

CONSOLIDATED NON-FINANCIAL STATEMENT

in accordance with Italian Legislative Decree No. 254 of December 30, 2016

Extract of the Directors' Report
of the Annual Report 2018



CONSOLIDATED NON-FINANCIAL STATEMENT

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In accordance with Italian Legislative Decree No. 254 of December 30, 2016

The 'Consolidated Non-Financial Statement', which is the reporting document on the management of non-financial aspects describing Group policies, the main activities, results and impact generated in the year in terms of indicators and trend analysis.

Reporting methodologies, principles and criteria

This document is the 'Consolidated Non-Financial Statement' (hereinafter NFS) of the Saipem Group as at December 31, 2018, in accordance with Italian Legislative Decree No. 254/2016 and subsequent amendments and additions.

This report has been prepared in accordance with the **GRI Standards: Core option** (see the 'GRI Content Index' section). The Core option requires that all the 33 disclosures in the Organisational profile, Strategy, Ethics and integrity, Governance, Stakeholder engagement and Reporting practice areas are included and that all the requirements contained in the 'Management Approach' GRI standard 103 and all reporting requirements for at least one indicator foreseen by the relevant 'topic-specific' standard are met. The NFS refers to the **'Director's Report'** and the **'Corporate Governance and Shareholding Structure Report'** with regard to the content treated in detail in the above-mentioned documents and in turn it contains **information that fulfils the obligations referred to in the first and second subparagraphs of Article 2428 of the Italian Civil Code**, limited to the analysis of non-financial information.

In addition to the provisions outlined by legislation, the content of the document has been defined, as established by the provisions of the GRI Standards, taking into consideration the principles of materiality, stakeholder inclusiveness, sustainability context, transparency and completeness. The principles of balance, comparability, accuracy, timeliness, clarity and reliability have been followed to guarantee the quality of the information contained in the document. The performance indicators, selected on the basis of the **issues identified as material for Saipem** (see the 'Materiality analysis and content definition' section), have been collected on an annual basis. The information and quantitative data collection process has been organised in such a way as to guarantee comparability of the data and analysis of the trends in the three-year period, in order to enable correct interpretation of the information and a full overview for all the stakeholders interested in the evolution of Saipem's performance. Any changes in the collection methods are suitably indicated in the document. During 2018, Saipem has developed an

internal control system over non-financial information to further strengthen the reliability of the overall non-financial reporting system. Saipem has defined a series of security measures in addition to those already in place, that will have effects on the security of the data and information managed by the company for the purposes, albeit non-exclusive, of this document. These also apply to the reporting systems used so that all technological infrastructures and software are fully integrated in the security systems to protect them against cyber attacks. These measures, under current or future implementation, specifically concern supply chain management and employee health management systems.

Reporting boundary

The NFS contains the information and performance indicators for **Saipem SpA and the fully consolidated subsidiaries** in the 'Annual Report', as prescribed by Italian Legislative Decree No. 254/2016. Any changes in the reporting boundary from the previous year are described in the 'Principles of consolidation' section of the 'Annual Report'. In some contexts there are deviations on the consolidation boundary previously defined, in any case guaranteeing the criterion of significant impact. As of this year, safety data were reported separately for Saipem and subcontractors. Indicators concerning environmental impacts also includes the data for subcontractors operating on Saipem and partner sites in activities where Saipem is responsible for HSE management. Furthermore, the significance limits for the inclusion of operating sites in the boundary (No. of people on site or, in the case of offices not belonging to Saipem, the type of lease contract) are also defined for these indicators. Companies that do not have significant activities are excluded from the description on relations with local stakeholders. In order to guarantee the significant impact criterion set forth by Legislative Decree No. 254/2016, meaning the provision of information required to ensure the comprehension of all Saipem Group activities, its performance, its results and impacts generated, and to guarantee the comparability of the performance with the information published in other corporate documents, in addition to the integrated boundary (called the 'Group consolidated'), **indicators are also**

reported with a more extended reporting boundary, including non-consolidated companies and joint operations, joint ventures or associates, over which Saipem controls operations¹. These indicators are marked by the wording 'Group total' boundary. For some material issues, the impact of Saipem's activities is manifested beyond the boundary of the organisation. As foreseen by the principle of information completeness defined by GRI Standard 101: Foundation, the organisation is required to report the boundary for each

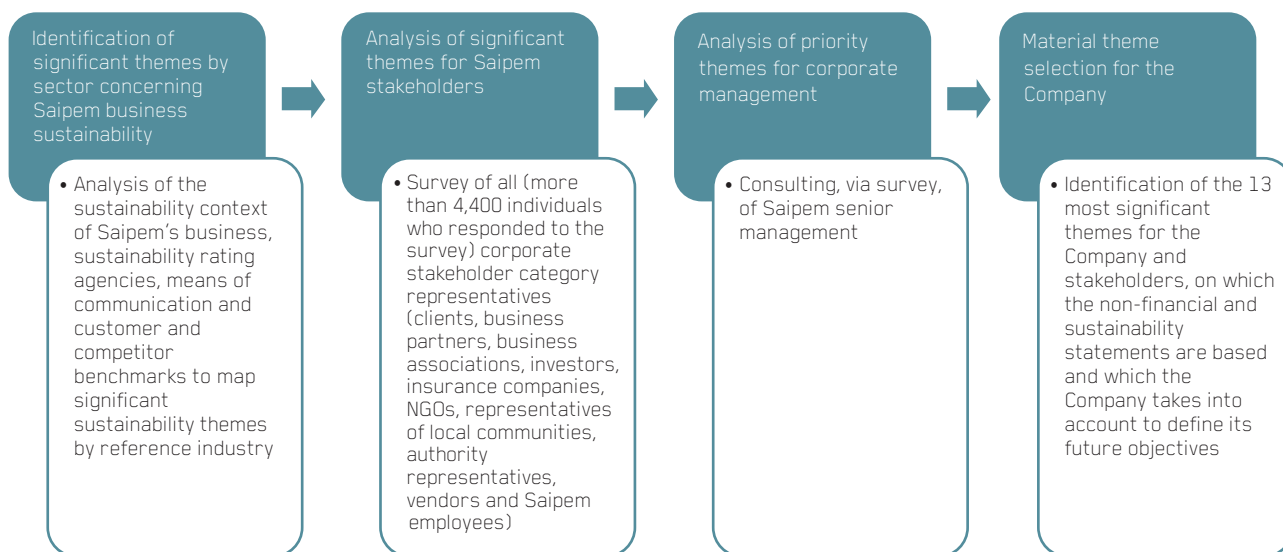
material aspect including both impacts directly caused by its activities and impacts to which it contributes and that are directly associated through business relations to its activities, products and services. For this purpose **and concerning the most significant issues, Saipem reports some significant indicators and information also referred to activities it does not directly manage**. The following table identifies the external boundary by category of stakeholders concerned, also indicating any limitations that impact each material issue.

Material issues	External boundary	Limitations
People safety	Vendors and subcontractors	Partial, for vendors
Safe operations, asset integrity and process safety	Vendors and subcontractors	Partial, for vendors
Anti-corruption and ethical business practices	Business partners, vendors and subcontractors	-
Human and labour rights	-	-
Technology, operational innovation and research	-	-
Training and development	Subcontractors (HSE training)	-
Spill prevention and response	Vendors and subcontractors	Vendors
Ethical supply chain	Vendors and subcontractors	Partial, for vendors
Health and well-being	Some local communities	-
Energy efficiency	Vendors and subcontractors	Vendors
Prevent climate changes and GHG emissions	Vendors and subcontractors	Vendors
Security practices	Security service providers	-
Talent attraction and retention	-	-

Materiality analysis and contents definition

The NFS reports those aspects foreseen by Legislative Decree No. 254/2016 concerning the **fight against active and passive corruption, the environment, personnel management, social aspects and protection of human rights assessed as significant and material** according to a process that takes Saipem's specific activities and the interest of all corporate stakeholder categories into account, as described below. As provided for by the GRI Standards and in

line with Saipem procedures, the company implements a **materiality analysis** process every year. This is aimed at identifying the sustainability aspects of its business that could substantially influence the assessments and decisions of its stakeholders and are considered significant for the Company itself. The analysis is carried out with the **involvement of representatives from all main stakeholder categories and from the corporate management**. Following is a representation of the process for subsequent work phases.








(1) The 'Group total' boundary includes the following companies for environmental, health and safety aspects (including HSE training): SAGIO - Companhia Angolana de Gestão de Instalação Offshore Ltda, Petromar Lda, Saipem Taqa Al Rushaid Fabricators Co Ltd and S.C. TCPI Romania - Tecnoprojecto Internacional Srl is only included for health and safety aspects but not for environmental aspects. The boundary concerning personnel and human rights was extended to include the following companies: Petromar Lda, Saipem Taqa Al Rushaid Fabricators Co Ltd, Charville - Consultores e Serviços Lda, SaiPar Drilling Co BV, TSGI Mühendislik Insaat Ltd Sirketi, ASG Scarl, CEPAV (Consorzio Eni per l'Alta Velocità) Due, KWANDA Suporte Logistico Lda. Regarding the aspects related to anti-corruption, the extension of the boundary concerns the following companies: TSGI Mühendislik Insaat Ltd Sirketi.

The respondents (external stakeholders, Saipem employees and senior management) identified the most important issues, assessing them in accordance with the responsibility principle (issues that the respondent considers must be managed by Saipem as a responsible company) and the value created (economic, social, cultural, reputational, environmental, etc.) for Saipem itself, in favour of its stakeholders, and for civil society in the broadest sense. The **final materiality analysis results** were validated by the **Sustainability Committee**,

that is chaired by the CEO and made up of corporate top management, **shared with the Sustainability, Scenarios and Governance Board Committee and with the Board of Directors.**

The issues that emerged from the materiality analysis become the basis for the definition of the **Saipem Sustainability Plan**, across-the-board for all business lines, that is later taken into consideration for the definition of the four-year strategic plan and specific managerial targets.

LEGISLATIVE DECREE NO. 254/MATERIAL TOPIC/GRI/NFS CONTENT CORRESPONDENCE

Topics required by Italian Legislative Decree No. 254/2016	Saipem material topics	GRI Standard	Saipem 2018 NFS sections	Detailed in other documents
Company management and organisation model Article 3.1, subsection a		GRI 102: General Disclosures 2016	Company management and organisation model.	<ul style="list-style-type: none"> Directors' Report 'Human resources, quality' and 'Governance' chapters. Corporate Governance and Shareholding Structure Report 2018.
Policies Article 3.1, subsection b			In the specific 'Management policies and system' sections of each issue discussed.	Corporate policies are available in the Documentation section on website www.saipem.com .
Environmental topics: <ul style="list-style-type: none"> - environmental impacts Article 3.2, subsection c - energy and emissions Article 3.2, subsection a; Article 3.2, subsection b - water resources Article 3.2, subsection a 	Energy efficiency. Prevent climate changes and GHG emissions. Spill prevention and response. Technological and operating innovation. 	GRI 302: Energy 2016 GRI 305: Emissions 2016 GRI 306: Effluents and Waste 2016	Energy efficiency and GHG emissions. Spill prevention and response.	Sustainable Saipem 2018 'On the side of progress against Climate Change' and 'Guaranteeing safe operations' sections.
Personnel management Article 3.2, subsection d Health and safety impacts Article 3.2, subsection c	People safety. Health and well-being. Training and development. Attract and retain talent. Safe operations, asset integrity and process safety. 	GRI 202: Market presence 2016 GRI 401: Employment 2016 GRI 403: Occupational Health and Safety 2018 GRI 404: Training and Education 2016 GRI 405: Diversity and equal opportunity 2016	Safety, Health, Skill and knowledge development.	Sustainable Saipem 2018 'Guaranteeing safe operations' and 'Valuing People' sections.
Social aspects Article 3.2, subsection d	Security practices. Ethical supply chain management. 	GRI 410: Security Practices 2016 GRI 414: Supplier Social Assessment 2016	Ethical supply chain management. Security practices.	Sustainable Saipem 2018 'Perform as a responsible player' section.
Respect for human rights Article 3.2, subsection e	Human and labour rights. 	GRI 406: Non-discrimination 2016 GRI 407: Freedom of Association and Collective Bargaining 2016 GRI 408: Child Labour 2016 GRI 409: Forced Or Compulsory Labour 2016	Saipem people and all subsections. Respect for human rights.	Sustainable Saipem 2018 'Perform as a responsible player' section.
Fighting corruption Article 3.2, subsection f	Anti-corruption and ethical business practices. 	GRI 205: Anti-corruption 2016	Fighting corruption.	Sustainable Saipem 2018 'Perform as a responsible player' section.

A description of the risks identified for the five areas of Legislative Decree No. 254/2016 and topics defined as material for the Company, in addition to that indicated in the specific NFS

sections, is included in the 'Risk management' section of the 'Directors' Report', for a full description integrated into the overall Saipem Enterprise Risk Management system.

	Related to strategic positioning	Related to technological development	Related to human resources	Related to the supply chain	Related to business integrity processes	Related to health, safety and the environment	Related to the political, social and economic instability	Related to non financial reporting
MATERIAL TOPICS/RISKS DESCRIBED IN THE 'RISK MANAGEMENT' SECTION OF THE 'DIRECTORS' REPORT'								
Climate change prevention and GHG emissions		■				■	■	■
Energy efficiency		■						
People safety						■		
Safe operations, asset integrity and process safety						■		
Spill prevention and response						■		
Technology, operational innovation and research	■	■	■			■		
Anti-corruption and ethical business practices					■			
Human and labour rights			■				■	■
Security practices						■		
Ethical supply chain				■				
Training and development				■			■	
Talent attraction and retention			■					
Health and well-being							■	

Company management and organisation model

The consolidation process of the divisional organisation model, adopted by Saipem in May 2017, continued in 2018 focusing on an increased divisional autonomy in the continuous **pursuit of maximum business flexibility, improved performance and corporate governance processes and constant adherence to compliance and governance principals.**

The 'towards a new organisational structure' was launched in the second half of 2018 to pursue the full autonomy of the Divisions through a redefinition of the Saipem system of powers and proxies and the update of the Division executive powers, operating models and work processes to avoid the direct involvement of the CEO while strengthening the steering and control role.

The following **main organisational changes have taken place during the year:**

- allocation of the Strategies and M&A departments to directly report to the CEO to support the definition of strategic scenarios and M&A initiatives;
- reorganisation of the Offshore E&C Division, with a strengthening of the role of coordination on the worldwide network and identification of a supervisory board dedicated to Offshore E&C Italy operations management;
- redefinition of the Onshore E&C Division to

improve Project organisation and strengthen the sales force;

- fine tuning of the Offshore Drilling, Onshore Drilling and XSIGHT Divisions to maximise the efficiency and effectiveness of project acquisition and execution activities.
- Furthermore, the process of aligning the entire Regulatory Framework to the divisional business model and organisational changes that occurred during the year continued along with the worldwide deployment of the organisational structure adopted by each Division to subsidiaries and branches.

Saipem SpA Organisation, Management and Control Model - 'Model 231' (which includes the Code of Ethics)

At the meeting held on March 22, 2004, the Saipem SpA Board of Directors resolved to adopt its own organisational, management and control model pursuant to Italian Legislative Decree No. 231 dated 2001 (hereinafter, 'Model 231'), aimed at preventing the crimes set out by Italian Legislative Decree No. 231 dated 2001.

Subsequently, by means of specific projects, the **updates to Model 231** were approved to incorporate the legislative innovations and the changes in the corporate organisation Saipem SpA.

In particular, the subsequent updates to Model 231 took into account:

- the changes in the corporate organisation of Saipem SpA;
- the changes in case law and jurisprudence;
- the considerations arising from the implementation of Model 231, including indications in case law;
- practices of Italian and foreign companies with regard to the models;
- results of supervision activities and the findings of internal audit activities;
- the evolution of the legislative framework and Confindustria Guidelines.

Finally, also following the removal of the management and coordination of Eni SpA as of January 22, 2016, the Chief Executive Officer-CEO, on July 28, 2016, initiated the programme for implementing the innovations for a review of the structure of the Model 231 and Code of Ethics, which is an integral and substantial part of Model 231, and a general Risk Assessment regarding the crimes set out by Italian Legislative Decree No. 231/2001. The purpose of the activity was to review Model 231 and the document 'Sensitive activities and specific control standards for the Model 231 of Saipem SpA' renamed (in line with best practices) 'Special Part of Model 231 - Sensitive Activities and Specific Control Standards' with the purpose of aligning them with:

- the regulatory updates;
- the organisational changes that have taken place;
- trends in case law and legal theory;
- best practices.

At the end of these updates, **on January 15, 2018, the Saipem SpA Board of Directors approved the Saipem SpA 'Model 231 (including the Code of Ethics)' and 'Special Section of Model 231 - Sensitive activities and specific control standards'.**

After the various timely updates made over the years, Model 231 of Saipem SpA was also updated, inter alia, in accordance with the following regulations:

- Italian Legislative Decree No. 24 of March 4, 2014, which intervened in the context of the trafficking of human beings and the protection of the victims amending Article 600 of the Italian Penal Code (reduction to or maintenance in slavery or servitude) and Article 601 Italian Penal Code (trafficking of persons);
- Italian Legislative Decree No. 39 of March 4, 2014, which introduced the crime of 'grooming minors' into the crimes set out in Italian Legislative Decree No. 231/2001;
- Law No. 68 of May 22, 2015, 'Provisions related to crimes against the environment' (so-called 'Ecoreati', 'Eco-crimes Act'), which introduces new cases of environmental crime;
- Law No. 167 of November 20, 2017, 'Provisions for fulfilling the obligations arising from Italy being part of the European Union - European Law 2017'. The provision

- aims to bring domestic regulations in line with EU regulations, also intervening on the liability of legal entities. In regulating the fight 'against some forms and expression of xenophobic racism by means of criminal law', the new Article 25-terdecies 'Racism and xenophobia' provides for this as a crime within Italian Legislative Decree No. 231/2001;
- Law No. 179 of November 30, 2017 on 'Provisions for the protection of those reporting crimes or irregularities that they may have become aware of in the context of their public or private employment'.

Corporate Governance

Saipem adopts a system of Corporate Governance that is based on the general and special regulations applicable to the Articles of Association, the Code of Ethics, the recommendations contained in the Corporate Governance Code of the Italian Stock Exchange and best practices on the subject. Saipem's system of Corporate Governance is based on the **central role of the Board of Directors, transparency and the effectiveness of the internal audit system.** It should be noted that the Sustainability, Governance and Scenarios Committee's is responsible for reviewing the 'Non-financial statement' set forth by Italian Legislative Decree No. 254 dated December 30, 2016, and to provide a preliminary assessment to the Board of Directors to approve this document. For a more detailed description of the governance for the aspects required by Italian Legislative Decree No. 254/2016, refer to the 'Corporate Governance and Shareholding Structure Report', in particular the section 'Sustainability' and the sections regarding the Board of Directors, internal committees and risk management. The above-mentioned document is present in the 'Governance' section of the Company's website.

Stakeholder relations

The Company strives to continuously involve all bearers of legitimate interests in Saipem as a fundamental aspect of its sustainable business. **Pursuing a constant dialogue and sharing objectives with all stakeholders** are the means through which it is possible to **create reciprocal value.** The approach developed by Saipem over time is designed to ensure open and transparent relations with the parties involved and promote positive and mutually advantageous interactions. The principles and responsibilities at the basis of Saipem's stakeholder engagement process are defined in the **'Stakeholder Engagement' Management System Guideline**, a corporate









governance tool applied to the entire Group, designed to uniquely define the Saipem Sustainability Model in line with the cornerstones of the Company's Sustainability Policy.

The main issues that have arisen over the year from the stakeholder engagement process consist of the topics considered material.

The priorities among these are: **people**

safety, anti-corruption and ethical business practices, human and labour rights, spill prevention and response, climate change and GHG emission prevention. In order to meet the stakeholders' expectations on these issues in terms of transparency and the definition of concrete commitments, Saipem provides detailed reporting in this statement and the 'Sustainable Saipem 2018' document.

APPROACH TO STAKEHOLDER ENGAGEMENT

 Financial Stakeholders	 Clients	 Employees	 Local governments and authorities	 Local communities	 Local organisations and NGOs	 Vendors	 Business associations
<p>Continuous dialogue with the financial community.</p> <p>Commitment to ensuring the utmost transparency and fair access to confidential information.</p> <p>Periodic publication of information through press releases and presentations.</p> <p>Periodic meetings with institutional investors and financial analysts.</p> <p>Individual shareholders can interface directly with the Company Secretary.</p>	<p>Constant reporting and frequent meetings on operating projects.</p> <p>Meetings organised with clients and potential clients also include sustainability aspects.</p> <p>Proactive engagement in HSE initiatives such as environmental awareness campaigns or LiHS (Leadership in Health and Safety) programmes.</p>	<p>Commitment to recruiting and retaining talented personnel and promoting their development, motivation and skills.</p> <p>Guarantee a safe, healthy work environment and stable relations with the trade unions to ensure an open dialogue based on cooperation.</p>	<p>Customised engagement with local governments and authorities.</p> <p>Institutional and official relations with authorities, as well as collaboration with public bodies to launch initiatives in favour of local development projects.</p>	<p>Contribution to progress in local communities in terms of social and economic development and improvement in living conditions. Each operating company or project has a specific approach that takes the Company's role and the specific context into account.</p> <p>Active involvement of local communities in the implementation of local development projects.</p>	<p>Regular publication of information, objectives and results through Saipem's institutional channels.</p> <p>Identification of organisations with proven experience and integrity with which to establish short and medium-term relations in order to facilitate the implementation of specific projects.</p>	<p>Commitment to developing and maintaining long-term relations with vendors. The process of vendor management makes it possible to assess their reliability from technical, financial and organisational capabilities.</p> <p>Proactive commitment in HSE initiatives such as environmental awareness campaigns or LiHS (Leadership in Health and Safety) programmes.</p>	<p>Active participation and support for numerous international and local associations, contributing to sharing 'best practices' within Saipem's business sectors.</p> <p>Contributions to strengthening Saipem's role in its industries and its relations with other stakeholders (i.e. clients, local stakeholders, etc.).</p>

Protecting the environment and minimising environmental impacts

Environmental management system and policies

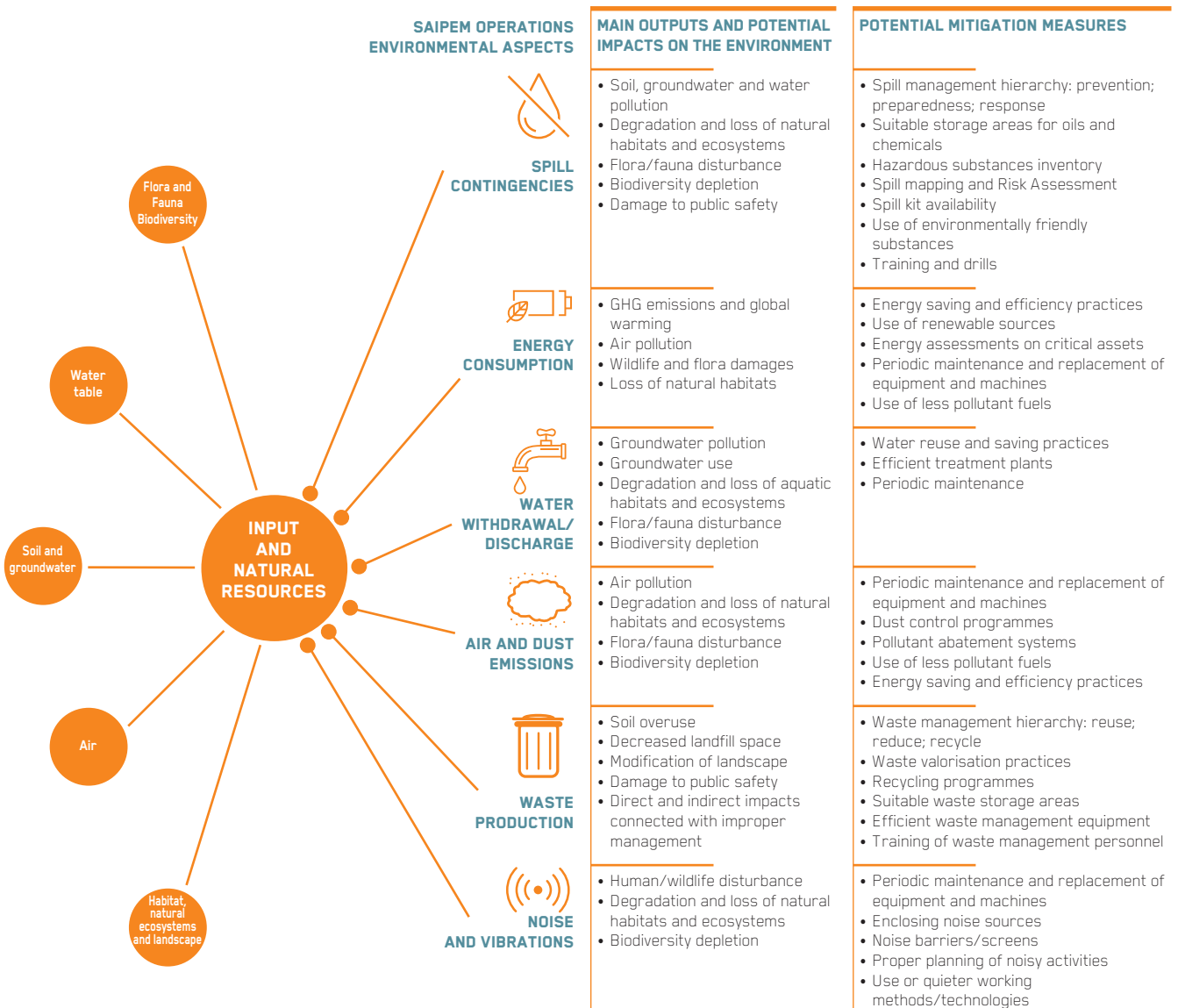
Saipem is aware that all its activities, from the planning and engineering stages to construction and operation, may potentially have an impact on the environment, both directly and along its business value chain. In identifying, assessing and managing environmental and social impacts tied to business management, both potential and real, Saipem is guided by international

regulations, principles, shared approaches and internationally recognised recommendations adopted in the industry including UN Global Compact principles (especially, principles 7, 8 and 9 that refer to the environment), the principles expressed in the International Finance Corporation Performance Standards on Environmental and Social Sustainability, Organisation for Economic Co-operation and Development (OECD) guidelines for multinationals and the Equator Principles. As described in the **Saipem SpA HSE Policy**, the Company is committed to preventing the potential impacts caused by its activities and using energy and other natural resources efficiently.

This is why Saipem takes all necessary measures to ensure environmental protection when carrying out its works, both for activities managed directly by its own personnel and using its own equipment and those operations over which it has operational control (customers, subcontractors, etc.) to minimise and correctly manage the significant environmental aspects and impacts that may arise from them. Moreover, Saipem pays the utmost attention to the constant improvement of its environmental performance. In order to ensure these results, Saipem has implemented a **Management System certified in accordance with the ISO 14001 international standard.**

All significant Saipem Group business divisions are ISO 14001:2015 certified to support and guarantee the environmental

management system adopted by the Company. Saipem is aware of the real and potential impacts of its activities and defines specific actions and tools required to manage these impacts for each operating context. Furthermore, the Company invests in **research and development programmes to create technologies that minimise the environmental impact of its operations**, and as service to the relevant industry, and organises specific initiatives designed to promote environmental awareness and the dissemination of best practices, also involving external entities as potential addressees of them. Further information can be found in the 'Research and development' section of the 'Director's Report' and the document 'Sustainable Saipem 2018'.



RISKS CONCERNING ISSUES COVERED BY ITALIAN LEGISLATIVE DECREE NO. 254/2016: ENVIRONMENTAL ASPECTS

		Risks identified by the Company*	Summary of the adopted risk mitigation measures
Saipem material issues	Spill prevention and response	Environmental pollution 	To prevent and mitigate this risk, Saipem has adopted an ISO 14001 certified environmental management system that applies to the Group's most significant divisions from the operational standpoint. Furthermore, the Company employs environmental risk assessment techniques and tools and conducts audits and training and awareness courses for its personnel and main contractors. Finally, the Group has put response plans in place to manage any environmental emergencies.
	Technology, Innovation and Operational Research	Failure to exploit of technologies applicable to the Engineering & Construction business (including digitisation) 	Saipem is committed to developing and diversifying its portfolio of technologies and patents through significant investment in research and development and to monitor technological developments in the pertinent industries also performing benchmark analyses. A key element of the risk mitigation and prevention strategy is the initiative concerning its incubator of ideas and prototyping laboratory, 'Factory of Innovation', designed to test solutions that respond to the challenges of the industry in which Saipem operates through new technologies (digital first and foremost) and new methods.
		Failure to expand the technology portfolio linked to the de-carbonisation of energy 	The mitigation and prevention of this risk is performed by focusing on the development of technologies and patents in the field of the energy de-carbonisation of energy (for example, renewable energy and CO ₂ management) through research and development. Moreover, Saipem is committed to continually monitor and further technological developments related to the de-carbonization of energy supplies.
	Energy efficiency Prevention of climate change and GHG emissions	Increase in operating costs due to extended applicability of legislation on emissions of greenhouse gases (Carbon Tax or Emission Trading Scheme) 	Saipem is committed to constantly monitor the evolution of laws and regulations in the field of greenhouse gas emissions at the international level, in order to mitigate and prevent such risk. In addition, the Group has defined a four-year strategic plan with quantitative targets for the reduction of greenhouse gas emissions, which were applied at both the level of the division and corporate levels.

(*) The water risk is not currently analysed, as does not appear to be a material topic.

Environmental management and results

Spill prevention and response

Pollutant spills are one of the most significant environmental issues for the industry in which Saipem operates. Spill prevention and response actions are an absolute priority for the Company. Saipem operates by **minimising the risk of spills** and adopts advanced equipment and procedures to implement **actions that reduce and manage emergencies**. The Saipem management system is based on the following hierarchy of actions:

- *Prevention*: actions have been implemented to identify specific areas of risk and improve processes and operational control of those sites and vessels which are most at risk.
- *Training and preparedness*: specific training packages are delivered on spill prevention, and spill drills are periodically organised. They are designed to strengthen

emergency management skills. The drills are carried out both on land and at sea, involving, if necessary, clients or third parties designated for emergency response activities.

- *Emergency response*: all Saipem sites have the necessary equipment for tackling any emergency which may arise and specific Spill Response Teams have been set up. The sites implement a spill management plan, which identifies the accident scenarios and response modes and can also include the intervention of designated third parties.
- *Reporting*: the data concerning spills and 'near misses' (events linked to operating activities that could have caused environmental damage) are monitored by a specific software and subsequently analysed to assess the causes, prevent recurrence and the 'lessons learned' are shared within the Company.

Further information on the actions taken by Saipem to reduce the risk of spills can be found in the 'Safety for the environment' section of 'Sustainable Saipem 2018'.

		2016		2017		2018	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Number of spills							
Total	(No.)	30	28	26	23	18	17
Chemical spills	(No.)	5	3	8	8	5	5
Oil spills	(No.)	25	25	18	15	13	12
Volume of spills							
Total	(m ³)	4.26	3.01	6.21	6.07	7.22	3.25
Chemical spills	(m ³)	0.71	0.18	3.58	3.58	0.77	0.77
Oil spills	(m ³)	3.54	2.83	2.63	2.49	6.46	2.49

The number of spills compared to the previous year decreased in 2018.

Taking into account the Group consolidated perimeter, the total spill volume equalled 3.25 m³ over 6.07 in 2017.

The main event was a bitumen spill (1.7 m³) in the soil from two tanks during lifting operations in the scope of the Tangguh LNG Expansion project (Indonesia). The area was promptly isolated and confined by two containment tanks. A recovery plan was organised.

Considering the more extensive Group total perimeter, the total spill volume for the year equalled 7.22 m³ due to an oil spill (3.97 m³) at sea when unloading the FPSO Gimboa cargo ship. The cause was due to a leak from a pipe that was clogged and bent. An emergency stop was promptly implemented and the contaminated zone was subsequently cleaned with a dispersing substance. Further tests were conducted, and passed, on the pipe after this event and the ship was equipped with new pipe for faster and preventive future replacements.

Energy efficiency and GHG emissions

Reducing its emissions, also through the improvement of energy efficiency, is one of the company's environmental priorities. In 2018, Saipem decided to further organise its policy of reducing GHG emissions by **drafting a specific four-year plan** to outline a corporate vision on the issue of improving the efficiency of its activities and the resulting reduction of emissions. During the same year the Company also

reviewed the emission estimate method, expanding its boundaries, achieving its certification from a third-party in accordance with UNI EN ISO 14064-3:2012 standards.

The main changes to the methods concerned:

- review of the emission factors used to estimate emissions;
- inclusion of new gas in the estimate method;
- inclusion in this method, of scope 2: indirect emissions arising from electricity purchases;
- inclusion of scope 3 field of application: indirect emissions related to air travel for business.

The method is applied to calculate both GHG emissions and the following air pollutant emissions: NO_x, CO₂, CO, SO₂, NMVOC, CH₄, PM₁₀ and N₂O.

Direct energy consumption increased by 4% in 2018 over 2017 for the Group consolidated perimeter (3% considering the Group total perimeter), in line with the increase in business on some significant operating projects.

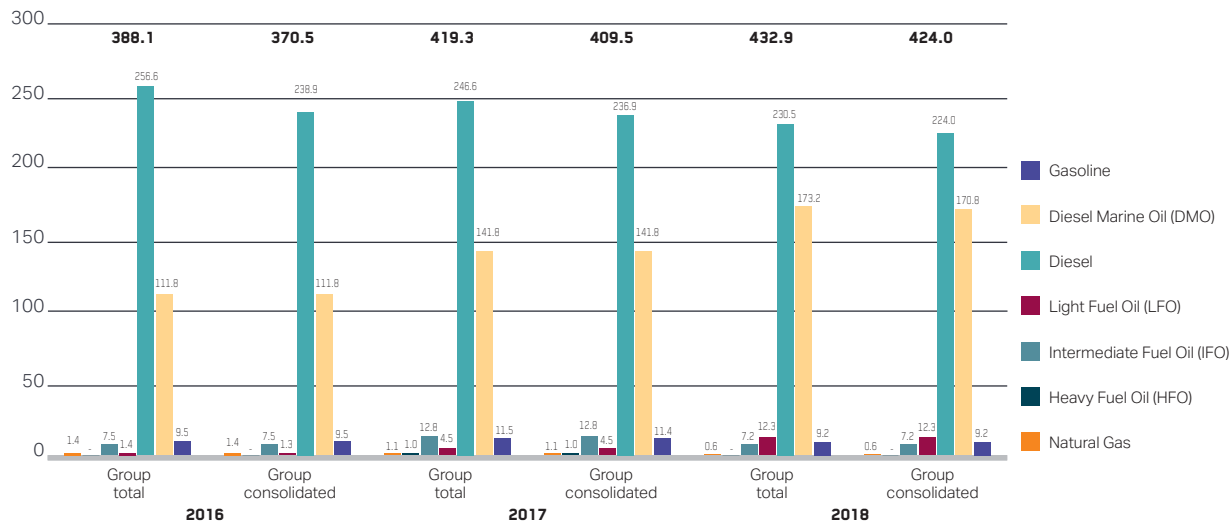
Sites that experienced the most significant increases in energy consumption over the previous year are listed below: Jazan Integrated Gasification Combined Cycle (Saudi Arabia), Tangguh LNG Expansion (Indonesia), Khankendi vessels (Azerbaijan), Castorone, Saipem 12000, ERSAL Yard. An increase in Diesel consumption over 2017 was experienced with the Jazan Integrated Gasification Combined Cycle project which records the highest consumption for the year and of Diesel Marine Oil consumption, due to an increase of Castorone pipelay vessel activities.

		2016		2017		2018	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Indirect energy consumption							
Electricity	(MWh)	102,343.4	101,083.6	92,309.9	92,307.7	88,996	85,069
Renewable energy							
Electricity produced from renewable sources	(MWh)	305.0	305.0	352.4	352.3	297.6	297.6

It should be noted that the emission factors for the calculation of scope 1 and scope 2 have been updated in the course of 2018 and emission factors for the calculation of scope 3 were defined.

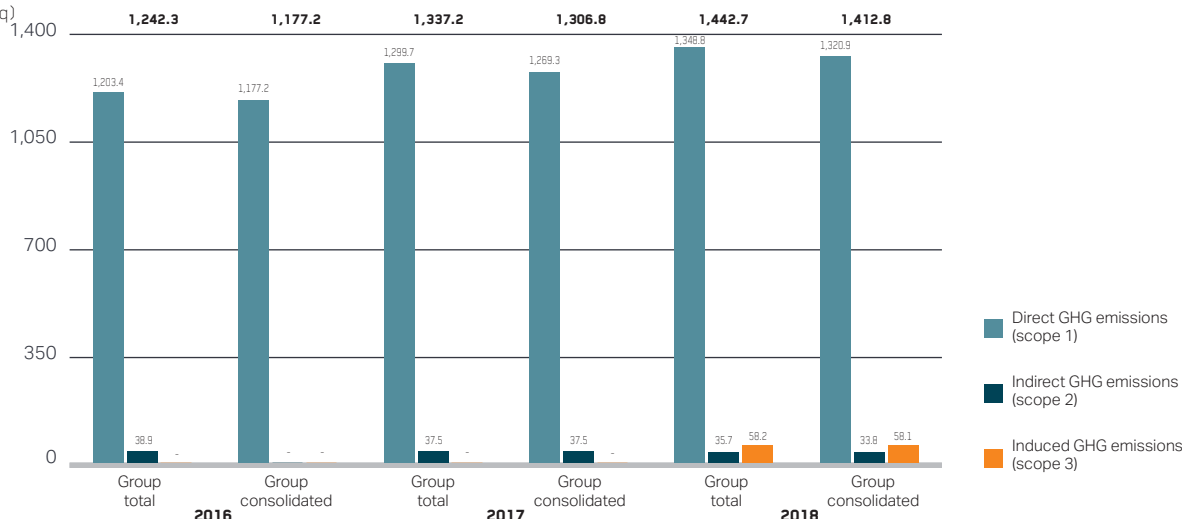
DIRECT ENERGY CONSUMPTION

(ktoe)



EMISSIONS

(kt CO₂ eq)



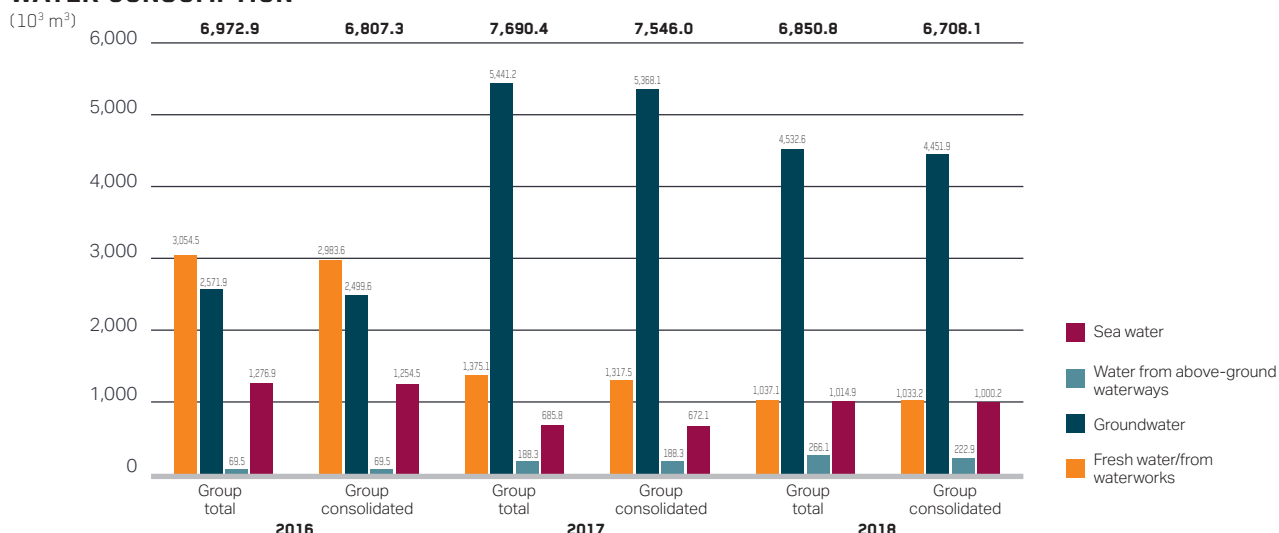
Note: Saipem began calculating scope 3 emissions as of reporting year 2018. Furthermore, it should be noted that scope 2 emissions were not calculated for the Group consolidated perimeter in 2016 since Legislative Decree No. 254/2016 was not yet in effect.

Water resource management

One of Saipem's commitments expressed in the HSE Policy comprises the protection of natural resources. Considering the geographical location of the Company's important operating activities, water is a significant aspect (albeit not identified as a material topic). In fact, Saipem is aware that it carries out important operating activities in areas considered 'under water stress', where the implementation of a strategy to **reduce consumption and use the resource efficiently** is considered a priority. The **re-use of water**, after suitable treatment, is a key activity to minimise water consumption. The commitment to responsible management of water resources is transmitted to all company levels through the issue of **annual Group HSE plans**, which are then

implemented by the divisions and operating companies.

The reduction of water consumption recorded in 2018, compared to 2017, is mainly due to the altered operational needs of some onshore projects such as, the Cornigliano Laudense gas storage facility (Italy) that is nearing completion, but which had recorded high consumption in 2017 due to a considerable quantity of drain water pumping. The significant increase in the percentage of re-used water in 2018 is due to its use in activities such as dust control, mainly in sites located in particular geographical areas such as Saudi Arabia: projects which post the greatest increases in re-used water are in fact the Jazan Integrated Gasification Combined Cycle and Khurais AFE and SATGOSP projects. Drained water has decreased more than proportionately to the decrease in water consumed.

WATER CONSUMPTION**Water consumption**

	2016		2017		2018		
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated	
Recycled and re-used water							
Re-used water	(10 ³ m ³)	308.4	308.5	1,179.8	1,179.2	1,641.0	1,640.8
	(%)	4	4	15	16	24	24

Sewage water discharges

	2016		2017		2018	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Total dumped water, of which:	4,858.9	4,745.8	5,657.0	5,536.7	4,232.9	4,099.7
- water discharged into the sewer systems	427.7	485.4	642.8	642.8	380.4	377.6
- water discharged into bodies of surface water	2,556.3	2,504.6	3,605.4	3,605.4	2,388.6	2,388.6
- water discharged into the sea	1,142.7	1,023.6	515.4	395.1	729.3	677.3
- water discharged to other destinations	732.2	732.2	893.4	893.4	734.7	656.3

Waste management

The Company implements a responsible waste management system that is specific for the type of operating activities.

Waste management is tackled by applying a hierarchy of operations mainly aimed at **minimising the waste produced** through the use of appropriate procedures or technologies, **re-using it as material and recycling it** after the most appropriate treatment.

Priority is given to hazardous waste in the context of action aimed at minimising waste generation. The company promotes and implements measures, also through the research and development of new materials, which **allow hazardous materials to be replaced with non-harmful alternatives**. Saipem ensures appropriate waste management through waste management procedures/plans at both operating company level and individual project and site level.

The significant **decrease (11% for Group consolidated and 12% for the Group total perimeter) in waste production**, over 2017, is mainly due to the completion of civil works to the South Stream WP 5.1 project (Russia) for which an enormous amount of soil, rocks and dredging materials had been managed and recycled in 2017 and reported as non-hazardous waste discarded in landfill. Thus, there was a 58% reduction of non-hazardous recycled waste in 2018 for the Group consolidated perimeter (56% for the Group total perimeter). **The increase (12% for the Group consolidated and 9% for the Group total) in the production of non-hazardous waste disposed of in landfills** recorded in 2018 is attributable to the Cornegliano Laudense gas storage plant project (Italy) and the Khurais AFE and SATGOSP projects (Saudi Arabia). As regards **hazardous waste disposed of in landfills, there was an increase (67% for both perimeters)** due mainly to the activities

carried out in the Karimun yard (Indonesia) and to some onshore projects: Al Zour New Refinery Project, for the quantity of sludge coming from the waste water treatment plant of the new accommodation camp, Rabigh II (Saudi Arabia) for the disposal of used oil.

Furthermore, following the world environment day theme, in 2018 Saipem also implemented specific campaigns with the direct involvement of senior management, as well as further initiatives aimed at collecting and reducing plastic waste.

	2016		2017		2018	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
(kt)						
Total weight of waste produced, of which:	907.6	902.0	431.3	426.0	381.5	378.6
- hazardous waste disposed of in landfill sites	36.1 (*)	36.0	61.2	61.1	102.2	102.1
- incinerated hazardous waste	1.6	1.5	2.3	2.3	4.2	4.2
- recycled hazardous waste	18.7	18.3	6.9	6.9	3.5	3.4
- non-hazardous waste disposed of in landfill sites	140.1 (*)	135.6	172.4	168.6	188.3	188.2
- incinerated non-hazardous waste	3.0	3.0	3.6	2.6	2.7	2.7
- recycled non-hazardous waste	708.1	707.4	185.0	184.6	80.6	78.2

(*) These data have been modified against the previous year because of a recalculation.





Social aspects

Social policies and management

The Company operates in over 60 culturally and geographically different and distant countries often in contexts characterised by difficult situations and border issues, each characterised by issues that the Company takes into account when assessing social aspects linked to its activities.

Saipem uses **social-economic impact evaluations and studies** supplied by its

clients or, if necessary, produced in-house. The operations where Saipem has direct responsibility for the impacts generated at local level concern the fabrication yards or proprietary logistic bases. In these cases, Saipem identifies and assesses the potential effects of its activities and actions in order to ensure that they are managed appropriately, as well as any specific activities and projects aimed at developing the local socio-economic context working with the identified local stakeholders.


SOCIAL ASPECTS	CULTURE AND LIFESTYLE 	DEMOGRAPHICS 	WELFARE AND SOCIAL INFRASTRUCTURES 	ECONOMIC IMPACT 
MAIN SOCIAL IMPACTS	<ul style="list-style-type: none"> - Erosion of traditional values and customs - Increase in the social problems of some vulnerable population groups - Discrimination and marginalisation of indigenous people - Risk of conflict and local unrest 	<ul style="list-style-type: none"> - Immigration due to the attractiveness of the geographical area of the site - Emigration/relocation due to the traditional use of natural resources competing or conflicting with project activities 	<ul style="list-style-type: none"> - Effect on local facilities and public health - Effect on traffic and road safety - Access to social infrastructures 	<ul style="list-style-type: none"> - Increase in direct and indirect employment and in wage levels - Increase in prices of goods and inflation rate - Purchasing of local supplies and boost in general local economy - Changes in local economic structure - Increase in dependency of the local economic system on a specific industrial sector
POTENTIAL MITIGATION MEASURES	<ul style="list-style-type: none"> - Cultural Heritage protection plan - Proper selection of security providers - Drug and alcohol testing of the workforce - Cultural awareness sessions and human rights training programmes for employees 	<ul style="list-style-type: none"> - Transparent recruitment strategy - Management of local expectations 	<ul style="list-style-type: none"> - Health promotion initiatives - Safe driving awareness sessions 	<ul style="list-style-type: none"> - Transparent recruitment and hiring strategy
TOOLS ADOPTED	Stakeholder consultation, community grievance mechanism and local community relations plan			

Analysis of the context	Identification and assessment of potential impact	Identification and implementation of mitigation measures
<p>Analysis of the socio-political, cultural and economic conditions of the area interested by the project.</p>	<p>Identification and subsequent evaluation of the impacts occurring during the entire life of the project. The impacts can be classified as: - direct impacts: that are a direct result of project activities; - indirect impacts: that result from other developments or activities that would only occur as a result of the project.</p>	<p>The purpose of adopting mitigation measures is to remove, minimise and/or compensate residual adverse effects to a reasonably feasible extent. Mitigation measures could consist of the integration of proposed actions into the design of the project, changing or adding technical or managerial aspects. Mitigation actions could include activities to be implemented both within the project site and in neighbourhood areas.</p>
STAKEHOLDER ENGAGEMENT PROCESS		

Particularly in the countries where the company’s presence is medium/long term, Saipem has established a lasting relationship of **mutual collaboration with the local stakeholders**. Some significant examples are the collaborations with universities and schools, representatives of local institutions, non-governmental organisations active in the areas and local bodies for development programmes and the promotion of health. In addition to what is detailed in this document, Saipem provides a thorough description of stakeholder engagement actions in a specific section (‘Stakeholder engagement in 2018’) of the ‘Sustainable Saipem 2018’ document. Saipem is always committed to minimising any negative impacts at the local level and contributing to maximising positive impacts through the implementation of **strategies that support sustainable local development**. The overall

risk profile (including the social one) for every project is identified, analysed and monitored from the commercial phase. An important tool is listening to the demands of the local stakeholders, also by means of consolidated engagement processes. In particular, for the management of negative impacts, the Company has drawn up a principle (**Guidance on Grievance Management**) for structuring a system to collect and manage the demands of the local communities in the operating businesses where it is considered necessary. This process allows potential negative impacts on the Company to be identified, managed or mitigated. Different geographical bases (e.g. Nigeria, Azerbaijan, Italy, Russia) and some of the more significant operating businesses (e.g. Tangguh LNG Expansion) have implemented such systems to ensure effective communication with the communities.

RISKS CONCERNING ISSUES COVERED BY ITALIAN LEGISLATIVE DECREE NO. 254/2016: SOCIAL ASPECTS

	Risks identified by the Company	Summary of the adopted risk mitigation measures
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Saipem material issue Management of an ethical supply chain</p>	<p>Fraudulent activity, corruption, lack of transparency, loss of confidential information and data, and non conformities with procedures and regulations.</p> 	<p>Saipem updates its organisation, management and control model pursuant to Legislative Decree No. 231/2001 (hereinafter, ‘Model 231’), which is aimed at preventing the possible offences sanctioned by this legislation; ‘Model 231’ includes the Saipem Code of Ethics, which contains the set of rights, duties and responsibilities addressed to Model recipients. In addition, Saipem is engaged in training activities on ethical issues, including anti-corruption, and on updates to ‘Model 231’. The Company has developed an anti-corruption management system that has recently obtained certification of compliance with the international standard ISO 37001. Lastly, the Group has a monitoring and control system in place for vendors who may engage in fraudulent activities, possibly evaluating their suspension.</p>

Social aspect management activities and results

Relations with the local context

Saipem is committed to establishing relations with its local stakeholders based on fairness and transparency in order to pursue **concrete shared objectives for sustainable development**. This is also achieved by strengthening mutual trust, seeking dialogue and promoting the right conditions in order to establish lasting cooperation in the countries where the Company operates.

Wherever it operates, Saipem contributes to the social and economic life of the territory, also and not only in terms of local employment and creation of value.

Saipem's relations with local stakeholders therefore depends on the type of operating presence in each particular area.

This presence is divided between **long-term presence**, where the Company owns fabrication yards or other operating structures that allow complex relations and partnerships with various local stakeholders to be established; and **short/mid-term presence**, where Saipem is involved in a specific project within set contract deadlines in which Saipem participates in more targeted and short-term sustainable development initiatives.

Saipem's involvement and dialogue with local stakeholders therefore depends on the type of presence in each particular area, contract requirements set by clients on projects and local partners.

Where Saipem intends to create new, long-term work sites, the Company carries out specific assessments designed to analyse the potential effects of its activities on the local socio-economic context. To achieve this goal, it uses tools such as the **ESIA (Environmental Social Impact Assessment), based on which the Company defines action plans to**

manage the impacts on local communities and stakeholder engagement. To support this process, Saipem has implemented specific tools for analysing the local context and for the identification and analysis of the main stakeholders for the purpose of defining action plans.

In operating projects, Saipem supports the client's activities, in line with contract requests and requirements the latter received and/or agreed with local authorities through specific studies such as EIA (Environmental Impact Assessment) or also using, in this case, ESIA (Environmental and Social Impact Assessment).

Local presence

For Saipem, being present locally means **acquiring goods and services from local vendors, creating employment at a local level and developing the know-how of the local personnel and vendors**, strengthening their technological and managerial skills.

In this way Saipem contributes to creating development opportunities for the people and companies in those communities where it operates. Saipem's presence is also characterised by a commitment to developing and maintaining a continuous relationship with local communities, clients and local vendors making it possible to obtain benefits also in terms of reductions in overall project costs and the overall risk profile associated with operational activities.

Saipem has developed internally a model (**SELCE, 'Saipem Externalities Local Content Evaluation'**) to quantify the value of its presence locally in economic, employment and growth of human capital terms.

The SELCE model was validated in 2015 by Nomisma Energia in its application to the Italian context.

Local employment

	2016		2017		2018	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
(%)						
Local employees	80	78	76	74	73	71
Local managers	45	44	46	45	45	44

An employee is considered local if he/she works in the country where he/she was hired. Local manager means the total of the middle and senior managers. The percent of local managers is calculated excluding data from France and Italy.

In 2018, local personnel stood at 71% (73% in the Group total perimeter), a figure that saw a reduction against the previous year mainly due to the reduction or conclusion of the operating activities in projects where the personnel was mainly local. The percentage, despite the slight reduction, remains very high and concretely demonstrates Saipem's constant commitment to creating value in the areas where it operates. This occurs through the employment of local personnel and the

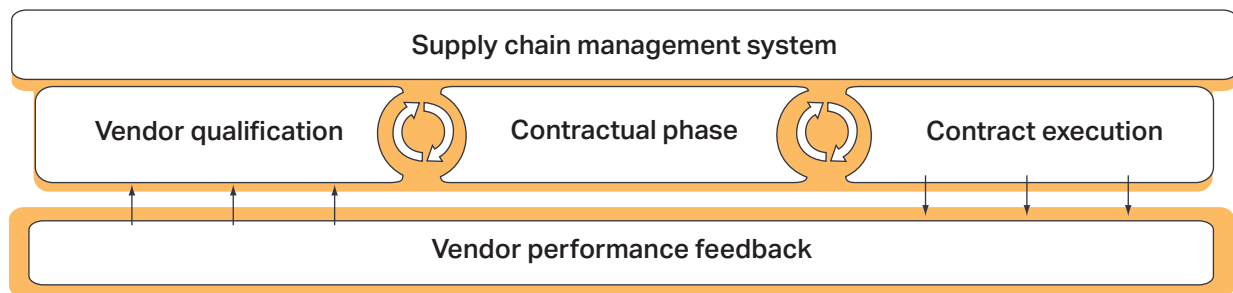
strengthening of their managerial and technical competence and skills through training and on-the job experiences.

Management of an ethical supply chain

Saipem has more than 23,000 first-tier vendors, of which approximately 7,000 qualified during the year. From a numerical point of view, the main geographical areas

where the Company's vendors operate are Europe and the Americas. In 2018, the geographical areas in which Saipem ordered the most significant amount of goods and services were Europe and the Middle East. Saipem selects partners that share the same values and makes them active participants in the risk prevention process (ref. Policy 'Our partners in the value chain'). In over 60 years of operating in most of the countries around the world, Saipem has created a consistent and profitable network of partners and vendors; **over 5,000 vendors have worked with Saipem for more than 10 years.** Saipem is committed to conducting relations with vendors in accordance with the highest

ethical standards, in compliance with all the applicable laws and the Code of Ethics, safeguarding its own reputation and that of its subsidiaries. The Company has identified **aspects of sustainability** that have been identified as **priorities in the management of its supply chain**, which concern the ethical nature of the vendor, respect for human and labour rights, and protection of the environment and the protection of its workers in terms of health and safety. These aspects are integrated into the supply chain management system, which is composed of several interrelated phases, as outlined and described below.



Vendor qualification

From the point of view of **human and labour rights**, vendors operating in countries classified as high risk on these themes are analysed on the basis of the information and documents that they submit during the qualification phase. Similarly, for certain commodity codes considered high risk from a health and safety point of view, an ad hoc assessment is carried out to **assess the vendor's HSE management system** and its ability to manage these issues. Moreover, for specific commodity codes, vendors undergo a **counterparty risk assessment process**. This includes an analysis of its **capabilities in economic, financial and organisational terms**, as well as a risk assessment with regard to **corruption, illegal conduct** and any other aspect that could directly harm the vendor's reputation and, indirectly, the reputation of Saipem. This is ensured through in-depth checks, which include the involvement of the vendor in any type of criminal offence or terrorist activity, the structure of its control chain, the management and Board of Directors/owner in order to ensure compliance with Saipem anti-corruption guidelines. Based on the vendor's critical nature, the qualification process can require verification of its activities in loco, as well as its technical, managerial, production, quality, HSE and logistics capabilities. If operating in **high risk countries**, the vendors may undergo on-site **verification regarding labour rights**. The verification

concentrates on the following issues: child labour and forced labour, freedom of association and right of collective bargaining, salaries, working hours, discrimination, disciplinary measures, health and safety.

Contractual phase

The general contract conditions negotiated by Saipem include all the main requirements that cover sustainability topics. Vendors state that they have received and acknowledge the contents of the **'Sustainability Policy'** whereby Saipem undertakes to act as a sustainable Company and contribute to the long-term growth and value creation through the effective involvement of all stakeholders. Moreover, vendors working with Saipem SpA are required to accept **Model 231, which includes the Saipem Code of Ethics**. Similarly, vendors working with the subsidiaries of Saipem SpA must accept the Organisational, Management and Control Model (OM&C Model) and the Code of Ethics. When the value of the supply for specific activities, services and materials exceeds a predetermined amount, the specific vendor is subject to a counterparty risk assessment. For specific commodity codes considered as high risk for HSE, Saipem conducts a specific assessment in terms of the vendor's ability and organisation to perform the contract according to international workers' protection standards. Subsequently, specific requirements are defined in the contract based on the type of service the vendor provides.

Contract performance and vendor feedback

Vendor performance is continuously monitored and Saipem's relevant functions are also asked to provide **feedback** regarding **respect for workers' rights and the protection of health and safety** (e.g. occurrence of accidents/injuries during work execution, compliance with applicable HSE

legislation and contractual specifications, existence of legal proceedings for serious violations/offences).

The feedback received guarantees the assessment of the vendor's overall reliability and **the possibility of interrupting or suspending the qualification in the event of serious situations encountered.**

		2016	2017	2018
Active vendors	(No.)	29,959	26,345	23,845
Qualified vendors	(No.)	6,571	6,918	7,026
Vendors qualified in the year which operate in countries at high risk of violating human and labour rights	(%)	60	59	40 ^(*)
New vendors assessed on labour rights	(No.)	106	94	174
Vendors qualified in the year for activities considered at HSE risk	(%)	6	4	7
Vendors assessed on HSE aspects	(No.)	385	278	466 ^(**)
Qualification audits, of which:	(No.)	46	62	28
- on human and labour rights	(No.)	6	14	10

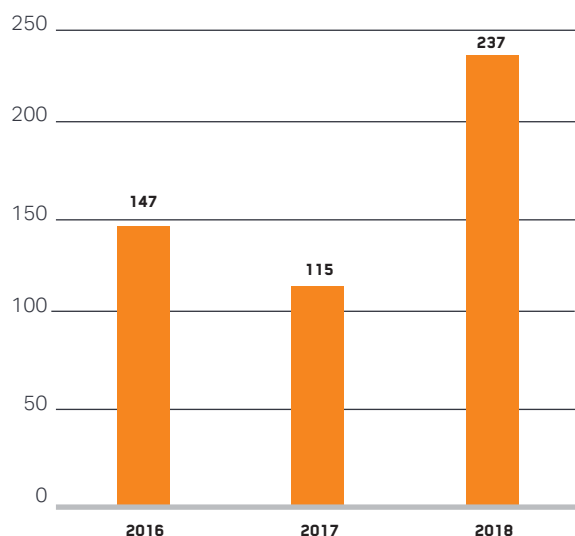
It must be stated that the numbers in the table are representative both for the total perimeter of the Group total and the Group consolidated perimeters, because a qualified vendor at corporate level can potentially work with all the businesses in the Group.

(*) For a more transparent representation of the indicator, as of 2018 it is calculated on the number of qualified vendors, rather than on the number of completed qualification processes.

(**) The methodology was changed from the previous year due to a methodological refinement that allows for a more accurate representation of the indicator.

PARTICIPANTS IN TRAINING ON SUSTAINABLE SUPPLY CHAIN

(number)








Saipem people

People policies and management

As described in the Policy 'Our People' on the management of human capital 'people are the indispensable and fundamental element for the very existence of the business and company objectives can only be achieved with their dedication and professionalism'. The **professional knowledge** of our people is fundamental for sustainable growth and an asset to be safeguarded, valorised and developed. Developing a **knowledge-sharing culture** is a primary means to consolidating the wealth of acquired knowledge and experience.

Risks associated with human resource management

RISKS CONCERNING ISSUES COVERED BY ITALIAN LEGISLATIVE DECREE NO. 254/2016: PEOPLE MANAGEMENT

		Risks identified by the Company	Summary of the adopted risk mitigation measures
Saipem material issue	People safety	<p>Accidents in the course of operational activities that can cause injuries and even the death of Saipem employees or vendors and subcontractors' staff.</p> 	<p>Saipem is committed to both preventing and mitigating these risks through specialised training programmes dedicated to employees, as well as to its vendors and subcontractors, on technical topics and on work safety with the aim of ensuring high quality standards in training. Furthermore, the Company is involved in numerous initiatives, such as the 'Leadership in Health & Safety' programme (LiHS), the campaign dedicated to 'Life Saving Rules'. Finally, the most significant Group entities from the point of view of operations are OHSAS 18001 certified.</p>
	Safe operations, asset integrity and process safety	<p>Critical issues related to political, social and economic instability and terrorist threats to staff, operations, business and assets.</p> 	<p>The Group is involved in the constant monitoring of various critical issues (in particular political, social, economic) and terrorist threats in verifying the adequacy of the mitigation measures in place, making use of an intelligence network and actively cooperating with the police forces and security service providers in the countries where it operates. In particular, Saipem has developed security plans and a crisis management system. Finally, the Group pursues a commercial strategy with strong project selectivity, also taking into consideration the risks associated with the country of operations.</p>
	Health and well-being	<p>Significant accidents to Saipem's strategic assets or customer infrastructures.</p> 	<p>To mitigate and prevent this risk, Saipem incurs significant expenses for the maintenance of its assets and has developed various prevention initiatives, including the application of the Asset Integrity Management System and the development of Safety Cases, as well as the specific training for technical personnel.</p>
	Training and development Talent attraction and retention	<p>Damages of exogenous and endogenous origin to staff health (for example, legionella, malaria, rabies, etc.).</p> 	<p>The Group has set up a programme for defining, implementing and monitoring health facilities and physicians responsible for managing personnel health, with the aim of avoiding and mitigating these risks. Furthermore, Saipem carries out training and awareness-raising initiatives on health issues, continuously monitors the health situation and has developed tele-medicine programmes in the countries where it operates. In the event of serious consequences for the health of personnel, Saipem has a system for managing medical emergencies and repatriation in the case of patients in critical conditions.</p>
		<p>Loss or lack of key skills.</p> 	<p>Saipem periodically plans human resource needs based on business objectives, taking into account available and necessary skills with a particular focus on key skills and ensuring an effective distribution of personnel within the Group (also on the basis of job rotation programmes). Furthermore, the Group organises various training programmes on critical business skills and has developed a structured methodology for career paths and compensation systems (e.g. long-term incentives).</p>

People management and results

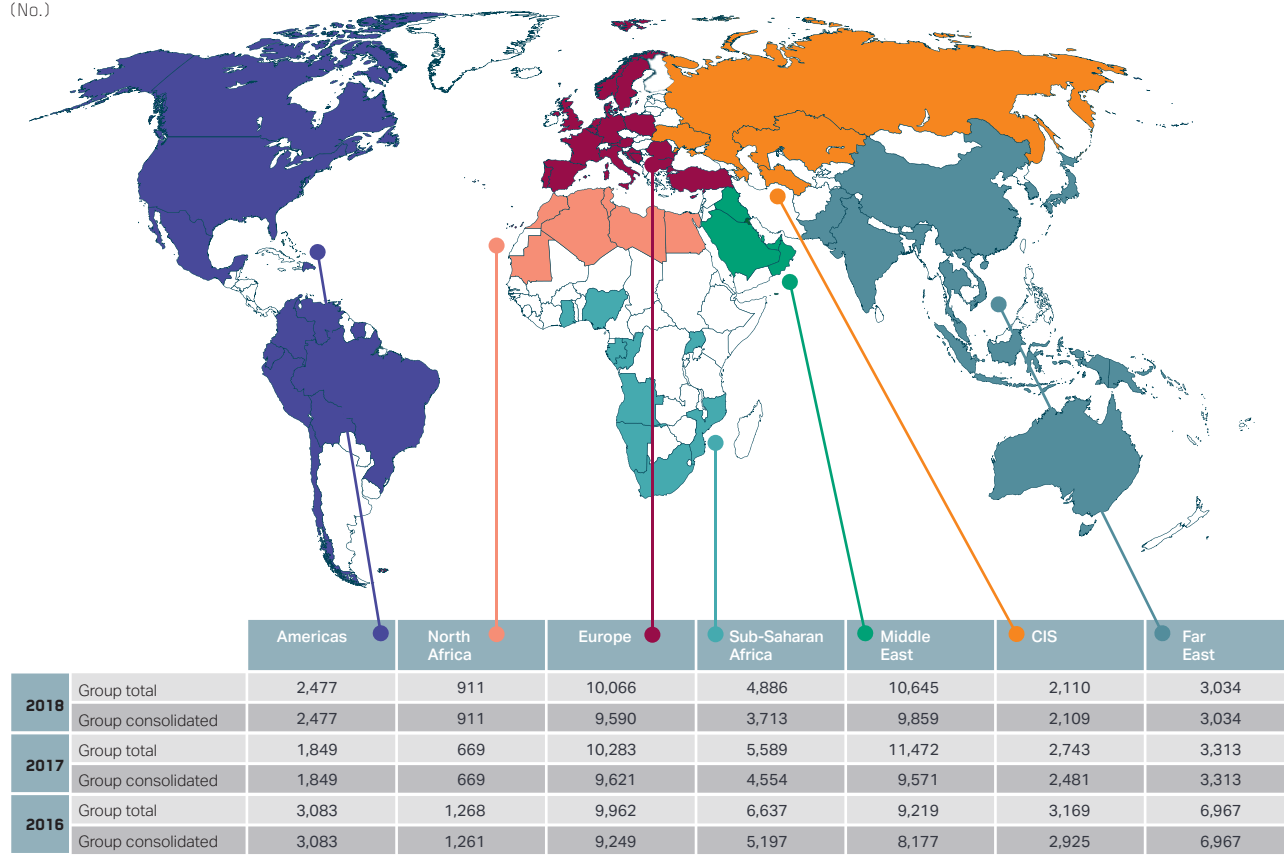
Workforce trend

		2016		2017		2018	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Total employees at period end	(No.)	40,305	36,859	35,918	32,058	34,129	31,693
Employee categories							
Senior Managers	(No.)	399	396	398	393	385	380
Managers	(No.)	4,276	4,149	4,190	4,089	4,187	4,091
White Collars	(No.)	18,496	16,721	16,642	14,971	16,633	15,323
Blue Collars	(No.)	17,134	15,593	14,688	12,605	12,924	11,899
Type of contract							
Employees with full-time contracts	(No.)	40,060	36,615	35,686	31,826	33,906	31,470
Employees with key professional role	(No.)	14,991	14,161	14,177	13,154	14,123	13,468
Employees recruited through an employment agency	(No.)	5,643	4,403	5,829	4,111	7,380	6,869
Turnover							
Voluntary turnover of resources with key professional role	(%)	8.3	-	6.6	6.2	7.3	6.6
Total turnover	(%)	40	-	35	36	31	27

The total turnover is calculated as the ratio between annual exits and the average resources in the year. Voluntary turnover of resources with a key professional role is calculated as a ratio between all the annual voluntary exits and the average of the resources that cover a key professional role.

EMPLOYEES BY GEOGRAPHICAL AREA

(No.)



The **workforce in 2018** decreased compared to 2017 due to the conclusion of some projects and the reduction of operations mainly in Nigeria (Southern Swamp Project), Indonesia (Karimun Yard) and Saudi Arabia (Jazan Project). This reduction was partially offset by the increase in activities related to the development of projects in Chile, relating to the Onshore E&C (Spence Growth Project) business, and the increase in international resources on board vessels with regard to the Offshore E&C business.

The overall turnover rate in 2018 experienced a reduction compared to 2017 and was 27% (31% for the Group total perimeter); a value which, although decreasing, remains at a significant level due to:

- (a) the extremely dynamic situation in the Oil & Gas market, which led to a reduction in operating activities, following a significant decrease in investments in the sector;
- (b) the nature of Saipem’s business which, being a contractor, works for large-scale projects that have variable durations (from a few months to years). Taking into account these peculiarities, the quali-quantitative size of Saipem’s human capital is therefore subject to a natural fluctuation connected with the different operating phases of projects and the cyclical nature of customers’ investment.

The increase in agency personnel was

influenced in particular by the operating activities implemented in the Ersai yard, for the EPC Khurais (Saudi Arabia) project, for Maintenance Modification and Operation projects in Congo and for the DS6 debottlenecking project of the West Qurna field (Iraq).

Skills and knowledge development

The Company has confirmed by the way it operates that **the importance of skills** is a distinct and distinctive element of Saipem and a source of competitive advantage in the reference market. In line with the evolution of the business scenario, a programme was launched in 2018, which provided for the revision of the HR strategy, considering skills as a key driver of all processes.

In line with the HR strategy aimed at safeguarding and enhancing distinctive skills – which focuses on the Saipem resource intended as the bearer of a set of critical business skills and extended experiences gained over the course of their working life – a **Strategic Workforce Planning process**, was developed, supporting and integrating the consolidated HR Planning process, focused on **core professional roles** (defined by correlating the impact and severity that these roles have on Saipem’s activities with aspects of replacement complexity) and closely linked

to the indications contained in the Saipem Strategic Plan. The output of the process makes it possible to monitor the actual needs and the level of coverage of these professional roles and to monitor the level of company skills for the next four years in order to be able to adequately set the most appropriate actions to be taken to satisfy the needs that emerged in terms of market recruitment or actions to develop and train internal resources.

The process has also provided for the **updating of the professional skills** that Saipem monitors and assesses, also to integrate them with the capabilities required by the innovation and digital transformation that Saipem is facing, as well as those deriving from the prospective businesses of interest for Saipem. As a result, professional roles have also been updated.

The initiatives undertaken in terms of **development and growth of the youngest resources and as a transfer of skills guarded by the most expert resources**, have focused on:

- attraction of new talent from the labour market with the aim of generational turnover;
- introduction of new ways of transferring knowledge between people of different generations;
- improving managerial skills in growing resources through training and targeted development actions.

The objective of strengthening the attraction as a source of generational change was also pursued through a **Graduate Programme**, which allowed Saipem to reach young students from the best Italian universities by selecting undergraduate and graduate students to be introduced through an internship. About 3,000 candidates went through a very strict selection process at the end of which talented young people were selected to embark on a professional experience in Saipem.

Furthermore, in 2018 the individual Divisions successfully implemented additional recruitment actions from the external market in Italy and in the main foreign hubs. This was both for new resources to grow internally and for critical professional roles, and with long training times (for example the orientation path of 10 Vessel Equipment Engineers for the Offshore E&C Division, and the Young Graduate programme for the Onshore E&C Division).

In line with attraction objectives aimed at increasing the employability of young students and creating a pool of excellence for the selection of young experts and technicians, the Company confirmed its commitment to the **Synergy Programme**. This programme places Saipem on the front lines as an ally of scholastic and territorial institutions to support the training of students

in internship programmes. In addition to confirming the well-established commitments with the Volta of Lodi and Fermi high schools in Lecce, Saipem has expanded its programme through the involvement of new institutes present in regions of interest to the business. Starting from the 2018-2019 school year, 'teachers of the trade' will return to school as instructors at the ISII Marconi of Piacenza and the IANAS and ITI institutes of Tortoli to promote skills in the fields of Drilling and Fabrication.

The transfer of knowledge is an essential process for Saipem that is realised not only by supporting the motivation of the most expert resources through the tutoring of the youngest resources, but also by creating the organisational conditions so that the young people can share their knowledge, such as those in the digital environment.

The exchange of knowledge and skills between different generations was therefore strongly encouraged through various initiatives, including **Reverse Mentoring**, which provided for the sharing of knowledge and skills between people with different seniority in terms of mutual exchange.

The initiatives aimed at spreading the **Leadership Model, the reference paradigm for all Saipem resources**, continue.

The Company has developed various induction, monitoring and personal development programmes, also with the aim of spreading a unique message of corporate identity and culture.

In 2018, new development and assessment tools for the behavioural skills of the Leadership Model were designed and updated. In particular, with the objective of assessing personal abilities and addressing training and development actions in the best possible way, **the potential assessment process for young talents was reviewed**.

The training course, completed in June 2018, dedicated to Saipem Senior Managers and carried out together with the MIP - Milan Polytechnic, represented a further opportunity to further the Leadership Model. The course included a 'blended' delivery method, e.g. alternating classroom sessions with lectures provided on-line through a dedicated platform.

During 2018, activities were initiated pertaining to the **Managerial Academy**, training initiatives, institutional and transversal with respect to the businesses, designed with the aim of increasing the wealth of managerial and behavioural skills of the people, thus supporting their development and professional career path. Each training course was organised with the aim of enhancing one or more behavioural skills linked to one of the six pillars of the Saipem Leadership Model.

In this field of activity, **the training initiative 'Communication skills - Be a Leader'**, gained particular significance. The course

represented an opportunity for participants to develop and consolidate their communication skills, and was promoted with the desire to support Saipem Managers in their responsibilities for managing and developing people, and more specifically in the activities of communication and dissemination of company guidelines.

During the year, **specific training projects were also developed dedicated to the development of critical professional technical skills**. For example, training courses dedicated to **renewable energy and related technologies** have been developed within the XSIGHT Division. In the same divisional context, new training activities based on the **gamification** methodology were also tested.

In line with the objectives of monitoring skills and creating development opportunities for young people, the **Succession Plan methodology was updated** based on three main drivers: generational turnover, cross fertilisation of Saipem's businesses and mapping of the technical and managerial skills needed to fill target positions in the future. The annual process of updating the succession tables concluded with an analysis of the risk areas on which it is necessary to intervene and plan the necessary actions. The Human Resources Development Committee was set up, with the objective of monitoring and guiding the development and career of young people, as well as assessing their professional and managerial paths. In particular, the Committee verifies the response of the resources to the requirements of the Leadership Model and promotes career plans and inter-departmental and inter-divisional mobility, enhancing young talents in order to create value for the entire company.

With the aim of constantly investing in younger generations, Saipem invests in the

creation of specialised skills and transfer of know-how also through classroom and on-the-job training programmes aimed at young students from schools and universities with which the company initiates long-term partnerships.

In 2018, the total number of training hours provided increased compared to the previous year due to an increase in the hours of HSE training and in particular of the portion distributed to subcontractors, which totalled 1,262,965 hours.

The hours of employee training increased compared to the previous year, despite the decrease in the workforce during the year. HSE training represents the quantitatively most significant type of training organised over the year. **An average of 18.5 hours of HSE training were provided for employees in 2018** (17.7 if one considers the Group total perimeter), an improvement on 2017.

On average, every employee attended 25.4 hours of training courses (24.1 at Group level), an increase on the 24 (21.9 at Group level) provided in 2017.

There was a very positive trend in relation to managerial training provided in 2018; in fact, the latter rose by 85% compared to 2017 following an increase in the managerial and institutional training offered mainly for the benefit of the employees of Saipem SpA's Italian offices.

In 2018, there was a 38% growth in the population monitored through performance assessment tools compared to 2017 for the Group total perimeter.

This improvement is attributable to a greater familiarisation with the system that supports the management of the recently modified evaluation process. In particular, there is an increase in the coverage of the tool in the population of employees classified as Blue Collar workers.

		2016		2017		2018	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Training							
Total hours of training, of which:	(hours)	1,570,894	1,542,514	1,930,709	1,908,702	2,086,681	2,059,822
- HSE (employees and subcontractors)	(hours)	1,324,853	1,297,778	1,699,674	1,677,713	1,867,401	1,840,555
- managerial potential and skills	(hours)	24,446	24,385	15,090	15,090	27,934	27,934
- professional technical skills (*)	(hours)	221,595	220,351	215,945	215,899	191,347	191,333
Performance assessment							
Employees undergoing performance assessment, of which:	(No.)	24,144	-	9,844	-	13,568	13,130
	(%)	60	-	27	-	40	41
Senior Managers	(No.)	375	-	359	-	372	372
Managers	(No.)	3,034	-	2,918	-	2,452	2,452
White Collars	(No.)	10,054	-	5,781	-	7,211	6,785
Blue Collars	(No.)	10,362	-	786	-	3,533	3,521

(*) Please note that in 2018 the values of the 'IT and language' training were aggregated under the heading 'Professional technical skills'.

Industrial relations

The global context in which Saipem operates, characterised by the management of diversity of specific socio-cultural and economic context means that the management of industrial relations requires the utmost care and attention.

Over the years Saipem has consolidated industrial relations model aimed at ensuring the harmonisation and optimal management of relations with trade unions (OO.SS.), employees, employers' associations, institutions and public bodies in line with company policies.

With reference to the commitment to strengthen dialogue with social partnership, the first meeting of the **Saipem Group European Works Council (EWC)**, was held in September in Milan which involved Company Management and a delegation of 26 representatives of the workers employed by Group entities operating in Europe, in addition to the national and general representatives of the Italian trade union and a representative of industrialists. The three days of meetings launched the permanent mechanism for information and consultation between company management and the workforce, in compliance with the relevant European legislation reflected in the Saipem EWC agreement negotiated in 2017. The meeting was an important occasion of confrontation and discussion between the company and workers' representatives, fully integrating itself within the 'participatory' model of industrial relations to which Saipem adheres.

On the **international industrial relations**, front, bargaining agreements were renewed in Peru in 2018 for personnel employed in onshore drilling, in Nigeria for Onshore E&C

personnel and in Indonesia for Offshore E&C personnel.

A new bargaining agreement was signed in Chile with the SINAMIND union for local workers employed in the Spencer Growth Option (SGO) project, while in Argentina the Petrex SA Argentina Branch company adhered to sector agreements, to protect the staff employed in drilling, applicable to the provinces in which the company operates. In Norway, consultations were held with the trade union organisations Saipem Employees Association (SEA), SAFE, DSO and Lederne, in accordance with local legislation.

With regard to **industrial relations in Italy**, in 2018 the relationship with trade unions it has remained constant and constructive, both at the level of the National Secretariats and with the union representative of the various offices.

With regard to national sector bargaining agreement, the renewal process for the Energy and Oil National Collective Labour Agreement, which expired at the end of 2018, was launched.

In terms of company agreements, the new Framework Agreement for the Production Bonus was signed for the three-year period 2018-2020, whose system, in line with the new organisational model, values the contribution provided by each Division in reaching corporate objectives.

A process of sharing objectives and the development of the project with trade unions was launched which, following periodic meetings, ended with a specific agreement aimed at defining the start of a smartworking pilot project whose application will be progressively deployed within the various Italian offices as part of the **Flexibility Programme**.

		2016		2017		2018	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Employees covered by collective bargaining	(%)	58	60	49	62	47	46
Strike hours	(No.)	65,196	55,961	1,143	1,143	23,699	23,699

Of more than 25,000 employees (more than 27,000, if we consider the Group total) monitored (the total includes full-time Italian employees, French employees irrespective of the country they work in and local employees for all the other countries), **11,824 (12,404 at Group total) workers are covered by collective bargaining agreements.**

The downward trend for the Group total can be attributed to the fact that a growing proportion of Saipem personnel work in countries where these types of agreements are not provided for. At the same time, there has been a reduction of personnel in areas where these types of agreements are widespread (Indonesia, Kazakhstan and Nigeria).

Some strikes were held in 2018 for a total of 23,699 hours. Strikes were held in Nigeria (where 97% of strike hours were recorded) and in Norway. In many cases the events were in conjunction with national events.

Diversity and equal opportunities

Saipem is committed to creating a work environment where different characteristics or personal or cultural orientations are considered a resource and a source of mutual enrichment, as well as being an inalienable element of business sustainability.

This commitment is a founding point of the Policy 'Our People'.

As defined in the Code of Ethics, in full compliance with applicable legal and contractual provisions, **Saipem undertakes to offer equal opportunities to all its employees**, making sure that each of them receives a fair statutory and compensation exclusively based on merit and expertise, without discrimination of any kind.

The functions responsible for managing people must:

- adopt in any situation criteria of merit and ability (and anyhow strictly professional) in all decisions concerning human resources;
- select, hire, train, compensate and manage human resources without discrimination of any kind;
- create a working environment where personal characteristics or beliefs do not give rise to discrimination and which allows the serenity of all Saipem's people.

More specifically, the Group's **compensation policy** is based on the principle of equality of merit and the local approach. In fact, Saipem defines its policies in full accordance with the skills and performance assessment and identifies compensation strategies through a local approach that intercepts the specific nature of the labour market and the local labour law context.

Saipem is also committed to promoting programmes to guarantee **generational turnover**, aiming to ensure business continuity, ensure critical skills and promote change. These initiatives on one hand provide development opportunities for young people and, on the other, enhance the senior resources and their know-how.

Generational turnover will be achieved in Saipem by supporting the motivation of the most expert resources to foster tutoring and

the transfer of knowledge, as well as creating the organisational and managerial conditions to allow young people to obtain full empowerment.

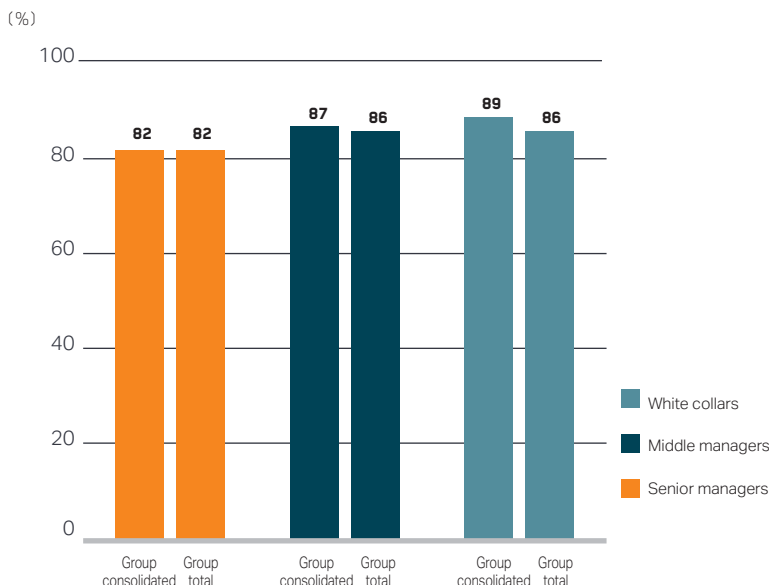
Saipem provides its employees with **different benefits and methods of allocating these**, in accordance with local conditions.

These include: complementary pension plans, supplementary healthcare funds, mobility support services and policy, welfare initiatives and family support policies, catering and training courses aimed at ensuring more effective integration within the social-cultural context in question. These benefits, when envisaged and based on the country/society/local legislation in force, today are applied to the whole specific reference population regardless of the type of contract (temporary/permanent), except for those particular services where the time scale of performance delivery may not be compatible with the duration of the contract.

The **protection of specific groups of employees** is safeguarded through the application of local laws, and is reinforced by specific corporate policies that emphasise the importance of this issue. The goal is to ensure equal opportunities for all types of worker in an effort to deter the onset of prejudice, harassment and discrimination of any kind (e.g. related to sexual orientation, colour, nationality, ethnicity, culture, religion, age and disability) in full respect of human rights. In various business operations and in compliance with specific, local legislation, Saipem guarantees the inclusion of disabled or young personnel and compliance with pre-established ratios between local and expatriate personnel.

As regards **gender diversity**, the **percentage of women who hold a managerial position** compared to the total number of women **rose from 18% in 2017 to 19% in 2018 (compared to the Group consolidated perimeter)**. Saipem is equipped with precise guidelines to standardise pay policies and reduce the pay gap between men and women in all the local bases where it operates. The Company **defines the compensation policy guidelines annually**. In particular, Saipem constantly strives to affirm the 'equal pay for equal work' principle and reduce the pay gap between men and women, in all operating situations, even if, on a global level, the result of the gender pay gap indicator is also influenced by the specific manpower dynamics of the year. The indicator reaches 82% for the Senior Manager category (both for the Group consolidated and Group total perimeter); as for Middle Managers, the 2018 indicator records a value of 87% (86% for the Group total perimeter) and with regard to the White Collars a value of 89% is reached (86% for the Group total perimeter). The Blue Collar category experienced a significant positive

GENDER PAY GAP



The gender pay gap indicator is calculated as the ratio between the average salary of a woman compared to the average salary of a man by category.

(No.)	2016		2017		2018	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Women in the workforce						
Women employed, by geographical area:	4,251	4,010	3,790	3,560	3,644	3,458
Americas	495	485	348	348	350	350
CIS	478	462	461	442	420	419
Europe	2,198	2,100	2,101	1,983	1,998	1,902
Middle East	129	123	120	115	154	152
North Africa	30	30	33	33	35	35
Sub-Saharan Africa	250	249	312	224	307	220
Far East	560	560	415	415	380	380
Women in leadership						
Women Senior Managers	23	23	23	23	23	23
Women Managers	600	591	612	606	643	633
Age ranges						
Employees under 30 years	5,809	4,225	4,330	3,724	3,740	3,526
of which women	735	540	494	427	439	399
Employees between 30 and 50 years	28,418	26,353	25,673	22,919	24,295	22,467
of which women	2,961	2,876	2,744	2,601	2,646	2,522
Employees over 50 years	6,078	6,281	5,915	5,415	6,094	5,700
of which women	555	594	552	532	559	537
Multiculturalism						
Number of nationalities represented in the employee population	120	115	115	115	123	122

variation, motivated also by the fact that the female population in this category (59 Blue Collar women for the Group consolidated perimeter and 85 for the Group total) is mainly employed in countries with higher wages than average.

Saipem supports the **work/family balance** of its personnel through company regulations and/or local policies which guarantee **parental leave**. These leaves differ only in the time and method of abstaining from work. The growth in the average number of days of leave taken even if there was an overall reduction in the number of beneficiaries is clear. In 2018, Saipem had 919 employees (947 if we refer to the Group total perimeter), 423 men (437 considering the Group total perimeter) and 496 women (510 considering the Group total perimeter), who made use of parental leave for a total of more than 43,000 days (45,000 referring to the Group total perimeter); at the same time, one should note the return to work from parental leave of 703 employees (727 at Group total level), 385 men (399 at Group total level) and 318 women (328 at Group total level), with a **return rate from parental leave of 76% (77% at Group total level), a slight decrease against the previous year**.

Innovation in people management

In April, Saipem launched the **'Flexibility' Smart Working Programme**.

The Programme has identified four specific areas of action (HR practice, digital culture,

technology, work spaces) through which it is possible to establish an **improvement path of the work organisation model that passes through a cultural, technological and digital change** which can positively contribute to the achievement of company results through increases in efficiency and effectiveness.

Work teams were created for each area of action that have committed resources belonging to all the main Saipem professional areas/families. In order to meet the specific operational and organisational needs of the Divisions, ad hoc solutions have been identified for each of them, so that the work teams can focus on the specific needs of each business area.

The Programme, divided into the specific fields of action, was launched with an experimental phase applied to a pilot group of workers in Italy and France, with the aim of extending the perimeter of the resources and of the countries involved in the course of 2019.

In order to adapt quickly to these cultural changes, **initiatives aimed at dematerialisation and digitisation** are ongoing. In this sense, Saipem continues in its commitment to **creating Talent Acquisition and Talent Management processes**. In the second half of 2018, the Millennial Generation was analysed with the aim of better understanding the approach to the labour market of these emerging generations that are expected to represent more than 40% of the workforce in 2020. Through this study it was possible to design a set-up of new

processes (which will be launched in 2019) linked, on the one hand to the ability to attract new candidates through innovative selection methods and, on the other, by the ability to retain resources by creating a working environment that enhances flexibility and the use of mobile technologies for training and performance assessment processes. To complete these new policies aimed at millennials, a more liberal use of non-monetary benefits that are increasingly in demand and sought after by the new generations will be promoted. As part of Saipem's broader digital transformation programme, the Human Resources department has incorporated the need to innovate systems and tools to support the main processes for managing and developing human capital. With this in mind, efforts continued in the rationalisation of payroll providers at a global level, with the aim of standardising the service level and making data more easily available and usable centrally for consolidation and reporting purposes. A study and analysis project was also launched in Italy in order to further strengthen the ability to control and report the main management and administrative indicators, as well as to increase the operability in terms of service to users. Furthermore, the initiative to develop and improve a system of KPIs and metrics on HR processes continued in order to monitor the efficiency and effectiveness of the pertinent processes and to guarantee a more precise level of control both at a central and divisional level; the monitoring and control system is therefore a periodic reporting system able to ensure the definition of improvement plans in the management of the 'employer life-cycle'.

Health

As described in 'The integrity in our operations' Policy, **Saipem considers the safeguard of health and the promotion of the physical and mental well-being of its people as a fundamental requirement.**

This is a fundamental condition of the modus operandi of Saipem which is committed to being leader in the safeguard of health, as well as safety and the environment (further details can be found in the **HSE Policy of Saipem SpA**). The Company pursues this commitment in compliance with the provisions on the protection of privacy and the national and international laws on the safeguard of health and the prevention of diseases. Its implementation implies that the health promotion programme, for each work site, concentrates mainly on preventive measures and considers all the activities whose performance could represent a health risk. Activities implemented include, for example, an assessment of the health risks, check-ups for the issue of fitness certificates,

vaccinations and chemoprophylaxis, health information, monitoring of the hygiene/sanitary conditions, programmes for the prevention of diseases and activities to promote health and physical activity. Saipem's operating activities require the movement of a considerable number of people, even to remote locations and contexts, sometimes unknown to the workers. For this reason, the Company ensures workers the best possible medical assistance wherever they work, organises regular specific medical examinations and consequently prepares medical fitness certificates, as well as delivers training programmes to assigned personnel before undertaking any travel or being assigned abroad. This is to prevent risks of contracting diseases due to the effect of the climate, environmental and psychosocial factors linked to the place of destination. The Company is equipped with structured processes and a chain of well-defined responsibilities to promptly manage any **medical emergency** whatsoever.

Saipem has developed a continually evolving health management system, which is adapted to the work environments, integrates the most recent epidemiological studies and is designed to ensure the best health monitoring and medical services.

This system observes the principles recognised at international level and by local laws, the WHO (World Health Organization) Beijing Declaration, 'Global Strategy on Occupational Health for All' (1994), European legislation and directive 2000/54/EC on the protection of workers from risks related to exposure to biological agents at work, its application in Italy through Legislative Decree No. 81/2008 and its amendments ('Consolidated Law on occupational safety' - 'Testo Unico in materia di salute e sicurezza sul lavoro'). This approach ensures effectiveness, flexibility and an adequate basis for the development of a long-term health culture in all the countries where the Company operates.

For each site/project/asset, the management system requires that the **risks linked to the health of personnel**, are identified and assessed (taking into consideration the frequency and potential impact), after which suitable **preventive and mitigation measures** are identified and implemented. These measures are periodically **monitored**.

The general principles for the safeguard of health are based on the analysis of the activities carried out in the work environment and take into consideration the risks that those activities have on both the people involved in the operations in different roles and the local community.

The analyses carried out are specific for each duty and destination. They include the identification of the activities and operating conditions in relation to normal, abnormal and

emergency running conditions; the analysis of the possible contact routes for the risk agents and their combined action and a clear association of the hazards to the duties in

relation to the specific nature of the identified activities. The results of the analyses allow the **personnel to be equipped with suitable equipment and appropriately monitored.**

		2016		2017		2018	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Occupational diseases reported	(No.)	9	9	5	4	7	7
Reported occupational diseases rate	(ratio)	0.08	0.08	0.05	0.04	0.03	0.03

The reported occupational diseases rate is calculated as the number of occupational diseases reported divided by the hours worked by Saipem personnel, all multiplied by a million.

Occupational Health and Medicine

In 2018, **the review and consolidation process regarding IT security on systems managing health data** was concluded in compliance with legislative requirements protecting physical persons and the processing of their data, as well as the free movement of such data (EU Regulation 2016/679 which entered into effect on May 25, 2018 - GDPR).

In the field of Occupational Medicine and Health Surveillance, the process of **reviewing the protocols and certifications in compliance with the sector guidelines (OGUK and OGP IPIECA)** was concluded.

In the field of technological innovation and development, aimed at a more secure and efficient management of personal health data, the activity of implementation and deployment of the **'My Health Records' programme**, to the Saipem Divisions continues, which allows all Saipem worldwide staff under health supervision to be able to consult their health data. The purpose of digitalising the health records via 'My Health Records' is to guarantee:

- more rapid and direct communication between employer, medical staff and employee;
- immediate use and transferability of the data;
- availability of a vast quantity of health information in a single space;
- reduction of costs through data dematerialisation.

The **pre-travel system** is consolidated and fully operational and **aimed at all Saipem personnel** destined to work abroad and is available on an e-learning basis, thanks to the TMS3 platform in line with the developments and updates of international health alerts.

As an integral part of the Travel Medicine information process, the **Saipem 'Sì Viaggiare' ('Yes Travel') application**, is continuously managed and updated to streamline the content modification process to provide faster, less expensive and, consequently, more frequent updates.

Important scientific and technical developments have been planned for 2018 and will include an initial application in 2019, such as:

- the partnership with the Scientific Society of

Travel Medicine to update contents and share the Best Practices;

- the agreement with the Apollo Hospital in Chennai and the Port Harcourt/Nigeria base for a pilot tele-radiology project.

During the year, the **Health Surveillance and Vaccinoprophylaxis activity**, continued, also as part of the employee welfare initiatives within the company (vaccines and health services in partnership with public and private hospitals and clinics). A project called **'Corporate Health News'** was launched to collaborate on scientific communication with an important High Specialisation Polyclinic for the disclosure of health care information/news to Saipem SpA employees.

For the fourth consecutive year, Saipem SpA has taken part in the **WHP programme, (Workplace Health Promotion)**, and specifically for 2018 for issues regarding 'Fighting Smoking' No Smoking Building and second-hand smoke and road safety in association with ACI and INAIL.

Safety

The safety of all Saipem personnel is a priority and strategic objective of the Company.

This commitment is also clearly described in the 'HSE' Policy of Saipem SpA and the 'Integrity in our operations' Policy.

The safety of people is constantly monitored and guaranteed in the management of its activities through an integrated health, safety and environment management system, which meets international standards and current legislation. **In 2018, the OHSAS 18001 and ISO 14001 certifications of Saipem SpA were confirmed by a third-party certification body through a periodic audit process. The coverage of these certifications were extended in 2017 to the most significant business entities** in the Group, guaranteeing a uniform and systematic approach in the management of the processes.

Saipem defines a **safety objectives plan every year at corporate, division and operating company level**, which is approved by the CEO, division manager and managing directors, respectively. **The incentive plans for the senior managers for the areas**

SAFETY INDICATORS: DEFINITIONS AND CALCULATION METHODS

LTI (Lost Time Injury): means any work-related injury that renders the person temporarily unable to perform any regular activity or restricted work during any day/shift after the day on which the accident occurred. The LTI include fatal accidents, permanent total disability, permanent partial disability and temporary total disability.

WRC (Work Restricted Case): term to define any injury at work, with the exception of fatalities or lost days, which makes the person unfit for performing all his/her activities fully in the days after the injury at work. In this case, the injured person is temporarily assigned to other duties or exempted from some parts of his/her normal duties. The maximum limitation time can be 30 days. If the limitation exceeds 30 days, the injury must be classified as LTI.

MTC (Medical Treatment Case): term to define any injury at work (infected wounds, stitches, deep presence of foreign bodies in the eyes, etc.) which does not entail either lost work days or restricted work days, but requires recurring treatment by the doctor or in accordance with his specific indication or which could be considered a case that falls within the scope of a doctor's expertise.

TRI (Total Recordable Incidents): means the sum of LTI, cases of limited work and cases of medical treatment:
 $TRI = LTI + WRC + MTC$

TRIFR (Total Recordable Incident Frequency Rate): it is calculated as (TRI number on hours worked) x 1,000,000.

FTLFR (Fatal Accident Frequency Rate): calculated as (number of fatal accidents per hour worked) x 100,000,000.

LTI FR (LTI Frequency Rate): it is calculated as (No. LTI on hours worked) x 1,000,000.

Lost days of work: the total number of calendar days in which the injured person was not able to do their job as a result of an LTI. The calculation for the lost days starts from the second day after an accident until the day when the person is capable of returning to work. The calculation does not include fatal accidents.

SR (Severity Rate): it is calculated as (No. of days of work lost on hours worked) x 1,000.

High-consequence work-related injury: injury with more than 180 days lost.

High-consequence work-related injuries Frequency Rate: it is calculated as (No. of accidents with a high impact on work hours) x 1,000,000.

Absenteeism rate of employees: it is calculated as the ratio between the number of total hours of absence and the number of total annual theoretical working hours. The theoretical annual hours of work are calculated proportionately to the number of staff at December 31.

under their responsibility are linked to the achievement of these objectives.

Further details can be found in the '2019 Remuneration Report'.

For the year 2019, these goals include:

- the identification of the hazards and the periodic assessment of the risks associated with the safety of personnel, vendors and other persons involved in the company's activities, as well as the risks for the company assets;
- guarantee appropriate assessment of the risks caused by the interference between the activities subcontracted to the vendors operating on Saipem structures or sites;
- the training of personnel. The HSE training process can be broken down into several phases: updating the HSE training protocol (which identifies the training needs based on professional roles), definition and standardisation of the courses on a dedicated platform, provision of the courses, monitoring and reporting on the training activities;
- adoption of adequate preventive and protective measures to guarantee the integrity and efficiency of the assets and the health and safety of people;
- follow-up and control activities on the effectiveness of the prevention and the protective measures implemented;
- reporting, registration, analysis and investigation activities for accidents and near misses;
- consolidation and analysis of safety performance.

The Company carries out **internal audits regarding HSE** on: HSE management system, compliance with the HSE legislative provisions and audits on the processes regarding safety; these audits, **181 in 2018**, involved operating companies, operational sites (including the fleet) and subcontractors.

At Saipem, promoting a culture of worker health and safety is facilitated in the company's industry by both the reference regulatory framework, characterised by laws and agreements at national and company level, and by an internal environment characterised by specific policies on health and safety.

These policies set particularly stringent criteria compared to the local contexts, which today still have regulatory systems in the process of development. Not all countries in which Saipem operates have trade unions at both national and local levels.

Where specific agreements are in place with trade unions, they can including the following on safety:

- setting up workers' safety committees (composition and number);
- specific training for safety officers (responsible company figures and employee representatives) and grassroots information on safety matters to all

employees, with particular reference to courses on Health and Safety at Work, Fire Fighting, First Aid, and mandatory 'Special Operations' (Onshore-Offshore);

- regular meetings between the company and workers' representatives.

In Italy, the collective agreement (CCNL) provides for the appointment of corporate representatives of the workers for their protection in the areas of health, safety and environment (RLSA). The appointment is by election, based on the provisions of law and the bargaining agreement. There are a total of 19 RLSA at the Saipem Italian offices.

A specific trade union agreement signed by Saipem and the Trade Union Organisations (OO.SS) defines the duties of the RLSA and their full authority to carry out their activities also for workers assigned temporarily to activities at yards and work-sites other than those of origin.

It should also be noted that abroad there are institutes where participation is shared between management and the workforce for the management of initiatives and programmes regarding health and safety in accordance with the reference regulations in different national situations. Among these are the Saipem Group entities operating in Algeria, Angola, Bolivia, Brazil, Canada, Colombia, Congo, Croatia, Ecuador, France, Indonesia, Malaysia, Mexico, Norway, Peru, United Kingdom, Romania and Venezuela. The Company has launched several awareness campaigns over the years with the purpose of spreading a deeper and more entrenched safety culture. The Leadership in **Health and Safety (LiHS) programme** stands out among these. Its purpose is to **promote the development of leadership abilities and cultural change regarding safety**. The programme, which reached its eleventh year of implementation in 2018, aims to spread safe behaviour, focusing on the development of leadership at all levels.

During the years 2017 and 2018, **special workshops were organised, with the Top Management and the Business Divisions**, to further reinforce the LiHS programme messages, create an opportunity for dialogue on leadership and safety issues and build the new Health & Safety Vision, the document that reflects the corporate values and long-term objectives to be achieved in terms of company Safety Culture.

Among the main activities carried out during the year by the **LHS Foundation**, a foundation created by Saipem to spread a new culture of health and safety in the professional world and to make the expertise gained by the Company available to the industry and the society, the following are of note:

- **'Italy Loves Safety'**, a social experiment that groups hundreds of Safety Ambassadors, including entrepreneurs, professionals, trainers, educators, students

and ordinary citizens who believe in the need to revolutionise the way of promoting safety since 2015. In the first three years of the 'Italy Loves Safety' movement, the **ambassadors carried out more than 1,000 free and safety-related events throughout Italy;**

- **'Growing New Leaders in Safety'**, a training programme consisting of several workshops for children and youths from 3 to 18 years of age. An activity is developed for each target audience that is adequate to the cognitive and learning abilities of the youngsters, which can, through play,

		2016		2017		2018	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Man-hours worked							
Total, of which:	(millions of hours)	258.6	222.5	281.9	220.8	272.5	268.4
Man-hours employees	(millions of hours)					93.3	89.9
Man-hours subcontractors	(millions of hours)					179.1	178.5
Accidents with days lost (LTI)							
Total, of which:	(No.)	52 ^(*)	41 ^(*)	40 ^(*)	37 ^(*)	36	36
Employees	(No.)					17	17
Subcontractors	(No.)					19	19
Of which fatal accidents:	(No.)						
Total, of which:	(No.)	1	1	3	3	4	4
Employees	(No.)					-	-
Subcontractors	(No.)					4	4
High-consequence work-related injuries							
Total, of which:	(No.)					1	1
Employees	(No.)					1	1
Subcontractors	(No.)					-	-
Days lost							
Total, of which:	(No.)	3,106	1,705	1,857	1,380	1,280	1,280
Employees	(No.)					572	572
Subcontractors	(No.)					708	708
Severity Rate							
Total, of which:	(ratio)	0.01	0.01	0.01	0.01	0.005	0.005
Employees	(ratio)					0.006	0.006
Subcontractors	(ratio)					0.004	0.004
Total Recordable Incidents (TRI)							
Total, of which:	(No.)	201	139	144	113	120	118
Employees	(No.)					57	55
Subcontractors	(No.)					63	63
Employee absentee rate (**)							
	(%)	4.9	4.2	4.1	4.7	4.0	3.9
Fatal Accident Frequency Rate (FTLFR)							
Total, of which:	(ratio)	0.38	0.45	1.06	1.36	1.47	1.49
Employees	(ratio)					-	-
Subcontractors	(ratio)					2.23	2.24
Lost Time Injuries Frequency Rate (LTIFR)							
Total, of which:	(ratio)	0.20	0.18	0.14	0.17	0.13	0.13
Employees	(ratio)					0.18	0.19
Subcontractors	(ratio)					0.11	0.11
High-consequence work-related injuries Frequency Rate							
Total, of which:	(ratio)					0.004	0.004
Employees	(ratio)					0.011	0.011
Subcontractors	(ratio)					-	-
Total Recordable Incidents Frequency Rate (TRIFR)							
Total, of which:	(ratio)	0.78	0.62	0.51	0.51	0.44	0.44
Employees	(ratio)					0.61	0.61
Subcontractors	(ratio)					0.35	0.35

(*) It should be noted that starting 2018, after updating the reporting methodology, fatal accidents are included in the representation of LTIs for all reported years.

(**) Group consolidated perimeter includes all companies fully consolidated with the exclusion of North Caspian Service Co, Saipem Australia Ltd, Saipem East Africa Ltd, Saipem Ingegneria y Construcciones SLU, Saipem Misr for Petroleum Services (S.A.E.). Group perimeter includes all the companies included in the abovementioned perimeter and Petromar Lda, SaiPar Drilling Co BV and TSGI Mühendislik İnşaat Ltd Şirketi.

reading, watching films and theatrical performances, stimulate them on the theme of health and safety, promoting more correct and positive behaviours for themselves and for others. Each of the six educational courses relies on the collaboration of professionals and the world of childhood education such as Muba, Museo del Bambino of Milan or the emergency management sector such as the Italian Red Cross. **In 2018, the project involved 3,335 students and teachers.**

Unfortunately, 4 fatal accidents occurred in 2018 involving subcontractor personnel in Turkey, Kazakhstan and Saudi Arabia, at two different sites. Although outside the reporting scope of Saipem (it occurred outside work hours), it is considered important to mention a large road accident which occurred during the transport of personnel involving the vehicle of a subcontractor with 12 passengers.

The event occurred near a site operating in Saudi Arabia and caused the death of 4 people and injury to others. It was established that all persons transported who wore seat belts correctly at the time of the accident were not injured.

The fatal accidents that occurred during operational activities are related to a fall, a collision with a moving vehicle, a road accident and the dismantling of a crate containing a valve. In-depth investigations have been carried out to identify the causes of these accidents and appropriate actions have been implemented in order to minimise the possibility of recurrence.

During the year, Saipem continued to invest significant resources in training its staff on HSE issues through campaigns and ad hoc programmes, in order to increase workers' awareness of the risks associated with work activities.

While not diminishing the importance and unacceptability of the events described, it is worth noting the positive trend of the main overall safety indicators (TRI - Total Recordable Incidents and LTI - Lost Time Injury). TRI Frequency Rate (TRIFR) and LTI Frequency Rate (LTIFR) decreased by 14% (for both perimeters) and by 7% respectively for the Group total perimeter (24% for the Group consolidated perimeter) compared to the previous year.

The main critical issues identified by the analysis of the incidents occurred are confirmed, with regard to occupational risks, as 'falls from heights' and accidents related to manual handling and manual operations. Although the incidents related to 'falling objects' have decreased significantly, mainly due to the implementation of the specific DROPS campaign (Dropped Objects Campaign), they continue to represent an important source of potential accidents. Road accidents and commuting accidents are issues of increasing attention.

The performance indicators for the year confirm the importance of a widespread implementation of all the programmes and campaigns carried out by the Company on all sites, and with the maximum commitment.

Asset integrity

Saipem strongly pursues the effective implementation of its asset integrity management system as an outcome of good design, construction and operating practices adopting the integrated management of barriers to reduce the risks associated with Major Accident Events (MAE).

Asset integrity refers to the prevention and control of the events with low frequency and high/severe consequences on people, the environment, assets or project performance. A dedicated team has been set up to develop an asset integrity management system model in line with the best Industrial practices.

The asset integrity model follows a typical Deming cycle: planning, operations, performance monitoring and continual improvement.

Saipem undertakes to prevent risks to improve the integrity of its operations. For this purpose, it adopts a proactive approach in the mitigation of risks as an integral part of its management and business activities. Further information is available in the 'Sustainable Saipem 2018' section 'Safety for our assets'.

Fighting corruption

Saipem has always conducted its business with openness, fairness, transparency, integrity and in full observance of laws and regulations. In this context, corruption is an intolerable impediment to the efficiency of business and to fair competition.

Amongst its various initiatives, Saipem has designed an '**Anti-corruption Compliance Programme**', a detailed system of rules and controls aimed at preventing corruption in line with best international practices and the principle of '**zero tolerance**' expressed in the Code of Ethics.

In particular, the Saipem Code of Ethics (including Model 231) establishes that 'bribes, illegitimate favours, collusion, requests for personal or career benefits for oneself or others, either directly or through third parties, are prohibited without any exception'.

The Saipem 'Anti-corruption Compliance Programme' is characterised by its dynamism and constant attention to the evolving national and international regulatory framework and best practices.

Over the years, and in view of continuous improvement, the 'Anti-corruption Compliance Programme' has been constantly

updated in line with the applicable provisions in force (including, inter alia, the United Nations Convention Against Corruption, the Organisation for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, Italian Legislative Decree No. 231 of June 8, 2001, the US Foreign Corrupt Practices Act and the UK Bribery Act and Sapin 2 Law). More specifically, the Board of Directors of Saipem SpA approved the 'Anti-Corruption Management System Guideline' (Anti-Corruption MSG) on April 23, 2012. This repealed and replaced the previous Anti-Corruption Compliance Guidelines in force. All the detailed anti-corruption procedures for specific risk areas were then updated (inter alia, the procedures for joint venture agreements, sponsorship, gifts, non-profit initiatives, vendors and consultants, relations with public administration and merger & acquisition operations).

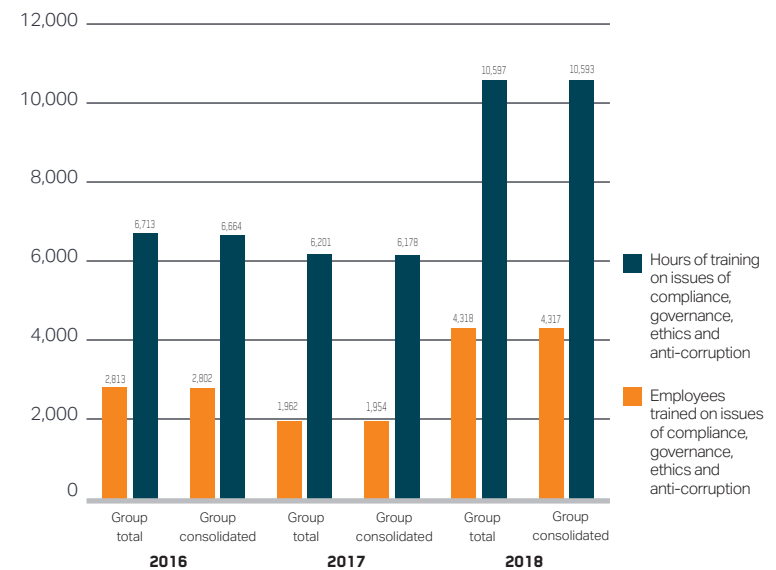
Subsequently, Saipem SpA issued the latest revision of the 'Anti-Corruption management System Guideline' in 2015. This represented an improvement in the regulatory context of the 'Anti-corruption Compliance Programme' and the Saipem Corporate Governance systems regarding anti-corruption. The above-mentioned MSG was examined and approved by the Board of Directors of Saipem SpA. Its adoption and enforcement is mandatory for Saipem SpA and all its subsidiaries.

All Saipem people are responsible for complying with the anti-corruption regulations: all the documents are accessible to them through the website and the company intranet portal. In this context, the managers hold a role of primary importance and they are called upon to promote compliance with the anti-corruption procedures by their colleagues. Furthermore, Saipem was one of the first Italian companies to achieve the international certificate ISO 37001:2016 'Anti-corruption management systems'. This certification, awarded by an independent accredited body, identifies a management standard that helps organisations in the fight against corruption, establishing a culture of integrity, transparency and compliance.

The certification process, which included an audit phase that began in January 2018 and ended in April 2018, took into consideration such factors as the organisational structure, local presence, processes and services. Aware that the primary element for developing an effective strategy to combat the phenomenon of corruption lies in developing a thorough understanding of the tools for its prevention, Saipem regards these training initiatives and awareness activities considerably important. In 2018, there was an

COMPLIANCE TRAINING

(number)




annual increase in training hours provided in this area above 71% for both perimeters. Moreover, the Internal Audit function of Saipem shall independently review and assess the internal controls in order to verify compliance with the requirements of the MSG 'Anti-Corruption', based on its own annual audit programme approved by the Board of Directors of Saipem SpA.

Any violation, suspected or known, of anti-corruption laws or anti-corruption procedures must be immediately reported through the channels indicated in the 'Whistleblowing reports received by Saipem and by its subsidiaries' procedure, which is available on the Company website and the intranet portal. Disciplinary measures are provided for people in Saipem who violate the anti-corruption regulations and omit to report violations that they are aware of. Saipem expects all of its Business Partners to comply with all applicable laws, including anti-corruption laws, in connection with Saipem's business, and to undertake to comply with the reference principles of the Anti-Corruption MSG.

Human rights

Saipem is committed to protecting and promoting human and labour rights when conducting its business, taking into consideration both the work standards recognised at international level and the local legislation in the countries where Group companies operate. This commitment is part of Saipem's modus operandi and is also made clear in the 'Our People' Policy. With reference to the management of relations with personnel worldwide, **Saipem adheres to the principles of the UN Universal**

RISKS CONCERNING ISSUES COVERED BY ITALIAN LEGISLATIVE DECREE 254/2016: HUMAN RIGHTS

Saipem material topic	Human and labour rights Security practices	Risks identified by the Company	Summary of the adopted risk mitigation measures
		<p>Human rights violations by security service providers in critical geographic areas or developing countries.</p> 	<p>Saipem periodically carries out checks on the reliability of security services, especially during the qualification and selection phase of the relevant providers. Furthermore, the inclusion of clauses concerning the protection of human rights is envisaged in the contracts. Finally, Saipem organises specific training courses for personnel (both internal and external) engaged in security services.</p>

Declaration of Human Rights and the OECD Guidelines for Multinational Companies.

Furthermore, the Chief Executive Officer of Saipem has formally committed to promoting and respecting the **principles set out in the United Nations Global Compact**, to which Saipem adheres, including principles 1, 2, 3, 4, 5 and 6 (regarding the rights of workers and the promotion of socio-economic development of the territories).

In protecting and promoting the rights of workers, due attention is paid to the conventions of the **International Labour Organisation (ILO)** regarding protection against forced labour and child labour, the fight against discrimination in employment and the workplace, freedom of association and collective bargaining.

With specific reference to the latter, Saipem has a sound record of relations with trade union organisations in a variety of geographic locations and covering several segments of its business. Further details can be found in the 'Industrial relations' section hereto. Saipem promotes and encourages a constant open dialogue between employer and employees so that the interests of the parties can be best realised in consideration of the fact that a regular and effective communication flow between the two parties appreciably reduces the probability of misunderstandings and conflict arising at the workplace.

Therefore, Saipem takes steps to ensure that there is a widespread and shared system between all the workers in Italy and around the world, which permits an easy and effective resolution of any conflicts linked to issues that have implications of an administrative nature. It is for this purpose that a procedural tool has been drawn up. It defines the methods for resolving conflicts, the timeframe, the people involved in the process and knowledge of the outcomes for the workers.

Saipem's attention to labour rights extends also to offshore personnel with full abidance to the principles and the rights recognised to Seafarers promoted under the **ILO Maritime Labour Convention of 2006 (MLC 2006)**. Seafarers also have the right to submit a grievance following a structured process if a violation of their rights arises.

In order to guarantee that each person is

aware of their rights, all people working on offshore vessels receive a copy of the related procedure and all the forms necessary for the complaint, together with a copy of their employment agreement. The captain and/or the Company examines any complaint, and any instance of harassment is managed in compliance with the Company's disciplinary procedures.

Finally, based on commitments made by the Group in the context of the Global Compact, Saipem has completed a human rights training and awareness programme for HR personnel and company and branch managers operating in 20 countries. The initiative has reached 85% of the personnel initially selected. At the same time, a similar initiative was targeted at subcontractors to seek a shared and more effective approach to promoting and respecting human rights.

Security practices

In the management of security, Saipem gives utmost importance to respecting human rights. Saipem is committed to adopting preventive measures aimed at minimising the need for response by public/private security forces in the case of any threats to the safety of its people and the integrity of its assets. The Company manages relations with local security forces in order to ensure a shared commitment to human rights, as well as the adoption of rules of engagement that limit the use of force.

Before signing a contract, **vendors of security goods or services are subjected to due diligence**, to verify that there are no counter-indications connected with the violation of human rights.

Saipem has introduced **clauses regarding the respect for human rights**, in its contracts with these vendors since 2010, and failure to observe them leads to the withdrawal of the Company from the contract. Until now, the contractual clauses on human rights have been included in the 'General terms and conditions'.

Further information can be found in the 'Human and labour rights' section of 'Sustainable Saipem 2018'.

For new projects in which Saipem is responsible for security, the Company carries out a **Security Risk Assessment** on the country in question before initiating a tender process. If it decides to go ahead with issuing a call for bids, Saipem prepares the **Project Security Execution Plan** in which the security risk connected with the operating activities and the context is analysed, including human rights violation issues. The **actions required to manage and reduce these to a minimum** are decided upon based on the risks identified.

Additionally, the security risk factors of the operating environment are the subject of specific assessment by the Employer (Responsible for the Observance on health and safety) in Saipem SpA and in the subsidiaries. The level of exposure to these risks depends on hygienic-environmental, socio-political factors connected to the phenomena of crimes and terrorism, and cultural, in a variable percentage depending on the country in which one operates. The Security Risk Assessment (VRS) is the document that identifies the security risks pertaining to each organisational structure/permanent site of an operating company or subsidiary and which defines the main mitigation actions to be undertaken. The census of all operating sites both onshore and offshore (GST) and Saipem employees (and contractors) present on the various operating sites/management offices, both onshore (POS) and offshore (POB), is constantly updated. As security risk prevention measures, the Company adopts specific measures such as:

- implementation of Meet & Greet procedures in the destination country;
- local 'security induction' for expatriated personnel on arrival at the destination, with indications of local threats, conduct to be followed and precautions to be taken daily in the specific work site/country;
- assignment of a security escort, with use of armoured vehicles, where necessary, based on local security conditions.

The implementation of security plans and the provision of evacuation plans are tools used at all Company operational sites/offices.

The synergy of different company departments also allows them to implement Local Crisis Units for the management of emergencies and crises.

The corporate departments also work in operational coordination with Embassies, Consulates, Ministry of Foreign Affairs (MAE) - Crisis Unit, Client and Third Party Security (JV). Consistently and in compliance with Legislative Decree No. 81/2008 'Consolidated Law on occupational safety', the Time Management System (TMS) computer software was prepared by the Group Health and Security department to manage missions from their booking/authorisation and track

staff on short trips or assignments abroad.

The system made available to resources travelling for business, secondment or work shift rotations between Italy and a foreign country aims to provide Pre-travelling induction accompanied by a series of information on the Security and Health aspects specific to the destination country, as well as to guarantee tracking of workers travelling abroad.

Reporting suspected violations

A fundamental part of Saipem's structured system for managing stakeholder complaints is the reporting management process ('whistleblowing') governed by a special Corporate Standard made available to all employees (through various means, among which the intranet and company notice boards) and external stakeholders (published on the Company's website).

The term 'report' refers to any information, notice, fact or behaviour that has in any way come to the attention of Saipem personnel regarding possible violations, behaviour and practices that do not conform to the provisions in the Code of Ethics and/or which may cause damage or injury to Saipem SpA (even if only to its image) or any of its subsidiaries, referring to employees, directors, officers, audit companies of Saipem SpA and its subsidiaries and third parties in a business relationship with these companies, in one or more of the following areas: the internal control system, accounting, internal accounting controls, auditing, fraud, administrative responsibilities under Legislative Decree No. 231/2001, and others (such as violations of the Code of Ethics, mobbing, security, etc.). Saipem has prepared various channels of communication in order to facilitate the sending of reports, including, but not necessarily limited to, regular post, fax numbers, yellow boxes, e-mail, and communication tools on the intranet/internet sites of Saipem SpA and its subsidiaries.

The Internal Audit function ensures that all appropriate controls are in place for any facts that have been reported, guaranteeing that:

- (i) these are carried out in the shortest time possible and respecting the completeness and accuracy of the investigation;
- (ii) the utmost confidentiality with methods suitable for protecting the person reporting.

The inspection comprises the following stages: (a) preliminary check; (b) assessment; (c) audit; (d) monitoring of corrective actions.

The Internal Audit prepares a quarterly report on reports received that, following examination by the Saipem Board of Statutory Auditors, is sent to the relevant people for suitable assessment.

(No.)	2016 ^(*)	2017	2018
Number of cases reported			
Total, of which:	125	118	120
- founded or partially founded	31	24	17
- unfounded	98	92	64
- open	-	2	39

(*) The count for closed cases includes 4 closed cases concerning the system of internal controls and risk management and re-opened and closed also for other matters concerned.

Details of some categories of file are provided below:

(No.)	2016	2017	2018
Files on cases of discrimination			
Total, of which:	19	12	13
- founded or partially founded	2	4	-
- unfounded	17	8	7
- open	-	-	6
Files in relation to workers' rights			
Total, of which:	30	26	49
- founded or partially founded	6	3	3
- unfounded	24	21	24
- open	-	2	22
Files regarding violations of the rights of local communities			
Total, of which:	2	3	2
- founded or partially founded	-	-	-
- unfounded	2	3	2
- open	-	-	-

The data is update as of December 31, 2018.

The following were opened in 2018: 13 cases reporting discrimination issues, of which 6 are still open and 7 closed, 49 cases reporting worker's rights issues, of which 22 still open and the remaining 27 closed, 2 cases reporting local community issues, both closed during the year. All 64 cases were transmitted to the pertinent company bodies (Board of Auditors of Saipem SpA, Supervisory Board of Saipem SpA and the Compliance Committees of the companies affected by the reports).

With regard to the issues of **discrimination**, with reference to the closed cases, the pertinent company bodies decided to close 6 on the basis of investigations carried out, considering that there were no violations of the Code of Ethics with reference to the facts reported. In 1 case, albeit without violations, a corrective action consisting of monitoring the reported individuals' behaviour, was identified. The relevant disciplinary measures are applied in the event of breach of the Code of Ethics. It should also be noted that 6 discrimination cases reported in 2017 were closed in 2018; they were still open at the time of the last reporting. Of the 6 cases closed, 4 were unfounded and 2 were founded. With regard to these latest cases, corrective actions were carried out on the perpetrators of the behaviour, which consisted of a warning letter and awareness training on company

procedures and policies, as well as on the Group's Code of Ethics and, for 1 case, the pertinent Compliance Committee will conduct another anonymous survey sessions to identify any further improvements.

With regard to the issues of **workers' rights**, with reference to the 27 closed cases, in 19 cases the competent company bodies decided upon closure deeming that there were no cases of violation of the Code of Ethics with reference to the facts reported, whilst violation was confirmed in 3 cases and 5 cases, though without violation, corrective action was taken. The actions were the following: a warning letter issued to the perpetrator; a verbal warning an awareness training with reference to the maintenance of a behaviour consistent with the positions held; actions to raise awareness of compliance with the Code of Ethics; awareness promotion activities in order to reiterate the importance of respecting working hours; organisation of a meeting in order to improve the management of work-related stress and the maintenance of an acceptable style communication; verification of the activation of specific security regulations to ensure the safety of the employees involved in the report; carrying out, on a periodic basis, soft skills training; organisation of coordination meetings between the various departments and evaluation of the opportunities to carry out

organisational changes. Finally, for 1 case the pertinent Compliance Committee will conduct a new anonymous survey session in order to identify any further improvements. It should also be noted that 13 workers' rights cases were closed in 2018 (12 from 2017 and 1 from 2016); they were still open at the time of the last reporting. Of the 13 cases closed, 12 were unfounded and for one case, despite the absence of violations, a corrective action was identified consisting in sending a letter to the vendor in order to sensitize its employees to respect of the Code of Ethics.

As regards issues on the **relations with local communities**, with reference to the 2 closed cases, the competent company bodies decided to dismiss them on the basis of the investigations carried out that deemed that there was no violation of the Code of Ethics with reference to the facts reported.

No corrective actions were implemented.

Furthermore, 1 case dealing with issues regarding the local communities from 2017 was closed in 2018. This case was unfounded

and no corrective action was identified with regard to this outcome.

Limited assurance

Reporting is subject to limited assurance by an independent company (hereinafter 'the auditor'), the auditor of the annual report.

The auditor certifies, in the context of the statutory audit, that the 'Consolidated Non-Financial Statement' have been approved by the Board of Directors.

The auditor also expresses, with an appropriate report, the certification that, based on the work carried out, no elements arose to indicate that 'Consolidated Non-Financial Statement' were not prepared, in all significant aspects, in compliance with the provisions of Articles 3 and 4 of Italian Legislative Decree No. 254/2016 and the GRI Standards. The Saipem SpA Board of Directors approved the 'Consolidated Non-Financial Statement' on March 11, 2019.

GRI content index

In accordance with GRI standards - Core option

Legend of the documents

NFS18: Consolidated Non-Financial Statement

AR18: Annual Report 2018

CG18: Corporate Governance and Shareholding Structure Report 2018

GRI 102: GENERAL DISCLOSURE 2016	
Disclosure	Section name and page number or link
Organisation profile	
102-1	Cover (AR18).
102-2	'Directors' Report', pages 15-29 (AR18).
102-3	Back cover (AR18).
102-4	Inside front cover (AR18).
102-5	Table 'Shareholding structure', page 63 (CG18).
102-6	'Directors' Report', pages 12-14 (AR18).
102-7	'Saipem people', pages 86-98 (NFS18); 'Letter to the Shareholders', pages 2-4 (AR18); 'Financial and economic results', pages 32-37 (AR18).
102-8	'Saipem people', pages 86-98 (NFS18). Please note that employees on permanent contract (with a key professional role) number 13,468 (14,123 for the Group perimeter), of which 1,150 women (1,189 for the Group perimeter). The geographic distribution of this staff is the following: 725 in the Americas (for both perimeters), 1,607 in the Far East (for both perimeters), 690 in CIS (for both perimeters), 405 in North Africa (for both perimeters), 1,286 in Sub-Saharan Africa (1,512 for the Group perimeter), 3,584 in the Middle East (3,751 for the Group perimeter) and 5,171 in Europe (5,433 for the Group perimeter). Employees who do not hold a key professional role can be defined as 'temporary' for the GRI definition. 31,470 employees have a full-time employment contract (33,906 for the Group perimeter), of which 3,290 are women (3,476 for the Group perimeter).
102-9	'Social aspect management activities and results', pages 82-86 (NFS18).
102-10	'Social aspect management activities and results', pages 82-86 (NFS18).
102-11	'Company management and organisation model', pages 74-76 (NFS18).
102-12	'Fighting corruption', pages 98-99 (NFS18); 'Human rights', pages 99-103 (NFS18).
102-13	Saipem is an active member of 121 business associations at national and international level. The group leader is a member of 47 associations, among which ANIMP, IADC, IMCA, IPLOCA, UN Global Compact, Valore D, WEF and WEC.
Strategy	
102-14	'Letter to the Shareholders', pages 2-4 (AR18).
Ethics and integrity	
102-16	'Company management and organisation model', pages 74-76 (NFS18); inside front cover (AR18).
Corporate Governance	
102-18	'Board of Directors', pages 17-19 (CG18); 'Board Committees', pages 33-39 (CG18); 'Structure of the Board of Directors and its Committees', page 64 (CG18).
Stakeholder engagement	
102-40	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Company management and organisation model', pages 74-76 (NFS18); 'Saipem people', pages 86-98 (NFS18).
102-41	
102-42	
102-43	
102-44	
Reporting practice	
102-45	'Scope of consolidation at December 31, 2018', pages 142-146 (AR18).
102-46	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Scope of consolidation at December 31, 2018', pages 142-146 (AR18); 'Changes in the scope of consolidation', page 147 (AR18).
102-47	
102-48	
102-49	
102-50	
102-51	'Consolidated Non-Financial Statement' (NFS17), approved March 5, 2018.
102-52	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18).
102-53	Inside back cover (AR18).
102-54	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18).
102-55	'GRI content index', pages 104-107 (NFS18).
102-56	'Limited assurance', page 103 (NFS18); 'Independent Auditors' Report', pages 108-110 (NFS18).

MATERIAL THEMES		
Specific Standard	Section name and page number or link	Notes/Omissions
GRI 202: Market Presence 2016		
103-1 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Social aspect management activities and results', page 84 (NFS18).	
202-2	'Social aspect management activities and results', page 84 (NFS18).	People classified as 'local personnel' are those employees residing in the country in which they are employed.
GRI 205: Anti-corruption 2016		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Fighting corruption', pages 98-99 (NFS18).	
205-3	'Legal proceedings', pages 177-188 (AR18).	No employee was dismissed due to corruption cases.
GRI 302: Energy 2016		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Environmental management and results', pages 76-78 (NFS18).	
302-1	'Environmental management and results', pages 79-80 (NFS18).	The total energy consumption in 2018 was equivalent to 18,775.16 TJ (18,987.82 TJ for the Group perimeter). The percentage of renewable electricity produced and consumed by the Group depends on the energy mix of the different countries.
GRI 305: Emissions 2016		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Environmental management and results', pages 76-78 (NFS18).	
305-1	'Environmental management and results', page 80 (NFS18).	The source used to define the emission factors is 'IPCC Guidelines for National Greenhouse Gas Inventories 2006'.
305-2	'Environmental management and results', page 80 (NFS18).	The sources used to define the emission factors are the following: International comparisons ('Confronti Internazionali' - Terna) and Greenhouse Gas Protocol. Scope 2 market-based emissions total 36.3 thousand tonnes of CO ₂ eq (38.2 thousand tonnes of CO ₂ eq for the Group). Using a conservative approach, the value of scope 2 market-based emissions has been calculated using the residual mix emission factors. The Company is planning to start collecting information on origin certificates from renewable sources in order to provide for next reporting cycle the real value of emissions.
GRI 306: Effluents and Waste 2016		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Environmental management and results', pages 76-78 (NFS18).	
306-3	'Environmental management and results', page 79 (NFS18).	
GRI 401: Employment 2016		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Saipem people', pages 87-88, 91-93 (NFS18).	
401-2	'Saipem people', pages 91-93 (NFS18).	
GRI 403: Occupational Health and Safety 2018		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Saipem people', pages 90, 94-98 (NFS18).	

MATERIAL THEMES		
Specific Standard	Section name and page number or link	Notes/Omissions
GRI 403: Occupational Health and Safety 2018		
403-5	'Saipem people', page 90 (NFS18).	During the year Saipem held 1,472,112 hours of training exclusively on health and safety topics (1,497,101 for the Group perimeter), of which 514,437 hours for employees (531,347 for the Group perimeter) and 957,675 for subcontractors (965,754 for the Group perimeter).
403-9	'Saipem people', page 97 (NFS18).	
GRI 404: Training and education 2016		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Saipem people', pages 90, 89-90 (NFS18).	
404-1	'Saipem people', page 90 (NFS18).	Training hours are not shown by gender and category because the IT systems used for reporting do not allow for differentiating the data at this time.
404-3	'Saipem people', page 90 (NFS18).	Out of 31,693 employees (34,129 for the Group perimeter), 13,130 (13,568 for the Group perimeter) were subject to performance assessment, of which 51% women (53% for the Group perimeter) and 40% men (38% for the Group perimeter). 98% of senior managers (97% for the Group perimeter), 60% of managers (59% for the Group perimeter), 44% of white collar (43% for the Group perimeter) and 30% of blue collar (27% for the Group perimeter) were involved in this process.
GRI 405: Diversity and equal opportunity 2016		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Saipem people', pages 90, 91-93 (NFS18).	
405-1	'Saipem people', pages 91-93 (NFS18).	The Board of Directors is made up of 9 members of which 3 women. All Directors are over 50 years old. Women represent 11% of the workforce (for both perimeters). For age distribution, 11% of employees are less than 30 years old (for both perimeters), 71% are between 30 and 50 years old (for both perimeters) and 18% are over 50 years old (for both perimeters).
GRI 406: Non Discrimination		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Saipem people', pages 90, 91-93 (NFS18).	
406-1	'Human rights', pages 101-103 (NFS18).	
GRI 407: Freedom of association and collective bargaining		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Social aspect management activities and results', page 85 (NFS18); 'Human rights', pages 99-100 (NFS18).	
407-1	'Social aspect management activities and results', page 85 (NFS18).	

MATERIAL THEMES		
Specific Standard	Section name and page number or link	Notes/Omissions
GRI 408: Child Labour 2016		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Social aspect management activities and results', page 85 (NFS18); 'Human rights', pages 99-100 (NFS18).	
408-1	'Social aspect management activities and results', page 85 (NFS18); 'Human rights', pages 99-100 (NFS18).	
GRI 409: Forced and Compulsory Labor 2016		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Social aspect management activities and results', page 85 (NFS18); 'Human rights', pages 99-100 (NFS18).	
409-1	'Social aspect management activities and results', page 85 (NFS18); 'Human rights', pages 99-100 (NFS18).	
GRI 410: Security Practices		
103-1, 103-2 and 103-3	'Human rights', pages 100-101 (NFS18).	
410-1	'Human rights', pages 100-101 (NFS18).	10% of security personnel were trained on ethics and compliance topics in 2018.
GRI 414: Supplier Social assessment 2016		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Social aspect management activities and results', page 86 (NFS18).	The data on vendors are collected by means of a qualification questionnaire and then analysed.
414-1	'Social aspect management activities and results', page 86 (NFS18).	2.5% of qualified vendors were assessed on human rights issues in 2018. Please note that only new vendors who provide goods and services belonging to the most significant commodity codes operating in counties deemed critical were assessed on these topics.
Technological and operating innovation		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Directors' Report', pages 40-43 (AR18).	
Safe operations, asset integrity and process safety		
103-1, 103-2 and 103-3	'Reporting methodologies, principles and criteria', pages 71-74 (NFS18); 'Saipem people', page 98.	

INDEPENDENT AUDITORS' REPORT

The independent auditors' report, which concerns the Consolidated Non-Financial Statements included in the dedicated section of the Annual Report, is accessible through this [link](#).

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Società per Azioni
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Publications
Relazione finanziaria annuale (in Italian)
Annual Report (in English)

Interim Consolidated Report as of June 30
(in Italian and English)

Saipem Sustainability (in English)

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