

# SAIPEM MODERN SLAVERY STATEMENT 2018





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This statement describes the policies and the actions taken by the Saipem Group<sup>1</sup> in the last year to develop and implement measures and enhance the systems and processes already in place to ensure the respect for human and labour rights and prevent modern slavery and human trafficking in its business and supply chain. This document is published in line with the UK Modern Slavery Act 2015. The reporting boundary corresponds to the one described in the Annual Report and Sustainable Saipem Report for 2018.

## ABOUT SAIPEM

Saipem is a world leader in engineering and drilling activities and in the development of major energy and infrastructure projects, supporting clients throughout the entire project cycle – from identifying needs to decommissioning, with turn-key EPC

and EPCI contracts, employing all our professional expertise to operate in the most challenging contexts. Saipem manages complex projects with its unique high added value: engineering skills. The Company has distinctive competences in harsh environments, remote areas and deep water.

123

NATIONALITIES

34,129

EMPLOYEES

72

COUNTRIES WHERE SAIPEM OPERATES

## OUR POLICY AND COMMITMENT

Competitiveness requires responsibility and for this reason Saipem has always been committed to conducting business in accordance with the highest integrity standards, carrying out our activities with loyalty and transparency, in full compliance with laws and regulations, and the values contained in our code of ethics.

As a responsible employer, we respect international human and labour values and principles, and are committed to promoting positive behaviour even outside our own operational boundaries, across our supply chain and in the communities in which we operate.

We are aware that the creation of a context of reciprocal respect and trust between the company, employees and our stakeholders is essential for our sustainable business to run smoothly.

Saipem operates within the reference framework of the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the ILO, the OECD Convention, and the UN Global Compact principles.

Its regulatory system is based on, and is

consistent with, the general framework, which comprises: legal provisions, the Articles of Association, the Corporate Governance Code, the CoSO Report, the Organisation, Management and Control Model (OM&C Model<sup>2</sup>), which includes the Code of Ethics and the internal control system over financial reporting.

The OM&C Model is implemented by Saipem, in order to prevent the commission – in the interest or to the benefit of the Company – of offences punished by Italian Legislative Decree No. 231 of June 8, 2001, among which are listed crimes against human and labour rights such as crimes against individuals, protection against child prostitution and child labour exploitation and, more recently, crimes relating to unlawful intermediation and labour exploitation.

OM&C Model

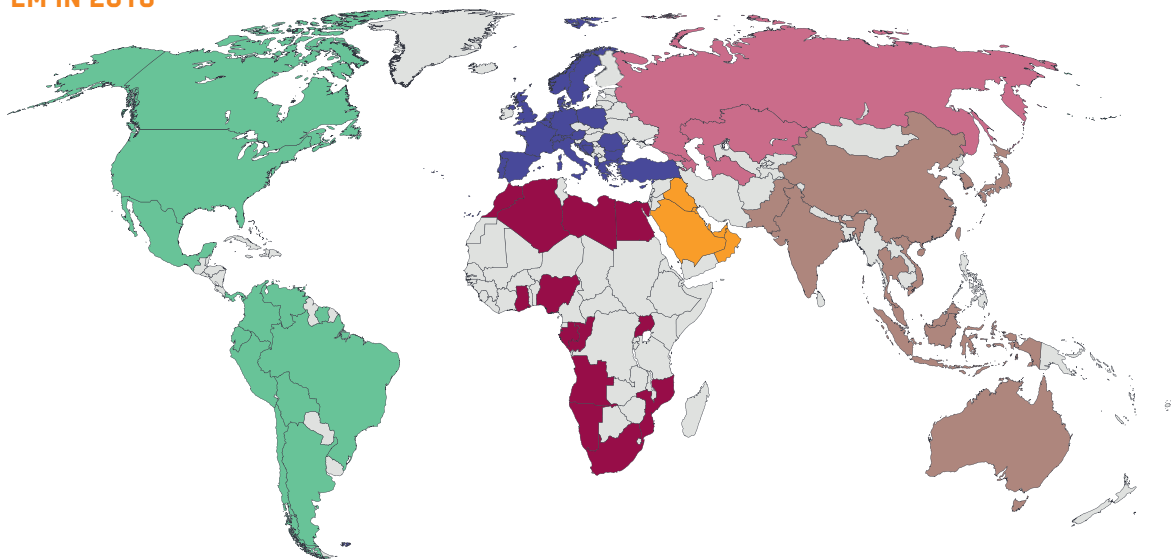
### CODE OF ETHICS

Our Code of Ethics sets out the principles and commitments undertaken by the Saipem Group in order to adhere to ethical business practices and to comply with legal requirements. The Code of Ethics states the rejection of any form of discrimination, corruption, forced or child labour and the promotion of human rights.

Code of Ethics

(1) The Saipem Group refers to the parent company Saipem SpA and its consolidated subsidiaries as identified in the 2018 Annual Report.  
 (2) In accordance with Italian Legislative Decree No. 231 of June 8, 2001, the Organisation, Management and Control Model provides, according to the nature and size of the organisation, as well as the type of business conducted, measures capable of preventing crimes identified by the Decree and relevant for the Company.

## SAIPEM IN 2018



### AMERICAS

Employees (No.)	2,477
Goods and services ordered (€ mln)	428
Qualified Vendors (No.)	5,183

### AFRICA

Employees (No.)	5,797
Goods and services ordered (€ mln)	636
Qualified Vendors (No.)	3,222

### MIDDLE EAST

Employees (No.)	10,645
Goods and services ordered (€ mln)	1,785
Qualified Vendors (No.)	3,444

### FAR EAST AND OCEANIA

Employees (No.)	3,034
Goods and services ordered (€ mln)	975
Qualified Vendors (No.)	2,883

### CIS

Employees (No.)	2,110
Goods and services ordered (€ mln)	510
Qualified Vendors (No.)	1,474

### EUROPE

Employees (No.)	10,066
Goods and services ordered (€ mln)	2,655
Qualified Vendors (No.)	7,639

### Human Rights Policy

Particular attention is paid to the acknowledgement and safeguarding of the dignity, freedom and equality of human beings, the protection of labour and of the freedom of trade union association, of health, safety, the environment and ecosystems, and preservation of natural resources and contribution to tackle climate change, in accordance with International Institutions and Conventions.

The Code of Ethics applies to all Saipem directors, statutory auditors, management and employees and by everyone working in Italy and abroad to achieve Saipem's objectives, as well as by third parties with which Saipem collaborates. Saipem' Code of Ethics states the undertaking of Saipem to cooperate with third parties with suitable professionalism and who are committed to sharing the principles and contents of the Code of Ethics and who promote the establishment of long-lasting relations for the progressive improvement of performance while protecting and upholding the principles and contents of the Code.

The Code of Ethics provides the appropriate channels that allow an adequate information flow in order to investigate any report related to the violation of the Code of Ethics. In order to facilitate the reporting flow, Saipem has set up specific communication channels set out in the Whistleblowing procedure published on the Company Intranet and Internet Sites and accessible to all Saipem employees and third parties. All reports are fully investigated and appropriate remedial actions taken.

### Sustainability Policy

### HUMAN RIGHTS POLICY

Saipem's Human Rights Policy sets out our commitment to respecting human rights and complying with laws, rules and regulations governing human rights in the countries in which we operate. This includes specific provisions addressing slavery, human trafficking, forced labour, child labour and upholding each employee's right to the freedom of association. The Policy applies to all Saipem people and has been distributed company-wide.

### SUSTAINABILITY POLICY

Saipem's Sustainability Policy reinforces the commitment to upholding internationally recognised human rights and to promoting this commitment in business activities carried out with partners or entrusted to contractors and subcontractors. Everywhere we operate, we strive to contribute to the creation of the socio-economic conditions required for the effective enjoyment of fundamental rights and promote the professional growth and well-being of our resources.

### RISK ASSESSMENT

As an international industrial group operating in more than 70 countries in every area of the world, Saipem is aware of the role it can play in the economic contexts and the risks that are associated with its activities including risks related to human rights and

### Whistleblowing procedure

## FOCUS ON DISSEMINATE A CULTURE OF BUSINESS INTEGRITY IN NIGERIA

Saipem has been working to disseminate a culture of business ethics and integrity in Nigeria with the launch in 2017 of the Leading by Ethics Campaign. This initiative initially addressed 200 Saipem employees and was then extended, together with the UN Global Compact, to involve 50 local Saipem vendors and local NGOs. As part of this campaign, attendees participated in the Leading by Ethics Training and watched the Leading by Ethics Movie. In the framework of the Saipem Innovation Trophy, the initiative received a special award for the innovative communication method, which enables improved internalisation of the culture of Ethics and Business Integrity, including through the use of different innovative supports.

To watch the Leading by Ethics Movie click here

human trafficking issues. To this end, Saipem performed a thorough country-based risk assessment encompassing several labour rights-related indicators, including child and forced labour, freedom of assembly and expression, and human trafficking, which are provided by international organisations, international NGOs and trade unions. The risk assessment led to the distribution of the countries in which Saipem and its suppliers operate into three distinct categories related to the risk of abuse of human/labour rights, thus identifying high, medium and low risk countries.

In addition, for each country where Saipem is operating, an in-depth analysis of legislation in force has been carried out for four distinct labour rights domains (i.e. non-discrimination in employment and occupation, child labour, forced labour, freedom of association and collective bargaining).

At operational level, before initiating a tender process for new project execution, an assessment of the country in question is carried out as part of the security risk assessment, which includes the analysis of the local context also in terms of human rights. As a result, a project security execution plan is prepared that sets actions required to manage and reduce the identified risks.

### MANAGING OUR PEOPLE

Our Code of Ethics recognises the importance of acknowledging and safeguarding the dignity, freedom and equality of human beings, the protection of labour, the health and safety of workers, and the freedom of trade union association. 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.

Saipem guarantees its employees different types of benefits that may primarily concern:

### OUR PEOPLE IN NUMBERS

<b>Employees</b>	<b>34,129</b>
<b>People employed locally</b>	<b>73%</b>
<b>Women</b>	<b>11%</b>
<b>People hired through employment agencies</b>	<b>7,380</b>
<b>Local managers</b>	<b>45%</b>
<b>Employees covered by collective bargaining agreements</b>	<b>47%</b>

 Source: Sustainability Statements 2018

supplementary pension funds, additional health funds, mobility support services and policies, initiatives in the field of welfare and family support policies, catering and training courses aimed at ensuring more effective integration within the socio-cultural context of reference, based on specific local circumstances.

### DIVERSITY AND EQUAL OPPORTUNITIES

Any behaviour constituting physical or moral violence or harassment is strictly forbidden without any exceptions.

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;

## FOCUS ON VALUING DIVERSITY

Saipem believes that diversity should not be treated as a 'one-off' initiative. Promoting diversity and inclusion in the workplace is a constant work in progress to be maintained and nurtured in order to be effective. In that respect, Top Management believe that diversity, in all its dimensions, gender, culture, nationality, etc., constitutes a value for the company. The culture that values diversity in people's minds and in the organisation shall be increasingly promoted in daily choices and behaviours. To this end, Saipem chose to become a member of 'Valore D' in July 2018. Valore D empowers companies to turn diversity and inclusion into a major asset, promoting new models for an inclusive organisation in order to support participation, collaboration and fruitful dialogue between different genders, ages and cultures within the company. Top Management has also promoted a cultural awareness workshop of 'Unconscious Bias' which will be held in March 2019.

- select, hire, train, compensate and manage human resources without discrimination of any kind;
- create a work environment where personal characteristics or beliefs do not give rise to discrimination and which allows the serenity of all Saipem's people.

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 workers 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 managerial positions** compared to the total number of women **slightly 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.

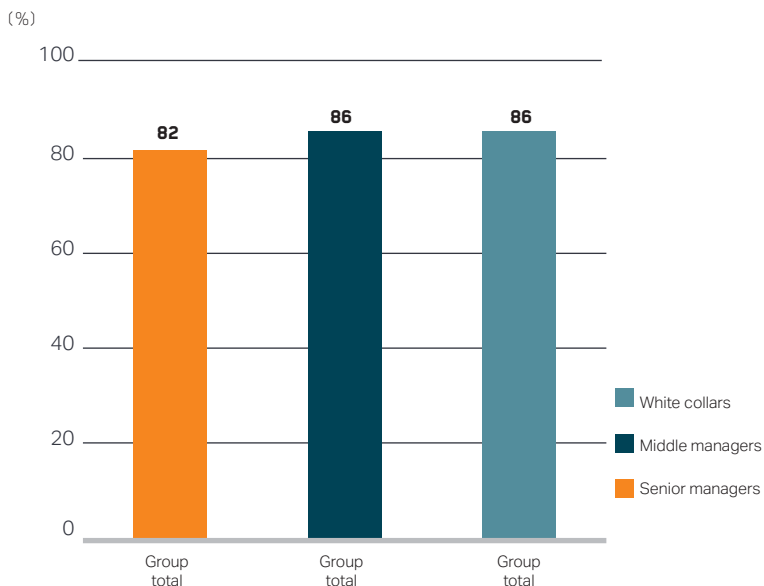
The Company **defines the compensation policy guidelines annually**. In particular, Saipem constantly strives to affirm the 'equal pay for equal work' principle and reduce the pay gap between men and women, in all operating situations, even if, on a global level, the result of the gender pay gap indicator 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 White Collar workers a value of 89% is reached (86% for the Group total perimeter). The Blue Collar category experienced a significant positive 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.

### INDUSTRIAL RELATIONS

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

Over the years Saipem has consolidated an industrial relations model aimed at ensuring the harmonisation and optimal management of relations with trade unions (OO.SS.),

## 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.

## **FOCUS ON EUROPEAN WORKS COUNCIL (EWC)**

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 discussion and exchanges of opinion between the company and workers' representatives, fully integrating itself within the 'participatory' model of industrial relations to which Saipem adheres.

employees, employers' associations, institutions and public bodies in line with company policies.

Saipem has a sound record of relations with trade union organisations in a variety of geographic locations and covering several segments of its business. 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 in 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.

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.

Of more than 25,000 employees (more than 27,000, if we consider the Group total)

monitored, 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).

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.

### **PERSONNEL HIRED THROUGH EMPLOYMENT AGENCIES**

For certain specific contexts, and mainly to comply with domestic legislation, Saipem is supported by local manpower agencies to recruit local employees, especially skilled blue collars. In the framework of its human and labour rights commitment, Saipem has a rigorous process in place for recruiting employment agencies, which are considered strategic partners in order to identify and properly manage highly skilled professionals. A monitoring system of how employment agencies manage sensitive processes such as recruitment practices has been implemented; this is performed through audits at the vendor's premises and phone interviews with personnel. This is the case in particular of Global Petroprojects Services

(GPS AG), a subsidiary of the Saipem Group, licensed for international recruitment and manpower supply since 1994 and as Seafarer's Recruitment and Placement Services agent in compliance with the ILO MLC 2006 since 2013.

GPS AG is indeed a human resources centre of excellence, which provides a complex spectrum of HR related services to Saipem worldwide, in addition to several other auxiliary services (monitoring of training needs and training arrangements, data inputting, the support for bid estimations, etc.). It operates combining business peculiarities with the evolution of the market. For certain complex contexts, GPS AG is supported by local agencies to satisfy legal obligations connected mainly with domestic legislation. In the framework of its human and labour rights commitment, Saipem has a rigorous process in place for selecting workforce suppliers and a structured engagement to promote fruitful cooperation. GPS AG constantly monitors, directly and indirectly, how employment agencies manage recruitment and administration practices either through audits during the validation of a purchase document and/or assessments prior to the service provisions at the vendor's premises or by phone interviews with international personnel, carried out during their off-duty period, to get their own perceptions. Said feedback collected during phone conversations in English can confirm that employment agencies meet Saipem's requirements.

In 2018, GPS AG launched a customised eLearning course for international workers to assess their perception of topics such as fighting corruption, social responsibility, integrity, ethical supply chain, health and safety, etc. Of course, this is just one among a variety of tools to assess – for instance – if manpower agencies do not require payment of any placement fees or other compensation to access Saipem employment proposals.

GPS AG's aim is to continuously maintain a stable channel of communications with Subcontractors and International Employees to promote more and more the adoption of good practices in the area of overseas recruitment and enforce a fair and transparent recruitment process.

## 2018 GPS ACTIVITIES IN FIGURES

more than **280**  
**Tracked contacts with international personnel**

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more than **1,330**  
**Man-hours spent in enhancing a transparent recruitment process worldwide**

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more than **1,430**  
**Man-hours spent to satisfy legal obligations for accrediting sites and/or vessels and/or agencies with local Public Authorities**

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**-600**  
**Employees from employment agencies interviewed (2016-2018)**

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## PROMOTING HUMAN AND LABOUR RIGHTS

Saipem has implemented several initiatives to promote the respect for internationally recognised human rights since 2016. An example of initiatives provided to Saipem people is the comprehensive training on human and labour rights (HLR) delivered to Managing Directors, Branch Managers, Human and Industrial Relations Managers operating worldwide. Started in 2017, the programme was expanded in 2018 covering 85% of the identified resources. The training covered aspects related to international regulations protecting human rights, as well as possible risks related to the kind of activities in which Saipem engages. Moreover, in addition to offering a detailed review of Saipem's policies and regulations with reference to HLR, the training initiative also focused on the awareness of the degree in which the rights protected under the ILO core conventions were reflected in the legislation of the countries where we operate. The training initiative also led to the set-up of an extensive database on legislation in each of the concerned countries specifically addressing forced labour, child labour, non-discrimination, freedom of association and collective bargaining. The collected material will support the HR functions



in the countries affected in framing and implementing the most appropriate line of action regarding human rights issues.

113

**Managing Directors, Branch Managers, Human and Industrial Relations Managers reached by the human and labour rights training programme in 2018**

226

**Training hours delivered in 2018**

more than 140

**Managers trained since 2017**

## MANAGING OUR 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.

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.

All vendors, when dealing with Saipem SpA, are requested to accept Model 231 which includes the Saipem Code of Ethics. In the same way, when dealing with Saipem SpA affiliates, vendors are requested to accept the OM&C Model and the Code of Ethics. Further, they receive and acknowledge the contents of the Saipem Sustainability Policy.

Saipem has identified aspects of sustainability as priority areas in the management of its supply chain, these are the ethical nature of the vendor, their 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.

### QUALIFICATION

As part of the entire procurement cycle, the vendor qualification process aims to evaluate a potential vendor's technical/organisational capability, ethical practices and economic and financial reliability to enable vendor acceptance within the Saipem Group.

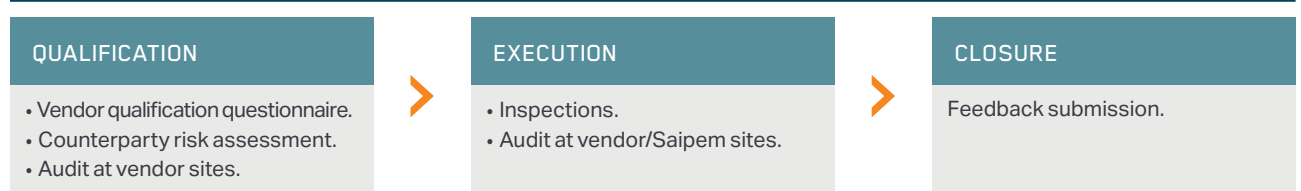
€6.99 bln

TOTAL GOODS AND SERVICES ORDERED

23,845

VENDORS

## SAIPEM ETHICAL SUPPLY CHAIN MANAGEMENT SYSTEM



The graph provides a comprehensive overview of the process. Not all points described are mandatory for every commodity code or vendor country.

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, human rights** 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.

**+170**  
**Vendor qualification questionnaires on labour rights analysed in 2018**

**+1,400**  
**Vendor qualification questionnaires on labour rights analysed since 2013**

Depending on the supplier's criticality, the qualification process may require assessment visits which consist in an on-site verification of the vendor's activities to check its technological, managerial, production, quality, labour rights, HSE and logistics capabilities.

**10**  
**Vendor qualification audits on labour rights in 2018**

The results of the audits carried out in 2018 in India, Singapore and United Arab Emirates showed no major criticalities in terms of sensitive areas such as child or forced

labour, nevertheless main improvement options were identified in health and safety management and working hours, while there were positive observations in terms of overall employee management and remuneration. Some non-conformities were found during the assessments performed in the Arabian Peninsula (Saudi Arabia and Bahrain) for vendors operating in the Manpower Services field: one of them was blocked in the end in the vendor management system as a consequence of the non-conformity found.

### EXECUTION

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 **'Sustainable Saipem 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. Termination of the contract is foreseen for any behaviour in breach of these documents.

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 monitoring and control is carried out by means of a constant Vendor Feedback process, involving all stages of the relationship with the vendor and covering several aspects, both technical and behavioural: Saipem's relevant functions are also asked to provide **feedback** regarding **respect for workers' rights and**

## FOCUS ON

### OUR COMMITMENT TO THE UNITED NATIONS GLOBAL COMPACT

Saipem has been included in the Web Gallery Project of the Global Compact Network Italy (GCNI), an online collection aimed at gathering and sharing the experiences and best practices of organisations contributing to the implementation of the 2030 Agenda for Sustainable Development and to the achievement of its 17 Sustainable Development Goals (SDGs).

'Supply Chain Sustainability - Saipem Business Case' is the contribution included in the web gallery, for the ultimate purpose of sharing its lessons learned and the tools developed to manage its large and complex supply chain, and to prevent and mitigate related risks.

Read the best practice in the Global Compact Network Italia web gallery.

**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.**

### PROMOTING DECENT WORK ALONG THE SUPPLY CHAIN

For different functions involved in the supply chain control system, such as Vendor Management, Post Order, and Health, Safety & Environment, Saipem arranged a training programme on 'Human Rights and the supply chain' which reiterates its commitment to respecting human rights and to promoting their observance by its suppliers and subcontractors.

The training is targeted at Saipem employees who manage relationships with suppliers and subcontractors. The central part of the programme concerns relevant Saipem topics which are the same as those addressed in the ILO Fundamental Conventions: discrimination, forced/compulsory labour, child labour, safeguarding dignity (remuneration, working hours, disciplinary practices), freedom of association/collective bargaining and the protection of health and safety. The training highlights the role each employee can play in order to report or provide feedback on serious situations where human rights are not guaranteed and respected by our vendors.

The training has been delivered since 2018 through an e-learning platform to facilitate access by the large number of targeted recipients and it will be continued over the following years to reach all functions that interact with suppliers and are involved in supplier control activities.

### TRAINING ON HUMAN RIGHTS AND THE SUPPLY CHAIN IN FIGURES

about **500**  
Employees trained since 2016

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**237**  
Participants enrolled  
in the e-learning course in 2018

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**28**  
Countries involved

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In addition, a comprehensive induction was delivered to subcontractor and qualified manpower agency representatives, specifically addressed to HR personnel managing subcontractor resources and covered aspects related to international norms protecting human rights, as well as possible violations and resulting risks related to Saipem referent industry.

Its training modules cover a wide range of themes including fighting corruption, social responsibility, integrity, ethical supply chain, health and safety, etc. Moreover, the induction offered a comprehensive review of Saipem's policies and regulations with which subcontractors are expected to comply in their business operations with the Company. This training initiative was delivered through an e-learning platform to facilitate access by the large number of targeted recipients.

**+500**  
Subcontractor and employment agency  
representatives from 46 countries  
reached by human and labour rights  
training

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### REPORTING VIOLATIONS

A fundamental part of Saipem's structured system for managing stakeholder complaints is the reporting management process ('whistleblowing') governed by a special

## FOCUS ON SECURITY PRACTICES

In the management of security activities, 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 and services are subjected to a 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 Company withdrawing from the contract. As of today, the contractual clauses on human rights have been included in the 'General terms and conditions' of contracts.

In 2014, we launched an internal awareness training programme called HOPE (Human OPERational Environment), specifically targeted at managers working at the operative level at sites and projects in the Operations, Human Resources, HSE, Security and Community Relations functions. The programme is aimed at helping the functions identify appropriate managerial and behavioural solutions in managing all human rights issues that may arise during their day-to-day activities. Therefore, it is specifically focused on each local context, analysing the social, ethical and cultural context of the area of operations, and it is designed to be an interactive guide to the process of decision making in case of conflicts.

Corporate Standard made available to all employees (through various means, among which the intranet and company notice boards) and external stakeholders, including vendors (published on the Company's website).

The term 'report' refers to any information 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, by Saipem SpA employees, directors, officers, audit companies and its subsidiaries and third parties in a business relationship with these companies.

Saipem has prepared various channels of communication, widely disclosed, in order to facilitate sending reports, including, but not necessarily limited to, regular post, fax,

yellow box, email, and communication tools on the intranet/internet sites of Saipem SpA and its subsidiaries. Any report is properly assessed by our Internal Audit Department to guarantee independent evaluation and action. Evidence of reports received and analysed is published every year in the Consolidated Non-Financial Statement, included in the Annual Report.

### LOOKING AHEAD

Saipem is continuously committed to protecting and promoting human and labour rights in its business operations. As part of the overall programme on human rights, all the ongoing training programmes will continue to be offered to cover the entire reference population.

Overall, the following table describes the activities carried out and set for 2019 as part of the Saipem Sustainability Plan.

Consolidated Non-Financial Statement 2018

ISSUES	COMMITMENTS	2018 RESULTS	2019 OBJECTIVES
<b>Human and labour rights</b> 	Comply with international best practices on human and labour rights and monitor actual compliance.	<ul style="list-style-type: none"> <li>• Training programme on HLR delivered to more than 100 Managing Directors, Branch Managers, Human and Industrial Relations Managers, covering 85% of the identified resources.</li> <li>• Launch of a customised eLearning course for international workers on topics such as human and labour rights.</li> </ul>	<ul style="list-style-type: none"> <li>• Define and implement a 3-year training and awareness programme at operational level in risk areas for Human and Labour rights.</li> <li>• Strengthen human rights awareness among company functions involved in stakeholder relations activities.</li> </ul>
<b>Ethical supply chain</b> 	Promote a sustainable supply chain.	<ul style="list-style-type: none"> <li>• Continuation of supply chain social responsibility campaign.</li> <li>• Delivery of the internal human rights and supply chain programme involving more than 230 employees.</li> </ul>	Extend the delivery of the internal human rights and supply chain programme to the all Procurement functions.

This statement was approved by the Board of Directors of Saipem SpA on June 26, 2019



Stefano Cao  
Chief Executive Officer

Headquarters: San Donato Milanese (Milan), Italy

Via Martiri di Cefalonia, 67

Branches: Cortemaggiore (PC), Italy

Via Enrico Mattei, 20



Società per Azioni

Share capital: €2,191,384,693 fully paid up

Tax identification and Milan Companies' Register

No. 00825790157



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