

**REVALUE:**  
**MEASURING  
THE REAL VALUE  
OF SAIPEM'S  
OPERATIONS**

**2019 UPDATE**



**SAIPEM**

# REVALUE: MEASURING THE REAL VALUE OF SAIPEM'S OPERATIONS

Saipem's business strategy is driven by the creation of shared value. This is the basis of our sustainability concept that recognises the importance of taking all stakeholders into account in our 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.

Based on previous experiences, studies on this topic and literature reviews, we have designed our own measurement model, called REVALUE, which strives to value the overall impact of Saipem's business activities worldwide.

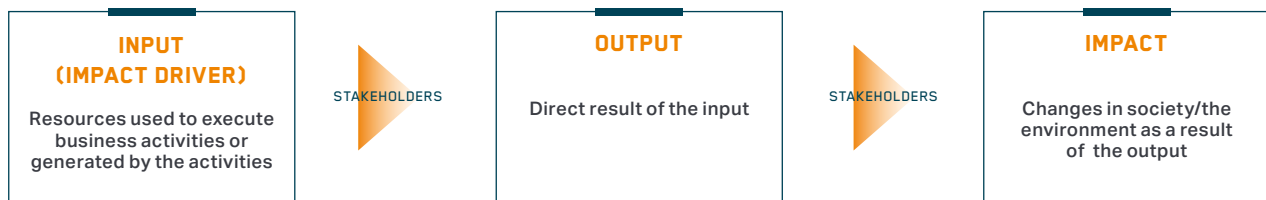
The REVALUE model has been structured considering a "continuous improvement" approach, allowing for the possibility to constantly integrate and further refine the model concept and the quantification of the indicators for impact evaluation. This is because we are aware of the great challenges that the impact quantification poses and the need to continuously work and improve methodologies for impact assessment. Thus, this document describes the preliminary results of the exercise in terms of model design and the presentation of results.

## METHODOLOGY OVERVIEW

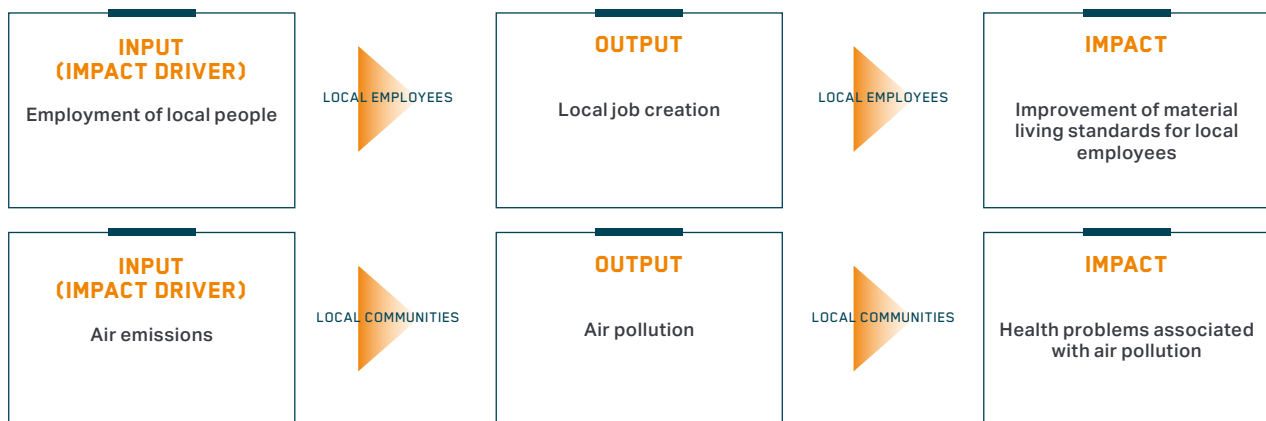
The REVALUE model is based on existing impact measurement techniques that delineate the relationship between business activity inputs, their corresponding outputs and their long-term outcomes. The impact is then the measure of the outcome attributable to the business activities.

This causal process has been structured considering the perspectives and impacts for Saipem's relevant stakeholders, including government and local authorities, business partners, local employees and neighbouring communities. The representation of the impact pathway is presented below:

Definition:



A few examples:



A comprehensive analysis of inputs/outputs/impacts has been carried out taking into consideration the main inputs (impact drivers) related to Saipem's activities worldwide, namely:

### Social impact drivers

- > Employment of personnel;
- > Purchases of goods and services;
- > Tax payments to countries;
- > Employee training;
- > Saipem Welfare system.

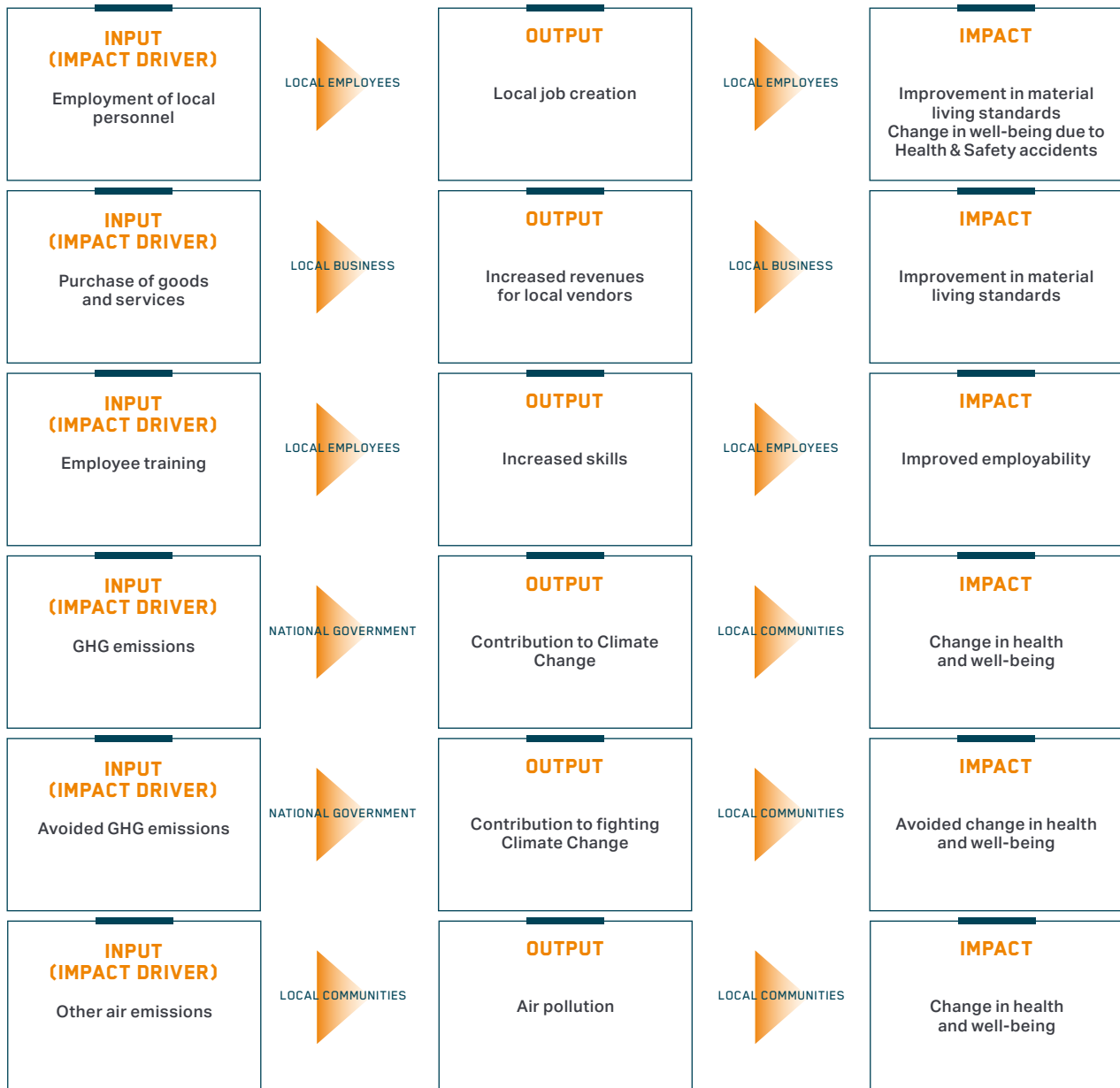
### Environmental impact drivers

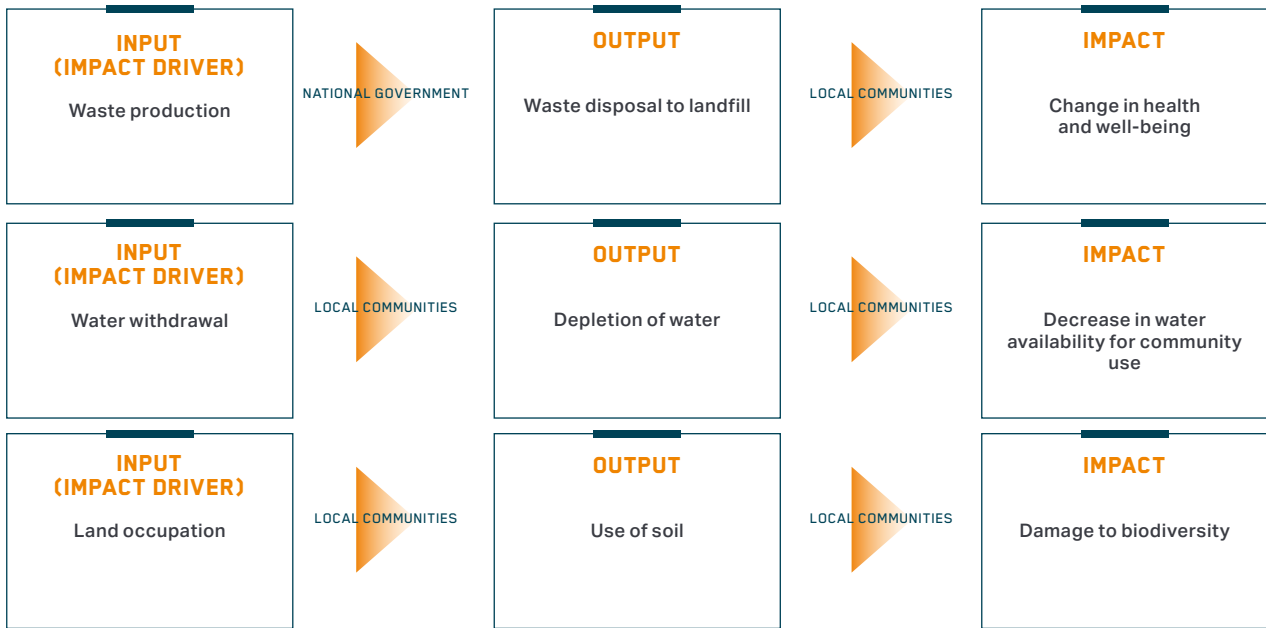
- > GHG emissions;
- > Other air emissions (VOC, SO<sub>2</sub>, NO<sub>x</sub>, CO, PM);
- > Waste production;
- > Water withdrawal;
- > Spills;
- > Land occupation.

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

At present, only some of the impacts identified have been quantified by use of a proxy, due to a limited availability of data that can represent the effect on society/the environment connected with the impact driver.

The list of the impacts identified that have been quantified in this study are shown below:





The impacts were selected based on a combination of elements including their materiality for Saipem's business activities, the availability of reliable methods and data, and the feasibility of a monetary quantification.

## RESULTS

For the quantification of impacts, input data from Saipem's internal accounting and reporting systems was considered. Input data refer to the 2019 reporting year and are compared with 2018 results. According with the "continuous improvement" approach of the REVALUE Model, this year a new indicator has been included, referring to the occupation of land for Saipem's main permanent sites including fabrication yards and logistic bases.

A total of 9 impacts were calculated, of which 3 are connected to social impact drivers and 6 to environmental impact drivers. They were calculated by considering the impact drivers derived only from Saipem's direct inputs.

As can be seen in Figure 1, the overall net value of all impacts accounts for €1,317 million (vs. €1,438 million in 2018), with a total of €1,658 million in positive impacts (€1,757 million in 2018) and €341 million in negative impacts (€319 million in 2018).

The overall net impact value from social impact drivers accounts for €1,647 million (€1,746 million in 2018) while the net impact value from environmental impact drivers accounts for a negative figure of €330 million (€308 million in 2018).

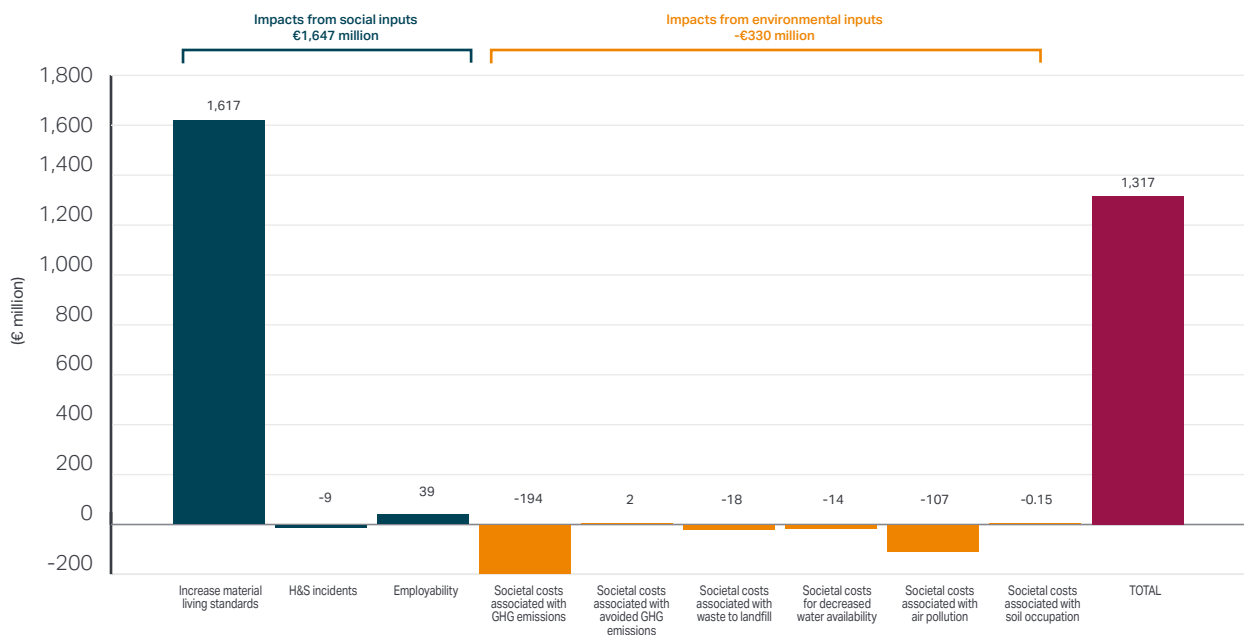
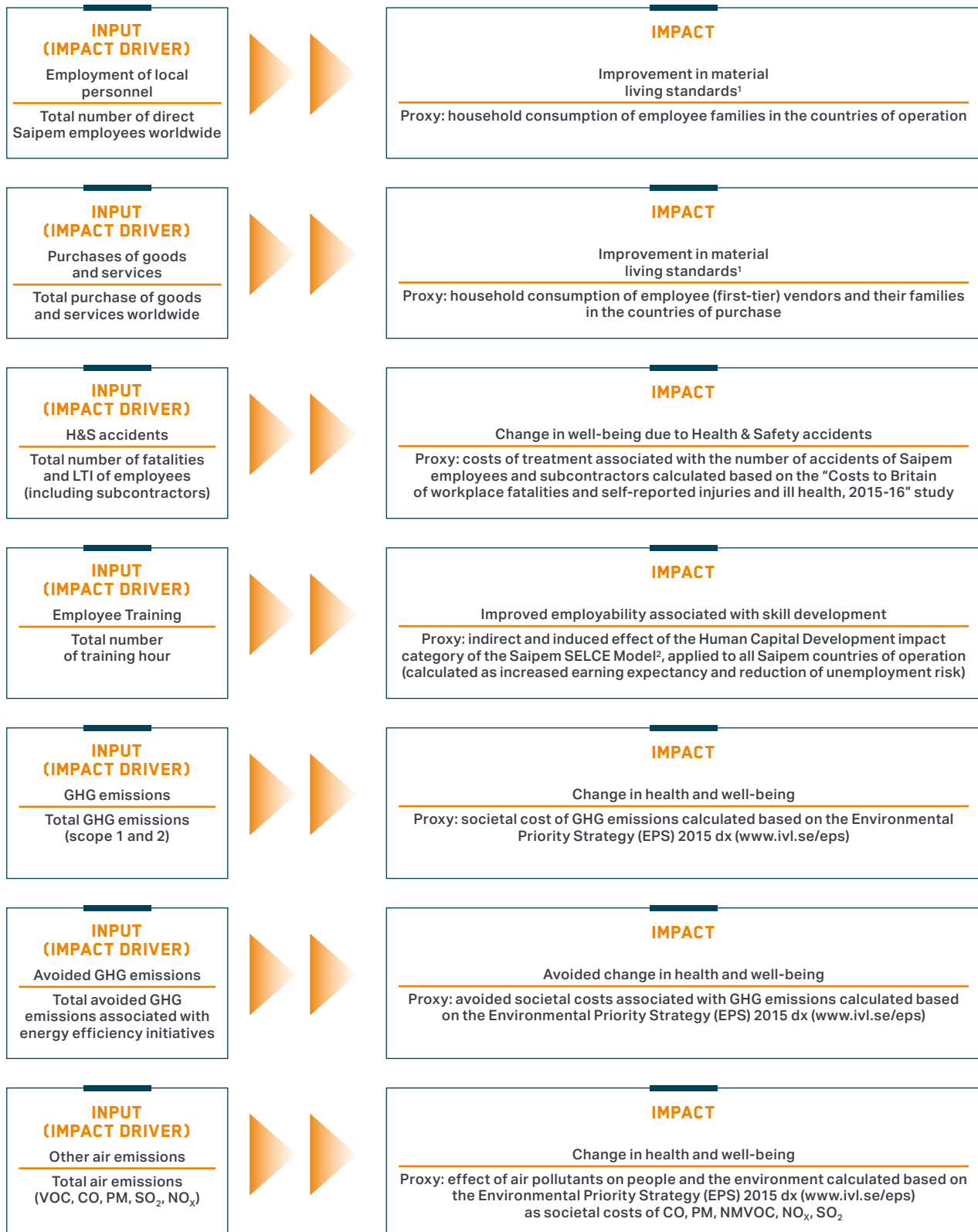


Figure 1. Overview of the results of 9 quantified impacts and the total net value resulting from all of them.

## CALCULATION DETAILS

Starting with the input data from Saipem's internal accounting systems, the impact was calculated by use of proxy to give it a monetary quantification.



(1) The result in terms of improvement of material living standard has been reported as total sum of contribution from the two impact drivers (employment of local personnel and purchases of goods and services).

(2) Saipem Externalities Local Content Evaluation (SELCE) Model (more info here).

**INPUT  
(IMPACT DRIVER)**  
Waste production  
Total waste disposed  
to landfills



**IMPACT**  
Change in health and well-being  
Proxy: societal costs of waste disposal to landfills calculated based on an EC study, "A Study on the Economic Valuation of Environmental Externalities from Landfill Disposal and Incineration of Waste" (2000), using the worst case scenario

**INPUT  
(IMPACT DRIVER)**  
Water withdrawal  
Total water withdrawal



**IMPACT**  
Decrease in water availability for community use  
Proxy: water production capacity for drinking water calculated based on Environmental Priority Strategy (EPS) 2015 dx ([www.ivl.se/eps](http://www.ivl.se/eps)) as cost of drinking water production in country with water scarcity

**INPUT  
(IMPACT DRIVER)**  
Land occupation  
Total area of Saipem's main  
permanent sites



**IMPACT**  
Damage to biodiversity due to the use of soil  
Proxy: external cost associated with an Ecosystem Damage Potential (EDP). The monetary value is calculated by use of the ReCiPe Methodology, as average value for land use in the EU28 ref. Handbook Environmental Prices 2017