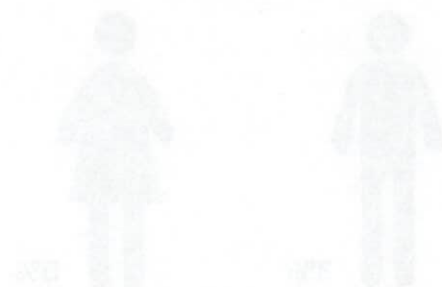


SAIPEM LTD GENDER PAY GAP REPORT 2018



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Introduction to Saipem Group

Saipem is a leading company in engineering, drilling and construction of major projects in the energy and infrastructure sectors. It is 'One-Company' organised in five business divisions (Offshore E&C, Onshore E&C, Offshore Drilling, Onshore Drilling and XSIGHT, dedicated to conceptual design). Saipem is a global solution provider with distinctive skills and competences and high-tech assets, which it uses to identify solutions aimed at satisfying customer requirements.

Introduction to Saipem Ltd

Saipem Ltd, based in Kingston-upon-Thames, Surrey and Aberdeen, has approximately 500 employees. The focus of operations is in renewables, platform installation/decommissioning, offshore pipe laying, and pipeline design/subsea technology. Many of the projects awarded to Saipem Ltd require the provision of EPCI services since the Group has extensive experience in the total management of Engineering design, Procurement, through to Installation and Commissioning of offshore pipelines and platforms/jackets.

Whilst the gender pay gap has always been important, in an attempt to increase awareness and improve pay equality, the UK Government introduced the Gender Pay Gap legislation in April 2017 and requires all employers of 250 or more employees to publish their gender pay gap as of March 31 each year. The gender pay gap is the difference between the average earnings of men and women, expressed relative to men's earnings.

Under the legislation, Employers must set out the six key metrics:

- the difference in the median pay of full-pay men and women, expressed as a percentage;
- the difference in mean bonus pay of men and women, expressed as a percentage;
- the difference in median bonus pay of men and women, expressed as a percentage;
- the proportion of men and women who received bonus pay; and
- the proportion of full-pay men and women in each of four quartile pay bands.

The figures have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

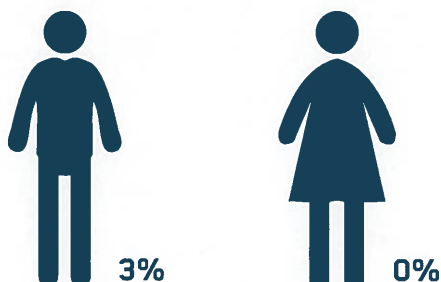
Pay

The gender pay gap shows the difference between the mean (average) and the median (mid-point) pay and bonus earnings of male and female employees, calculated as a percentage of male employee's earnings. The following table details Saipem Ltd's mean and median hourly and bonus gender pay gap from a snapshot date of April 5, 2018.

	Woman's Hourly Rate	Woman's Bonus Pay
Mean	48% lower	100% lower
Median	51% lower	100% lower

Proportion receiving bonus pay

The following chart clarifies the proportion of male and female employees who received a bonus in the 12 months prior to April 5, 2018



What are the underlying causes of Saipem Ltd gender pay gap?

'The pay gap is useful in measuring pay equality due to its simple calculation; however, it does not measure the pay difference between men and women at the same pay grade, doing the same job, with the same working pattern. It also does not include any of the personal characteristics that may determine a person's pay such as age' (Office for National Statistics, 2018).

Saipem Ltd is confident that its gender pay gap does not stem from paying men and women differently for the same or equivalent work. Whilst only 13% of graduates recruited by the Company in 2018 were female, all were employed on the same salary. The gender pay gap is the result of the roles in which men and women work within the organisation, the salaries that these roles attract and the industry that Saipem Ltd works within. According to the World Economic Forum, the participation of women in the Oil & Gas industry remains at below 20% and only 3.6% in the Offshore sector. However, within Saipem Ltd, 18% of employees are women.

According to the Office for National Statistics, the gap has reduced in the last 10 years but is still in favour of men. However, the statistics do not take the following characteristics into consideration: working pattern; occupational segregation (where some occupations become more attractive than others to either men or women); age (where age approximates experience and on-the-job training); and the number of years a person has worked in a particular job (somebody with more years of service is likely to be paid more than someone who has just started). In order for there to be no gender pay gap, there would need to be an equal ratio of men to women in each role, all with the same characteristics.

Ernst & Young reported that only 11% of global oil and gas senior leadership are women ('How diversity boosts performance in oil and gas', 2019). The table below depicts pay quartiles by gender. This shows Saipem Ltd's workforce divided into four equal-sized groups based on hourly pay rates, with Band A including the lowest-paid 25% of employees (the lower quartile) and Band D covering the highest-paid 25% (the upper quartile).

Pay quartiles		
Quartile	Male	Female
Lower	57%	43%
Lower Median	86%	14%
Upper Median	97%	3%
Upper	99%	1%

Saipem Ltd is committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. It has a clear policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic set out above).

What is Saipem Ltd doing to address its gender pay gap?

While Saipem Ltd's gender pay gap is comparable with that of similar organisations, this is not a subject about which Saipem Ltd is complacent, and it is committed to doing everything that it can to reduce the gap.

At the beginning of 2017, the World Economic Forum published a Call to Action for the Oil & Gas industry to come together and work toward closing the gender pay gap. CEOs from 22 global oil and gas companies including those from our current clients and ultimate shareholder agreed to take action.

As the oil sector continues to recover from a downturn and with recruitment on the increase, it is estimated that the industry will need to recruit over 40,000 people by 2035. In order to achieve this, we are committed to recruit and attract more women with engineering and technical skills. This must be the long-term objective for the industry as a whole.

We recognise that engineering, in particular the Oil & Gas sector, has been misperceived for long time to be a male oriented environment. However, by promoting diversity and inclusion and changing the corporate culture, for example, by improving our family-leave policies and promoting work-life balance, we can become more appealing to female talent.

In conjunction with the Women and Equalities Minister announcing the commitment to encourage thousands of more girls to study STEM (science, technology, engineering and maths) subjects at schools, we need to work with local primary and secondary schools, promoting the benefits of STEM subjects and eradicating the stereotypes that accompany them. Throughout the year, Saipem Ltd has presented at and assisted with careers days at local schools, offering advice and work experience to those interested in expanding their knowledge of the industry as

a whole. We shall continue to do so, supporting further initiatives for gender balance in science, technology and engineering.

Whilst we have to concede that we have no direct control over the subjects that individuals choose to study or the career choices that they make, we want to ensure that girls are given the facts and the knowledge to allow them to recognise their potential and fully consider all their possible career options, regardless of gender or stereotypical assumptions.

Whilst none of these solutions are going to offer an immediate impact, Saipem Ltd is dedicated to reducing its gender pay gap and developing its existing and future workforce.

I, Paolo Formica, Managing Director of Saipem Ltd, confirm that the information in this statement is accurate.

Date
28/03/2019



Signature



SAIPEM SpA
Via Martiri di Cefalonia, 67
20097 San Donato Milanese (MI)

SAIPEM.COM