and procedures compatible with the industrial development of the Mejillones commune. As a member of the foundation and being involved in the construction of the water pipeline in **Chile** crossing through the area in which the bird nests, Saipem is committed to fully supporting foundation activities. Among other things, the foundation deals with dissemination of information for the protection of the Little Tern. It also controls access and circulation by means of a perimeter fence/physical protection of the work fronts located in the Gaviotín Chico nesting areas, disposal of nets and relocation of traps on work front structures in nesting areas of the Little Tern. There is an environmental supervisor to ensure compliance with these measures.





**RENEWABLES**

We make the most of our assets and engineering and construction expertise, working on the development of renewable energy: from offshore wind farms and geothermics to biorefineries and clean plants.

**INFRASTRUCTURE**

Thanks to integrated skills, we internally manage infrastructural projects with a high level of complexity, cutting-edge technologies and great attention to environmental sustainability.

**DECOMMISSIONING**

We have the necessary skills and resources to dismantle oil plants and infrastructure in a sustainable way.

**OPERATION AND MAINTENANCE**

We assist our clients throughout the entire life cycle of plants, also through MMO contracts.

**SERVICES BY XSIGHT**

In the execution of turnkey contracts, XSIGHT, our group's start-up, offers innovative, flexible and dynamic solutions already in the early engagement phase.

**€8,526 mln**

TOTAL SALES

**€12,619 mln**

TOTAL BACKLOG

more than **€7.8 bln**

ECONOMIC VALUE GENERATED BY SAIPEM\*

(\*) Calculated summing (i) total goods and services ordered, (ii) taxes paid and (iii) payroll.

MEMBER OF  
**Dow Jones**  
Sustainability Indices

In Collaboration with RobecoSAM

INCLUDED IN THE DOW JONES  
SUSTAINABILITY WORLD AND EUROPE  
INDICES AS INDUSTRY LEADER



FTSE4Good

INCLUDED IN THE FTSE4GOOD  
SERIES INDEX FOR THE 9<sup>TH</sup> YEAR  
RUNNING



'B' LEVEL STATUS ACHIEVED





# LOOKING TO THE FUTURE

## SCENARIO

The global energy industry is facing one of the most challenging phases in history. In a period where an increasing share of the world population is seeking access to energy sources to satisfy basic life needs, the dramatic effects of climate change are making it evident that the world has to profoundly rethink its energy demand satisfaction model in order to accomplish sustainable development goals.

Energy efficiency, energy grids, diversification of energy sources, smart mobility and artificial intelligence are all elements, which all players in the market have to consider, in order to allow each of them to contribute correctly to the overall efforts toward a more sustainable global energy supply.

We are now in an era of transition from oil, gas and coal to new energy sources. Since the implementation of new energy infrastructures will require time, Oil & Gas are expected to remain the main energy sources for the next decades, with natural gas playing a key 'transition energy source' role.

In this context, in recent years the oil industry has faced its toughest crisis since the late nineties. Volatility of oil prices and of the share prices of oil & gas industry players (oil companies, oil service companies and contractors) is the new norm, which the market has to live with. However, deterioration in sentiment towards the overall Oil & Gas sector is now having a relatively limited impact on sanctioning of new projects by oil and gas companies in order to accompany the energy transition.

Alongside efforts to reduce coal consumption, we believe **renewable energy sources will significantly grow and contribute to de-carbonisation of energy supplies in all scenarios**, supported by technology improvements, social support and economies of scale.

## THE PRESENT

To better achieve our objectives, we have adopted a **new organisational model to entrust each business with greater autonomy and responsibility**, creating five divisions dedicated to:

- Offshore Engineering & Construction
- Onshore Engineering & Construction
- Offshore Drilling
- Onshore Drilling
- XSIGHT, providing engineering activities and services with high added value

Each division has decision-making power over strategies, partnerships, commercial policy, project execution, investments and technology, while the portfolio strategy remains with the CEO.





# ON THE SIDE OF PROGRESS

There is now international consensus that the fight against climate change represents the biggest challenge humanity must face in the 21<sup>st</sup> century.

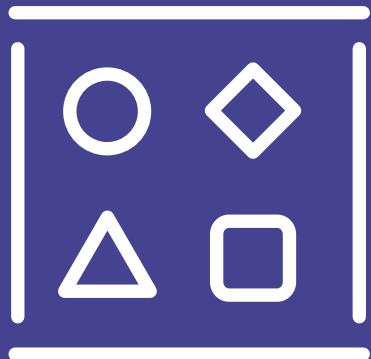
According to the Global Risks Report 2019, recently published by the World Economic Forum, extreme weather events, failure to reduce carbon emissions and build climate resilience are among the top risks that pose a serious threat to global stability. Recently, the Intergovernmental Panel on Climate Change (IPCC) published a special report describing the dramatic effects of climate change and the immediate steps to take to limit global warming in the future.

So far, the energy sector has taken significant steps to limit the emissions of greenhouse gases from their own operations. However, the challenge for this sector will be to meet the increasing demand for energy by the global population, which is estimated to exceed 9 billion by 2040, while tackling climate change.

Saipem plays a strategic role in helping and supporting its clients meet the needs of a fast changing world.



# AGAINST CLIMATE CHANGE



## HIGHLIGHTS

**5,242**

TONNES OF CO<sub>2</sub> SAVING DUE TO  
ENERGY EFFICIENCY INITIATIVES

**53.2**

ENERGY CONSUMPTION RATIO

**162.4**

GHG EMISSION RATIO

UPDATE OF SAIPEM AIR  
EMISSION ESTIMATION  
METHODOLOGY  
(CERTIFIED ISO 14064:3)

**1,349 kt of CO<sub>2</sub>eq**

SCOPE 1 GHG EMISSIONS

**36 kt of CO<sub>2</sub>eq**

SCOPE 2 GHG EMISSIONS

**58 kt of CO<sub>2</sub>eq**

SCOPE 3 GHG EMISSIONS

**453 ktoe**

ENERGY CONSUMPTION

**120 kt of CO<sub>2</sub>eq**

GHG EMISSION REDUCTION  
TARGET SET IN THE GROUP  
FOUR-YEAR STRATEGIC PLAN



⊕ Details on Saipem's approach to these topics can be found in the 'Consolidated Non-Financial Statement' of the Annual Report 2018.

# COMMITTED TO FIGHTING CLIMATE CHANGE

Although the link between climate-related indicators and financial impacts is complex, climate-related risks and opportunities undoubtedly affect the future strategy and perspectives of an international and multi-business technological solutions provider like Saipem. In fact, Saipem can play an important role in helping and supporting its clients meeting the needs of a fast changing world.

**Following the recommendations of the Task force on Climate-related Financial Disclosures (TCFD), we have now published our first disclosure on the topic 'Tackling Climate Change', approved by Saipem BoD on January 15, 2019.** The document proves our commitment to providing effective disclosure to our stakeholders on the issues that could influence company operations and to demonstrating how we are equipped to run our business in the long-term. We analyse and monitor the potential implications of climate change on our business and operations, and any other issues in the medium/long-term, and have integrated this consideration in the Company's strategic plans.

## CLIMATE STRATEGY

In Saipem, the assessment of the long-term drivers of the industry is based on the analysis of different climate-related scenarios, prepared on the basis of a series of input and analysis carried out internally and externally in order to pick up on the main drivers of the energy industry, as well as the emerging trends on technologies, policies, legislation, socio-political aspects, etc.

The scenario analysis is applied to the entire Company, covering the macro and energy trends up to 2050 that have an impact on the main drivers of Saipem's business. These scenarios are updated at least annually and the results are presented to the Board of Directors and to the Top Management.

Scenario analysis is one of the elements considered by the divisions for preparation of the Strategic Plan.

## THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES AND THEIR IMPACT

In June 2017, the Task force on Climate-related Financial Disclosures (TCFD) published recommendations for effective disclosure of climate-related financial risks. The Financial Stability Board (FSB) established the Task Force in December 2015 to develop a set of voluntary, consistent disclosure recommendations for use by companies in providing information to investors, lenders and insurance underwriters about their climate-related financial risks. The 32 industry members of the Task Force, drawn from a wide range of industries and countries, finalised the recommendations after extensive public engagement and consultation. The TCFD developed four recommendations on climate-related financial disclosures that are applicable to organisations across sectors and jurisdictions. Following its Action Plan on Financing Sustainable Growth released in March 2018, the Technical Expert Group on Sustainable Finance (a technical working group set up by the European Commission) has recently published its Report 'Climate-related Disclosures'. The report compares the TCFD's recommended disclosures to the elements of the Directive 2014/95/EU highlighting the common points. The report proposes climate-related disclosures, differentiated based on the companies' exposure to climate change, to assist the European Commission in its revision of the current Non-Binding Guidelines of the Directive 2014/95/EU.

We plan to gradually reduce our dependence on the fossil fuels business by extending the offer to our clients in less climate-impacting fields, investing in renewable technologies, and by developing more sustainable fossil fuels uses and diversifying our activities. We are making significant efforts to improve the efficiency of our assets and operations to reduce GHG emissions.

 More details can be found in 'Tackling Climate Change' report.

 To read our article on 'Tackling climate change' click [here](#)

## KEY PILLARS OF SAIPEM'S STRATEGY TO REDUCE ITS DEPENDENCY ON FOSSIL FUELS



Diversification based on emerging new green technology opportunities and non energy-related markets



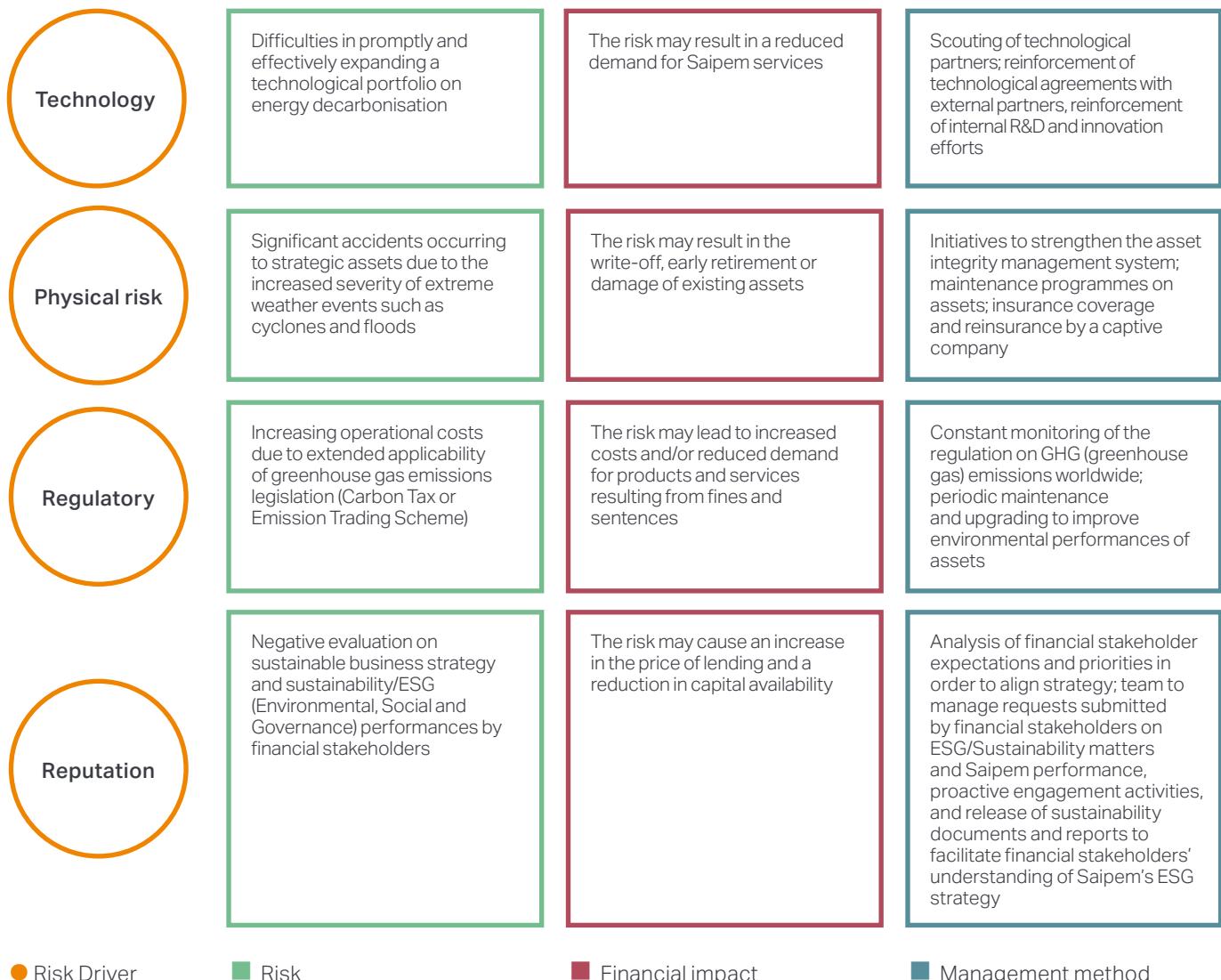
Offering solutions to optimise clients carbon management



Improvements in energy efficiency for Saipem operations

## Climate change risks and opportunities

We are aware that climate change may have a significant direct and indirect impact on our business operations.



On the other hand, the opportunity management process is executed in terms of business development, commercial activities, tendering and operations. The identification of development opportunity, the analysis of the competition, the analysis of the evolution of Saipem competitive positioning, the identification of the main future challenges

On one hand, climate-related risks are managed as per the Enterprise Risk Management Model.

of the reference industry, the possibilities of diversification of business portfolio are some of the elements considered by the divisions and by the CEO, when they draw up the Strategic Plan and evaluate specific significant investment initiatives.

Increase revenues in renewable business segment to reduce climate-related impacts (offshore wind farm, biofuel, Concentrated Solar Power, biomass, geothermal)	Financial impact calculations consider the market outlook and current tendering activities and an estimation of future Saipem revenues in these segments	R&D investment and innovation efforts
Increase revenues in consolidated business segments to reduce climate-related impacts (e.g. railway infrastructures)	Market opportunities in terms of value of railway projects for ongoing tenders or projects to be awarded within next 3 years may be significant. The CCS market will be strongly influenced by worldwide carbon tax evolution, technology development and utilisation of CO <sub>2</sub> as raw material (e.g. methanol and urea). CO <sub>2</sub> -rich Gas field market is estimated to be around €55 billion. Saipem's financial impact is estimated to be a share of this market	Strengthen commercial efforts in these market segments
Apply technologies already available to implement CCS projects and develop new and economically viable technologies to be able to unlock CO <sub>2</sub> -rich gas field projects	Project value estimation at 2020	R&D investment in technology development, new partnership agreements. Strengthen commercial efforts in these market segments
Offer more efficient and cost-optimised solutions commercially available or newly developed to clients	Annual cost saving calculated in terms of reduced fuel and electricity consumption costs	R&D investment in new products and solutions, new partnership agreements. Strengthen commercial efforts in these market segments
Offer more efficient and cost-optimised solutions through energy efficient solutions in vessels and yards	Annual cost saving calculated in term of reduced fuel and electricity consumption costs	Amount spent to promote energy efficiency

■ Business Opportunity

■ Explanation of financial impact

■ Strategy to seize the opportunity

## THE ROLE OF THE BOARD AND ITS COMMITTEES

The Board has been increasingly involved in the internal strategic discussion on climate-related issues and their implications on business strategy and related plans.

An annual workshop is organised for Board members and Division Managers to discuss the strategic outlook. During the workshop organised in September 2018, the Board discussed the implications of recent international and geo-political events on energy markets. The Sustainability, Scenarios and Corporate Governance Committee (previously called the Corporate Governance Committee and Scenarios) has the task of assisting the Board of Directors by fulfilling a preparatory, consultative and advisory role in assessments and decision-making processes with regard to the Sustainability, Corporate Governance and the review of scenarios considered in the preparation of the Strategic Plan. The committee, chaired by the Chairman of the Board, addressed the topic of climate change on several occasions in meetings held in 2017. The Audit and Risk Committee has been entrusted with the duty to consult and support the Board of Directors' decisions in matters relating to the internal control and risk management system. The results of Enterprise Risk Assessment, which may include climate-related risks, are submitted for review and advice to the Committee every six months. The Managerial Performance Plan, drawn up on the basis of the Strategic Plan, is approved by the Board of Directors of Saipem on the proposal of the Compensation and Nomination Committee, assigning the objectives set out therein to the CEO of Saipem. Subsequently, the CEO communicates the objectives set out, so that they are shared and implemented throughout the relevant organisational structure.

In 2018, the Board of Directors approved the Company's objectives, including those related to climate change, within a comprehensive sustainability MBO with a weight of 15% of the variable executive compensation. The achievement of these objectives is then monitored on a half-year basis.

## INNOVATE AGAINST CLIMATE CHANGE

Technologies and innovation are among the keys for reducing our own CO<sub>2</sub> emissions. To this end two main actions are being addressed: **running business operations maximising energy efficiency** (implementing specific assessment to identify and develop innovative energy efficiency initiatives applied to vessels and yards), and focusing on **digital transformation** (changing how the Company works to boost productivity and chase new value propositions). Most importantly, to enlarge the offer to our clients in less climate-impacting fields acting as an innovative solutions provider, further fields are the object of investigation: renewables and energy storage (hydrogen), a sustainable use of 'necessary' fossil fuels and the design of new hybrid configurations. In terms of **renewables**, the technology efforts are mostly dedicated to concentrated solar and bio-refineries (as an example, Saipem signed an exclusive agreement with California Ethanol & Power Llc, for the realisation of a low carbon emission plant for the production of ethanol, electricity, bio-methane and other secondary products from renewable sources), to new solutions for advanced wind farms and floating solar parks, emerging marine technologies such as wave and tidal, energy storage and hydrogen as a clean energy carrier produced by water with renewable energy. Regarding the second point, **Natural Gas** is the cleanest and least CO<sub>2</sub>-emitting fossil source and will play a relevant role in

the energy transition. We are carrying out several efforts in the LNG (Liquefied Natural Gas) sector:

- to define proprietary small scale liquefaction and re-gassification of Natural Gas, showing good promise for becoming a flexible tool to support sustainable mobility in the near future;
- to develop Floating LNG (FLNG), including the new Liqueflex™ technology.

Efforts are continuing to keep our **Snamprogetti™ Urea Technology** at the highest level of competitiveness, also by decreasing energy consumption and reducing the environmental impact through highly innovative solutions. At the same time, innovative activities are being designed for the reduction of Gas Flaring.

Furthermore, the capability to manage the CO<sub>2</sub> value chain becomes mandatory with the final aim of continuing to exploit the fossil fuels but definitely reducing the related emissions. In this framework, our activities focus on **mastering the whole Carbon Capture & Storage (CCS) chain**, pursuing CO<sub>2</sub> re-utilisation options, scouting emerging CO<sub>2</sub> capture technologies and building a distinctive technology portfolio. The application of **novel hybrid approaches** is based on the adoption of renewable technologies applied to the development of Oil&Gas operations. It will be fruitful to lower the overall CO<sub>2</sub> emissions and many concepts are under investigation.

## REPORTING EMISSION PERFORMANCE

### TOTAL GHG EMISSIONS

Year	GHG emissions/revenues*	Scope 1 emissions (kt CO <sub>2</sub> eq)	Scope 2 emissions (kt CO <sub>2</sub> eq)	Scope 3 emissions (kt CO <sub>2</sub> eq)
2016	124.5	1,203.40	38.90	-
2017	144.4	1,299.7	37.50	-
2018	162.4	1,348.83	35.68	58.1

(\* Tonnes of carbon dioxide (Scope 1 + Scope 2) equivalent produced per €1 million in revenue.

2006	2008	2009	2011	2015	2018
Development of Emission Estimation Methodology Manual	Update of Saipem Emission Estimation Methodology Manual	Issue of a specific Emission Estimation Criteria with the 2008 methodology	Revision and certification of Emission Estimation Manual by an independent body and update of the criteria	Adjustment of the methodology to suite more Saipem applications	Update of the methodology certified by an independent body and revision of the relative criteria

Saipem **Emission Estimation Methodology** is aligned with the most important International Standards for the calculation of air emissions and it has been certified since 2011 by a third party in accordance with the **principles of ISO 14064 'Greenhouse gases'**.

In 2018, the Saipem methodology was updated and increased its boundaries of application, accounting also N<sub>2</sub>O emissions, and their contribution to direct GHG emissions. For the first time we included indirect GHG emissions in our

certified methodology, including the GHG deriving from the combustion of the fuel used to produce electricity that Saipem purchases (Scope 2 emissions) and starting the process of calculating Saipem's Scope 3 emissions, by including GHG deriving from employee air travel for business. The certification covers the internally developed software for emission calculation.

The new methodology will be officially applied from 2018 data onwards.

# A CONSTANT COMMITMENT TO MAKE OUR BUSINESS ENERGY EFFICIENT

Saipem's approach to energy efficiency (and consequently emissions) has become increasingly more structured over the years and, since 2013, with the key objectives of performing energy assessments for offices, vessels and fabrication yards.

## TOTAL CO<sub>2</sub> SAVINGS

**5,242**

Tonnes of CO<sub>2</sub> eq saved in 2018

**7,326**

Tonnes of CO<sub>2</sub> eq potentially saved in a full year

## RIG ELECTRIFICATION IN KAZAKHSTAN

The electrification of the rigs began in Kazakhstan in 2017. This new dual configuration (electrical network and diesel generators) allows the rig to drill without directly burning any fuel but utilising the local electrical network. Therefore, since electrical power is produced by a more efficient and cleaner gas turbine plant, the performance of the rig, in terms of fuel consumption and GHG emissions, is significantly improved. For this reason in 2018, it was decided to continue this process with the electrification of an additional rig.

## RIG ELECTRIFICATION: CO<sub>2</sub> SAVINGS

**755**

Tonnes of CO<sub>2</sub> eq saved in 2018

**1,034**

Tonnes of CO<sub>2</sub> eq estimated in a year

## TOTAL ENERGY CONSUMPTION

Year	Energy consumption/revenues*	Total energy consumption (ktoe)
2016	41.3	411.7
2017	49.0	440.6
2018	53.2	453.4

(\*) Tonnes of oil equivalent produced per €1 million in revenue.

Total energy consumption in 2018 increased by 3% compared to 2017, in line with the increase in operating activities. The projects that have contributed most to the increase in energy consumption include: Jazan Integrated Gasification Combined Cycle (Saudi Arabia), Tangguh LNG Expansion (Indonesia), Khankendi, Castorone and Saipem 12000 vessels, and the ERSAI Yard (Kazakhstan).

## ENERGY EFFICIENCY FOR ITALIAN OFFICES

In 2018, we upgraded our offices in San Donato Milanese, by installing occupancy sensors for the bathroom and LED lights.

## ITALIAN OFFICES: YEARLY POTENTIAL SAVING ESTIMATION

**27.27**

Tonnes of CO<sub>2</sub> eq

**72.71**

MWh of electric energy

Moreover, we started the installation of permanent wi-fi sensors that will enable Saipem to monitor the energy flow of its permanent offices through a dedicated dashboard. The system will be finalised in 2019 and will be a support for energy assessment and the identification of opportunities for saving.

## ENERGY EFFICIENCY FOR YARDS

During 2018 several energy-saving initiatives were implemented at yard level.

The Ambriz yard (Angola) focused on the following initiatives: switching off electricity in accommodations during working hours, replacing the electrical air compressor with a mechanical one provided on request, improving the GenSet load and reducing the amount of travels to Luanda and Soyo. Also the Boscongo yard (Congo) improved its energy performance, increasing the amount of electricity taken from public networks.

At the SCNL yard (Nigeria), 115 additional LED floodlights were installed in the yard's external areas and perimeter. The STAR yard (Saudi Arabia) further increased its power production efficiency by means of a new GenSet which

concurred with lower specific oil consumption. In 2018, the ERSAl yard (Kazakhstan) continued the implementation of its action plan for energy saving and efficiency: the replacement of old fluorescent, incandescent and arc mercury lamps with LED lights and the installation of new ones. In 2018, the lighting system was improved replacing additional 8,000 lamps with LED lights. The expected energy saving due to the implementation of the initiative is about 1,600 MWh/year that is equal to 751 tonnes of GHG per year. Also the new part of the training centre, built using efficient construction materials and building technologies, contributed to achieving the highest efficiency, contributing to an annual saving of 22.41 MWh and 10 tonnes of GHG.

#### **YARDS: 2018 SAVINGS**

**686.32**

Tonnes of fuel

**1,002**

MWh of electric energy

#### **ENERGY EFFICIENCY IN AL ZOUR REFINERY PROJECT**

In 2018, Al Zour Refinery Project in Kuwait saw a joint commitment with subcontractors to implement energy efficiency initiatives. One example is the Sun Light initiative. The latest photovoltaic technology, a solar powered barrier warning light package, was used, in line with the following economic and environmental benefits:

- Utilisation of solar energy, which is free.
- Maintenance and cost free up to 3 years.
- Reduces removal of non-functional lights.
- Reduces expensive battery replacement.
- Cost savings of battery disposal.

#### **AL ZOUR REFINERY PROJECT: 2018 SAVINGS**

**66**

Tonnes of CO<sub>2</sub> eq

**20.62**

Tonnes of fuel

#### **ENERGY EFFICIENCY OF OFFSHORE VESSELS**

For years, we have implemented an initiative for route optimisation of our offshore and drilling vessels through the use of route optimisation software. The best route is detected each day by taking weather conditions and marine currents into consideration. Route optimisation has become a regular and good practice within our organisation since all masters of our fleet are required to use the dedicated software during transits on routes with medium or high potential (transoceanic routes with medium or high potential of economic and environmental benefits).

In 2018, the software was used for 8 voyages by 6 vessels, with the following results.

#### **VESSELS: 2018 SAVINGS**

**547.26**

Tonnes of fuel saved

**1,700**

Tonnes of CO<sub>2</sub> eq emissions avoided

A second initiative is the Saipem eco Operations (SeO) Campaign, launched in 2018 to monitor and bring to light all the best practices that can be implemented on each vessel, leading to savings in terms of fuel and reduced GHG emissions. The campaign consists of different phases: the energy assessment to identify SeO; launching of the campaign on-board; focal point and workgroup identification; cascading to the full crew; SeO implementation and reporting / Feedback and Review. All the implementable best practices are identified during the first phase: the energy assessments are indeed crucial since they assess all the energy uses of the vessel, area by area, to determine the breakdown of consumption, to identify and analyse the feasibility of possible energy efficiency measures. As third example, construction vessels are improving their lighting system, with a 4-year LED replacement plan. Among the fleet, Castoro 10 has already taken the first steps, starting to switch to LED for the illumination of winch rooms: since implementation, this has reduced on board lighting energy demand by 3.5 MWh and, consequently, saved 0.89 tonnes of fuel and 2.77 tonnes of CO<sub>2</sub>.



# GUARANTEEING

The safety of our people, partners, local communities, as well as integrity in our operations, from a safety and environmental point of view, are fundamental and non-negotiable values for us.

Structured and effective management systems, training and awareness for people, the continuous search for innovative solutions, and the commitment to safeguarding the environment and preventing its deterioration, together guarantee the safeguarding of people, assets and environment during Saipem operations.



# SAFE OPERATIONS



## HIGHLIGHTS

**496**

SPILL DRILLS PERFORMED

**8**

OIL AND CHEMICAL MAPPING  
PERFORMED ON VESSELS, RIGS  
AND AT YARDS

**16,594**

TRAINING MAN-HOURS  
DELIVERED ON SPILL  
MANAGEMENT ISSUES

**181**

INTERNAL HSE AUDITS CARRIED OUT  
AT SUBSIDIARIES, PROJECTS, SITES,  
VESSELS AND SUBCONTRACTORS

**more than 1.8 mln**

HSE TRAINING MAN-HOURS  
DELIVERED TO EMPLOYEES AND  
SUBCONTRACTOR PERSONNEL

**more than 272 mln**

WORKED MAN-HOURS

**0.13**

LOST TIME INJURIES  
FREQUENCY RATE

**0.44**

TOTAL RECORDABLE INCIDENT  
FREQUENCY RATE

**more than 1,500**

LiHS EVENTS ORGANISED

saf ass spi

 Details on Saipem's approach to these topics can be found in the 'Consolidated Non-Financial Statement' of the Annual Report 2018.

# SAFETY FOR OUR PEOPLE

## LEADERSHIP IN HEALTH & SAFETY: TAKING THE NEW HEALTH & SAFETY VISION INTO THE NEXT DECADE

We continue the systematic global implementation of our Leadership in Health & Safety (LiHS) programme, launched in 2007 and designed to develop a cultural change and significantly reduce accidents and injuries. The end of 2017 saw the release of the new Saipem Health and Safety Vision and the challenge throughout 2018 was to transmit it around the Saipem world, engaging the population with the new target through both a top down and a bottom up approach. What happened in the Offshore E&C division is a concrete example of this top down approach: after a workshop celebrating ten years of LiHS sponsored by our CEO Stefano Cao, the echoes of this initiative involved the Division Chief Operating Officer, his first reports and managers to reenergise the implementation of the LiHS programme, reconnect with its values and define and clarify the future commitments toward the new Vision for Health and Safety. As a result, 7 events and about 140 managers reconsolidated the principle of LiHS and explored new tools and ideas on how to inspire other Safety leaders creating a circle of trust.

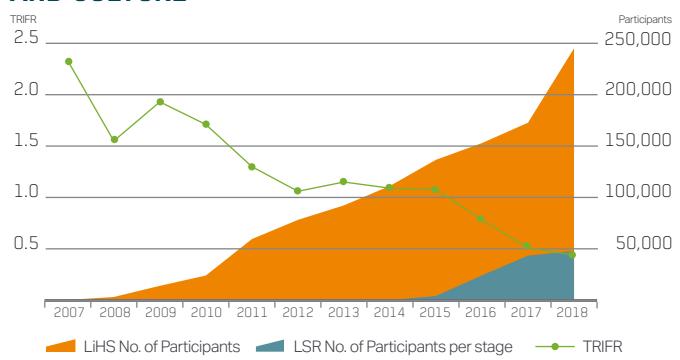
“Quite inspirational and definitely an eye-opener. It has made me more safety conscious and more importantly taught me to inspire and lead by example with regard to the safety concept.”

On the other hand, as an example of bottom-up engagement, a competition to enable participants to demonstrate what the new Health & Safety vision really meant to them in their own working reality was launched. Participants were invited to use their creative skills and develop a short movie, in which the messages in the vision were ‘brought to life’ in a new and innovative way. With the yearlong strategy to internalise and embed the new vision through the organisation, the competition submissions will be utilised through 2019 to

maintain focus and feed Saipem’s passion for health and safety.

The LiHS programme has always been applied successfully not only at Saipem but also outside our own operating boundaries: the Barzan Pipeline Project is an example of this since the client, project management team, subcontractors and suppliers came together to define the Barzan Pipeline Project Health and Safety Vision. The aim was to ensure safe operations, compliance with rules and regulations, workforce empowerment and motivation to achieve excellence in key performance indicators, and zero tolerance philosophy in this framework.

## EVOLUTION IN SAIPEM SAFETY PERFORMANCE AND CULTURE



## A DAY IN A YARD: THE HSE DAY

The Yard HSE Day workshop, held in November in Paris, was designed to create an opportunity for the yard and construction management to look, think and commit to safety with a more in depth understanding. The day was a first-hand experience providing an emotional moment of reflection on the barriers preventing yards from achieving zero accidents and how new and old tools can be

## LiHS IN FIGURES

	LiHS Workshop Phase 1	Cascading Phase 2	Five Stars Training Phase 3	Leading Behaviours Cascading Phase 4	Choose Life Workshops Phase 5
Events in 2018	44	469	682	262	50
Participants in 2018	637	12,337	9,465	37,815*	759
Total events since 2007	1,177	2,142	2,883	2,516	724
Total participants since 2007	15,746	68,745	34,146	114,001*	12,130

(\*) Number of attendees..

developed by the HSE department and can support in the elimination of those barriers. Six HSE tools were explored during the day: HSE training, Task familiarisation cards and on-the-job training, Self-verification, Supervisor HSE performance evolution, Competence assessment, Life Saving Rules management walkabout toolkit.

#### **One of the best practices of the day: the HSE performance evaluation programme for supervisors and superintendents**

The programme was launched at Saipem Indonesia Karimun premises in September 2016 aimed at keeping safety standards at the highest level, promoting a constant focus and boosting the safety commitment from all levels of hierarchy. The HSE performance evaluation is based on a criteria that includes the following HSE parameters: the number of personnel injuries that occurred, attendance to the HSE training courses, management walkaround, toolbox talking (TBT) participation, and number of SHOC card issuance by the team. Between 2017 and 2018 the programme was extended to supervisors and superintendents and new parameters added (i.e. number of disciplinary measures issued, permit to work correct implementation, PPE compliance, environmental criteria).

The HSE performance evaluation is carried out on a monthly basis for all yard supervisors and superintendents, monitored and compared with the yard HSE TRI Frequency rate: it was noted that positive HSE performance of supervisors and superintendents led to a decrease in the yard TRI frequency rate and vice versa. In this framework Karimun yard saw higher involvement in training courses, an increase of supervisor accountability, an improvement of the safety culture on the yard, a better sharing of unsafe acts and lessons learnt during monthly HSE meetings and a constant focus on safety. All these results contributed to the success of the HSE performance evaluation tool and, once shared during the Yard HSE Day, it was decided to implement it in all Saipem yards starting from 2019.

#### **THE LIFE SAVING RULES CAMPAIGN: THE WALKABOUT TOOL**

The Saipem Life Saving Rules (LSR) campaign, launched in late 2015, is the customised gold standard for safety compliance within Saipem. In 2017, the development of a new tool, the LSR management walkabout, began and in 2018, the efficiency of its implementation was assessed. For example, in Nigeria at the SCNL yard, the successful implementation of this new tool was due to the systematic approach consisting of three phases: pre-walkabout meeting, during walkabout meeting, post walkabout meeting.

During the pre-walkabout meeting the area of the walkabout and an overview of the related activities and associated risks were defined. Then dedicated checklists focused on specific LSR were used to gather information regarding the work environment, competence and knowledge in relation to application of the rules, compliance of documentation available on site. Two walkabouts were organised in the

fabrication yard, testing the following LSR: dropped objects, seat belt, suspended load, confined space and gas testing. During the post-walkabout meeting, all the observations issued during the walkabout were collected and discussed, and a checklist was prepared with actions assigned to the function in charge.

Implementing the Life Saving Rules management walkabout tool gave yard management the opportunity to identify any gaps in the yard management systems, and to intervene as quickly as possible ensuring the continuous improvement of the HSE management systems.

**more than 68,000  
Attendance in 2018**

**more than 1,800  
LSR events organised in 2018**

#### **ENHANCING INTERNAL KNOWLEDGE AT THE SCHIEDAM TRAINING CENTRE**

The Schiedam Training Centre is a competence hub set up in 2012 in the Netherlands to coordinate several complex HSE training courses. Since competence and knowledge become highly critical when it comes to safety, initiatives shall also focus on strengthening the technical, operational and communication skills of the HSE professionals who train and coach people operating on-board our vessels and in our sites.

In this framework the HSE competence programme was internally designed relying on the experience and knowledge of Saipem HSE operation management and involving the most senior HSE professionals and trainers. The training course has a good balance between theory and practice, particularly when it comes to topics like Confined space, Working at height and Asbestos training in which first-hand experience is fundamental to build up the confidence and skills necessary to perform the task. From a practical point of view, this is possible thanks to Confined space and Working at height simulators. However, since communication plays a critical role in the HSE competence programme, specific modules on training the trainers and public speaking opportunities are disseminated throughout the course. The programme started at the end of 2017, reached its 7<sup>th</sup> session and has seen more than 80 people involved so far. The feedback is mostly enthusiastic not only for the technical benefits that everyone recognised but also for the opportunity to share experiences, concerns and stories which help to create connections between people.

**about 25,000  
Training hours delivered in the Schiedam Training Centre**

## INSPIRING SAFETY ACROSS ITALY

The **Safety Leadership Event** (SLE) is the national event for Italia Loves Sicurezza, the movement that has produced over 1,000 events all across Italy in recent years to make workers, students and citizens aware of health and safety issues using non-conventional language based on the principles of participation and engagement. The third and latest edition of the SLE focused on the theme of choice, in other words the ability to get out of your comfort zone by choosing always to safeguard health and safety. The day saw the participation of our Top Management and five leaders from major Italian companies, and the screening of the film 'Choose Life' (a film that won two prizes at the Cannes Film Festival). It was also the opportunity to present work done by the Università Cattolica di Milano to validate scientifically the Leadership in Health & Safety method, created by Saipem and shared with the industry through the LHS Foundation.

“  
The emotions in the accounts, the storytelling, it was in this way that the wave of change spread. Storytelling is a method that awakens the most unconscious part of ourselves, the most creative and rebellious part. Thanks to these resources change can receive this decisive impulse.  
”

**more than 1,000  
Participants in the Safety Leadership Event**

**Growing New Leaders in Safety**, now in its third year, is a training programme composed of several laboratories aimed at children and teenagers, from 3 to 18 years of age, with the goal of stimulating reflection on the theme of health and safety, promoting more correct and positive behaviours for themselves and for others. The project is also aimed at primary school teachers who learn how to conduct an experiential workshop focused on the topics of Leadership in Health & Safety. *Growing New Leaders in Safety* is not just a programme for schools, but has also been integrated into Saipem's internal communications activities.

**more than 3,300  
People involved in 2018**

## CHOICE, NOT CHANCE – DROPPED OBJECTS CAMPAIGN

In 2016, we launched a Dropped Objects Campaign (DROPS) aiming at reducing the number of dropped objects incidents. During 2017 the evaluation of innovative approaches to support the implementation of the campaign and its effectiveness, especially surrounding human aspects, started. The approach developed was to invert the negative choice to take a chance, and to instil a 'drive' in people to make a positive choice. The key tool developed was a video called 'Choice not Chance' to reach the audience: emotional involvement increases the effectiveness of engagement significantly, guiding the audience to take positive actions whenever planning and operating at height. By reaching for an emotional connection, the film emphasizes the need for control elements to be in place, as well as the importance of complying with them. Saipem's implementation of the film within the dropped objects campaign, and the effects such media has on its audience, represent an innovative strategy for the industry.

### DROPS campaign in the Offshore division

To better internalise the DROPS philosophy into our culture, a series of DROPS surveys, consisting of thorough inspection and recording of all items and equipment, which might fall, were carried out to establish an effective preventive system. The surveys were performed through inspections on 4 vessels of our fleet (S7000, FDS, FDS 2 and Khankendi Subsea Construction Vessel) and in 2 yards (STAR in Saudi Arabia and Karimun in Indonesia). Furthermore, two training sessions for DROPS focal points were delivered involving 12

people operating in yards, vessels and projects. The main goal of this session was to enable the focal points to train the site operational workgroup and sustain the vessel and yard management in cascading the knowledge and awareness on the matter through all levels of the organisation.

## A PERFECT DAY IN SAIPEM

In correspondence with the celebration of the World day for Health and Safety, the Perfect Day 'concept' was launched as part of our *vision of zero accidents*. The objective is to change the traditional mind-set of health, safety and environment into a dynamic and positive holistic approach, focused on delivering excellence in safety performance, protection of the environment, and asset preservation each and every day.

Employees are invited to think that what they do at work today can have a direct impact on how they will enjoy life tomorrow.

 To us *Perfect Day* means that all employees and our contractors go home safely, the environment is not harmed, and no damage to assets is recorded. This includes no injuries, and no serious environmental spills or releases, no damage to our assets, and no high potential near misses.

At the end of the working day, the announcement of another perfect day is spread throughout the project site. The performance of this initiative is measured by tracking, on a daily and monthly basis the number of perfect days. In 2018, results are noteworthy and a total number of 167 perfect days were recorded in the Offshore division.

## SAFETY PERFORMANCE

Year	million man-hours	LTI Frequency Rate*	TRI Frequency Rate*
2016	259	0.20	0.78
2017	282	0.14	0.51
2018	273	0.13	0.44

Unfortunately, there were 4 fatalities involving subcontractor personnel in Turkey, Kazakhstan and Saudi Arabia, in two different sites, due to the following causes: a fall from height, a collision with a moving vehicle, a road accident and dismantling of a case containing a valve. In-depth investigations were conducted to identify the causes of these accidents and appropriate actions to minimise the possibility of such accidents being repeated. Furthermore, a serious road accident occurred during transport of people involving a subcontractor vehicle with 12 passengers on-board. The accident occurred near an operating site in Saudi Arabia and caused the death of 4 people and injuries to others. It was assessed that none of the passengers who wore their seat belt were injured. While not diminishing the importance and unacceptability of such events, the Group's main safety indicators (TRI - Total Recordable Incidents and LTI - Lost Time Injury) showed a positive trend. TRI Frequency Rate (TRIFR) and LTI Frequency Rate (LTIFR) decreased by 14% and 7% compared to 2017.

## SAFETY FOR OUR ASSETS

Safe operations require safe tools and a safe working technique. The role of asset integrity management becomes more and more crucial based on the evolution of the energy industry: more challenging operations means being exposed to complexities in even more hazardous and extreme conditions.

 **Safety for our operations refers to the prevention and control of events with low frequency and high/severe consequences to people, the environment, assets or project performance.**

The risk of asset failures leading to Major Accident Events (MAE), with consequences on Saipem's reputation and enterprise value, has to be managed, controlled and minimised: the HSE Case helps because it is a process, which identifies risks relevant to the activities carried out onboard and maps all key elements to ensure their control. It is traditionally developed for the offshore production and drilling units and in the last few years has been extended to the offshore construction fleet.

For the latter, a number of MAE scenarios are identified as credible escalations from initiating events that may occur during, for example, the installation of a platform or during pipe-laying operations.

The Saipem Offshore Construction Vessel Integrity Management Model pursues the effective management of Saipem assets, from the design of vessel upgrades and new equipment to operation and maintenance, throughout the whole life cycle of the asset. The integrity model identifies the safety case as the key process to analyse MAE scenarios and to identify barriers that shall be put in place to prevent and control escalation to major events.

In previous years, due to the dynamic nature of the offshore construction business, a new guideline to an 'upgraded' version of the Vessel safety case (aligned with Asset Integrity Best Practices released by OGP) was developed and launched. In 2018, the update of Saipem Vessel safety case continued, involving two additional vessels. Since Saipem fleet can be divided into clusters of vessels with similar features and MAE scenarios, a similar set of barriers (i.e. similar set of safety critical equipment, competences and procedures) was identified and standard libraries of safety critical elements will be developed in 2019. This will ease and speed up the compilation of new Vessel safety cases and ensure a consistent approach throughout the fleet.

To evaluate asset integrity performance against stated goals, monitoring and reporting are key factors. For this reason a set of common asset integrity KPIs were selected. In this framework and with a specific focus on floaters operations, in 2019 the first report with the results of this activity in the Onshore division will be issued.

## COMPETENCE AS A MAIN POINT FOR SAFE OPERATIONS

The Competence Assurance & Assessment (CA&A) programme was launched at the Drilling projects in Saudi Arabian Saipem (SAS) Ltd in 2016, and then extended to offshore and onshore FPSO projects. The goal is to improve any identified weakness, enhance personnel development paths, as well as contribute to the development of the competence of local personnel. In 2018, the campaign also involved all personnel working in onshore projects as scaffolding supervisors was performed to ensure their high level of competence. This campaign involved both Saipem and subcontractor personnel and was carried out in Kazakhstan, Saudi Arabia, Kuwait and Nigeria.

For example, the FPSO Cidade de Vitoria benefited from the project for different reasons: the application of the technical evaluations of the offshore group, the participation of CA&A trained vessel management teams exposing their positive experience and development, and for the performance of competence assessments. This first phase identified important development opportunities for office personnel, while the second phase was extended to personnel on-board the FPSO.

Another initiative in this framework is the **Barrier Ownership Cards Programme**, planned and arranged on Scarabeo 8 to establish and highlight which tasks are safety critical and the relevant Barrier Functions (BF) to be implemented and followed-up onboard. Therefore, the programme aimed to increase the awareness of each individual so as to clarify the actions to prevent undesired incidents and/or minimise the consequences of such incidents. The programme consisted in sharing and providing a specific 'Barrier ownership card' for each person in charge of an action. The card contains all information and the actions needed to properly prevent and respond to an emergency. Furthermore, a dedicated manual was issued to keep focusing on this critical topic and on this initiative.

## SAFETY FOR THE ENVIRONMENT

Spills are among the most critical environmental aspects in our activities. We are strongly committed to improve 'prevention' and 'preparedness'. Prevention is by far the most important area to take into account. Starting from the identification of the main situations in which a spill of pollutants may occur, this specific activity defines the entire picture in order to avoid any release, from the smallest to the biggest event. In line with this belief, we started performing Spill Risk Assessments (SRA) for all our vessels, yards and rigs. Through a rigorous and consistent method, the assessments assigned a risk level for all equipment onboard in order to evaluate wherever the risk is unacceptable and to provide a priority order for the implementation of risk reduction measures.

The process consists of 3 different steps:

- 1) Mapping all the equipment capable of generating spills of oil or of other substances hazardous to the environment.
- 2) Assessing the risk through a qualitative evaluation of probability of release, and magnitude of the consequences for the environment.
- 3) Implementing prevention and mitigation measures (i.e. location of the item, quantity, pressure and eco-toxic information of the oil or chemical contained, number of spill barriers, leakage in the past of similar items, expected spill response time).

For every item a list of information was collected: name of the item, location, quantity of the oil or chemical, name and type of the substance, pressure of the substance, subject to weather, subject to damage from impact, number of barriers, leakage in the past, equipment present in the maintenance register, expected spill response time.

Taking into account all the information, a spill risk assessment is performed. The output identifies any criticalities in one or more items on-board every vessel. The spill risk assessment will be used to better evaluate the quantity and the location of the spill response equipment. Between 2017 and 2018, Saipem completed the mapping for the entire offshore construction fleet and the offshore fabrication yards, except Malembo. Furthermore it performed 10 Oil spill risk assessments (6 in 2018) to start the implementation of risk reduction measures where applicable.

### SPILL NUMBER AND VOLUME

Year	Spill number	Spill volume (m <sup>3</sup> )
2016	30	4.3
2017	26	6.2
2018	18	7.2

The total number of spills was down in 2018 compared to the previous year. There were two major spills:

- The main spill (3.97 m<sup>3</sup>) during unloading operations of FPSO Gimboa. The spill was due to a leak, because the tube was obstructed and folded. Activities were promptly interrupted and the contaminated area was treated with dispersing substances. Further tests on the tube were performed with positive results and the FPSO was supplied with new tubes for faster and preventive replacements.
- The second was a bitumen spill (1.7 m<sup>3</sup>) caused by two tanks during lifting operations of the Tangguh LNG Project Expansion (Indonesia). The contaminated area was promptly isolated and barricaded by two containment tanks. Later, a recovery plan was implemented.

10

**Spill risk assessments on vessels (Saipem 7000, FDS, FDS 2, Castoro 2, Castorone), rigs (Saipem 12000, TAD, Scarabeo 9) and yards (Arbatax, Ambriz) performed between 2017 and 2018**

In addition to the risk assessment, the Oil & Chemical Mapping also provides an actual map of the onsite presence of oils and chemicals. The mapping process is carried out both on our fleet and at offshore yards. In this way, the items identified are represented on a graphic layout of the site with a practical overview of the spill risk areas, where special attention is needed.

30

**Oil & chemical mapping performed between 2017 and 2018**

Competence and preparedness play a crucial role in case an unexpected event occurs. For this reason, each onshore project is required to prepare an annual drill plan, containing at least one drill every three months, covering different spill scenarios (refuelling, chemical storage, use of hazardous materials, etc.).

To ensure that personnel involved in spill management is properly trained, each project is requested to deliver spill prevention and response training to people involved in activities at risk of spill.

496

**Spill drills performed in 2018**

97%

**Spill drills performed on planned**

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## BEST PRACTICES FROM ONSHORE PROJECTS

In the Tangguh Expansion Project, the spill prevention and response plan established will be able to protect the various existing ecological resources, company facilities and to prevent any issues within the community. Since the spill events occurred in the project came from equipment failure and improper storage, a strategy was developed:

- Administration Strategy: identifying the spill risk from construction activities.
- Spill prevention strategy: promoting preventive maintenance, placing dip trays

under equipment, replacing oil and refuelling activities using dip trays and conducting regular inspections at the existing facilities.

- Readiness strategy: providing spill kits, delivering training and conducting spill drills and exercises.

**83**  
Spill drills performed in 2018

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SCNL in Nigeria took all reasonable steps to prevent accidental release of materials to the environment that could lead to a pollution incident by ensuring the planning

of work and risk evaluation. SCNL personnel receive regular instructions, training and suitable equipment to face such incidents. Each project has developed a list of possible spill occurrence areas, such as fuel storage and refuelling areas, condemned/waste oil storage areas, workshop areas, etc. Spill drills are carried out in SCNL in order to test the reaction and response of the work team in case of spills and to evaluate workforce awareness.

**21**  
Spill drills performed in 2018

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## APPLYING TECHNOLOGY FOR ENVIRONMENTAL PROTECTION

We have a very important tradition in the field of Oil Spill Response and we have been involved in different and significant experiences such as the deepwater oil recovery loss from the Prestige oil tanker in Spain in 2004. The continuous development of innovative methodologies and solutions for 'oil spill response preparedness' has recently resulted in the acquisition of a major project ('Subsea Well Response Project' - SWRP) for a consortium of most of the major oil companies, aimed at developing solutions to respond quickly and efficiently to future subsea well-control incidents. In this respect, SWRP has built the Offset Installation Equipment (OIE), a novel tool designed to install a capping stack on a blowout well allowing to lay short-term remediation of environmental disasters like that of Deepwater Horizon platform. The system was tested in the Adriatic Sea, commissioned and delivered to the client and officially inaugurated in March 2018.

*Discover the story of the OIE on the Google Arts & Culture platform.*

Other innovative approaches are under development in the field of 'oil spill monitoring & intervention', such as the Early Warning Integrated System (EWIS) and a new concept of intervention tool for cleaning oil spills.

The EWIS will be an innovative data collection and decisional support platform for a very early and effective response to oil spills. It is well known that the best way to minimise environmental damage in the event of an incident is to take proper action in the shortest possible time. EWIS will collect, integrate and process data from different sources (satellite, aerial, radars, fixed observational structures, etc.) related to the detection, movement and degradation of oil slicks. All data will be processed and displayed in GIS configuration map screens ready for users to define the best oil recovery strategies.



# PUSHING BEYOND THE FRONTIERS OF

The world is seeing an accelerated rate of change, where a multitude of complex global scenarios with a high degree of uncertainty, such as fast evolving technologies, demographics and global warming, impact business.

The Oil & Gas industry is experiencing a transformation of its complex system as well.

The period ranging from 2000 to 2014 was characterised by colossal investments, driven by high oil prices, but showing a significant lack of overall productivity in the industry.

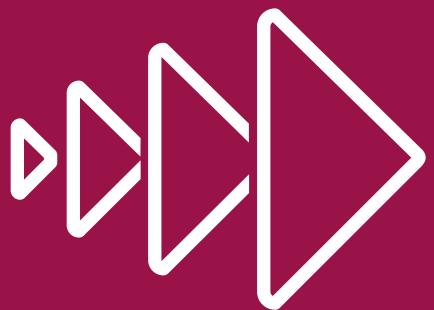
On the other hand, although the continuous increase of the world population and hydrocarbon demand, the entire industry is wondering how to search for, transform and exploit sustainable fossil sources in a planet that will have to be liveable and clean.

Consequently, the Oil&Gas industry needs to renew its focus sharply in order to cope both with immediate and future challenges.

Saipem put itself in this framework to play its strategic role as an innovative Solutions Provider.



# INNOVATION



## HIGHLIGHTS

EVOLUTIONARY  
AND DISRUPTIVE:  
OUR DUALISTIC DIMENSION  
OF TECHNOLOGY  
AND INNOVATION

**161**

PEOPLE INVOLVED IN R&D  
ACTIVITIES AS FULL TIME  
EQUIVALENT

**42**

JOINT INDUSTRY PROJECTS IN  
2018

**98**

JOINT INDUSTRY PROJECTS  
SINCE 2013

**8**

TECHNOLOGY INNOVATION  
CENTRES IN 6 COUNTRIES

**€67 mln**

OVERALL INNOVATION EFFORT  
IN 2018

**€207 mln**

OVERALL INNOVATION EFFORT  
SINCE 2015

**2,442**

PATENTS IN FORCE

**29**

NEW PATENTS FILED IN 2018

# INNOVATION AS STRATEGIC COMPANY LEVERAGE

Innovation is one of the main pillars of Saipem's strategic plan, as it is an advantage for strengthening and consolidating the company's competitive positioning for tackling future challenges. Our innovation model is in fact a synthesis between the urgency to implement concrete solutions in the short term, mostly driven by current commercial projects, and the need to develop novel solutions reflecting the changing macro-scenarios, especially the energy scenario.

This is true where the immediate and already ongoing objectives concern the reduction of costs and delivery times to market for Oil&Gas projects, the advancement of further exploitation of oil and natural gas resources, company diversification, within, but not limited to, the energy industry, and environmental protection.

It applies to our direct operations and along our value chain. Looking towards the mid-long term, our main challenges are to develop innovative solutions aimed at guaranteeing full exploitation of Oil&Gas resources in future decades and contributing to an overall decarbonisation of the sector. In addition, digitalisation is an option that we are adopting extensively to increase productivity and increase new value propositions.

 **Digitalisation is the implementation and integration of digital technologies, connectivity and intelligence in a wide range of devices and work processes enabling collection and analysis of data in near-real time to improve performance.**

Fast tracking digital technologies represent a fundamental tool to transform what we do now and the way our industry will do things in the future, by enhancing productivity, lowering costs and expanding our proposals to clients.

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**Saipem's approach to technology and innovation can be seen in a dualistic dimension: the first is 'evolutionary' and the second is 'disruptive'.**

The '**evolutionary**' innovation consists of all the technologies we use every day in our projects and that evolve with the industry (e.g. digitalisation) and our know-how aiming at reducing costs and time schedules of the Company's projects. '**Disruptive**' innovations are those that significantly alter the way business or entire industries operate; often times, these technologies force companies to alter the way they approach their business. This aspect will drive Saipem through the future.

## DID YOU KNOW?

As an example of a short-term result achieved through a technology innovation, the recently developed **Internal Plasma Welding** technology for carbon steel and clad sealines has been a key factor for the award of the Barzan project in Qatar. New and even faster welding and field joint coating techniques, as well as exotic and composite materials are under development to better withstand corrosion, fatigue, high pressure and high temperature applications.

In the medium-long term, among other things we are devoted to developing the field of **Circular economy**: the exploitation of innovative technological solutions to treat waste sustainably or residual/opportunity feedstock from the Oil&Gas and other industries will become an important asset. Worth mentioning the License Agreement signed with ITEA (Sofinter Group company) to produce, through ITEA's proprietary Isotherm Pwr® 'Flameless' Oxy-Combustion Technology, steam, electricity and pure CO<sub>2</sub> by flexible use of low ranking fuels such as waste, heavy oils, pet coke and several other feedstock. The agreement will give Saipem access to the technology for Oil&Gas applications, allowing to offer original and circular sustainable solutions to the clients.

→ Continue reading about circular economy at page 42.

## DID YOU KNOW?

Specific digital programmes are under development across our divisions:

- The Offshore Drilling and Onshore Drilling divisions are mostly concentrated in the field of digitalisation of operations; in collaboration with an Oil&Gas major, new approaches based on virtual and augmented reality were launched for Maintenance & Asset Management (in this respect, a digital twin has been developed for drilling vessels).
- XSIGHT division, in addition to the full development of XDIM™ (see below), is investigating solutions for Industrial Analytics to provide decision making support to owners of operating plants, allowing for better planning of productivity and maintenance optimisation with cost reduction and reducing unforeseen plant and equipment shutdowns which can be turned into shorter and fewer plant stops.
- The Offshore EPC division's activities are aimed mostly at developing Vessel and Subsea Digital Twins, developing a data 'lake' to support business activities and methods for planning, implementation and management of Offshore Plants.
- Finally, for the Onshore EPC division digitalisation is one of the main pillars of a complex Transformation process, aimed at significantly improving its work processes.

## A CONVERSATION WITH... MARIO MARCHIONNA, Corporate Head of Technology Innovation

*Mario, could you name two examples of innovations in your products over the last year that were the most beneficial to the future of our business?*

As a first example, we are developing a new platform of subsea remote controlled, resident and Autonomous Underwater Vehicles (AUV) called 'Hydrone', allowing Saipem to enter the *life of field business*. Saipem and Shell recently signed an agreement for the industrial production and commercialisation of the 'FlatFish', an AUV dedicated to the inspection of subsea structures and pipelines. The Hydrone platform will then take advantage of some of the technologies already developed on the FlatFish prototype, in particular for the 'Hydrone-S' vehicle, the 'resident AUV' member of the family. The use of resident drones for subsea field inspection, monitoring and maintenance takes on even greater importance.

A second example, a new digital collaborative and data-centric methodology for the whole project life-cycle management (xD Information Model, 'xDIM™') has been conceived. The development of the platform is underway and an initial pilot project was completed; once totally developed, xDIM™ will revolutionise the way Saipem will realise its projects.



[To read the complete interview click here](#)

## AN ATTITUDE FOR INNOVATING TOGETHER

Our own resources are decisive but not sufficient as innovating requires collaboration within and outside the Oil&Gas industry to be receptive to crossover technologies from aerospace and defence, automotive, IT, telecom and biomedical, etc.

Within this general framework, Saipem has always displayed a collaborative attitude, leveraging a broad network of technology suppliers, universities, research centres, university spin-offs, start-ups, commercial partners, as shown by the number of collaborations and Joint Industry Projects (JIPs), activated in recent years. Among them, most notably is the 5-year collaboration agreement signed with the 'Politecnico di Milano' that includes the creation of a Joint Research Centre.

An example comes from the subsea Oil&Gas market. Subsea processing, in fact, will contribute to reducing costs by moving most of surface operations and equipment to the seabed.

Significant results have been achieved in terms of a full-scale subsea factory, heading to the **Subsea-to-Shore** solution:

- In the short term, we are carrying out the industrialisation of the SPRINGS™ (Subsea PRocess and INjection Gear for Seawater) subsea water treatment technology as a result of the collaboration with industrial partners such as Total, Veolia and also Siemens for Subsea Control Systems.
- In the long term, we are developing, together with major oil companies, the proprietary Spoolsep technology for the gravity separation of produced water from oil; furthermore, we are collaborating with Petrobras on its Dense Phase CO<sub>2</sub> Separation Hi-Sep™ technology.

All these innovations lead us to extend our collaboration perimeter and change our traditional attitude by changing the business model and involving several partners to unlock the supply chain.

## DIVERSIFY TO INNOVATE

Regarding diversification outside the Oil&Gas market, the main efforts are devoted to the following:

- **Strengthening market penetration in already existing**

**low-carbon markets** (i.e. offshore wind farms, biofuels, concentrated solar power, geothermal). In 2017, we successfully installed the first floating Wind Farm in the world, the Hywind Scotland Project that required an innovative solution to lift, handle and install the wind turbine generators on floating spars anchored to the seabed. Several new solutions in the Offshore Floating Wind segment are currently under development.

- **Creating access to new renewable and low-carbon markets.** We also invest in emerging technologies such as advanced wind farms, emerging marine technologies, energy storage and the potential use of hydrogen as a clean energy carrier produced by water with renewable energy.
- **Reinforce our presence in non-energy related markets** such as infrastructures for sustainable mobility, water pipelines, and environmental services.

## MOSS 60 ECO - MW, FIRST SEMI-SUBMERSIBLE DRILLING RIG WITH HYBRID POWER SYSTEM

Moss Maritime, a subsidiary of Saipem, has secured a contract to build the CS60 ECO - MW, the first new build semi-submersible drilling rig with Hybrid power system. With the CS60 ECO design we see the start of a new era with regard to drilling rig design and operation.

Since the last wave of new build orders for drilling rigs, new technologies have matured combining traditional diesel-electric power generation with Energy Storage Systems (ESS) of various types. In this hybrid power system batteries are integrated in the



## → OUR COMPETENCIES FOR CIRCULARITY

For Saipem 'to innovate' also means to renew itself, to enhance competencies within different industries and to create value while contributing to the circularity of the business.

In this framework decommissioning, dismantling oil plants and infrastructure in a sustainable way, is one example. Two stories come from the Mediterranean Sea and the North Sea.

Saipem 7000 was the protagonist of the decommissioning campaign of the Miller platform in the North Sea, whose final phase was executed between January 2017 and July 2018. Twelve topside modules and the jacket were removed and transported to a disposal yard by the S7000 heavy lift vessel.

**about 28,000  
Tonnes topsides removed**

**more than 11,000  
Tonnes jacket removed**

**97%**  
**Target of recycling materials**

 Watch the video 'Saipem 7000 - The decommissioning campaign of the Miller platform' here

Between 2014 and 2017 Saipem, together with San Giorgio del Porto, succeeded in one of the most important green ship recycling projects in Europe: the dismantling of the Costa Concordia. The ship recycling plan was divided into four phases: wreck delivery and lightening, transfer and dismantling, activities for the removal of 'sponsors', final dismantling.

**86%**  
**Recycled materials**

power system for peak shaving and 'spinning reserve'. Additionally, new technology makes it possible to store and use regenerated power from the derrick hoisting systems, either as capacitors (super-caps/ultra-caps), fly-wheel systems, batteries and pressure vessels. By implementing this technology it is possible to reduce power demand from the drilling systems significantly.

The implementation of ESS in the power generation facilitates, together with closed bus-tie operation, significant reduction of number of generators running, more efficiency,

fuel consumption, emissions and maintenance reduction. The 'ECO' branding also means that other features were implemented in the design to reduce the environmental footprint, such as waste heat recovery, exhaust gas cleaning (Tier III), ballast water treatment, slop water treatment.

 Further information on our comprehensive efforts can be found in the 'Research and development' section of the Saipem Annual Report 2018.

## INNOVATION INITIATIVES

### **Innovation Trophy**

Since 2003, with the institution of the Innovation Trophy, Saipem has sought to reward employees who bring their innovative spirit, advantages and concrete results to the company. Since its inception (having now reached the 14<sup>th</sup> edition), attention has been mostly directed towards technology development and a few employees have laid out Saipem's most important successes in the recent past.

In recent years, it has been decided to reward process innovations, also in line with the new innovation strategy. Since 2015, a new special award has also been introduced for technology innovation to acknowledge the sustainability value of our operations. In 2018, the sustainability award went to *Stability Frame For Fully Assembled Wind Turbine Generator Installation*, a stability frame system for the installation of high-performance offshore wind generators, allowing us to enter

the wind market, in particular the *floating offshore wind* sector, in very challenging environments with medium-deep seabeds.

**342  
Projects submitted since 2003**

**more than 100  
Innovation Trophy participants  
since 2003**



### **Technology and Innovation Days**

It is worth mentioning the event 'Tech Days' held on board of Saipem 7000 at Cartagena, where the company presented to key players of the offshore wind business and to representatives of media the ongoing technological and innovation efforts to sustain the increasing role of Saipem in the renewable sector, within the framework of a sustainable business model.

Another 'Technology and Innovation Day' was held in Algiers to celebrate the 50 years of Saipem's presence in the North African country, where the company's divisions presented Saipem's capabilities as 'global solution provider', driven by a continuous technological development, to Sonatrach.

### **Innovation Factory**

Saipem Innovation Factory is our incubator for ideas and a fast-prototyping lab that aims to tackle problems with a cross-functional view, and to develop groundbreaking

responses and concrete solutions to the sector's challenges, giving at the same time an impulse for digital innovation.

The most promising ideas and solutions generated by the working team evolve into prototypes following a 'scale fast' basis, thus seeking to assess their effective potential through an efficient investment in time and resources. During the Proof of Concept (PoC) phase, the support offered by discipline specialists is fundamental in order to integrate the available skills in the groups to their specific know-how. The concepts considered valid are then scaled-up. If the prototype does not reach the desired outcomes, the experience gained is capitalised, and the team is ready to move on to a new challenge. Constant collaboration with internal and external stakeholders (universities, R&D centres, start-ups, traditional and non-traditional partners) is a key pillar. Between 2016 and 2018, the innovative thinkers focused on

challenges such as: xD Information Model, Digital Site, Drilling Virtual Training, Market Analysis & Supply Chain, Offshore Fleet Improvements, Virtual & Mixed Reality Site Visit, Workshop Automation, Augmented support to operations, and Saipem Fleet Integrated Maintenance.

**20**

**Proof of Concept ongoing and developed in 2016-2018**

**250**

**Saipem people (innovative thinkers and knowledge owners) involved in the Innovation Factory projects between 2016-2018**

**more than 100**

**External stakeholders involved in the Innovation Factory projects between 2016-2018**



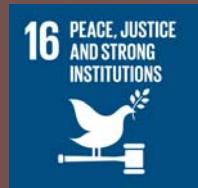
# PERFORM AS A

Competitiveness requires responsibility.

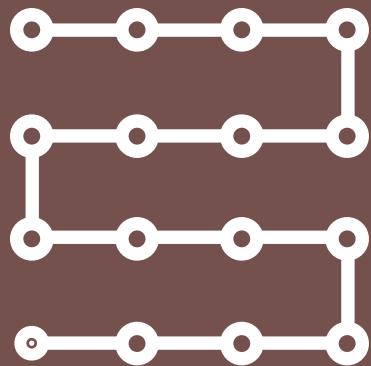
We have always been committed to conducting business in accordance with the highest integrity standards, carrying out our activities with loyalty and transparency, in full compliance with laws and regulations, and the values contained in our code of ethics.

As a responsible employer, we respect international human and labour values and principles, and are committed to promoting positive behaviour even outside our own operational boundaries, across our supply chain and in the communities in which we operate.

We are aware that the creation of a context of reciprocal respect and trust between the company, employees and our stakeholders is an essential aspect to run our sustainable business.



# RESPONSIBLE PLAYER



## HIGHLIGHTS

**10,597**

TRAINING MAN-HOURS ON THE  
OM&C MODEL\*, CODE OF ETHICS  
AND ANTI-CORRUPTION

**47%**

PERCENTAGE OF EMPLOYEES  
COVERED BY COLLECTIVE  
BARGAINING AGREEMENTS

**more than 7,000**

VENDORS QUALIFIED IN 2018

**466**

VENDORS CHECKED FOR  
HSE ASPECTS DURING  
QUALIFICATION PROCESS

**more than 1.2 mln**

HSE TRAINING MAN-HOURS  
DELIVERED TO  
SUBCONTRACTORS

SAIPEM AMONG  
THE FIRST ITALIAN  
COMPANIES TO ACHIEVE  
THE ISO 37001:2016  
'ANTI-CORRUPTION  
MANAGEMENT SYSTEMS'

**more than 230**

EMPLOYEES TRAINED  
ON HUMAN RIGHTS  
AND THE SUPPLY CHAIN

**40%**

QUALIFIED SUPPLIERS IN  
COUNTRIES CONSIDERED AT HIGH  
HUMAN AND LABOUR RIGHTS RISK

OUR 'SUPPLY CHAIN  
SUSTAINABILITY' BUSINESS  
CASE INCLUDED IN THE  
WEB GALLERY PROJECT  
OF THE GLOBAL COMPACT  
NETWORK ITALY AS BEST  
PRACTICE



<sup>+</sup> Details on Saipem's approach to these topics can be found in the 'Consolidated Non-Financial Statement' of the Annual Report 2018.

(\* ) Organisation, Management and Control Model adopted by Saipem subsidiaries and Model 231 adopted by Saipem SpA.

# BUSINESS ETHICS AS THE ONLY ACCEPTABLE OPTION

Saipem undertakes to maintain and strengthen its corporate governance system in line with international best practice standards that can withstand both the complex situations in which Saipem operates and the challenges it faces for sustainable development. It is the duty of all Saipem people to comply with laws, regulations, statutory provisions, and self-regulatory codes and to embody ethical integrity and fairness. The company strives with alacrity and determination to ensure that these principles and values characterise the conduct of the entire organisation.

## FIGHTING CORRUPTION

As a multinational organisation, that conducts business in over 60 countries and jurisdictions around the world, Saipem and its personnel are subject to the laws of these countries, including any law that ratifies international conventions, and prohibits the corruption of Public Officials and private parties. Furthermore, since Saipem SpA has its headquarters in Italy, both the Company and its personnel are subject to Italian law and, in particular, to the provisions of Legislative Decree No. 231/2001 and subsequent amendments. This Decree regulates the administrative liability of legal entities deriving from offences, such as internal and international bribery, committed by their directors, employees or associates, in Italy or abroad, in the interest or to the advantage of said legal entities. Model 231 is an instrument aimed at preventing the offences specified by Legislative Decree No. 231/2001, adopted for the first time in 2004. The latest update of Model 231 was approved by the Board of Directors on January 15, 2018 following a general review of Model 231 and a risk assessment of all crimes contemplated under Legislative Decree No. 231/2001 launched by the CEO on July 28, 2016. The aim of the activity was to align the Model 231 to the latest updates of the legislative framework and best practices and to the relevant organisational changes which occurred, also taking into account that in 2016 Saipem SpA ceased to be under the control and co-ordination of Eni SpA.

As an official member of the UN Global Compact from whose Ten Principles it draws inspiration, Saipem's commitment also falls within its adherence to the 10<sup>th</sup> principle, which concerns the fight against corruption.

In accordance with the principle of 'zero tolerance' for corruption expressed in the Code of Ethics, Saipem implemented the **Anti-Corruption Compliance Programme** to face other risks head-on which may be encountered by the Company in its business activities. The programme is a detailed system of rules and controls to prevent corruption-related crimes, characterised by its dynamism and constant attention to evolving national and international legislation and best practices.

Saipem's Compliance Programme was introduced in accordance with applicable anti-corruption provisions in force and with international conventions (including the United Nations Convention Against Corruption, the Organisation for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the US Foreign Corrupt Practices

Act and Italian Legislative Decree No. 231 of June 8, 2001). Subsequently, Saipem updated this Compliance Programme by approving the 'Anti-Corruption' Management System Guideline (MSG), with the objective of prohibiting any form of active or passive bribery involving not only Public Officials but also private parties.

As part of the continuous improvement of the Anti-Corruption Compliance Programme, the 'Anti-Corruption' MSG, which must be fully applied and complied with, was updated in June 2015 on the basis of experience gained by Saipem over the years and the need to represent an increasingly clear framework of reference to identify areas at risk of corruption, the tools the Company makes available to Saipem personnel and the rules of conduct with which Saipem personnel must comply in order to prevent and combat this risk. The 'Anti-Corruption' MSG provides a systematic framework for the long-established Anti-Corruption Regulations that Saipem has designed and implemented over time and is reviewed and approved by the Board of Directors of Saipem SpA. Its adoption and enforcement is mandatory for Saipem SpA and all its subsidiaries.

Furthermore in 2018, Saipem was among the first Italian companies to achieve the international certificate ISO 37001:2016 'Anti-corruption management systems'. This certification, awarded by an independent accredited body, identifies a management standard that helps organisations in the fight against corruption, establishing a culture of integrity, transparency and compliance. The certification process, which included an audit phase that began in January 2018 and ended in April 2018, took into consideration such factors as the organisational structure, local presence, processes and services.

*'Loyalty, fairness, transparency, efficiency, openness to the market and respect for human rights are the guiding principles of our Code of Ethics. This certification represents a fundamental step to make our integrated management system even more efficient.'*

Stefano Cao, Saipem CEO

*'In Saipem we found a solid and extensive anti-corruption management system based on documented regulations with numerous process descriptions in which the anti-corruption safeguards are included in appropriate phases, where there is widespread knowledge of the corruptive risks in each role and of the prevention measures that must be adopted and a systematic application of procedures'*

Alessandro Gerlotti

(Regional Sales Manager, DNV GL-Business Assurance)

## DISSEMINATE A CULTURE OF BUSINESS INTEGRITY IN NIGERIA

Saipem has been working to disseminate a culture of business ethics and integrity in Nigeria with the launch in 2017 of the **Leading by Ethics Campaign**. This initiative

## WHISTLEBLOWING

All Saipem employees and stakeholders must report any violations (or alleged violations) of the OM&C Model. Saipem has a Corporate standard that describes the process of managing reports. The term 'report' refers to any information regarding possible violations, behaviours and practices not in line with the Code of Ethics and/or which may cause damage or injury to Saipem SpA (even if only to its image) or any of its subsidiaries.

Whistleblowers are guaranteed protection from any form, direct or indirect, of retaliation, discrimination or penalisation, for reasons connected directly or indirectly to the report, without prejudice to the legal obligations and the protection of the rights of the Company or of the people accused owing to wilful misconduct or gross negligence.

Saipem has prepared various channels of communication in order to facilitate sending reports, including, but not necessarily limited to, regular post, fax numbers, e-mail, yellow box and communication tools on the Intranet/Internet sites of Saipem SpA and its subsidiaries. The Internal Audit function ensures that appropriate controls are carried out for facts that have been reported.

	2016	2017	2018
Number of files*, of which:	125	118	120
- founded or partially founded	31	24	17
- unfounded	98	92	64
- open	-	2	39

(\*) The data for the three-year period was updated as of December 31, 2018.

initially addressed 200 Saipem employees and was then extended, together with the UN Global Compact, to involve 50 local Saipem vendors and local NGOs. As part of this campaign, attendees participated in the *Leading by Ethics Training* and watched the *Leading by Ethics Movie*. In the framework of the Saipem Innovation Trophy, the initiative received a special award for the innovative communication method, which enables improved internalisation of the culture of Ethics and Business Integrity, including through the use of different innovative supports.

[To watch the Leading by Ethics Movie click here](#)

## BUSINESS ETHICS TRAINING PROGRAMMES

Saipem personnel are regularly informed of and trained in the Company's Compliance and Governance systems, as well as in the importance of compliance with legislation and related procedures, so that they clearly understand the different duties, crimes, risks, the relevant personal and corporate responsibilities, and how to recognise which actions to implement in order to avoid committing any violations.

Given the criticality of these issues, a training matrix on Compliance and Governance topics was defined and is constantly updated. In particular, it takes legal requirements and Company standards into consideration, as well as the jobs and responsibilities of the resources to whom the training is addressed.

With the goal of consolidating everyone's knowledge and awareness of Compliance and Governance and providing greater clarity and consistency as regards the numerous training initiatives launched over the last few years, the matrix is a comprehensive tool for planning, executing and monitoring Compliance and Governance training. Participation in mandatory training programmes is a contractual obligation for Saipem personnel.

The training matrix on Compliance and Governance topics is not a static tool. Rather, even after it being issued, its updating and development will continue with the design phase (where necessary) and the delivery of training initiatives to offer a vast, uniform and systematic training catalogue (including both classroom and e-learning courses). Within the framework of the matrix, Anti-Corruption themes play a central role by offering:

- specific training sessions for at-risk personnel (employees who have contact with public officials or who may enter

into contracts with third parties on Saipem's behalf) working in the countries where Saipem operates;

- two e-learning modules respectively on the OM&C Model and on the Anti-Corruption Compliance Programme;
- an e-learning module for blue collar and white collar workers who do not have at-risk positions on Code of Ethics, OM&C Model 231 and Anti-Corruption Programme;
- a specific e-learning module on the 'Internal Control System over Corporate Reporting' delivered to Saipem personnel in Italy and abroad.

In the framework of the OM&C Model, Code of Ethics and Anti-Corruption training, Saipem organised numerous training sessions in 2018.

**4,318**  
Employees trained

## CORPORATE GOVERNANCE

The integration of an advanced Corporate Governance system with a structured risk management system is a cornerstone for the management of a sustainable business. Integrity and transparency are the principles that inspire Saipem in defining its Corporate Governance system, a founding element of the Company's business model. Saipem's organisational structure is characterised by the presence of a Board of Directors (BoD), a pivotal body in the governance system, to which management of the Company is exclusively entrusted. The Board of Statutory Auditors has supervisory functions, whereas external auditors are in charge of the legal auditing of accounts. 3 committees with advisory and consulting functions have been set up within the BoD: the Audit and Risk Committee, the Compensation and Nomination Committee and the Governance Committee and Scenarios.

 [Information on the Internal Control and Risk Management System can be found in the Corporate Governance and Shareholding Structure Report 2018](#)

## PROTECTING AND PROMOTING HUMAN AND LABOUR RIGHTS

“ Respect for Human Rights is a fundamental value of Saipem which considers them to be inalienable, essential and the basis for establishing a society founded on the principles of equality, solidarity, repudiation of war, the protection of civil, political, social, economic and cultural rights and the acknowledgement of so-called third generation rights (the right of self-determination, the right to peace, the right to development and protection of the environment). Saipem operates within the reference framework of the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the ILO – International Labour Organization – and the OECD Guidelines on Multinational Enterprises.

*Saipem Human Rights Policy*

Saipem's commitment to respecting and promoting internationally recognised human rights encompasses different spheres of our business: our people, our supply chain, the local communities in which we operate, and all security aspects. Proof of this dedication is our acceptance into Global Compact since 2016 and the ongoing and transparent dialogue and engagement on human and labour rights topics with all our stakeholders.

An example of initiatives addressed to Saipem people is the comprehensive training on human and labour rights (HLR) delivered to Managing Directors, Branch Managers, Human and Industrial Relations Managers operating worldwide. Started in 2017, the programme was expanded in 2018 covering 85% of the identified resources. The training covered aspects related to international regulations protecting human rights, as well as possible risks related to the kind of activities in which Saipem engages. Moreover, in addition to offering a detailed review of Saipem's policies and regulations with reference to HLR, the training also focused on the awareness of the degree in which the rights protected under the ILO core conventions were reflected in the legislation of the countries where we operate.

**113**

**Managing Directors, Branch Managers, Human and Industrial Relations Managers reached by the human and labour rights training programme in 2018**

**226**

**Training hours delivered in 2018**

**more than 140**

**Managers trained since 2017**

A specific example of the company's commitment to guaranteeing and promoting human and labour rights also for people working for us and with us comes from Switzerland.

Global Petroprojects Services (GPS AG) is a subsidiary of the Saipem Group, established in Switzerland in 1964. It is licensed for international recruitment and manpower supply since 1994 and as Seafarer's Recruitment and Placement Services agent in compliance with the ILO MLC 2006 since 2013.

GPS AG is indeed a human resources centre of excellence, which provides a complex spectrum of HR related services to Saipem worldwide, in addition to several other auxiliary services (monitoring of training needs and training arrangements, data inputting, the support for bid estimations, etc.). It operates combining business peculiarities with the evolution of the market.

For certain complex contexts, GPS AG is supported by local agencies to satisfy legal obligations connected mainly with domestic legislation. In the framework of its human and labour rights commitment, Saipem has a rigorous process in place for selecting workforce suppliers and a structured engagement to promote fruitful cooperation. GPS AG constantly monitors, directly and indirectly, how employment agencies manage recruitment and administration practices either through audits during the validation of a purchase document and/or assessments prior to the service provisions at the vendor's premises or by phone interviews with international personnel to get their own perceptions. Said feedback collected during phone conversations in English can confirm that employment agencies meet Saipem's requirements.

In 2018, GPS AG launched a customised eLearning course for international workers to assess their perception of topics such as fighting corruption, social responsibility, integrity, ethical supply chain, health and safety, etc. Of course, this is just one among a variety of tools to assess – for instance – if manpower agencies do not require payment of any placement fees or other compensation to access Saipem employment proposals.

Finally, GPS AG's aim is to maintain a stable channel of communications with Subcontractors and International Employees to promote more and more the adoption of good practices in the area of overseas recruitment and enforce a fair and transparent recruitment process.

### 2018 GPS ACTIVITIES IN FIGURES

**more than 280**

**Tracked contact with international personnel**

**more than 1,330**

**Man-hours spent in enhancing a transparent recruitment process worldwide**

**more than 1,430**

**Man-hours spent to satisfy legal obligations for accrediting sites and/or vessels and/or agencies with local Public Authorities**

With regard to human rights and taking into consideration regulations and their evolution, the specificity of business areas of the international contexts in which we operate and of employed technologies, efforts to ensure the security of people (and company asset) are among top priorities and guarantee a secure environment for operations and people living near them.

 **Company Security is defined as the activity, in line with UNI 10459-2015, aimed at preventing, managing and overcoming events that may occur following illegal actions and that expose company personnel and assets (tangible and intangible) to potential harmful and/or damaging effects.**

In the management of security activities, Saipem gives utmost importance to respecting human rights. As stated in the Security Management System Guideline, security activities are conducted in compliance with the Universal Declaration of Human Rights, relevant national and international regulations and Voluntary Principles on Security and Human Rights. The respect of human dignity is a fundamental value that cannot be violated in any way. All security personnel protecting Saipem employees and installations shall respect these principles.

We are committed to adopting preventive measures aimed at minimising the need for response by public/private security forces in the case of any threats to the safety of our people and the integrity of our assets. We manage relations with local security forces in order to ensure a shared commitment to human rights, as well as the adoption of rules of engagement that limit the use of force. Before signing a contract, vendors of security goods and services are subjected to due diligence to verify that there are no counter-indications connected with the violation of human rights.

Since 2010, we have introduced clauses regarding the respect for human rights in our contracts with these vendors, and failure to observe them leads to the withdrawal of the Company from the contract. As of today, the contractual

clauses on human rights have been included in the 'General terms and conditions' of contracts.

For new projects in which Saipem is responsible for security, we carry out a **Security Risk Assessment** on the country in question before initiating a tender process. If Saipem decides to go ahead with issuing a call for bids, we prepare the **Project Security Execution Plan** in which the security risk connected with the operating activities and the context is analysed, including human rights violation issues.

The actions required to manage and reduce these to a minimum are decided based on the risks identified.

In 2014, we launched an internal awareness training programme called HOPE (Human OPerational Environment), specifically targeted at managers working at the operative level at sites and projects in the Operations, Human Resources, HSE, Security and Community Relations functions. The programme is aimed at helping the functions identify appropriate managerial and behavioural solutions in managing all human rights issues that may arise during their day-to-day activities. Therefore, it is specifically focused on each local context, analysing the social, ethical and cultural context of the area of operations, and it is designed to be an interactive guide to the process of decision making in case of conflicts.

**244**

**Saipem people dedicated to Security activities**

**94%**

**Of bids covered by Security aspects**

Due to the global evolution of the Cyber threat, a technical/organisational action plan was defined. The action plan includes, for example, the establishment of a unit dedicated to the management of **Cyber Security**, and it is aimed at strengthening IT security safeguards within Saipem Group.

## **SECURITY AND HEALTH PRE-TRAVEL INDUCTION**

Security and health of personnel that travel for business reasons on missions or assignments abroad, is ensured through the provision of information on security and health issues for countries of their destination, as well as through logistical and administrative support.

These provisions, commensurate to the country threat level or specific local situations may include travel guidance, meet and greet when personnel arrive in the country; selection of hotels with adequate security standards; rules of behaviour and precautions; communication systems; secure and defensive driving rules (with or without driver); employment of escort personnel; use of armoured vehicles.

The Health Country Presentation shall provide information on: management of prophylactic vaccines; water and food hygiene; malaria management and prevention of animal bites and stings; prevention of sexually transmitted diseases; prevention of climate risks; attention to/respect for culture of the countries of destination and emergency management medical repatriation.

## VENDORS: PARTNERS IN THE CHAIN FOR A SUSTAINABLE BUSINESS

Saipem conducts its business availing itself of the collaboration and cooperation of qualified vendors with which long lasting relationships and cooperation have been established over the years. Strengthened by the Saipem Ethical Supply Chain Management System, the Company believes that only through business relationships with vendors, founded on reciprocal trust and honourable behaviour, it is possible to achieve success in every business project.

While providing equal business opportunities, Saipem selects suppliers and subcontractors based on the policy of open competition. The Vendor Management System identifies priority sustainable topics for the supply chain: the ethical behaviour of the vendors, their respect of Human and Labour Rights, the Health and Safety protection of their employees and the environmental protection.

All those sustainable aspects are integrated in the Vendor Management System in three different interrelated phases, which can be summarised as follows:

1. Vendor qualification;
2. Purchase Document preparation and award;
3. Vendor performance monitoring and feedback.

**more than 23,000**  
Qualified vendors

**more than 7,000**  
Gained a qualification in one or more than one commodity code in 2018

**5,000**  
Vendors with which Saipem has successfully and continuously collaborated for 10 years

Vendors are selected based on a structured vendor qualification process that analyses their reliability from technical, financial, quality, HSE, managerial point of view and from an ethical and sustainable point of view. Vendors belonging to countries classified as critical from the Human and Labour Rights point of view, are assessed on the basis of information and documents provided on issues such as child and forced labour, freedom of association and the right to collective bargaining, remuneration, discrimination, disciplinary practices and working hours. Similarly, for commodity codes with high HSE risk, an ad hoc assessment is carried out to analyse the vendor HSE management system and its ability to manage these aspects.

In the case of specific critical commodity codes, the assessment carries out a further deep counter-party evaluation that analyses aspects relevant to operating and financial data and organisational aspects. A detailed check is also implemented on the ownership structures and any possible presence of politically exposed persons and/or members of the Company with alleged involvement directly/indirectly in any offence, in compliance with

Saipem's anti-corruption guidelines. Depending on the vendor's criticality and on the specific commodity code, the qualification process may also require an audit visit, which consists of an on-site verification of the vendor activities. Vendors operating in high-risk countries with regard to Human Rights may be subject to an assessment visit also regarding labour rights aspects. The scope of the audit focuses on child and forced labour, freedom of association and on the right to collective bargaining, remuneration, working hours, discrimination, disciplinary practices, and health and safety. The results of the audits carried out in 2018 on those topics showed no major criticalities, while some non-conformities were found during the assessments performed for vendors operating in the Manpower Services field: one of them was in the end blocked in the vendor management system as a consequence of the non-conformity found.

**more than 170**  
Vendor qualification questionnaires on labour rights analysed in 2018

**more than 1,400**  
Vendor qualification questionnaires on labour rights analysed since 2013

**10**  
Vendor qualification audits on labour rights in 2018

### STRENGTHENING THE HSE COMPETENCE OF OUR SUBCONTRACTORS

Safety wise, being proactive means implementing all the safety measures, initiatives and activities that prevent incidents to employees and any direct subcontractors. Saipem pushed this definition of proactivity to a further level, involving all business partners in creating awareness and sharing the best practices and lessons learned in HSE. A selection of these initiatives is reported below. Aware of the criticalities occurred during pipe handling operations over the past years, Saipem developed the **Safe Pipe Handling Campaign**. The initiative is addressed to suppliers and to anyone else involved in pipe handling operations, conscious of the fact that the sharing of the best practices, know-how and lessons learnt raises alertness and maintains the required due diligence and proper involvement of all line management and workforce during such hazardous pipe and material handling activities. In August 2018, for the Barzan Pipeline Project (Qatar), Saipem organised workshops for 4 supplier representatives to share lessons learned and best practices in Pipe-handling operations, in line with the Saipem Project LSR Programme and with the Project Health and Safety Vision. Afterwards, all suppliers' employees were then involved in the campaign through dedicated cascading meetings and through toolbox talks at the job sites. To ensure proper roll out of the campaign, they had to provide feedback

and complete a questionnaire, allowing for an evaluation of the level of safety awareness and the impact on pipe handling performance throughout the project life cycle.

Aware that positive safety performance can be achieved through a joint effort, in the framework of the **Zhor Optimised Ramp-Up project**, Saipem involved its subcontractors and vendors in the following HSE initiatives:

- The **HSE Engagement Workshop - We Want Zero fatal accidents** was organised to share the main project criticalities and develop an action programme with a series of HSE initiatives to be implemented.
- The **Leadership in Health and Safety - Leading Behaviours** programme focused on the implementation of six tool box talks each one of them corresponding to a Leading Behaviour (Start, Recognise, Intervene, Challenge, Change, final).
- The **Tool Box Talk Goes Live**, a communication initiative that reproduces a real yard activity situation through HSE incident re-enactment, and if necessary, the intervention on an injured person.
- Theoretical and practical training sessions were organised to increase safety and environmental awareness on topics such as Lifting operations, Scaffolding, Spill prevention and response, etc.

Cooperation and engagement in HSE-related issues contribute to fostering the win-win strategy Saipem has established with its subcontractors. Over the past few years, HSE forums have been delivered to subcontractors in different countries to help improve their knowledge and awareness in the field.

It is in this framework that Saipem organised its events in Saudi Arabia, Nigeria and Guyana.

In **Saudi Arabia**, the **HSE Forum for subcontractors** took place in Dammam also in 2018, enforcing the development plan in technical skills and competences. The Forum was attended by the CEOs of all Saipem legal entities operating in onshore businesses in the country, together with the representatives of the most important construction companies operating in the field.

In **Nigeria**, Saipem Contracting Nigeria Ltd (SCNL) hosted the 9<sup>th</sup> edition of the **HSE Subcontractor Forum**, with the objective to share relevant HSE information with vendors and subcontractors, to discuss the annual SCNL HSE performance results, to highlight areas of HSE concerns and

the actions to be addressed; a special session was dedicated also to the issues relevant to ethical procurement and Saipem Ethical Policy in relation with Saipem stakeholders. For the Liza Project, **Saipem Guyana Branch** launched the **Safety Leadership Forum** addressed to local subcontractors, granting the sharing of the We Want Zero principles and values and promoting safety initiatives and campaigns for the entire duration of the project.

**more than 70**  
**Participants from more than 30 companies**

## **COMMITMENT TO GUARANTEE DECENT WORK ALONG THE SUPPLY CHAIN**

Continuing in the vein of the training programme for Saipem employees carried out on Human Rights and the supply chain (2016-2017), in 2018 Saipem further disseminated the initiative with an e-learning campaign to reach the entire population of the Post Order Function in all working sites worldwide.

After an introduction on human and labour rights aspects (discrimination, forced/compulsory labour, child labour, remuneration, working hours, disciplinary practices, freedom of association/collective bargaining and protection of health and safety), the e-learning training aims to instruct the employees, who have a direct interaction with suppliers, on the importance of reporting serious situations that may be noticed while visiting vendor sites.

**237**  
**Participants**

**28**  
**Countries involved**

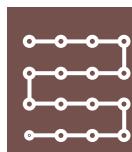
**about 500**  
**Employees trained since 2016**

### **THE QATAR SAFE HANDLING CAMPAIGN IN A NUTSHELL**

**6** WORKSHOPS ORGANISED  
**47** SUPPLIERS INVOLVED

### **THE HSE COMMITMENT OF ZOHR PROJECT IN A NUTSHELL**

**46** TOOLBOX TALKS  
**MORE THAN 3,500** ATTENDEES  
**MORE THAN 200** WORKERS TRAINED  
**MORE THAN 800** TRAINING HOURS



# VALUING

We are aware that our people are a powerful resource, representing the Company's main asset. Attracting, training and retaining our talented resources is a key element for ensuring lasting competitive success. At the same time, we have always been committed to building and maintaining a healthy organisation, dedicating specific attention to prevention, protection and promotion for the well-being of our people. The same commitment has always been dedicated to contributing to local development in terms of people growth and health care in the communities where we work.

This approach is a cornerstone of Saipem's pursuit of sustainable long-term growth.



# PEOPLE



## HIGHLIGHTS

**more than 2 mln**

TRAINING MAN-HOURS

**more than 13,500**

EMPLOYEE PERFORMANCE  
EVALUATIONS

**99.5%**

NON-IMMUNE EMPLOYEES  
WHO ATTENDED MALARIA  
AWARENESS SESSIONS

ESTABLISHMENT  
OF THE HUMAN  
RESOURCES  
DEVELOPMENT COMMITTEE

IMPLEMENTATION OF  
E-HEALTH PROGRAMMES  
AND TELEMEDICINE

**more than 3,700**

VACCINATIONS

**more than 28,600**

EMPLOYEES SUBJECTED TO  
MEDICAL FITNESS EXAMINATIONS

**73%**

LOCAL PERSONNEL

**more than 14,000**

RESOURCES MAPPED FOR THE  
K-MAP CAMPAIGN UNTIL 2018

tr tal h

⊕ Details on Saipem's approach to these topics can be found in the 'Consolidated Non-Financial Statement' of the Annual Report 2018.

# ATTRACTION, DEVELOPMENT AND RETENTION TO MAKE OUR PEOPLE THE KEY ASSET

In a challenging and competitive industry, where professionalism, reliability and expertise are the benchmark for our operations, the attraction, development and retention of people represents key levers in our business strategy. Learning programmes are promoted to ensure the development of professional know-how and behavioural skills for all our people, guaranteeing equal growth opportunities for all on the basis of merit and without discrimination. On the other hand, we want to be forefront to attract future and experienced talents with special attention to students or undergraduates close to the labour market.

Since its announcement in 2015, the **Saipem Leadership Model** has become the basis of all human resources processes. The Model is inspired by six principles/pillars – People, Vision, Communication, Decision making, Knowledge, Integrity – each linked with skills and behaviours that inspire our people. Since the inception of the model, one of the main focuses of the HR department has been to increase the awareness and knowledge of the model itself throughout the whole company. To achieve this goal, the Managerial Academy consists of different training courses, each regarding one aspect of the model, aiming to provide our people with the opportunity of improving their behavioural skills, thus helping them to achieve their development goals.

A second pillar in people development is **Succession Planning**, a strategic process that allows the identification and development of talents suitable to cover strategic positions in the medium and long term. The process starts with the definition of an expected profile, consisting of responsibilities, experiences, know-how and strategic goals of the target position. A shortlist of internal candidates is identified, including skill and experience mapping. The final steps of the process are a risk assessment and a contingency plan (i.e. external market scouting, training paths, mobility actions, growth towards more complex roles).

**93**  
**Strategic positions analysed**

**296**  
**Internal candidates identified**

**Deep in Saipem** is a new initiative aiming to improve the knowledge of Saipem's businesses, develop the sense of belonging to a single company and disseminate the knowledge of the Leadership Model. It consists of a set of

initiatives of a different nature, focusing on: a) operational projects to show which projects the company is carrying out all over the world; b) the latest development in information technology to disseminate technological awareness and prepare the company for the digital transformation.

**8**  
**Deep In Saipem initiatives**

**more than 400**  
**Employees involved**

The **Pilote du Changement** training programme was defined to support the change management process, developing and transmitting our values, strengthening employee engagement and bolstering collective motivation to better respond to new challenges. The programme was delivered to both managers and employees.

**77**  
**Sessions planned (Offshore E&C division)**

**about 1,000**  
**Employees involved from the Offshore E&C division**

To **develop specific competencies** in fields such as renewables or green technologies, or technical commercial competencies, two training programmes were delivered to XSIGHT employees. The training programme in renewables and green technologies helped them to perform feasibility studies independently and helped in the basic design of large-scale plants. The training programme for technical commercial competencies focused on topics such as market scenario, strategic positioning, and commercial negotiation.

**more than 60**  
**Employees involved**

Beyond the differentiation between entry and continuing training, for a company with a high technology content and

## DID YOU KNOW?

The Human Resources Committee was established in January 2018 with the main purpose of defining a unique Managerial Model and guaranteeing the development and career growth of those covering the required competencies. The committee members had the opportunity to deepen the knowledge of young Saipem talents, promoting and supporting career paths consistent with business needs and individual motivational drivers. The Committee carefully addressed each career path, taking into consideration experiences, potential, employability, performance and overall coverage of the Leadership Model.

working all over the world, knowledge of digital tools and big data are among the key factors. For this reason and in addition to traditional training courses and digital learning, we have also experimented with forms of **reverse mentoring** (SEED - Skill Exchange from Expert and Digital people), supporting junior and senior resources for mutual learning on different technical fields. This initiative serves the purpose of incentivising the exchange of digital, technical, managerial and behavioural skills between junior and senior resources in our organisation.

## 28

### Senior and junior resources involved

At the same time, we are strongly committed to the **development and employment of local people**. Providing job opportunities, transferring know-how and capabilities contributes to creating value in the medium-long term.

One story comes from Saipem Romania with its headquarters in Bucharest and an important Technology Centre in Ploiesti. To have a reliable source of potential manpower, over the last two years **collaboration programmes with local universities**, and specifically with UPG - Oil & Gas University from Ploiesti, were developed. Each semester a delegation from Saipem Romania visits the students, who gain precious information on how an international structured organisation operates and on potential job opportunities within Saipem. Saipem, on the other hand, gains new feedback regarding what new generations expect from a job assignment and how to better drive the right messages and topics to them.

In the framework of this partnership, a delegation of the BoD and 20 students of the UPG were invited to the technology centre to experience an operational reality, starting from a full safety induction, continuing with a visit of a production area where they had the possibility to see

In terms of **talent attraction**, we concentrate efforts on initiatives with universities and technical high schools. In this framework, there are some initiatives worth mentioning.

The '**Programma Sinergia**' is based on a collaboration with technical high schools to create greater alignment and cooperation between technical knowledge and its use in Saipem's business. This Italian programme includes school training programmes, summer camp (theoretical and practical courses) and short internships. Below are two

examples of the implementation of the programme.

Thanks to our strong presence in the Arbatax fabrication yard area, an agreement with two technical and professional institutes in Tortolì was reached: teachers from Saipem delivered classroom training on technical matters while students were involved in an on-the-job training programme in the yard.

almost **140**  
Students involved

our operations with their own eyes. Since we have started such collaboration with the University of Ploiesti, around 30 young graduates have been interviewed and around one third of them have been hired and are currently working at Saipem Romania.

Another story comes from the experience of five Nigerian engineers spending three months at Saipem headquarters in the framework of the NLNG Train 7 Feed Project for technological transfer.

“ Our three months stay (September to November) in Milan was an interesting experience. We gained more knowledge and the exposure improved our scope of understanding and involvement in the project, leading to the company's achievement of its goals for technological transfer in accordance with the Nigerian content act. We also had a memorable human experience and we earnestly look forward to another opportunity to explore such rare opportunities again. ”

A stable presence in more than 60 countries means to provide locals with job opportunities but, sometimes, also facing critical business situations. In this second case, creating value can occur simply by solving these situations giving new opportunities to local employees. One example comes from Indonesia where in 2018 a mobilisation process at the Karimun yard was managed. During 2018, the activity in Karimun yard was limited to the Tangguh Expansion project and the low workload resulted in a demobilisation process. Most of the remaining manpower was local; those who demobilised from Karimun yard had the opportunity to work for other Saipem projects, either in Indonesia or worldwide: 25% of the total number of personnel demobilised in 2018 were re-hired by PT Saipem Indonesia for Onshore Tangguh Project; and welders, welding foremen, piping supervisors and wrappers were hired for Barzan Project in Qatar.

The drilling community within Saipem has worked on a growth plan for the business that has an optimistic outlook on the reference markets. The Onshore and Offshore Drilling divisions have thus invested in the most important asset they have – skills – 'adopting' the mechanical studies class at Istituto Superiore G. Marconi in Piacenza creating a three-year work-study programme focussed on drilling. 'Teachers' from Saipem and teachers from the school work together to develop industry skills including theory, project work,

visits to the company, internships and, for the most deserving, a summer camp. The success of the Synergy Programme, launched by Saipem in 2011, lies in the integration of the technical skills held by Saipem and the teaching ability of the school.

A second story comes from Guyana where, due to the vast opportunities for the O&G industry regarding the LIZA project, our

objective in 2018 was to launch a **three-month internship programme** to support the local development strategy. In order to enforce this strategy, we collaborated with the University of Guyana and the Government Technical Institute to recruit 4 interns to train in Houston, Texas. The interns had an opportunity to receive hands-on training in the areas of Human Resources,

Logistics, Quality Control, HSE and Engineering. At the completion of the internship, they returned to Guyana in December 2018, where they started working full time for Saipem America - Guyana branch. Their commitment to hard work and their professional development will be an extraordinary asset to Saipem and Guyana.

#### DID YOU KNOW?

Saipem SA has received the ChooseMyCompany HappyIndex®/Trainees 2019 award and was included among the top ten companies in the category 20-99 trainees and working students per year. The ranking rewards organisations in which the students are happier and more motivated and is based on the answers of nearly

55,000 students, trainees and working students in over 3,200 companies.

**3.81/5**  
Score in the HappyIndex® questionnaire

#### VALUING DIVERSITY

Saipem believes that diversity should not be treated as a 'one-off' initiative. Promoting diversity and inclusion in the workplace is a constant work in progress to be maintained and nurtured in order to be effective. In that respect, Top Management believe that diversity, in all its dimensions, gender, culture, nationality, etc., constitutes a value for the company. The culture that values diversity in people's minds and in the organisation shall be increasingly promoted in daily choices and behaviours. To this end, Saipem chose to become a member of 'Valore D' in July 2018.

Valore D empowers companies to turn diversity and inclusion into a major asset, promoting new models for an inclusive organisation in order to support participation, collaboration and fruitful dialogue between different genders, ages and cultures within the company. Top Management has also promoted a cultural awareness workshop of 'Unconscious Bias' which will be held in March 2019.



## VALUING HEALTH AND WELL-BEING

Health prevention, protection and promotion are one of the priority objectives for our company. Since cardiovascular diseases (CVD) remain the leading cause of major cardiovascular accidents including repatriation and mortality, Saipem's commitment and activity is particularly focused on systematically addressing their risk factors: elevated blood pressure, dyslipidemia, cigarette smoking, raised blood sugar and physical inactivity. Their modification concurs to prevent cardiovascular accidents. For this reason a Cardio Vascular Disease Prevention (CVDP) programme has been implemented across all our sites. The programme includes general awareness sessions about cardiovascular risk factors, screening of employees for cardiovascular risks, identification of employees with elevated cardiovascular risks and their systematic monitoring, treatment follow-up and surveillance, provision of platform for information, education and training sessions.

more than **16,200**  
Employees screened

**105**  
Worksites covered

In this framework, particular attention has always been paid to programmes such as:

- *Weight control and obesity prevention.* The prevalence of overweight and obesity has become one of the most critical health issues worldwide and in Saipem too. To address this, we have implemented this prevention programme, which requires the measurement of Body Mass Index (BMI) and waist circumference of the entire workforce with the identification of overweight and obese employees. If identified, they have to attend seminars where they are educated on healthy lifestyle modifications and are given a 'healthy weight ten-week challenge' handouts to follow.

**48**  
Worksites covered

- *Stop smoking.* The campaign is based on trans-theoretical model of behavioural change, which takes the smoker progressively through 5 stages of life changing habits: starts with no intention to change habits, to become aware that problems exist, then the intention to change, followed by actions to prevent relapse. The programme is highly interactive, with perspective-changing exercises,

using cognitive behavioural approach and neurolinguistics programming tools. It is structured in 4 phases consisting of lectures, activities and counselling delivered in 2-hour workshops.

**21**  
Worksites involved in the campaign between 2015-2018

- *Telecardiology.* It is a platform for second opinions and readings of ECG reports, warranted by our site medical staff to put a diagnosis or derive a differential diagnosis of cardiovascular diseases.

**50**  
Worksites covered

more than **3,200**  
Electrocardiograms transmitted

## HEALTH AWARENESS AND PROMOTION IN SENSITIVE AREAS

Malaria is a life-threatening disease caused by parasites that are transmitted to people through the bites of infected female Anopheles mosquitoes. Although it is preventable and curable, in 2017, there were an estimated 219 million cases of malaria in 90 countries, causing more than 400,000 deaths. The WHO African Region carries a disproportionately high share of the global malaria burden. In 2017, the region was home to 92% of malaria cases and 93% of malaria deaths<sup>1</sup>. Strongly committed to fighting this disease, Saipem has implemented a **Malaria Control Programme** to monitor Saipem worksites, their workforce and subcontractors. The A-B-C-D methodology of Saipem Malaria Control Programme consists in:

- 'A' - Awareness - Malaria awareness lectures and refresher courses.
- 'B' - Bite - Efforts to combat mosquito bites through weed control, external fumigations, and use of mosquito nets and repellents.
- 'C' - Chemoprophylaxis - Medicines available to non-immune employees.
- 'D' - Diagnosis and Early Treatment - Rapid Diagnosis Available in all sites, tests are performed in case of suspected malaria and, if positive, are sent to laboratory, when these are reachable, for confirmatory test. Anti-malaria drugs are immediately given to confirmed cases.

(1) World Health Organisation (fact sheet updated in November 2018).

## HEALTH AWARENESS AND PROMOTION IN THE WORKPLACE

For the fifth year running, Saipem has taken part in the Workplace Health Promotion (WHP) programme as result of the joint efforts of employers, workers and local institutions. Its aim is to improve health and well-being in the workplace by adopting best practices in the field of health promotion: Saipem was awarded for reaching the programme's goals by the regional government of Lombardy. The programme is founded on the principles of promoting health in the workplace by encouraging organisational changes that ensure an environment open to the conscious adoption and dissemination of healthy lifestyles, contributing to the prevention of the NCDs.

The trend of malaria cases recorded on Saipem worksites reached a plateau in 2018 compared with 2017, as well as the Overall Malaria Cases Rate: zero malaria-related deaths among Saipem workers and subcontractors was reported.

**32**  
Worskites monitored

In Angola the Malaria Control programme continued in 2018, providing preventive measures on the worksites, as well as to the local communities. New local communities were involved in the campaign which consists of regular indoor residual spraying and fumigations (3 sessions), training programmes in properly diagnosing malaria through laboratory analysis for 20 technicians and an advanced training course in the management and treatment of malaria cases for 25 nurses. The campaign is implemented together with local health departments.

more than **15,000**  
Beneficiaries

Strengthening the skills of local medical staff was an important matter in Congo too where, together with a local

association and the Health Ministry, a training programme was delivered to medical staff with the final aim of improving the health conditions of the population.

**40**  
Health personnel trained

In Bolivia, near the area where a Saipem rig is located, a public health conference was organised to promote awareness on the importance of the application of preventive practices of healthy lifestyles and hygiene. The key point was the prevention of diseases with higher prevalence in children under 5 years of age. This activity consisted of teaching and reinforcing the basic principles of personal hygiene, washing hands, oral hygiene, the use of home remedies to prevent seasonal diseases.

**about 90**  
Adults and children took part in the workshop

**3**  
Communities involved



# METHODOLOGY AND REPORTING CRITERIA

## REPORTING PRINCIPLES

'Sustainable Saipem' provides complete and detailed information about the matters of greatest interest to the Company's stakeholders. This report has been prepared in accordance with the GRI Standards: Core option. The following principles have been used to identify the contents of the document: stakeholder inclusiveness, sustainability context, materiality and completeness. To guarantee the quality of the information contained in the report, the principles of accuracy, clarity, comparability, balance, reliability and timeliness were followed, again as per GRI guidelines. More details on management approach are included in the Consolidated Non-Financial Statement 2018 and in the Management Report of the Annual Report 2018.

The report is published annually and is approved by the managerial Sustainability Committee, the Sustainability, Scenarios and Governance Committee and the Board of

Directors. It is distributed at the Shareholders' Meeting convened to approve the Annual Report.

## MATERIALITY ANALYSIS

In order to define the sustainability themes considered most significant, both within the Company and in relation to stakeholders, a materiality analysis was once again carried out in 2018, hence for the eighth year running. The first step entailed identifying the significant aspects which are considered in the analysis in order to pinpoint those that are material. Identification is based on the sustainability context and on the analysis of the stakeholders involved. In order to simplify analysis and comparison of results, the 27 topics identified were broken down into 6 macro categories: (i) Environmental Management and Impacts, (ii) Business Conduct and Operations, (iii) Safe Operations, (iv) People Management, (v) Human Rights, Diversity and Well-being and (vi) Local Presence and Support.

FINAL LONG LIST OF ISSUES	TOPICS
<b>Environmental Management and Impacts</b>	Climate change prevention and GHG emissions; Energy efficiency; Water management; Biodiversity and impact on ecosystems; Waste generation; Spill prevention and response; Renewable energy.
<b>Business Conduct and Operations</b>	Anti-Corruption and ethical business practices; Public policy engagement; Tax and Transparency; Corporate governance; Technology, operational innovation and research.
<b>Safe operations</b>	People safety; Safe operations, asset integrity and process safety; Emergency preparedness.
<b>People Management</b>	Training and development; Talent attraction and retention.
<b>Human Rights, Diversity and Well-being</b>	Global diversity and inclusion; Gender equality; Health and well-being; Human and labour rights; Ethical supply chain; Security practices.
<b>Local Presence and Support</b>	Local social licence to operate; Local employment and procurement; Community investments; Charity, donations and volunteering.

The level of external interest was defined by interviewing and surveying a representative mix of external stakeholders, in terms of types of organisation (16 clients, 6 local community/NGO representatives, 45 business partners and vendors, 9 business association representatives, 14 financial stakeholders, 5 insurance partners and 7 government and regulator representatives) and geographic focus (10% international, 38% from Europe, 12% from CIS, 22% from the Middle East area, 9% from Africa, 5% from the Americas, and 4% from the Asia-Pacific area).

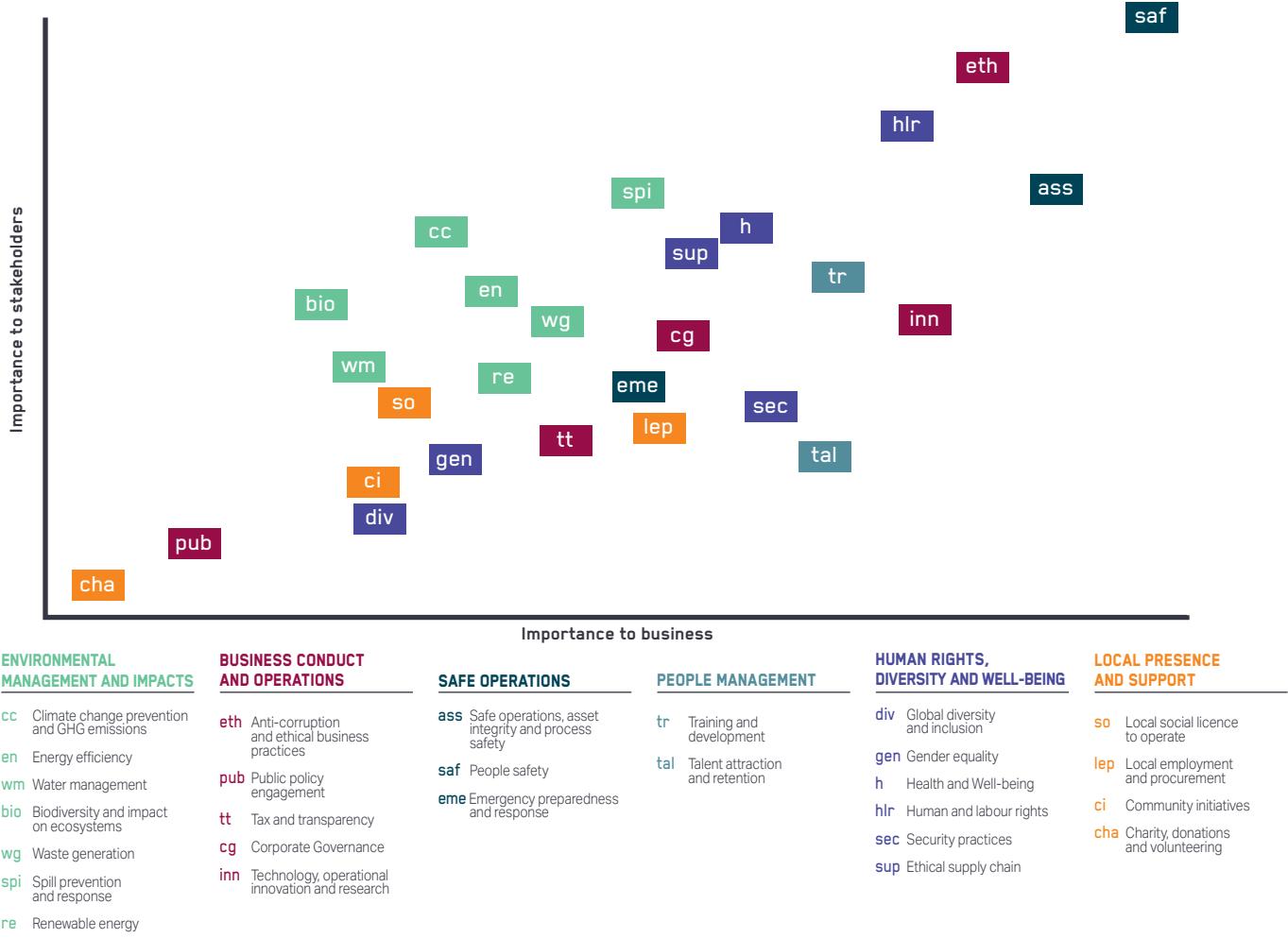
The results were integrated with the outcomes of the surveys delivered to Saipem's employees, collecting feedback from more than 4,300 people. In order to define the level of internal significance, an additional survey was sent to

all Saipem senior managers. More than 180 senior managers contributed identifying sustainability priorities for the long-term success of the Company. The materiality analysis results were approved by the managerial Sustainability Committee in late 2018.

## MATERIALITY ANALYSIS RESULTS AND REPORT CONTENT

The most significant themes form the basis of this document and provide qualitative and quantitative information on the Company's sustainability performance. They are present in the upper right area of the matrix.

## SUSTAINABILITY PRIORITIES



They are: (1) people safety; (2) safe operations, asset integrity and process safety; (3) anti-corruption and ethical business practices; (4) human and labour rights; (5) training and development; (6) technology, operational innovation and research; (7) spill prevention and response; (8) ethical supply chain; (9) security practices; (10) health and well-being; (11) energy efficiency; (12) climate change prevention and GHG emissions; and (13) talent attraction and retention.

The vertical axis of the matrix represents the 'Importance to stakeholders,' and the horizontal axis represents the 'Importance to business'.

Selection of the activities and programmes to be reported in detail in the Sustainability Report in relation to the themes identified as 'material' was carried out with regard for the sustainability context in which Saipem operates. Greater weight was assigned to those issues and geographic areas in which the Company has a more significant impact. Where possible, project performance indicators reported were contextualised with reference to detailed information on local conditions.

MATERIAL ISSUES	CORRESPONDING GRI STANDARDS ASPECTS
<b>1) People safety</b>	GRI 403: Occupational Health and Safety 2018
<b>2) Safe operations, asset integrity and process safety</b>	GRI 403: Occupational Health and Safety 2018
<b>3) Anti-corruption and ethical business practices</b>	GRI 205: Anti-corruption 2016
<b>4) Human and labour rights</b>	GRI 406: Non-discrimination 2018 GRI 407: Freedom of Association and Collective Bargaining GRI 408: Child Labour 2016 GRI 409: Forced or Compulsory Labour 2016
<b>5) Training and development</b>	GRI 404: Training and Education 2016
<b>6) Technology, operational innovation and research</b>	n.a.
<b>7) Spill prevention and response</b>	GRI 306: Effluents and Waste 2016
<b>8) Ethical supply chain</b>	GRI 414: Supplier Social Assessment 2016
<b>9) Security practices</b>	GRI 410: Security Practices 2016
<b>10) Health and well-being</b>	GRI 403: Occupational Health and Safety 2018
<b>11) Energy efficiency</b>	GRI 302: Energy 2016
<b>12) Climate change prevention and GHG emissions</b>	GRI 305: Emissions 2016
<b>13) Talent attraction and retention</b>	GRI 202: Market presence 2016 GRI 401: Employment 2016 GRI 404: Training and Education 2016 GRI 405: Diversity and equal opportunity 2016

## INTERNAL BOUNDARY

The above issues are material for all business units. As regards financial data, in line with the drafting of the financial statements, the reference perimeter corresponds to the area of consolidation. Alongside financial performance, sustainability reporting also describes social and environmental performances and hence includes numerous topics for which perimeters differing from those used in financial reporting are applied. For HSE data, the

reporting perimeter includes all activities in which Saipem is responsible for setting HSE standards and for ensuring and overseeing their application. As regards other thematic areas, Saipem reports 100% of operations in which Saipem SpA or one of its subsidiaries exercises operational control. Companies included in the reporting boundary are listed in the 'Saipem Group Structure' in the Annual Report.

 *Further details are available in the Annual Report.*

## EXTERNAL BOUNDARY

For some material issues, the impact of Saipem activities occurs beyond organisation boundaries. In the 'External boundaries' column the stakeholder categories impacted

by Saipem operations are specified for each material issue. The limitations that arose which refer to the boundaries of each material issue were also reported (when needed) in the table below under the 'Limitations' column.

MATERIAL ISSUES	EXTERNAL BOUNDARIES	LIMITATIONS
<b>1) People safety</b>	Vendors and subcontractors	Partial for vendors
<b>2) Safe operations, asset integrity and process safety</b>	Vendors and subcontractors	Partial for vendors
<b>3) Anti-Corruption and ethical business practices</b>	Business partners, vendors and subcontractors	-
<b>4) Human and labour rights</b>	-	-
<b>5) Training and development</b>	Subcontractors (for training HSE)	-
<b>6) Technology, operational innovation and research</b>	-	-
<b>7) Spill prevention and response</b>	Vendors and subcontractors	Partial for vendors
<b>8) Ethical supply chain</b>	Vendors and subcontractors	Partial for vendors
<b>9) Security practices</b>	Security providers	-
<b>10) Health and well-being</b>	A group of local communities	-
<b>11) Energy efficiency</b>	Vendors and subcontractors	Vendors
<b>12) Climate change prevention and GHG emissions</b>	Vendors and subcontractors	Vendors
<b>13) Talent attraction and retention</b>	-	-

With regard to the material issues for which reporting has not been extended to the external scope (GRI Standards - limitations), Saipem will assess the feasibility of increasing the reporting boundary. More details are described in the GRI and UN Global Compact Content Index.

## ASSURANCE STATEMENT

To ensure the reliability of the information provided and to improve the reporting process, 'Sustainable Saipem 2018' is subject to limited assurance by Ernst & Young SpA.

## ANNEX

The GRI and UN Global Compact Content Index Annex is attached to 'Sustainable Saipem 2018' and can be found at the following link:



*Annex I can be also found in the Sustainability Documents section on the Saipem website*

# ASSURANCE STATEMENT



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## Independent auditors' report on the Sustainable Saipem 2018

To the board of Directors of  
Saipem S.p.A.

We have been appointed to perform a limited assurance engagement on the document Sustainable Saipem 2018 (hereinafter "Report") of Saipem S.p.A. and its subsidiaries (hereinafter "the Group") for the year ended on December 31, 2018.

### Directors' responsibility on the Sustainable Saipem 2018

The Directors of Saipem S.p.A. are responsible for the preparation of the Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - *Global Reporting Initiative* ("GRI Standards"), as described in the paragraph "Methodology and reporting criteria" of the Report.

The Directors are also responsible for that part of internal control that they consider necessary in order to allow the preparation of a Report that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for defining the commitments of the Group regarding the sustainability performance and the reporting of the results achieved, as well as for the identification of the stakeholders and of the significant matters to report.

### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

### Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the Report with the requirements of the GRI Standards. Our work has been performed in accordance with the criteria established by the principle "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of procedures in order to obtain a limited assurance that the Report is free from material misstatements.

EY S.p.A.  
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Iscritta all'Albo Speciale delle società di revisione  
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the Report were based on our professional judgment and included inquiries, primarily with Company's personnel responsible for the preparation of the information included in the Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

- Analysis, through interviews, of the governance system and management process of the issues related to the sustainable development regarding the Group's strategy and operations;
- Analysis of the process relating to the definition of material aspects included in the Report, with reference to the criteria applied to identify priorities for the different stakeholders categories and to the internal validation of the process outcomes;
- Understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the Report.  
In particular, we have conducted interviews and discussions with the management of Saipem S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of data and information to the department responsible for the preparation of the Report.
- Furthermore, for significant information, considering the Group's activities and characteristics:
  - at Group level
    - a) with reference to the qualitative information included in the Report, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
    - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
  - We have selected the following companies and sites, Saipem FDS 2 (Spain), Cornegliano Laudense Natural Gas Storage Plant Project (Italy), PT Saipem Indonesia Karimun Fabrication Yard (Indonesia), based on their activity, relevance to the consolidated performance indicators and location; we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.
- Analysis of the compliance and internal consistency of the qualitative information included in the Report to the guidelines identified in paragraph "Directors' responsibility on the Sustainable Saipem 2018" of the present report.

No procedures have been performed on data and information reported in the section "Quantifying the value we generate" of the Sustainable Saipem 2018.

## Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the document Sustainable Saipem 2018 of Saipem Group for the year ended on December 31, 2018



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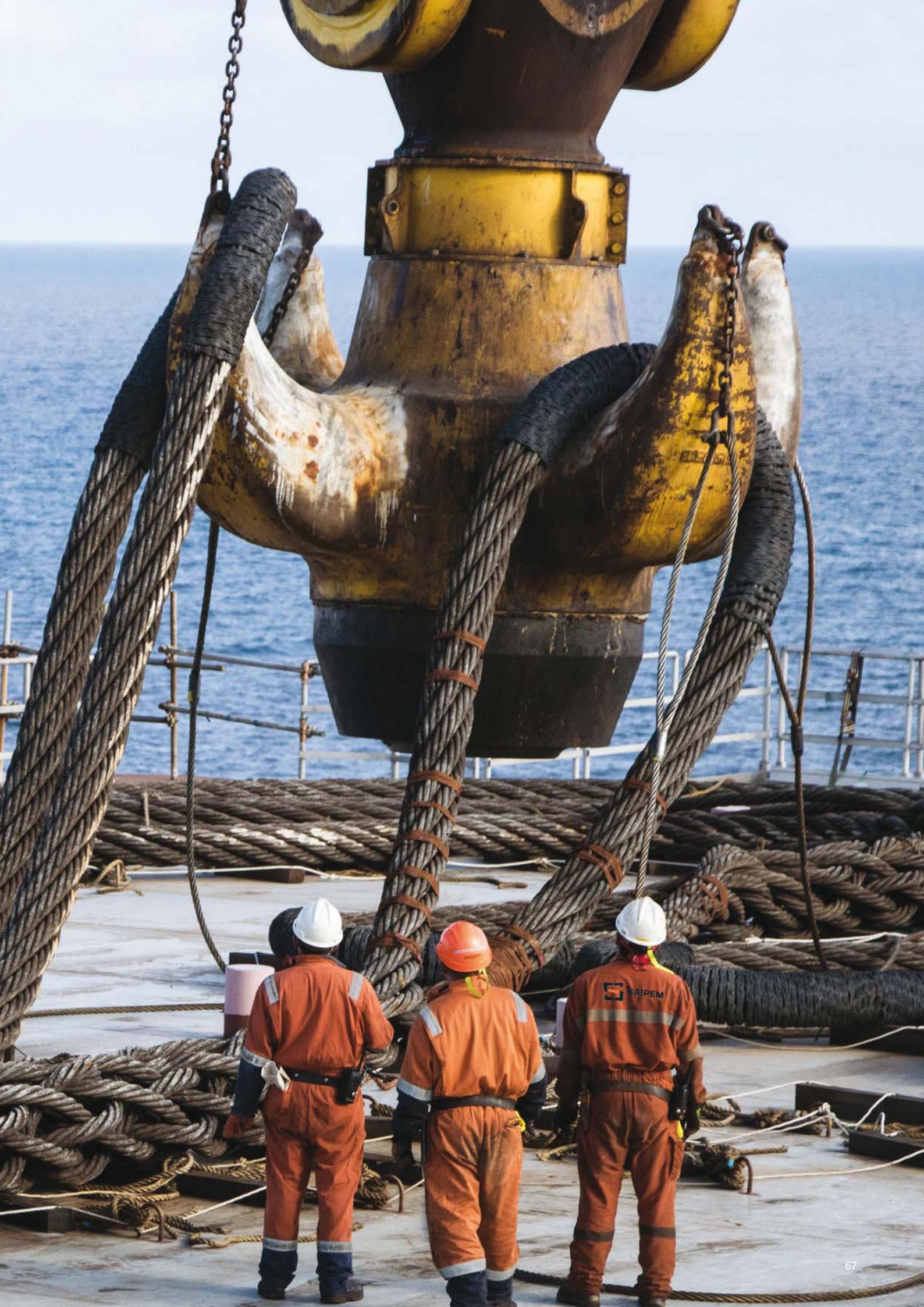
has not been prepared, in all material aspects, in accordance with the requirements of the "*Global Reporting Initiative Sustainability Reporting Standards*" issued in 2016 by GRI - *Global Reporting Initiative* ("GRI Standards"), as described in the paragraph "Methodology and reporting criteria" of the Sustainable Saipem 2018.

Milan, April 3, 2019

EY S.p.A.

  
Marco Di Giorgio  
(Partner)





# MORE ON SAIPEM

Our website saipem.com offers access to all the HSE and Sustainability Reports we have published since 2000, which are also available as downloads. There you will also find our annual Consolidated Non-Financial Statement (Italian D.Lgs. No. 254/2016), Annual Reports, Quarterly Financial Reports, Corporate Governance and Shareholding Structure Reports, Policies and Code of Ethics.

More information and stories about our projects, commitments and challenges are also available through our online network.

The image displays four rectangular cards, each representing a different aspect of Saipem's sustainability and projects:

- TACKLING CLIMATE CHANGE**: A card featuring a large image of turbulent ocean waves at the top, followed by text: "TACKLING CLIMATE CHANGE", "report based on the recommendations of the Task Force on Climate-Related Financial Disclosures", and "FIRST SAIPEM REPORT BASED ON THE TCFD RECOMMENDATIONS".
- SAIPEM BIODIVERSITY**: A card featuring a close-up image of white daisies in a field at the top, followed by text: "SAIPEM BIODIVERSITY", "SAIPEM'S APPROACH TO AND PRACTICE OF BIODIVERSITY CONSERVATION AND ENVIRONMENTAL PROTECTION FOR A SUSTAINABLE WAY OF DOING BUSINESS", and "SAIPEM'S APPROACH TO AND PRACTICE OF BIODIVERSITY CONSERVATION".
- SAIPEM MODERN SLAVERY STATEMENT 2017**: A card with a dark teal background and white text: "SAIPEM MODERN SLAVERY STATEMENT 2017", a small circular logo for "SAIPEM S.p.A.", and "POLICIES AND ACTIONS TAKEN BY THE SAIPEM GROUP (IN LINE WITH THE UK MODERN SLAVERY ACT 2015)".
- PROJECT SUSTAINABILITY MOROCCO TANGER MED 2**: A card featuring a large image of a coastal industrial or port facility under a blue sky at the top, followed by text: "PROJECT SUSTAINABILITY MOROCCO TANGER MED 2", and "COUNTRY & PROJECT REPORTS FOCUSED ON SAIPEM AND ITS COMPANIES LOCAL PRESENCE".

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FIND US ON

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Via Martiri di Cefalonia, 67  
Branches: Cortemaggiore (PC), Italy  
Via Enrico Mattei, 20



Società per Azioni  
Share capital: €2,191,384,693 fully paid-up  
Tax identification and Milan, Monza-Brianza, Lodi  
Companies' Register No. 00825790157

**Feedback**

What you think of the Saipem Sustainability Report matters to us.  
As we are constantly striving to improve our reporting, we would very  
much welcome your feedback. We will also be pleased to answer any  
questions you may have.  
You can submit your comments by email to:  
[sustainability@saipem.com](mailto:sustainability@saipem.com).

Special thanks to all those who contributed to the drafting of this  
report.

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Most of the pictures included in this report are the work of Saipem  
colleagues who participated in the in-house Sustainability  
Photographic Award.



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