2020
LEADING THE PATH TO ENERGY TRANSITION

SAIPEM

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ABOUT THIS REPORT

Saipem is committed to providing effective disclosure to its stakeholders on all the issues that could affect decisions regarding the Company and on the measures it has adopted to ensure business continuity over the long-term.

This document, in addition to other engagement actions such as participation in the Carbon Disclosure Project (CDP), aims to demonstrate Saipem's transparent approach and provides supplementary climate-related information that is both readily and easily accessible to investors and other users.
This report is based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), a set of voluntary, consistent disclosure recommendations for use by companies in providing information to investors, lenders and insurance underwriters about the company's overall strategy and governance, their climate-related financial risks and opportunities, and relevant metrics and targets.
Published in October 2020, the data and information are taken from Saipem's reporting system, referring mainly to the entire year of 2019.

The care of our planet and the fight against climate change are today universally recognised as central objectives for sustainable development.
For years, Saipem has made these objectives a distinctive feature of its work, not only by adopting and promoting best practices among its partners in the field of safety and respect for the environment, but also by investing in innovation to make its entire offering a technological platform for sustainability.
Thanks to this strategy and the significant investments made in recent years, sustainability for Saipem as shown in this report, is no longer just a necessary commitment but the new frontier of competitive growth on which to concentrate the skills and passion of the people working in the Group.

Francesco Caio,
Saipem Chairman

The pandemic crisis will most likely impact on the pace of the energy transition, favouring gas in the energy mix, in particular LNG, as the bridging commodity towards even more sustainable ways of producing energy.
Saipem, a company which over time has constantly demonstrated its engineering, construction and management capabilities, is well positioned to navigate the post-pandemic environment. Saipem strategy is to embrace the opportunities created by the energy transition. We have gained a privileged competitive position having decided, for some time now, to support this process by leveraging our competencies, innovative technologies, assets configuration, financial strength and, last but not least, the transparent way in which we communicate our role in the climate change scenario to our stakeholders.

Stefano Cao,
Saipem CEO

GOVERNANCE

THE ROLE OF THE BOARD AND ITS COMMITTEES

The **Board of Directors** has been increasingly involved in the internal strategic discussion on climate-related issues and their implications on business strategy and related plans. A meeting is organised once a year for Board members and Division Managers to discuss the strategic outlook. In 2019, the meeting of the Board of Directors was held on December 12, 2019, during which the Board discussed the industry scenarios starting from macro-trends and climate change-related issues described with a specific presentation on "Strategic implications for the industry in light of the long-term energy scenarios". In addition, the Board of Directors' meeting held on February 25, 2020 approved Saipem's 2020-2023 Strategic Plan, built upon the new energy transition scenarios.

The Board of Directors is also responsible for approving the Managerial Performance Plan, upon the proposal of the **Compensation and Nomination Committee**. The Plan is drawn up based on the Company Strategic Plan. By approving the Plan, the Board of Directors assigns the Company's objectives to the CEO. Subsequently, the CEO communicates the established objectives to the Managers so that they are shared and implemented throughout the organisation.
The 2019 targets resolved by the Board of Directors on January 15, 2019 for the Short-Term Variable Incentive Plan are in line with the business model and strategic guidelines. As part of the Company objectives set in the Plan, the sustainability objectives accounted for 15% of the Short-Term Variable Incentive Plan. One of the sustainability objectives was directly linked to the implementation of energy efficiency initiatives and reduction of GHG emissions.

Furthermore, during the meeting held on July 24, 2019 and on December 12, 2019, the Board of Directors approved the results of Enterprise Risk Assessment at Group level, in accordance with its responsibility, including the analysis and approval of the Company's relevant risks.
On May 16, 2019, Saipem's Board of Directors – after a preliminary review made by the Sustainability, Scenarios and Governance Committee – approved the new "Saipem Sustainable" Policy, which sets forth the Company's values on sustainability, including climate change.
On December 12, 2019, the Board of Directors also discussed and shared the contents of the document "Climate: from strategy to action" prepared in accordance with the recommendations of the TCFD.

The **Sustainability, Scenarios and Governance Committee**, chaired by the Chairman of the Board, is responsible for assisting the Board of Directors by fulfilling a preparatory, consultative and advisory role in assessments and decision-making processes with regard to Saipem's business sustainability issues and its engagement with all stakeholders, the Corporate Governance of the Company and the Group, Saipem's Corporate Social Responsibility and the review of scenarios contemplated in the preparation of the Strategic Plan.

The Committee addressed the topic of climate change on several occasions during the meetings held in 2019, particularly on February 26, May 10, November 11 and December 6, discussing relevant issues, such as Saipem's disclosure "Climate: from strategy to action", its implications on business strategies and the initiatives undertaken by the Company in this area.

Furthermore, during the meeting held on December 6, 2019, the Committee was involved in the preliminary discussion concerning the Divisions' strategic plans, including how the strategy took climate change and energy transition aspects towards a low-carbon economy into consideration; this was then discussed at Board level throughout the entire 2020-2023 Strategic Plan approval process.

The **Audit and Risk Committee** has the duty to consult and support the Board of Directors' decisions on matters relating to the internal control and risk management system. The results of the Enterprise Risk Assessment, which may include climate-related risks, are submitted for review and advice to the Committee every six months before being approved by the Board of Directors. In particular, the results of the Enterprise Risk Assessment were reviewed by the Committee in July and December 2019.

THE ROLE OF MANAGEMENT

The **Chief Executive Officer**, based on powers conferred by the Board of Directors, is responsible for the management of the Company.

Among the other duties and responsibilities, the CEO verifies the Company's 4-year Strategic Plan elaborated by the Divisions. The Plan takes into account the outcome of an extensive market scenario analysis, which also includes 2 degree scenarios. The Strategic Plan is then submitted to the Board of Directors for approval on an annual basis or when deemed necessary, in case of updates, on a different timeframe.

In addition, the CEO, along with the Risk Management, Supply Chain and Business Integrity Director, presents the relevant results of the Enterprise Risk Assessment for approval to the Board of Directors every six months. It also includes any related key treatment activities in place to mitigate identified risks, including those related to energy transition, decarbonisation and climate change.

In addition, Saipem has appointed a **Top Management Sustainability Committee** since 2007 that provides strategic guidance in all aspects connected with sustainability. It is chaired by the CEO and is composed of Division Managers/COOs and Directors, supported by the Corporate Sustainability Function. The Top Management Sustainability Committee defines the priorities of Saipem's Sustainability Programme, approves the annual Sustainability Plan, which integrates the results of the risk assessment and materiality analysis, and evaluates the activities conducted and results achieved for all aspects that contribute to sustainable development, including climate change.

Moreover, it defines the guidelines of disclosure, in accordance with relevant

legislation, international standards and the expectations of stakeholders, on non-financial annual performance and approves the relevant documentation to be submitted to the Sustainability, Scenario and Governance Committee for a preliminary examination and to the Board of Directors for approval.
The Top Management Sustainability Committee usually meets three times a year.

In 2019, the Committee discussed the Company Sustainability Plan and related objectives, the contents and implementation of the "Strategic Plan for GHG reduction". Furthermore, the contents of the "Climate: from Strategy to Action" Report were submitted for discussion by the Top Management Sustainability Committee to the Sustainability, Scenario and Governance Committee for preliminary examination and to the Board of Directors for final approval.

CLIMATE-RELATED INCENTIVES

The Sustainability objectives for 2019 (which accounted for 15% of the Short-Term Variable Incentive Plan) included, among others, a series of targets related to Climate Change, namely:

- reducing direct and indirect GHG emissions;
- conducting studies and energy diagnoses to analyse energy flows and identify potential areas of efficiency;
- implementing specific initiatives to manage and reduce GHGs.

All targets were achieved with about 8 kt of CO_2 eq saved thanks to the implementation of energy efficiency initiatives, more than 10 kt of CO_2 eq were saved thanks to the implementation of energy saving initiatives, and 21 energy assessments and feasibility studies were performed (see details on page 20). Overall, 32 initiatives to manage and reduce GHGs were implemented.

In line with the Strategic Plan on GHG emissions reduction, a new target was set on climate-related issues as part of the Company's objectives for 2020, among the ESG/sustainability objectives.
As in the previous year, a series of targets were set:

- reducing direct and indirect GHG emissions;
- conducting studies and energy diagnoses to analyse energy flows and identify potential areas of efficiency for Saipem assets;
- implementing specific GHG management and reduction initiatives for Saipem's assets and projects.

RISKS AND OPPORTUNITIES

Saipem is aware that climate change may have a significant direct and indirect impact on its business operations. Being a global solution provider in the energy sector, our business activities are inherently exposed to both transition and physical climate change risks.
At company level, climate-related risks are identified and assessed by integrating them into the Enterprise Risk Management model.

On the other hand, Saipem can play an active role in these changing scenarios. For example, with our cutting-edge and sustainable solutions we can help our clients meet the demand for a low-carbon future. The opportunity management process is executed in terms of business development, commercial activities, tendering and operations. The identification of development opportunity, analysis of competition, analysis of the evolution of Saipem's competitive positioning, identification of the main future challenges of the reference industry, and possibilities for business portfolio diversification are elements considered by the Divisions and the CEO in defining the Strategic Plan and evaluating investment initiatives.

RISK MANAGEMENT

The process of risk identification and assessment is implemented both at company level (i.e. Group and subsidiaries) and at project level.

At company level, climate-related risks are identified and assessed (i.e. for the Group and subsidiaries) by integrating them into multi-disciplinary company-wide risk processes. The Enterprise Risk Management Model (ERM) is developed in accordance with COSO Framework[1]. Saipem management analyses all risks that may negatively impact on strategic and management objectives of the company, including also risks connected to supply chain and our clients. The Risk Owners are responsible for identifying and assessing, managing and monitoring the major risks (those risks that could affect the achievement of strategic and management objectives) under their responsibility, as well as any related treatment actions. Treatment actions for top risks are monitored through key control indicators.

Risks are assessed in terms of likelihood (5 clusters from rare to more than likely) and impact (5 clusters from negligible to extreme) based on different impact drivers (qualitative, economic, financial, image and reputation, environment, health and safety, security and social impact) for the Group and the strategically relevant subsidiaries. Risks are evaluated both in the 4 years' timeframe of the strategic plan and beyond the planned horizon of the strategic plan.
Therefore, based on scorings, the risks are located in a risk matrix matching likelihood and impact and are classified as Tier 1, Tier 2 and Tier 3. Finally, the risks assessed in Tier 1 and 2 for the Group are subject to monitoring and analysis on a quarterly basis.
Once the risk assessment is completed, the CEO of the Group and the CEO (or equivalent figure) of the subsidiary present relevant results to their Board of Directors.
Risk assessment results are reported to Top Management, including the Heads of Division and the Head of

(1) Internal Control System model issued by the Committee of Sponsoring Organisations of the Treadway Commission.

Strategy, to support the development of the strategic plan and relevant opportunities.
Risk assessment is regularly updated on a six-month basis involving managers of several Company Functions.
The process for managing climate-related risks is fully integrated into Enterprise Risk Management in Saipem. In particular, each risk owner identifies treatment activities to avoid, reduce, share, or transfer negative impacts that could be caused by risks.

At project level, risk management is implemented by the Project Manager (both in the commercial and the execution phases) to identify any risks and opportunities to be mitigated and capitalised upon.
The identification process determines and records the risks or opportunities identified that might affect the project. Risks are prioritised through quantitative assessments, that define the probability and impact of each risk within values ranges whose thresholds are defined in the risk management plan, which defines how risk management will be structured and performed on the project. For any identified risks, a numeric score will be calculated as a combination of the likelihood of occurrence and the economic impact. Where feasible, depending on the priority assigned, a mitigation plan is associated with the risk and monitored during the project lifecycle.

CLIMATE-RELATED RISKS

PHYSICAL RISK

RISK	ASSESSMENT*	FINANCIAL IMPACT	MANAGEMENT METHOD
Significant accidents occurring to strategic assets due to extreme weather events.	**Time horizon** > short and medium-term **Likelihood** > unlikely **Magnitude of financial impact** > very relevant	These risks may result in damage or loss of strategic assets, injuries, and fatalities of personnel and environmental damage.	Main mitigation actions are: > specialised training programme for employees on technical and HSE topics; > HSE and Vessel management system; > insurance coverage.

(*) A "time horizon" less than or equal to 1 year is considered short-term, between 2 and 4 years is considered medium-term, longer than 4 years is considered long-term.
The classification of Likelihood and Magnitude of financial impact categories refers to Saipem Enterprise Risk Management classification.
The assessment of risks refers to residual risks and integrate the effect of mitigation measures implemented.

TRANSITION RISKS

Technology and Business Risk

RISK	ASSESSMENT*	FINANCIAL IMPACT	MANAGEMENT METHOD
Inability to drive the technological edge on energy transition.	**Time horizon** > long-term **Likelihood** > unlikely **Magnitude of financial impact** > very relevant	This risk may result in the loss of business opportunities in renewable energies and CO_2 management.	Main mitigation actions are: > promotion of technology intelligence and scouting activities on decarbonisation and energy transition; > "Innovation factory" initiative focused on disruptive innovation solutions; > agreements with technological providers; > internal generation of innovative solutions; > filing of new patents and acquisition of licences; > intelligence analyses and scouting of start-ups.

Regulatory Risk

RISK	ASSESSMENT*	FINANCIAL IMPACT	MANAGEMENT METHOD
Loss of assets' competitiveness due to changes in greenhouse gas emissions legislation.	**Time horizon** > long-term **Likelihood** > unlikely **Magnitude of financial impact** > significant	The risk may lead to the loss of competitiveness for some assets and the need for investments in new assets or for asset renovation.	Main mitigation actions are: > constant monitoring of regulations on GHG emissions worldwide; > application of a 4-year plan with quantitative targets for GHG emissions reduction and energy efficiency; > maintenance and upgrading to improve assets' environmental performances.

Reputation Risk

RISK	ASSESSMENT*	FINANCIAL IMPACT	MANAGEMENT METHOD
Negative evaluation on sustainable business strategy and sustainability/ ESG (environmental, social and governance) performances by financial stakeholders.	**Time horizon** > short and medium-term **Likelihood** > unlikely **Magnitude of financial impact** > relevant	These risks may lead to reduced access to funding and disinvestment by Socially Responsible Investors.	Main mitigation actions are: > materiality analysis to prioritise issues on Sustainability/ESG matters; > engagement activities with the financial community; > issue of Sustainability Report and disclosure of other company material information.

(*) A "time horizon" less than or equal to 1 year is considered short-term, between 2 and 4 years is considered medium-term, longer than 4 years is considered long-term.
The classification of Likelihood and Magnitude of financial impact categories refers to Saipem Enterprise Risk Management classification.
The assessment of risks refers to residual risks and integrate the effect of mitigation measures implemented.

CLIMATE-RELATED OPPORTUNITIES

PRODUCTS AND SERVICES

OPPORTUNITY	ASSESSMENT**	FINANCIAL IMPACT	MANAGEMENT METHOD
Increase revenues in consolidated onshore business segments aimed at reducing climate-related impacts (e.g. green & hybrid technologies, renewables, water projects, smart cities, infrastructures, etc.)	**Time horizon** > short-term **Likelihood** > likely **Magnitude of financial impact** > relevant	Market opportunity in terms of potential future revenues for green and infrastructure projects for ongoing tenders or projects that may be awarded within the next 3 years.	Both incremental and disruptive innovation efforts. Strengthening of commercial efforts in these market segments. Scouting to identify strategic technological partners.

OPPORTUNITY	ASSESSMENT**	FINANCIAL IMPACT	MANAGEMENT METHOD
Increase in revenues in the offshore renewable business segment aimed at reducing climate-related impacts (e.g. offshore wind farm).	**Time horizon** > short-term **Likelihood** > more than likely **Magnitude of financial impact** > very relevant	Market opportunity in terms of potential future revenues including existing contracts and ongoing tenders or future projects estimated to be awarded within the next 3 years.	Activities for managing opportunity mainly include: > strengthening commercial efforts in these market segments; > reinforcing innovation and R&D efforts; > scouting to identify strategic technological partners.

OPPORTUNITY	ASSESSMENT**	FINANCIAL IMPACT	MANAGEMENT METHOD
Access to new, innovative additional renewable markets and satisfaction of client requests (ocean energy, tropospheric wind, etc.).	**Time horizon** > long-term **Likelihood** > more likely than not **Magnitude of financial impact** > low	Market opportunity generating potential future revenues.	R&D investment in renewables, potential technology acquisition and new partnership agreements, strengthening commercial efforts in these market segments.

OPPORTUNITY	ASSESSMENT**	FINANCIAL IMPACT	MANAGEMENT METHOD
Access to a new market for CCUS (Carbon Capture Utilisation and Storage) to support clients' requests and expand business opportunities also leveraging the recent acquisition of a new CO_2 capture technology.	**Time horizon** > short-term **Likelihood** > likely **Magnitude of financial impact** > low	Market opportunities in terms of contracts that may be awarded for future potential CCUS projects. It includes engineering studies for feasibility on new investments for oil extraction, study for costs/opportunities, etc.	Activities to manage this opportunity include mainly: > strengthening commercial efforts in this new market; > reinforcing innovation and R&D efforts; > scouting to identify strategic technological partners for M&A.

(**) A "time horizon" less than or equal to 1 year is considered short-term, between 2 and 4 years is considered medium-term, longer than 4 years is considered long-term.
The classification of Likelihood and Magnitude of financial impact categories refers to Saipem Enterprise Risk Management classification.

RESOURCE EFFICIENCY ON OUR ASSETS

OPPORTUNITY	ASSESSMENT**	FINANCIAL IMPACT	MANAGEMENT METHOD
Offer more efficient and cost-optimised solutions through energy efficient solutions on vessels and in yards and drilling rigs.	**Time horizon** > short-term **Likelihood** > more than likely **Magnitude of financial impact** > low	Cost saving related to reduced fuel and electricity consumption costs due to the implementation of energy efficiency solutions already identified in the 4-year Strategic Plan for GHG emissions reduction.	Implementation of energy assessment to identify adequate solutions and maximise savings. Design and implementation of measures and actions aimed at energy and GHG emissions reduction.

(**) A "time horizon" less than or equal to 1 year is considered short-term, between 2 and 4 years is considered medium-term, longer than 4 years is considered long-term.
The classification of Likelihood and Magnitude of financial impact categories refers to Saipem Enterprise Risk Management classification.

TOTAL QUANTIFIED OPPORTUNITIES

€3.2 BLN

ESTIMATED POTENTIAL REVENUES RESULTING FROM CLIMATE-RELATED OPPORTUNITIES IN A 3-YEAR TIME FRAME

TAKING ACTION TO MITIGATE CLIMATE CHANGE

OUR STRATEGY

Recognising the actual global energy transformation and related risks and opportunities, **Saipem plans to progressively reduce its dependence on the fossil fuels business** acting as an **innovative Solutions Provider** to support clients in identifying the best low carbon approaches and technological solutions to become a key partner:

- extending the offer to our clients on less climate impacting solutions and supporting their decarbonisation path;
- improving the efficiency of our assets and operations to reduce our GHG emissions.

BECOME A KEY PARTNER FOR OUR CLIENTS IN DECARBONISATION AND ENERGY TRANSITION

Improving the efficiency of our operations

Offering clients less climate impacting solutions and supporting their decarbonisation

EXTENDING THE OFFER TO OUR CLIENTS ON LESS CLIMATE IMPACTING SOLUTIONS AND SUPPORTING THEIR DECARBONISATION PATH

RENEWABLES

Focus on strengthening market penetration in already existing renewables markets (i.e. solar photovoltaic, on/offshore wind farm, advanced biofuels, concentrated solar power, etc.) and creating access to emerging renewables and low-carbon technologies (e.g. wave, tidal, ocean thermal energy conversion, floating photovoltaic, energy storage and efficiency, hydrogen and hybridisation for renewable energy integration).

ONGOING PROJECTS

Saipem successfully installed the first commercial floating wind farm in the world, the Hywind Scotland Project for Equinor that required an innovative solution to lift, handle and install the gigantic, fully assembled, 6 MW wind turbine generators on floating spars anchored to the seabed.
Saipem completed activities for the Hornsea Wind Power project for Oersted, which involved the transport and installation of offshore platforms.
EDF Renewables awarded Saipem the EPCI contract for the construction of the Neart na Gaoithe (NnG) project in 2019. This is the first turn-key contract awarded to Saipem in the offshore wind farm sector. The Neart na Gaoithe is a 450 MW offshore wind farm, off the coast of Scotland. Saipem's scope of work consists of the engineering, procurement, construction and installation of 54 steel foundation jackets for an equivalent number of 8 MW wind turbines, 2 steel foundation jackets for the offshore electrical substations and the transportation and installation of the topsides. The jackets will be manufactured partly at a Saipem owned yard and partly in fabrication facilities located in Scotland. The jackets will be placed on piles at depths ranging from 40 to 60 metres. Offshore installation activities will be carried out by the Saipem 7000 crane vessel.
In the same year, Saipem was awarded a new contract for the Formosa 2 offshore wind farm in Taiwan.
The scope of work entails the supply of material and fabrication of 32 foundation jackets for an equivalent number of wind turbine generators. The wind farm is jointly developed by a consortium with JERA, Macquarie Capital Group, Stonepeak Infrastructure Partners and Swancor Renewable Energy.
A memorandum of understanding has been signed with Plambeck Emirates Llc for the development and construction of a 500 MW floating offshore wind farm in Saudi Arabia.
A feasibility study is ongoing for EniPower regarding peak load high efficiency units based on aeroderivative gas turbines for capacity market service to cover lack of production of renewable sources.
A collaboration agreement has been signed with technical consultancy Studio Rinnovabili to bid on wind and solar power engineering and construction contracts in domestic and international markets.
A survey campaign is ongoing in the Strait of Messina where the best location for the deployment of the GemStar hydroturbine, a technology patented by SeaPower, has been identified. The site has excellent current resources and Saipem will provide T&I for the turbine plus additional services.
Dedicated business lines on new energies and renewables have been established in three Company Divisions, namely Onshore and Offshore E&C and XSIGHT.

INNOVATIVE SOLUTIONS AND R&D

Saipem and Equinor have recently signed a cooperation agreement to develop a floating solar park technological solution for near coastal applications. The technology will be based on the in-house developed floater concept by Moss Maritime, part of Saipem's XSIGHT Division dedicated to high value-added services, which is a modularised system, designed for easy fabrication, transportation, and installation at operation site. The technology provides the same benefits as already established by solar photovoltaic solutions for calm sea locations (Floating Photovoltaic). However, being designed for more rough weather conditions, additional locations can now be considered.
The concept has a dual application: it is suitable for areas where there are no large water reservoirs and also for very windy areas.
Saipem has developed a floating offshore wind substructure, called "Hexafloat", that will be demonstrated off the Irish coast in 2022. The EU-funded demonstration project, AFLOWT, includes various partners among which EMEC, EnBW, ESB, Fraunhofer, Sustainable Energy Authority of Ireland, etc.
Saipem has signed an agreement with Kite-Gen, an innovative company that has developed a new solution to exploit wind energy.
The agreement regulates the collaboration between the two companies to develop,

produce and deploy KiteGen proprietary technology to produce electricity from high altitude winds.
Saipem and the Finnish company, Wello Oy, have signed a Memorandum of Understanding to optimise WEC Penguin technology, one of the most promising among the new systems for the production of energy from marine waves. The objective of the agreement is the development of future initiatives in the sector.
Additionally, biofuels are a tangible solution for reducing the carbon footprint caused by transportation, Saipem is currently scouting innovative technologies (e.g. 2nd generation bioethanol, bio jet fuel and biodiesel) to penetrate and expand into the biofuel sector.
For green hydrogen, Saipem is analysing novel concepts for the design of self-sustaining "Energy Islands" taking generation from renewables to store as electricity or hydrogen, and then distributing to the relevant markets.
Furthermore, Saipem is scouting solutions and investing in technologies to effectively compete on the whole hydrogen value chain.
In addition, future ship transport solutions for liquefied hydrogen, both large and smaller scale, are under development.
Finally, we won an Open Innovation Challenge launched by RTE (the French power network operator) for the "HyBSea" system (in cooperation with Persee and McPhy), a module concept for offshore platforms, to produce hydrogen from electric power.

NATURAL GAS

Focus on less carbon intensive energy sources, in particular the use of Natural Gas as a fundamental energy source for the transition period (e.g. gas monetisation and LNG).

ONGOING PROJECTS

Saipem has established itself as a key player in the global liquefied natural gas market with the award of 3 major LNG Projects in the last 2 years, the Arctic LNG2 project in Russia, the Mozambique LNG project and the Nigeria LNG Train 7 project.

These projects are on top of the base load facilities under execution for the Tangguh Expansion Project in Indonesia and for the Nong Fab Regasification Terminal in Thailand and of the support services provided to other operational LNG facilities like Panigaglia in Italy.

INNOVATIVE SOLUTIONS AND R&D

There are several ongoing efforts in the Liquefied Natural Gas (LNG) sector.
Definition of proprietary solutions for small-scale Natural Gas liquefaction and LNG re-gasification are showing good promise for becoming a flexible tool to support sustainable mobility in the near future.
Development of the new Liqueflex™ Liquefaction technology, particularly fit for midscale applications both onshore and, thanks to its characteristics of enhanced safety and compactness, for Floating LNG (FLNG).

The recently achieved pioneering experiences in the market of conversion of LNG Carriers to FLNG (Floating Liquefied Natural Gas) units and FSRU (Floating Storage Regasification Units) by the Moss Maritime subsidiary.
Definition of proprietary solutions for cold energy recovery in LNG Regasification Plants, by means of innovative Organic Rankine Cycles, and for Boil Off Gas Re-liquefaction for Bunkering facilities.

CIRCULAR ECONOMY AND OTHER NON-ENERGY RELATED OPPORTUNITIES

Diversification in the market, focusing on non-energy related opportunities such as infrastructures for sustainable mobility, water management and environmental services for the circular economy.

ONGOING PROJECTS

In the infrastructure sector, construction of the first lot of the Brescia-Verona (North of Italy) high speed rail line is ongoing for Rete Ferroviaria Italiana. The CEPAV 2 high speed Brescia-Verona project includes the engineering, procurement and construction of a railway track of approximately 48 kilometres.
Contributing to the circular economy are decommissioning projects to dismantle existing platforms such as the BP Miller project and the LOGGS project for ConocoPhilips, together with the already completed Costa Concordia dismantling project, which was one of the most important green ship recycling projects in Europe: for a total of around 86% of recycled materials.
As far as water management is concerned, there is the Spence Growth Option project for the development of a desalination plant and water pipelines in the north of Chile.

INNOVATIVE SOLUTIONS AND R&D

The Circular Economy: Saipem and ITEA, a Sofinter company, have signed a licence agreement on ITEA's Proprietary Isotherm Pwr® "Flameless" Oxy-Combustion Technology which produces steam, electricity and pure CO_2 for by flexible use of low-ranking fuels such as waste, including plastic scraps, heavy oils, pet coke and several other feedstocks. The agreement will give Saipem access to the technology for Oil&Gas applications, allowing us to offer original and circular sustainable solutions to our clients, such as the ongoing feasibility study related to the exclusive application (patent pending) of waste treatment to generate energy and CO_2 into Urea.

Innovative efforts have also been initiated in the field of waste water treatment, including novel solutions for ammonia-urea complexes (and also for refineries) by cooperating with Purammon Ltd for the highly effective removal of nitrogen and organic contaminants through a novel electrochemical technology, that makes it possible to comply with the most stringent environmental regulations. This approach will be extended to the overall water cycle management (including recycling wastewater).

MANAGEMENT OF THE CO_2 VALUE CHAIN

Focus on the management of the CO_2 value chain to provide decarbonisation solutions for our clients, including Carbon Capture and Storage (CCS) solutions.

ONGOING PROJECTS

Saipem has extensive industrial knowledge in the design and implementation of CO_2 capture plants with an impressive reference list of projects applying different types of technologies. Saipem expertise covers also CO_2 reutilisation plants, especially for the urea production process and gasification of tar residues. Efforts are continuing to keep our proprietary licenced Snamprogetti™ Urea Technology at the highest level of competitiveness, also by decreasing energy consumption and reducing the environmental impact (Urea Zero Emission) through highly innovative solutions.
Saipem has completed the FEED of the subsea CO_2 pipeline for the Norwegian Northern Lights project, the main European project for large-scale CCS, and is currently involved in the bidding phase for the EPC of the onshore plant facilities including a jetty to import liquid CO_2 from ships, CO_2 storage tanks and export systems for injecting the CO_2 into the pipeline. A few recent studies on CO_2 capture and transportation were successfully completed for key clients, including a study conducted for OGCI, the Oil and Gas Climate Initiative. Furthermore, energy efficient technologies were implemented by Saipem to increase performance of Oil&Gas plants and reduce CO_2 emissions.

INNOVATIVE SOLUTIONS AND R&D

Saipem has acquired a proprietary technology for post-combustion CO_2 capture from the Canadian company CO2 Solutions Inc ("CSI"). CSI is a leading innovator in the field of enzyme-enabled carbon capture, actively working to develop and commercialise the technology for stationary sources of carbon pollution. CSI's technology lowers the cost barrier to post-combustion Carbon Capture enabling Sequestration and Utilisation (CCUS) and allowing the industry to derive profitable new products from these emissions. The technology developed over the past twenty years by Canadian scientists and engineers, and supported by the governments of Canada, the United States and the European Union, is based on a unique enzymatic CO_2 capture process that can claim no usage or emission of toxic products. A demonstration facility at scale (30 tonnes of CO_2 per day) is operating in Canada and Saipem is ready to commercialise and scale-up.

SUPPORTING OUR CLIENTS TO MEASURE THEIR CARBON FOOTPRINT

To support our clients in their decarbonisation efforts, we have developed a series of tools to assess the overall carbon footprint, in particular.

The **Carbon Footprint analysis**, a Life Cycle Assessment (LCA) based tool, aimed at assessing the environmental performance of licenced products. The LCA addresses the technology development programme's efforts in the environmental sustainability of our engineering solutions, through the energy efficiency of the licenced products and the reduction of the designed plants' footprint.
The LCA study of an operating plant is developed in accordance with international principles, established by ISO 14040 and ISO 14044, and the applicable Product Category Rules (PCR), allowing clients to obtain the Environmental Product Declaration (EPD), an independently verified and registered document that communicates transparent and comparable information about the life-cycle environmental impact of products.

The **GHG Estimation tool for the value chain**, a new easy-to-use tool, internally developed, with the aim of quantifying CO_2 emissions of the entire value chain of upcoming EPCI projects – from the exploitation of raw material resources up to plant completion – using the Life Cycle Assessment (LCA) methodology. The results provided by this tool will support decision making on a strategic level, identifying project phases and assets in the chain of emissions that have the highest carbon footprint and the largest margins for improvement. This tool assumes a strategic role from several points of view: from a client perspective, it allows us to quantify the overall GHG emissions of a project and include the amount proposed to clients in the bidding package. In our supply chain, the tool represents a precious lever for addressing sustainability by helping our suppliers identify the goods and services that show lower impacts. This aspect is becoming increasingly important especially for projects regarding renewable applications (such as offshore windfarms), given that clients are showing a growing interest in the lifetime CO_2 impact of an energy plant in order to certify its environmental sustainability. The tool has been finalised and the testing phase is ongoing.

The **GHG supplier model** is a tool capable of estimating GHG emissions across the supply chain, from raw material extraction up to item site delivery (as part of Scope 3 emissions). The GHG supplier model was developed specifically for the supply chain because it is the largest source of Scope 3 emissions for Saipem, and can be used at the project design level, to estimate Scope 3 Upstream emissions from the supply chain, or at the procurement level, to compare suppliers based on their emissions. A test run period will be used to verify the model's functionality and to become more familiar with the tool. After the completion of the test run, the model will be reassessed in order to verify how suitable it is for the final deployment in our current vendor management processes and vendor selection criteria.

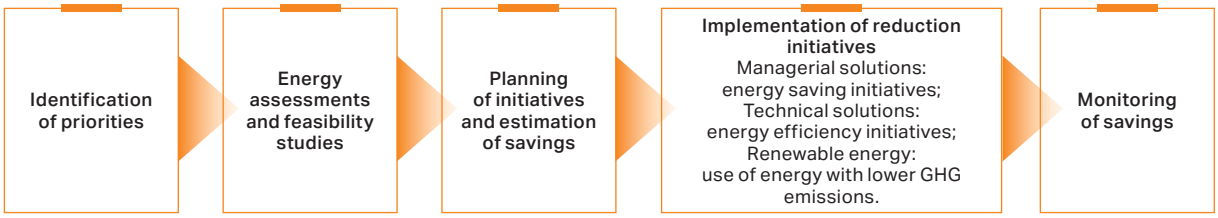
Design for Low Carbon, a project started in 2019 in the framework of the Saipem Innovation Factory, that will lead in 2020 to achieving two main objectives: developing a certified Emission Methodology to predict the GHG emissions of a plant designed by Saipem during its operation phase; developing a tool to support Saipem engineering during the early stage design to identify a Low Carbon design solution. The tool will be initially aimed at early stage design of natural gas liquefaction plants, with the possibility of extending it to other types of plants.

The **Environmental KPI calculation tool**, currently under development, is aimed at calculating the main environmental KPIs of a project using a homogeneous approach, including carbon footprint. The starting point of the adopted methodology is the identification of the main plant boundaries, switching from a concept of "plant" to a concept of "process unit", identifying clusters comparable in an inter-project perspective. This approach allows to minimise influences related to projects peculiarities and the local context of the specific project as far as possible. The tool is tailored to be used during the engineering phase of the project fully integrated within the existing workflow. Each unit analysed will become a record of a database that will be established over time, and that will allow statistical analysis for monitoring and comparing environmental performances.

IMPROVING THE EFFICIENCY OF OUR ASSETS AND OPERATIONS TO REDUCE GHG EMISSIONS

In addition to providing our clients with solutions for decarbonisation and solutions with lower climate impacts, Saipem is committed to work on its GHG emissions to reduce its direct impact. These emissions are the result of Saipem activities in offices, logistic bases, fabrication yards, onshore and offshore drilling rigs, offshore construction vessels and construction worksites.
By specifically referring to the reduction of our own emissions, in 2018, we introduced the first 4-year **Group Strategic Plan for GHG reduction**, following a preliminary phase where we analysed the overall energy framework of the company through data collection and energy assessments that were carried out for several assets and projects. In 2019, the Plan was updated to report the results achieved during 2019 and extend the reference period to 2023.

Strategic Plan for GHG reduction's process and approach



The main elements that contribute to GHG emissions at Saipem are grouped into 4 categories:

We estimated that all GHG reduction initiatives included in the 2018 4-year Plan will bring about overall savings of 120,000 tonnes CO_2 eq in the 2019-2022 period. As of 2019, a total of 18,800 tonnes of CO_2 eq emission reductions was achieved, higher than the expected target for the year. The new 2019 Plan has extended the objective up to 2023 for a total of 160,000 tonnes CO_2 eq cumulated reduction, for the 2019-2023 period.

DIGITAL TRANSFORMATION

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. Digital transformation represents one of the strategic levers that can translate our efforts in terms of energy efficiency into concrete outputs since it acts as a sort of energy efficiency for work processes. Fast-track digital technologies can transform what we do now and the way our industry will work in the future, by enhancing productivity, lowering costs and expanding our proposals to clients.
As a specific example, efficiency can be increased by extending the automation and digitalisation of production processes on board construction vessels or elsewhere. For this reason, we are involved in an extensive innovation programme that is bringing the first results tested on real projects, for example: automation of proprietary Smart Field Joint Coating systems that can be remotely controlled (and operated), and their digital replicas ("Digital Twins"); the "SWS Training Simulator" for welders; setting up a control room in the Ploiesti Training Centre (Romania); systems for remote monitoring of Castorone pipe-laying vessel operations, together with the "Pipeline Productivity Tool" for real time analytics of its performance; a system for automatic sorting and alignment of pipes in a firing line; a software suite to automate subsea pipeline design; project data integration on geo-localised grids, and more.
Regarding energy consumption specifically, a pilot project was started in two main offices with the installation of continuous monitoring devices for the power absorbed by energy users, with the measurements shown in a real time dashboard. The project led to better management of the buildings and to the implementation of energy savings measures, and it will be evaluated to extend it to more energy consuming assets.

STRATEGIC PLAN ON GHG EMISSIONS REDUCTION: FOCUS ON MAIN ACTIVITIES AND INITIATIVES

Saipem's eco-Operations (SeO) programme was conceived in 2018 to monitor and bring to light all the best practices to reduce fuel consumption and GHG emissions on every vessel. Energy efficiency in offshore operations is achieved first and foremost by avoiding unnecessary energy waste. After accurately assessing areas of improvement through energy assessments carried out by third party experts, we identified the main energy flows from the sources to the end-users and, consequently, the management and technological improvements needed to reduce consumption and increase the overall efficiency of the vessel while maintaining the highest standards of operational safety. Management improvements are the basis for the SeO programme. For each vessel analysed with an energy assessment, a list of applicable management actions is defined with a detailed description of quantified achievable hourly savings in fuel and GHG emissions. This allows us to track the number of hours saved for each Saipem eco-Operation in order to quantify the reduction of GHG emissions as a direct outcome. Since March 2019, Saipem eco-Operations have been launched and implemented on three of the main vessels of the fleet: Castorone, FDS, FDS 2, Saipem 7000 and Constellation. The systematic tracking of best practices within SeO documented an avoided consumption of about 2,200 tonnes of fuel, equivalent to an avoided emission of 7,300 tonnes of CO_2 and other pollutants into the atmosphere.

Good practices booklets. The sharing of good energy efficiency practices can be a powerful channel for obtaining significant results, especially in energy efficiency and GHG emissions reduction targets. This is why a series of Good Practices Booklets were prepared, to summarise the proposed technical and managerial measures for energy efficiency of the energy assessment studies carried out on our operations in several countries. This instrument is particularly important in particular contexts, such as drilling operations and accommodation camps: in this case, the purpose of the booklet is to provide the operations management with an overview of the energy efficiency measures that could be applied to their managed rigs and camps with a preliminary estimation of the achievable benefits.

Route Optimisation
Navigation is perhaps the most energy-intensive operation mode of offshore vessels. Committed to preserving the environment and reducing fuel consumption, we prepared and implemented ship energy efficiency management plans, aimed at reducing fuel consumption of offshore vessels in all their operation modes. Route Optimisation is an additional service that we activated to reduce a vessel's footprint during navigation based on marine weather forecasts, by allowing ships to take advantage of favourable winds and currents in order to reduce fuel consumption. To clearly identify when to activate this service, we issued a Route Optimisation policy that is used by all masters to consistently advise which transits can be most beneficial, based on the distance to be covered and on average marine weather. Over 2019, the Route Optimisation service was activated on 13 routes for different main vessels. The service has delivered savings of around 540 tonnes of fuel, that corresponds to 1,690 tonnes of CO_2.

Energy efficiency for Drilling Rigs
In Kazakhstan an energy efficiency analysis case study was carried out with the aim of evaluating the benefits achieved through rig electrification works completed on the two onshore rigs which were connected to the local electrical network managed by the client.
The case study highlighted that it is possible to improve energy efficiency and GHG reduction if the rigs are located near the electrical grid and if there is a low impact source of electrical energy (gas turbines). In 2019, we saved 556 tonnes of CO_2 (-13%) with rigs under the new power system.
In Saudi Arabia, in 2019, we started the process of renewing diesel generators on onshore Rig 5829, intended to improve energy efficiency and ultimately reduce GHG emissions. The asset renewal will reduce diesel fuel consumption and consequently emissions. It was estimated that this asset improvement will bring about a 10% reduction in GHG emissions.

Saipem 7000 switchboard upgrade
Operating offshore vessels in Dynamic Positioning (DP) presents important challenges from the energy efficiency point of view. In fact, DP class reliability constraints require the switchboard bus tie to be open and a high number of engines to be online: in this way the vessel can safely maintain her position even in case of a worst-case failure affecting the power generation system (loss of power on half the vessel). On the other hand, this means that such engines operate well below 50% load; as a result, they have higher specific fuel oil consumption (SFOC) for each kWh produced.
To improve this aspect and increase the capability of the vessel the electrical switchboard on Saipem 7000 was upgraded in 2019. This modification has allowed the vessel to operate in DP with closed bus tie and in a closed ring configuration. At the same time the upgrade has allowed to reduce the impact of the worst-case failure to the loss of power on only one quarter of the vessel, thus enhancing the standards of operational safety and reliability. The number of required engines online has been reduced and their load increased, leading to lower fuel consumption to generate the same amount of kWh. Following the upgrade, the closed-ring operation enabled Saipem 7000 to satisfy her power requirements saving: during 2019, approx. 310 tonnes of fuel were saved corresponding to avoided emissions of about 970 tonnes of CO_2 into the atmosphere.

USE OF SCENARIOS

Based on Saipem's analysis, the effects of the COVID-19 outbreak are expected to be more pronounced in the short-term rather than the long-term scenarios, with a significant impact on all businesses, but in particular, on upstream businesses. A fully comprehensive analysis of the long-term scenarios post COVID-19 will be undertaken by the end of 2020. The analysis described below is consistent with the pre-COVID-19 scenario.

Energy transition entails the competition of different energy sources and technologies in order to capture increasing shares of the energy mix. At Saipem, the assessment of the long-term industry drivers is based on the analysis of different scenarios: each one of them describes possible paths leading to a long-term energy landscape by 2040. The scenario analysis has been applied to the entire Company, considering main macro trends and the energy trends that may have an impact on the main drivers of Saipem's business. Industry scenarios are among the elements considered in the Strategic Planning process and are updated annually. They are discussed with Saipem's Divisions and the Top Management and are the subject of dedicated meetings of the Board of Directors, where both long-term and short to medium-term scenarios are analysed in the scope of the planning process. It's evident that the short-term scenario is less affected by the dynamics of the long-term drivers and therefore the short to mid-term demand in Saipem reference markets does not differ materially when considering the different long-term scenarios. However, over the shorter term, industrial players need to evaluate the long-term implications of scenarios for their business segments, the relevant business models and positioning in order to assess the risks, resilience and the opportunities in view of the evolving energy landscape.

The scenario analysis encompassed a benchmarking of selected prominent scenarios elaborated by reference institutions (such as IEA, EIA, IRENA, OECD), oil companies (BP, ExxonMobil, Equinor, Shell) and specific info providers, to construct a comprehensive framework of the selected most up-to-date views on the evolution of the long-term energy and technology mix. Scenarios have been reviewed across 5 key dimensions, clustering on the key assumptions regarding the energy intensity and the evolution of the key primary energy sources (oil, gas, coal, renewables), considered in each scenario. The underlying hypothesis implied in each scenario has been stress-tested based on the likelihood of their viability in the long-term, considering for example, the possible evolution of the energy efficiency, the substitution effects (and for example, relevant investments) on oil-related demand from different alternative sources, the implied cost of stranded assets, such as coal. In accordance with this analysis, a set of scenarios has been selected, assuming the strengthening of climate action policies (but in any case below the Paris agreement's target) and a boost in the development of clean energy technologies. Within this cluster, two reference scenarios (high and low case, based on primary energy consumption in 2040) were identified as a keystone to derive strategic implications on the energy industry value chain and Saipem's main reference sectors (E&P Oil&Gas, Midstream Gas, Downstream Refining, and Petrochemical, Wind and Solar).

Based on the high and low case scenarios, it was observed that:

- annual capex for fossil fuel supply may increase (high case) or decrease (low case) by +/-10-15% by 2040;
- E&P oil capex would either be stable or decrease (up to -15%), partly sustained by the need to replace depleting reserves;
- E&P gas capex would grow in both the high and low case scenarios due both to demand growth and the need to replace depleting reserves;
- Midstream gas capex should visibly grow in both scenarios to provide available and sufficient transport

infrastructure (including LNG) to sustain gas demand growth;
- Refining capex would be stable in the high case, and significantly decrease in low case scenario;
- Petrochemical investments would visibly increase in both cases due to global economic and population growth and the lack of substitutes;
- Annual capex for renewable supply is expected to grow significantly in both scenarios up to 2040, only mitigated by the assumption of a continued fast unitary capex decrease (2018-40: C. -30% for onshore wind, and above -50% for solar).

From a broader perspective, with different configurations and rates over time, all scenarios highlighted the common emergence of a global long-term mega-trend, impacting the energy industry:
- Emerging mega-cities driving energy infrastructure investments:
  - Urban population to grow from ~55% to ~70% by 2050 (2/3 of which in Asia);
- Tertiarisation of the economy leading to structurally lower energy intensity:
  - Service sector growth (2.5x over the past 20 years) expected to continue;
- Digitalisation and the connected world bringing improvements in energy asset efficiency and productivity (e.g., predictive maintenance, digital twins);
- Efforts pushing for lower energy intensity and carbon intensity:
  - Green products & services growing at a fast pace until 2025;
- Awareness on climate-related risks is pushing the search for a sustainable global energy transition, with the two main drivers being climate action policies and the clean energy technology developments.

ENSURING A RESILIENT BUSINESS

In all the scenarios analysed, oil is expected to remain a part of the energy mix in the near future, while gas will play a key role across different scenarios as a source that will be able to drive the transition towards a more sustainable energy mix. In this context, large-scale investment in oil and especially gas infrastructures will remain necessary even in the medium to long-term and we expect traditional clients to continue to invest in long-term strategic projects, especially in some key regions, such as the Middle East and Africa. Their focus will gradually encompass cutting-edge technological solutions with a lower carbon footprint, representing a significant opportunity for Saipem. The effort in developing technologies, the commitment to constantly adapt the competence mix and innovation initiatives are the most effective levers that Saipem is exploiting to tackle climate related challenges that the industry is managing today.

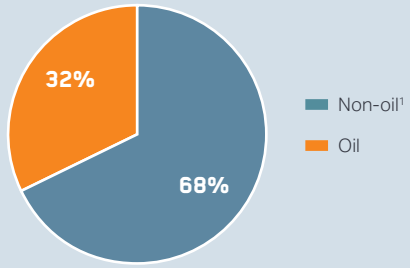
Diversification in segments with lower carbon intensity and, to the possible extent, adjacent segments where Saipem can leverage its competences will remain among the strategic pillars in the coming years.

This approach is highlighted in our recent portfolio transformation, at the end of 2019 where above 2/3 of the company's E&C backlog was no longer related to oil.

METRICS AND TARGETS

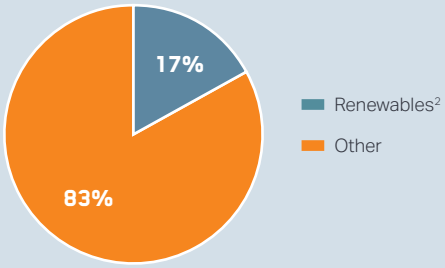
MEASURING OPPORTUNITIES

FY19 E&C BACKLOG



(1) Including projects in JV.

FY19 OFFSHORE E&C ACQUISITIONS



(2) Offshore wind farm.

€7.5 MLN
AMOUNT SPENT ON DECARBONISATION TECHNOLOGY INNOVATION

5
NEW PATENT APPLICATIONS FILED FOR ENERGY DECARBONISATION TECHNOLOGIES

90
PATENTS ACQUIRED FOR DECARBONISATION TECHNOLOGIES

(2019 Data)

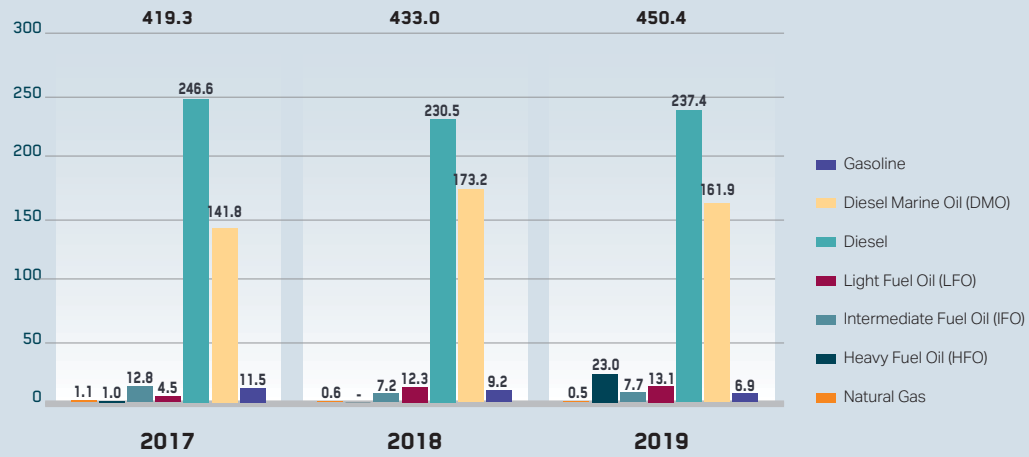
REPORTING EMISSIONS

All Saipem projects and sites monitor their energy consumption data, including subcontractor data, on a quarterly basis. Data are uploaded to a dedicated IT system. More details about the reporting boundary can be found in our Consolidated Non-Financial Statement (document drafted in compliance with EU and Italian regulations) and Making Change Possible - Sustainability Report 2019. Both documents and reported data are subject to limited assurance by an independent auditing company.
Energy consumption data are used to calculate GHG emissions.

ENERGY CONSUMPTION

(TJ)	2017	2018	2019
Total consumption of direct energy	17,555	18,128	18,857
Total consumption of indirect energy	334	321	290
Total energy consumption	**17,888**	**18,450**	**19,147**

DIRECT ENERGY CONSUMPTION (ktoe)



INDIRECT ENERGY CONSUMPTION

(MWh)	2017	2018	2019
Total electricity purchased from public network	92,310	88,996	80,171
Self-produced electricity from renewable sources	352.4	297.6	368.3

In 2019, direct energy consumption increased by 4% at Group level compared to 2018, in line with the increase in activities (6% increase in man-hours worked on sites reporting environmental data). In particular, the sites with the highest consumption were the Tangguh LNG Expansion Project (34 ktoe), the Saipem 7000 vessel (22 ktoe), the Jazan project (20 ktoe) and the South Gas Compression Plants project (20 ktoe). In 2019, Heavy Fuel Oil (HFO) and Intermediate Fuel Oil (IFO) stocks were used mainly by the vessels Saipem 7000, Castorone, DeHe and Constellation. It is however noted that as of 2020, vessels in the fleet will no longer use HFOs and IFOs, so the consumption for these two fuels will no longer be reported. Furthermore, a slight increase in the consumption of diesel was recorded, used mainly in Onshore projects, including the South Gas Compression Plants project which began construction activities in 2019. Electricity energy reductions relate mainly to a reduction in operational activities at the Kuryk yard (Kazakhstan), which takes electrical power from the mains.

Moreover, Saipem continues to implement numerous initiatives to reduce its own energy consumption and, consequently, its GHG emissions. The initiatives implemented are divided into three areas:

- **energy saving**, aimed at reducing energy consumption by eliminating unnecessary wastes in energy and improving process management and efficiency;
- **energy efficiency**, to reduce energy consumption by installing more efficient equipment;
- **renewable energy**, producing the same amount of energy with a lower emitting source.

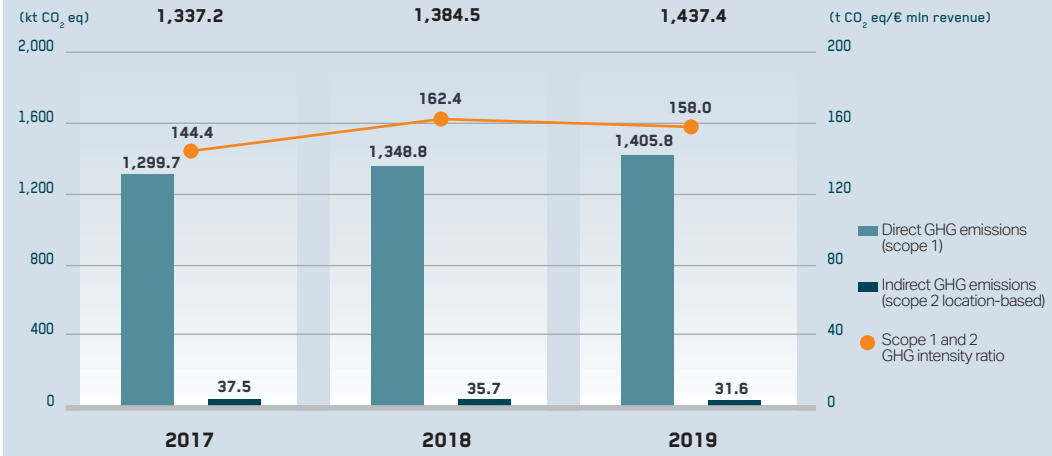
In 2019, these initiatives led to a reduction in energy consumption of 223,844 GJ at Group level. Examples of initiatives implemented in the year are described on page 21.

In 2019, the Group Air Emissions Estimation Methodology was updated to review and further extend the emission factors for scope 1, 2 and 3. The extension involved:

- The estimation of Scope 2 emissions with the Market-based approach.
- The Scope 3 emissions deriving from: (a) extraction and transportation of the fuels used, directly and indirectly, (b) network losses in the transmission and distribution of purchased electrical energy, (c) fresh water supply and waste water treatment, (d) procurement of materials and waste disposal, (e) shipment of materials, (f) employees' use of cars, (g) hotel accommodation during business travel.

The Air Emissions Estimation Methodology has been certified by a third-party certification body according to the ISO 14064:3:2012 standard on Greenhouse gases.

GHG EMISSIONS & INTENSITY



Emissions scope 1 are calculated using the emission factors included in the document "IPCC Guidelines for National Greenhouse Gas Inventories 2006". The emissions scope 2 location-based are calculated using the emission factors from the following sources: Confronti Internazionali (International Comparisons) (Terna) and Greenhouse Gas Protocol.
GHG Intensity calculated considering the scope 1 and location based scope 2 emissions in relation to revenues in millions of euro.

SCOPE 2 EMISSIONS - MARKET BASED

(kt CO_2 eq)	2017	2018	2019
Market-based scope 2 emissions	-	38.2	33.8

Market-based scope 2 emissions were calculated using residual mix emission factors.

SCOPE 3 EMISSIONS

(kt CO_2 eq)	2017	2018	2019
Scope 3 GHG emissions	-	58.2	989,221.2

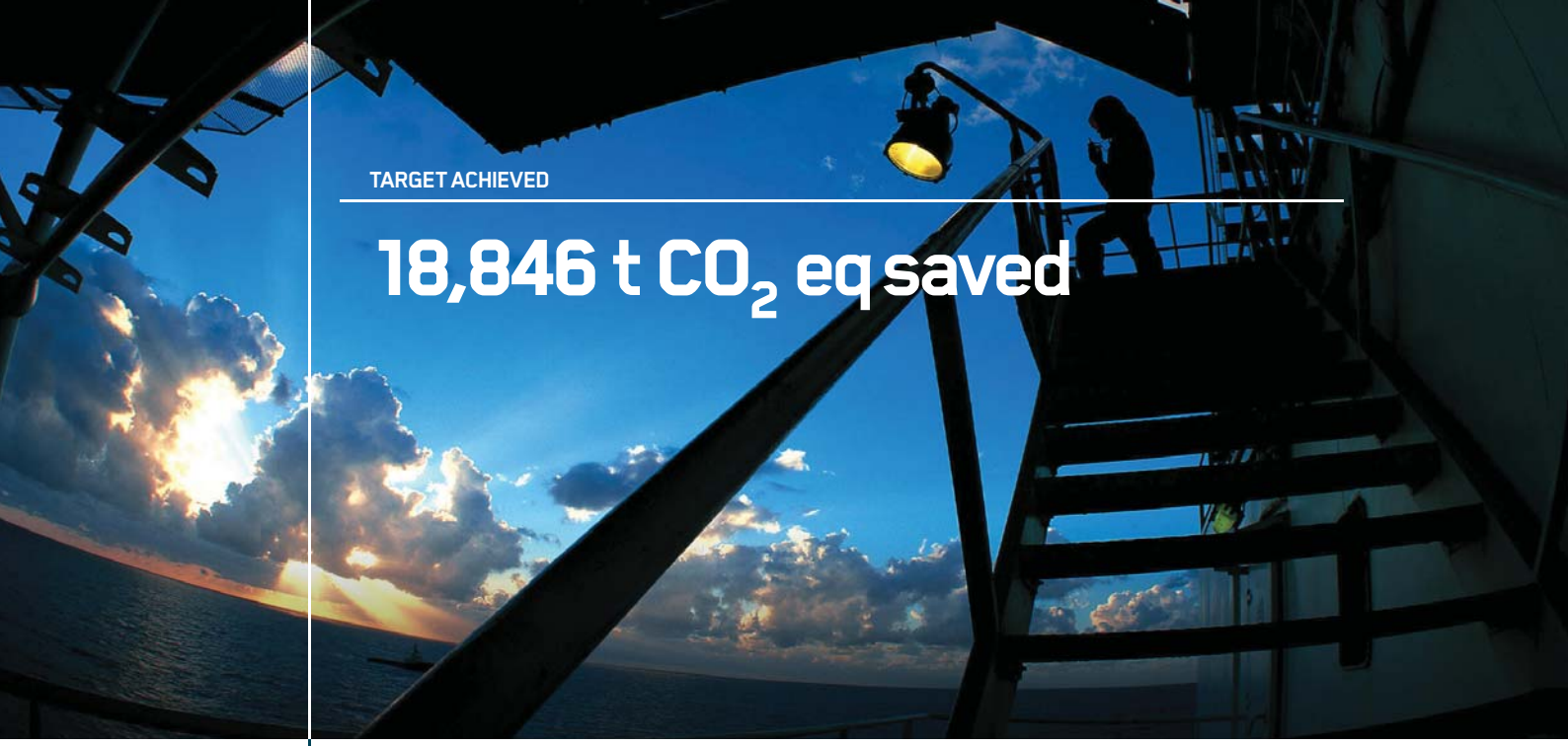
In 2018, the value included scope 3 emissions deriving from business trips.
In 2019, the value included scope 3 emissions deriving from (a) extraction and transportation of the fuels used, directly and indirectly, (b) network losses in the transmission and distribution of purchased electrical energy, (c) fresh water supply and waste water treatment, (d) procurement of materials and waste disposal, (e) shipment of materials, (f) employees' use of cars, (g) hotel accommodation during business travel and business trips.

TARGETS

Reducing its emissions, as well as improving energy efficiency, is one of the Company's environmental priorities.
In 2018, we introduced the first 4-year Group Strategic Plan for GHG reduction, following a preliminary phase where we analysed the overall energy framework of the company through data collection and energy assessments that were carried out for several assets and projects. In 2019, the Plan was updated to report the results achieved during 2019 and extend the reference period to 2023.

We estimated that all GHG reduction initiatives included in the 2018 4-year Plan will bring about overall savings of 120 kt CO_2 eq in the 2019-2022 period. As of 2019, a total of 18.8 kt of CO_2 eq emissions reduction was achieved, higher than the expected target for the year. As stated above, the new 2019 Plan has extended the objective up to 2023 for a total of 160 kt CO_2 eq cumulated reductions, for the 2019-2023 period.

The implementation of this Plan is part of the company's sustainability objectives, which are part of the Short-Term Variable Incentive Plan for executives that is being cascaded to the entire management system (see page 7).



TARGET ACHIEVED

18,846 t CO_2 eq saved

INTERNAL CARBON PRICING

Saipem's vision is driven by the creation of shared value. This is the basis of the Company's sustainability concept that recognises the importance of taking all stakeholders into account in Saipem's value creation process, including society as a whole and the environment. An important step forward in this approach entails the identification of all environmental and social impacts our Company generates and their measurement in order to be adequately managed for the benefit of the environment and society. The measurement of these impacts is of paramount importance for a company to better integrate sustainability aspects in its decision-making process, aware that more comprehensive measurements lead to a more comprehensive management approach and to increased transparency in terms of sustainable accountability. Based on previous experiences, studies on this topic and literature reviews, Saipem has recently designed its own measurement model, called REVALUE, which strives to value the overall impact of Saipem's business activities worldwide.

The REVALUE model is based on existing impact measurement techniques that outline the relationship between business activity inputs, their corresponding outputs and their long-term outcomes. The impact is then the measure of the outcome attributable to the business activities. This causal process has been structured considering the perspectives of Saipem's relevant stakeholders, and the impacts on them, including government and local authorities, business partners, local employees, and neighbouring communities.

A comprehensive analysis of input/output/impact has been carried out taking into consideration the main inputs (impact drivers) related to Saipem's activities worldwide.

In order to quantify the impacts, proxies have been identified and quantified by using different methodologies and data sources, both internal and external.

With reference to climate change, an impact pathway is identified below:

INPUT (IMPACT DRIVER)	OUTPUT	IMPACT
GHG emissions	Contribution to Climate Change	Change in health and well-being

The impact for society has been calculated by use of a proxy as societal costs of GHG emissions, amounting to **€135 per tonne of CO_2** (estimated value including the impact on humans and the environment).

Further details and the 2019 results can be found here.

COLLABORATING WITH INSTITUTIONS, INTERNATIONAL ASSOCIATIONS AND ORGANISATIONS ON CLIMATE-RELATED ISSUES

As an international contractor, Saipem has no direct influence on policy makers and local government actions and initiatives. However, because it was aware of its important role as an economic actor in influencing social change, in 2016 Saipem joined the UN Global Compact. Saipem constantly interacts with UN Global Compact representatives and participates in national and international events, including topics related to environmental impacts and Climate Change-related issues.

Furthermore, Saipem encourages dialogue with institutions and with organised associations of civil society in all the countries where it operates. For example, in Italy in 2019, Saipem attended a hearing of a parliamentary committee as part of a fact-finding investigation for the implementation and adaptation of the National Energy Strategy into the National Energy and Climate Plan for 2030. Saipem is also active in the "Smart Mobility and Artificial Intelligence" round table of the Lombard Region (Italy).

By virtue of the Group's solid international vocation, with a presence in over 70 countries, Saipem participates in several industrial and business associations, engages in dialogue and attends events on climate and environmental issues. Saipem is a member of several energy transition associations and networks, including the Global Carbon Capture & Storage Institute (GCCSI), and the associations CO2Value Europe, IHS and Hydrogen Europe. Saipem is a member of Renewable UK, the main renewable energy trade association in the United Kingdom, specialised in onshore and offshore wind, wave and tidal energy. Furthermore, Saipem takes part in the Norwegian Solar Energy Cluster, which aims to foster cooperation and support the development of solar energy skills.

Saipem is also a participant in the DeRisk-CO project in Italy organised by FEEM (Fondazione Eni Enrico Mattei). DeRisk-CO is a research and scientific dissemination project aimed at raising awareness on risks and opportunities associated with climate change with the objective of studying tools for scenario analysis. Thanks to its international network, FEEM integrates its research and dissemination activities with those of the best academic institutions and think-tanks around the world. In this context, Saipem supported and actively participated to the organisation of dedicated workshops focused on the analysis of the recommendations of the Task Force on Climate-Related Financial Disclosure, the identification of risks and opportunities and scenario analysis.

SAIPEM OPEN TALKS

In 2019, Saipem organised OPEN TALKS an innovative one-week series of events, for an informal conversation that encourages dialogue among stakeholders on the challenges a global company has to face, all key topics for the sustainability of business.
With the involvement of experts on current important issues, we exchanged ideas and shared knowledge with various stakeholders, who were involved not only as active listeners at the live event but mainly as protagonists in the discussion.
The challenges discussed in these talks covered diverse areas including:

- sustainable finance - rewards and returns of running a sustainable business;
- technology and innovation for a sustainable future and the energy world;
- the role of business in changing geopolitical scenarios and megatrends.

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Companies' Register No. 00825790157

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