

REVALUE: MEASURING THE REAL VALUE OF SAIPEM'S OPERATIONS

2023

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Saipem's sustainable business strategy is based on creating shared value, which considers the importance of stakeholders in the value creation process, and the company's impacts on society and the environment.

The REVALUE methodology, developed by Saipem, measures the social and environmental impact of the company's activities in monetary terms. The aim of REVALUE is to show how Saipem creates value for the economy through its sustainable business practices.

Measuring the social and environmental impacts is of fundamental importance for Saipem, with the goal of integrating sustainability aspects into the company's strategic planning and decision-making processes.

The results of REVALUE provide information about the changes in the society and the environment generated by Saipem operations, allowing to better direct the processes in order to mitigate any negative impacts and enhance the strategies to improve the positive impacts.

Saipem REVALUE results are published on an annual basis so our stakeholders understand the overall impact generated in society by Saipem.

METHODOLOGY OVERVIEW

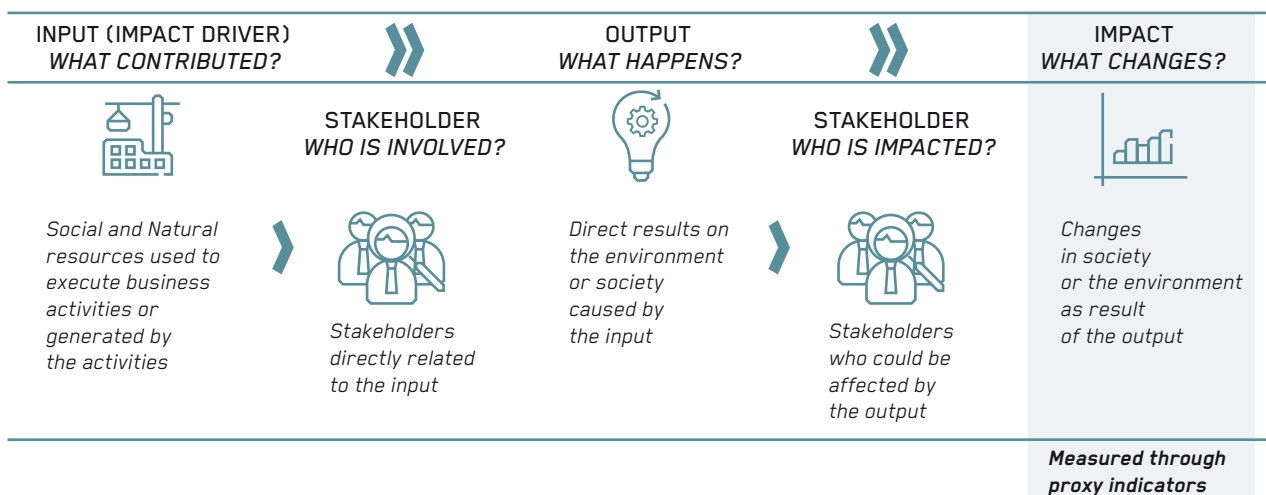
The REVALUE model, applied since 2016, is inspired by the "Environmental and Social Profit & Loss Account" and "cause-consequence analysis models", which enable the analysis and quantification of the costs of the environmental and social impacts of operating activities.

The REVALUE model is based on a "continuous improvement" approach, allowing the constant integration, revision and further refinement of the model concept and the quantification of the indicators for impact evaluation. Calculating the environmental and social impacts poses an important challenge in terms of identification of adequate proxies to transform the company business inputs into significant economic outputs.

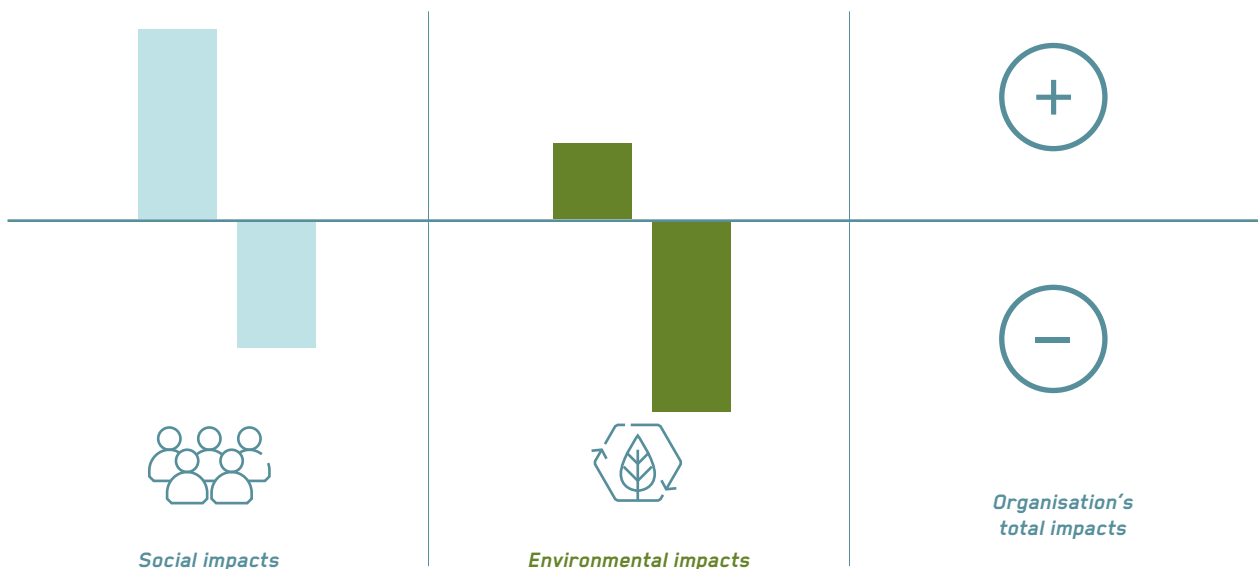
The REVALUE model uses the existing impact measurement techniques that outline the relationship between business activity inputs (impact driver), their corresponding outputs and their long-term outcomes. The impact is then the measure of the outcome attributable to the business activities.

This causal process is designed to take into account 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:

REVALUE Methodology overview



The measurement of the environmental and social impacts may be defined as the sum of an organisation's negative and positive impacts during a defined period expressed as a monetary value.



MEASUREMENT OF IMPACTS THROUGH PROXY INDICATORS

Starting with the input data from Saipem's internal accounting systems, the social and environmental impacts were calculated by use of proxies to transform them into a monetary quantification value. Proxies were identified and quantified to measure the impacts 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 indicator due to a limited availability of data and studies that can represent the effect on society and environment connected with the impact driver. Here below the impacts that were quantified, and the reference proxy used:

Social Impacts

INPUT		IMPACT	PROXY
Impact driver	Indicator		
Employment of local personnel	Total number of direct Saipem employees worldwide	Improvement in material living standard for local employees	Impact in terms of household consumption of employees' families, associated with salaries paid to employees, calculated by use of the Saipem SELCE Model, applied to all Saipem countries of operation.
Health & Safety accidents	Total number of fatalities and LTI (Lost Time Injury) of employees (including subcontractors)	Change in well-being due to Health & Safety accidents	Societal costs associated with the number of accidents of Saipem employees and subcontractors calculated based on the 2021-2022 "Cost to society (Britain) per case average appraisal value estimates (2022 prices)".
Employee Training	Total number of training hours	Improved employability associated with skill development	Indirect and induced effect of the Human Capital Development impact category of the Saipem SELCE Model, applied to all Saipem countries of operation (calculated as increased earning expectancy and reduction of unemployment risk).
Taxes paid	Total value of taxes paid locally (€)	Increase in demand and consumption generated in the local economy associated with public investments	Backward linkage multiplier calculated as inverse Leontief coefficients from country Input/Output Table, corrected for economic inefficiencies with the country-level Corruption Perception Index.

Environmental Impacts

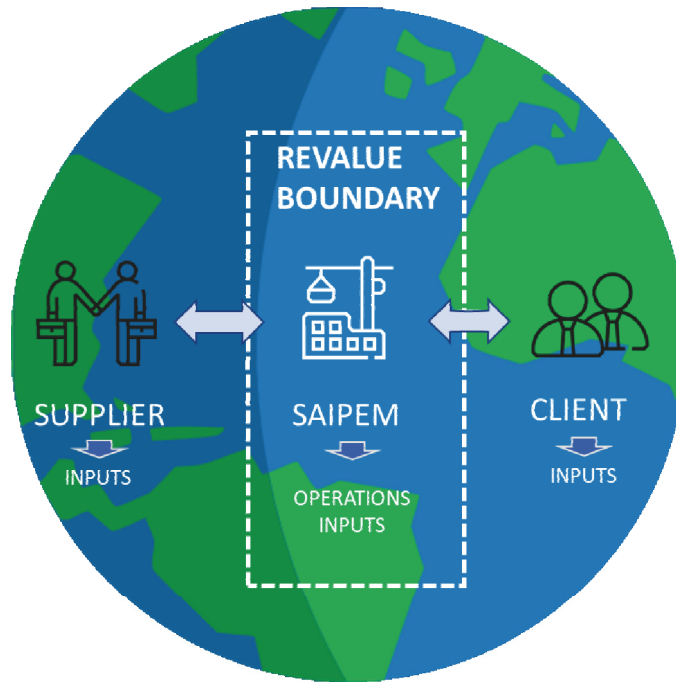
INPUT		IMPACT (€)	PROXY (Externality impact estimation)
Impact driver	Indicator		
GHG emissions	Total GHG emissions (Scope 1 and 2) (kg CO ₂ eq)	Change in health and well-being of local communities	Societal cost of GHG emissions calculated based on the Environmental Priority Strategy (EPS) 2015 dx (www.ivl.se/eps).
Other air emissions	Total air emissions (VOC, CO, PM, SO ₂ , NO _x) (kg)	Change in health and well-being of local communities	Effect of air pollutants on people and the environment calculated based on the Environmental Priority Strategy (EPS) 2015 dx (www.ivl.se/eps) as societal costs of CO, PM, NMVOC, NO _x , SO ₂ .
Avoided GHG emissions	Total avoided GHG emissions associated with energy efficiency initiatives (kg CO ₂ eq)	Avoided change in health and well-being	Avoided societal costs associated with GHG emissions calculated based on the Environmental Priority Strategy (EPS) 2015 dx (www.ivl.se/eps).
Waste production	Total waste disposed to landfills (tonnes)	Change in health and well-being of local communities	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.
Water withdrawal	Total water withdrawal (m ³)	Decrease in water availability for community use	Proxy elaborated by FEEM (Fondazione Eni Enrico Mattei) based on DALY calculation for regions from the AWARE Model and on Brent (2011). An average value calculated is 0.2628 €/m ³ .
Land occupation	Total area of Saipem's main permanent sites (million m ²)	Damage to biodiversity due to the use of soil	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.
Spills	Total volume of spills (tonne)	Damage to biodiversity and ecosystem services due to pollution of water/soil	External cost of damage to ecosystems related to oil spills. Proxy elaborated by FEEM (Fondazione Eni Enrico Mattei), based on a Kontovas (2010) analysis, extended to new IOPCF data. Calculated as Total Cost $\$ = 37,154 * \text{Volume}^{0.78}$.

SOCIAL AND ENVIRONMENTAL IMPACTS ANALYSIS

The social and environmental 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.

Definition of the boundaries

The boundaries of the model were set considering the value of the inputs directly generated by Saipem, which are under the company's responsibility and management. In this manner, the boundary of the social inputs is aligned to those of the environmental inputs.



Social Impact Value

Saipem creates value in the areas where it operates through social impact drivers such as the salaries paid to the local personnel and the taxes paid to the national governments. Saipem’s social value creation is also related to the company’s investments in competence and skill development of employees which, consequently, may lead to their future career evolution and salary increase.












The negative social impact measured is related to injuries at work of employees (including subcontractors’ employees).

SAIPEM OPERATIONS MAIN SOCIAL INPUTS (impact drivers)	Stakeholders analysed	MAIN OUTPUTS (RESULTS OF INPUT)	Impacted Stakeholders	MEASUREMENT OF SOCIAL IMPACTS (€)
 Employment of local personnel	Local employees	Local jobs creation	Local employees	 Change in wellbeing due to health & safety accidents Improvement in material living standards
 Taxes paid locally	National authority	Increased purchase power of government	National government	 Increase in public investments
 Employee training	Local employees	Increased skills	Local employees	 Improved employability

Environmental Impact Value

Saipem is aware that all its activities may potentially have an impact on the environment. For this reason, Saipem is constantly committed to protecting the environment by carrying out environmental programmes and initiatives, and regularly monitoring its environmental impacts. The environmental programmes and initiatives implemented by Saipem, at Group and projects level, are described in the "2023 Sustainability Report".

The "Climate Change Mitigation and Environmental Protection" section of the "2023 Sustainability Report" details the environmental initiatives, the objectives and results achieved aimed at reducing the company environmental footprint.

SAIPEM OPERATIONS MAIN ENVIRONMENTAL INPUTS (impact drivers)	Stakeholders analysed	MAIN OUTPUTS (RESULTS OF INPUT)	Impacted Stakeholders	MEASUREMENT OF ENVIRONMENTAL IMPACTS (€)
 GHG emissions	National government	Contribution to Climate change	Local communities	Change in health and wellbeing associated with climate change 
Avoided GHG emissions due to initiatives & investments	National government	Contribution to mitigating climate change	Local communities	 Avoided change in health and wellbeing associated with climate change
 Other air emissions	Local communities	Air pollution	Local communities	Change in health and wellbeing due to air pollution 
 Waste production	National government	Waste disposal to landfill	Local communities	Change in health and wellbeing 
 Water withdrawal	Local communities	Water depletion	Local communities	Decrease in water availability for community use 
 Land occupation	Local communities	Use of soil	Local communities	Damage to biodiversity and ecosystem services 
 Spills	Local communities	Pollution of water/soil	Local communities	Damage to biodiversity and ecosystem services 

REVALUE 2023 RESULTS

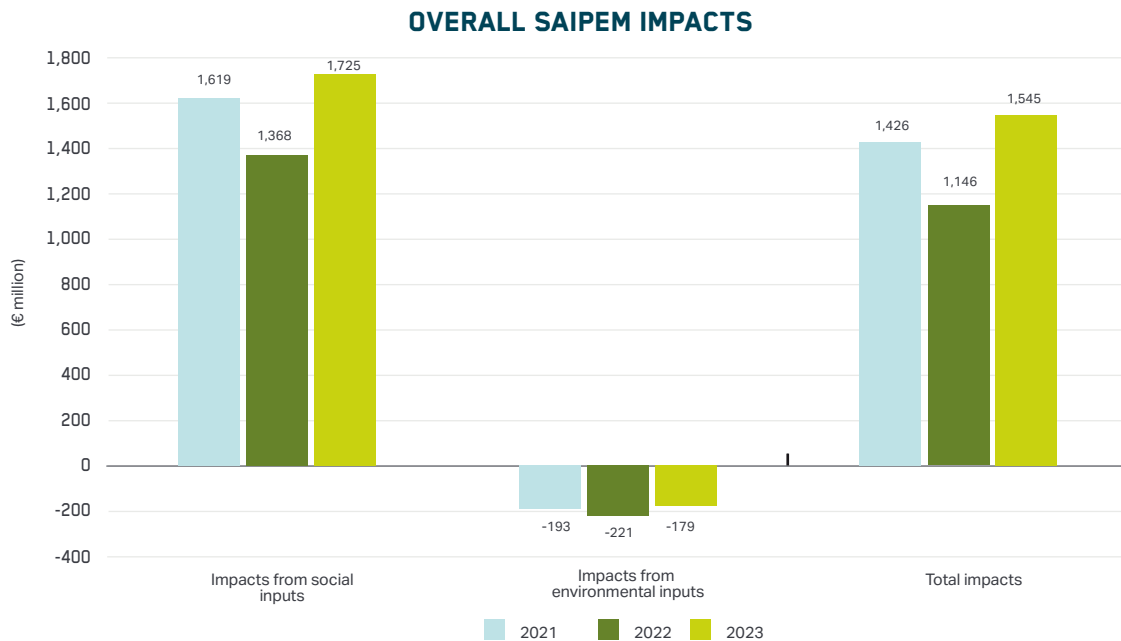
The data used as Input in the REVALUE Model come from information available in Saipem's internal management systems, collected as part of the sustainability reporting system (subject to external verification and assurance) on an annual basis. The data included in the analysis (Input data) refer to the 2023 reporting year and are compared with the results from 2022 and 2021.

A total of 11 impacts were calculated, of which 4 are connected to social impact drivers and 7 to environmental impact drivers. They were calculated by considering the impact drivers derived only from Saipem's direct inputs.

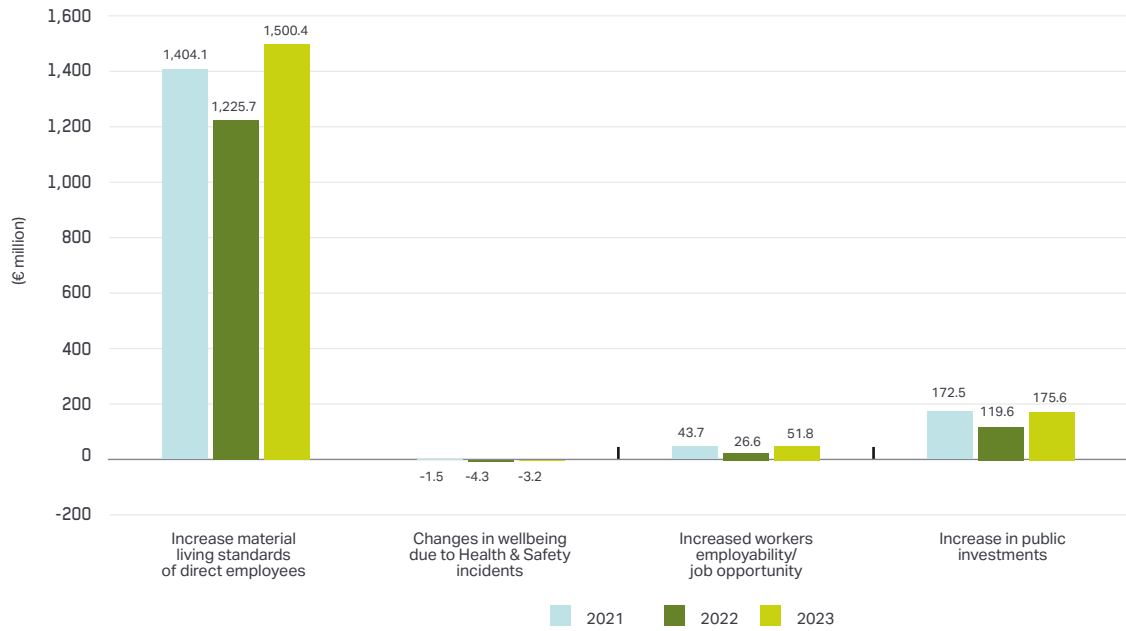
€1,545 million is the overall net impact of Saipem's operations in 2023, a 35% increase compared to 2022 (€1,146 million). The positive impacts account for €1,734 million, while the negative impacts account for €189 million.

The social impacts account for €1,725 million, a 26% increase compared to the 2022 values (€1,368 million). The social impact variation is the result of the improved accuracy of data collected related to employment and the increased costs associated with incidents (proxy used based on the last published reports).

The environmental impacts account for a negative value of €179 million, with a 19% decrease compared to the 2022 value (€221 million). The result is associated with the implementation of energy efficiency activities, but also influenced by a reduced operational time (Worked Man Hours) compared to 2022, and a reduced value in terms of land occupation resulting from the change in ownership for some fabrication yards.



IMPACTS FROM SOCIAL INPUTS



IMPACTS FROM ENVIRONMENTAL INPUTS

