

# 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 2019



# CONSOLIDATED NON-FINANCIAL STATEMENT

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# CONSOLIDATED NON-FINANCIAL STATEMENT

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

*The "Consolidated Non-Financial Statement" (hereinafter the NFS) is the report drafted by Saipem to meet the requirements laid down in Articles 3 and 4 of Italian Legislative Decree (D.Lgs.) No. 254/2016, the Italian transposition of European Directive 2014/95/EU. This document reports on the management of non-financial aspects, the Group's policies, its activities, the main results and impacts generated in the year in terms of indicators and trend analysis. The document also integrates Saipem's commitment to concretely implementing the relative European Commission guidelines, in order to provide stakeholders with increasingly useful, complete and transparent non-financial information to understand the business of the Company.*

## Methodology, principles and reporting criteria

This document constitutes the "Consolidated Non-Financial Statement" of the Saipem Group as of December 31, 2019 (hereafter Group, Saipem, Company).

The document has been prepared in accordance with the GRI Standards: Core option (see the "GRI Content Index" section). The Core option requires that 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, for each material topic (or relevant) all reporting requirements for at least one disclosure foreseen by the relevant "topic-specific" standard are met.

In order to continue to improve transparency in relation to the Company performance and facilitate the comparability of the data and information provided to stakeholders, from this year we have also considered the indications provided by the Sustainability Accounting Standards Board (SASB) for the identification and publication of the information deemed most significant for creating long-term value for the sector. Considering the diversified operational activities of the Group, it was decided to refer to SASB standards in two different sectors: 1) Extractives & Minerals processing sector - Oil&Gas - Services; 2) Infrastructure sector - Engineering & Construction services. As laid down in Article 5 of D.Lgs. No. 254/2016, the NFS is a separate report within the "Directors' Report", marked by a specific wording to ensure it is clearly identified. As such, it was approved by the Board of Directors of Saipem SpA on March 12, 2020. The NFS is drafted by the Corporate Sustainability function, in cooperation with all Corporate functions, divisions, companies, operational projects and sites of the Group in charge of the various topics discussed.

Specific procedures define the roles, responsibilities, activities, controls and information flows relating to the NFS reporting process.

The NFS refers to other sections of the "Directors' Report" and of the "Corporate Governance and Shareholding Structure Report" with regard to the content treated in detail therein 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 personnel and environment 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 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 section entitled "GRI Content Index" contains details of the performance indicators reported in accordance with the adopted guidelines.

The information given in the NFS refers to material topics identified and the relative indicators, which reflect the relevant economic, environmental and social impacts of the organisation or which could substantially influence the assessments and decisions of the Group's stakeholders. The materiality analysis, updated annually and with the direct involvement of the Company's stakeholder representatives, has led to the definition of the contents to be reported. In relation to the areas defined in Article 3 of D.Lgs. No. 254/2016, the use of water resources was not deemed significant, and is therefore not discussed as a material topic in the NFS. Notwithstanding, to guarantee the transparency, completeness and continuity of information, basic information on water uses is in any case given in this document. The key objectives and commitments, the description of the strategic approach to the key non-financial topics and the main risks generated and incurred in these fields, including the methods for managing them, are discussed in the relative sections of this document.

In order to provide more in-depth information on issues of greatest interest to corporate

stakeholders, with a more communicative language and mode, Saipem has been publishing the annual Sustainability Report since 2006. The document named "Making change possible - Sustainability Report 2019" and other topic-specific documents, to which you are invited to refer where necessary. In particular, for the second year running Saipem has renewed its commitment to disclosure according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board in its document "Climate: from strategy to action", published in December 2019 and available on the company website. Moreover, since 2016 the Company has published an annual Modern Slavery Statement which describes the measures adopted to ensure, as required by the United Kingdom Modern Slavery Act 2015 - Section 54, that there are no forms of "modern slavery, penal labour or human trafficking" within the Company or in its supply chain. Voluntarily, the Statement considers the activities of the whole Saipem Group and not only the companies operating in the United Kingdom.

The performance indicators are gathered annually, and the report refers to the three-year period 2017-2019, unless otherwise specified. The information and quantitative data collection process has been organised in such a way as to guarantee comparability over the data and analysis of the trends over a 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 from the previous year are suitably indicated in the document.

In 2019, Saipem implemented on a small sample of Group companies an Internal Control System focusing specifically on Non-Financial Information and based on the Framework of the Committee of Sponsoring Organization (CoSO). The aim of the Internal Control System is to further increase the reliability of non-financial reporting as a whole, and to introduce an additional internal auditing process by the functions.

Given the complexity of the Group's non-financial data structure, this Control System has required the creation of a specific team and the drafting of specific internal procedures ("Management System Guideline for Internal Control System over Non-Financial Information"). Two monitoring sessions are envisaged: Line Monitoring, carried out by internal functions on the data for which the function is responsible, and Independent Monitoring, carried out by the Internal Audit function on other Company functions.

Saipem has defined a series of security measures in addition to those in place for 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 applications and infrastructures are fully integrated in the security systems to protect them against cyber attacks. These measures, under current or future implementation, specifically concern applications for supply and employee health management.

The NFS is subject to a limited assurance engagement by an independent auditor, which in a specific and separate report expresses its conclusion on the information provided pursuant to Article 3(10) of D.Lgs. No. 254/2016. The audit is carried out according to the procedures indicated in the section "Independent auditors' report" of this document.

### 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 D.Lgs. 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 from the consolidation scope defined above, in any case guaranteeing the criterion of significant impact. As regards the safety data, it is underlined that, from 2018, these are accounted for separately for Saipem and its subcontractors. On the other hand, environmental indicators also include 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 scope (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.

Starting from the 2019 reporting year, the Company has reviewed the reporting methods of the environmental performance data of four FPSO: Cidade de Vitoria (operating in Brazilian waters), Gimboa, Kaombo Sul and Kaombo Norte (operating in Angolan waters). The two Kaombo floaters were built by Saipem, but are currently owned by customers. Therefore, Saipem no longer reports any environmental data for these vessels. Although Cidade de Vitoria and Gimboa are owned and operated by Saipem, they operate for the production purposes of the customers who rent the floaters and the relevant plants and contractually

impose their specifications. Since the vessels have modules for housing and related services for about 100 people, only the data on water consumption and discharges, waste produced and spills relating to the aforementioned modules are reported in environmental performance, when Saipem has effective management capacity and when the data is considered significant. A review of the environmental performance data deemed significant and therefore maintained in the Group reporting boundaries was therefore carried out for both FPSOs. Please note, finally, that companies that do not have significant business activities are excluded from relations with local stakeholders.

To ensure the understanding of the Company's activities, progress, results and the impact it has produced, as laid down in D.Lgs. No. 254/2016, i.e. to provide the information necessary to ensure the understanding of the activities of the whole Saipem Group, its progress, results and the impact it has produced, and also to guarantee the comparability of its performance in relation to the information published in other corporate documents, in addition to the complete boundary (referred to as the

"consolidated boundary" in this document), the indicators are also given with a broader reporting boundary, including subsidiaries that are not fully consolidated and those in joint operation, joint control or affiliated companies in which Saipem has control over the operations. These indicators are marked by the wording "Group Total".

For some material topics, 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 bound to report the boundary for each material topic not only concerning the impacts caused directly by its own activities but also the impacts it contributes to and which are linked through business relations to its own 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 boundaries by category of concerned stakeholder, also indicating any limitations that impact each material topic.

Material topics	External boundary	Limitations
Wellbeing, health and safety	Vendors and subcontractors, some local communities	Partial, for vendors
Ethics and compliance	Business partners, vendors and subcontractors	-
Human Rights	-	-
Innovation and digitalisation	-	-
Talent and development	Subcontractors (HSE training)	-
Spill prevention and response	Vendors and subcontractors	Vendors
Responsible supply chain	Vendors and subcontractors	Partial, for vendors
Energy efficiency	Vendors and subcontractors	Vendors
Climate change and air quality	Vendors and subcontractors	Vendors
Transparency	-	-
Long-term value creation	Vendors and subcontractors	The models for calculating the value generated were applied to some operating situations

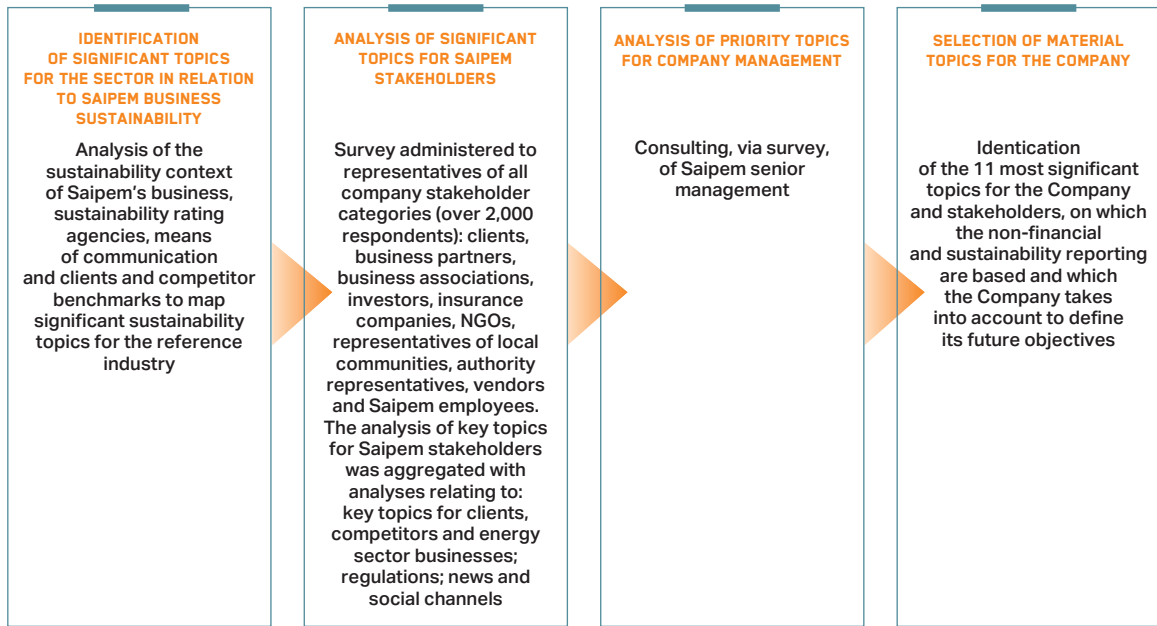
### Materiality analysis and content definition

The NFS reports on the areas laid down in D.Lgs. No. 254/2016 deemed to be significant and material according to a process that considers the specific activities of Saipem and the interests of all categories of Company stakeholders, as described below.

As established by the provisions of the GRI Standards and in accordance with Saipem procedures, the Company implements a materiality

analysis process every year. This is aimed at identifying and prioritising the sustainability aspects of its business that could substantially influence the assessments and decisions of its stakeholders and are considered most significant for the Company itself. The analysis is carried out with the involvement of representatives from all main stakeholder categories (including employees) and corporate management.

Following is a representation of the process in its subsequent work phases.



The respondents (external stakeholders, Saipem employees and senior management) identified the most important topics, assessing them in accordance with the responsibility principle (topics that the respondent considers must be managed by Saipem as the company in charge) and the value (economic, social, cultural, reputational, environmental, etc.) created for Saipem itself, in favour of its stakeholders, and for civil society in the broadest sense.

The end results of the materiality analysis were validated by the Sustainability Committee, chaired by the CEO and consisting of the Company's top management, and agreed with the Sustainability, Scenarios and Governance Committee and the Board of Directors.

The topics 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 action plan and managerial objectives.

To facilitate the reading of the NFS, the icons given in the following table "Legislative Decree No. 254/Material Topics/NFS Content Correspondence" on page 76 help to visually identify the macro-areas of the related material topics presented in our materiality matrix.

For a description of the risks identified by the Company in relation to the five areas for discussion laid down in D.Lgs. No. 254/2016 and the topics identified as material for the Company, in addition to what explained in the specific sections of the NFS, reference is also made to the "Risk management" section of the "Directors' Report" for a more complete description integrated into Saipem's overall 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 political, social and economic instability
<b>MATERIAL TOPICS/RISKS DESCRIBED IN THE DIRECTORS' REPORT - "RISK MANAGEMENT"</b>							
Climate change and air quality		■				■	■
Energy efficiency		■					
Wellbeing, health and safety						■	■
Spill prevention and response						■	
Innovation and digitalisation	■	■	■			■	
Ethics and compliance					■		
Human Rights			■				■
Responsible supply chain				■			
Talent and development			■	■			■
Transparency					■		
Long-term value creation	■						■

**LEGISLATIVE DECREE NO. 254/MATERIAL TOPICS/NFS CONTENT CORRESPONDENCE**

Areas laid down in D.Lgs. No. 254/2016	Material topics Saipem	GRI Standards	Icon	Sections of the Saipem 2019 NFS	Discussion in other documents
Company management and organisation model Article 3.1, subsection a		GRI 102: General Disclosures 2016 GRI 201: Economic Performance 2016 GRI 204: Procurement Practices 2016		Company management and organisation model.	"Human resources" and "Governance" chapters of the Directors' Report. Corporate Governance and Shareholding Structure Report 2019.
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 the website <a href="http://www.saipem.com">www.saipem.com</a> .
Environmental topics: - 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. Climate change and air quality. Spill prevention and response.	GRI 201: Economic Performance 2016 GRI 302: Energy 2016 GRI 305: Emissions 2016 GRI 306: Effluents and Waste 2016		Energy efficiency and GHG emissions. Spill prevention and response. Innovation and research into climate change; innovation in people management.	"Innovating for the new energy scenario", "Enabling carbon footprint reductions" and "Keeping people and operations safe and sound" chapters of the Making change possible - Sustainability Report 2019.
Human resources management Article 3.2, subsection d Impacts on health and safety Article 3.2, subsection c	Wellbeing, health and safety. Talent and development. Transparency.	GRI 401: Employment 2016 GRI 403: Occupational Health and Safety 2018 GRI 404: Training and Education 2016 GRI 405: Diversity and equal opportunity 2016 GRI 412: Human Rights Assessment 2016		Safety. Health. Skill and knowledge development.	"Innovating for the new energy scenario", "Enabling carbon footprint reductions", "Keeping people and operations safe and sound" and "Generating shared value" chapters of the Making change possible - Sustainability Report 2019.
Social aspects Article 3.2, subsection d	Responsible supply chain. Long-term value creation. Transparency.	GRI 202: Market presence 2016 GRI 308: Vendor Environmental Assessment 2016 GRI 414: Vendor Social Assessment 2016		Creation of sustainable value over time. Ethical supply chain management. Security practices.	"Generating shared value" chapter of the Making change possible - Sustainability Report 2019.
Respect for human rights Article 3.2, subsection e	Human 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 GRI 410: Security Practices 2016		Saipem people and all subsections. Respect for human rights.	"Generating shared value" chapter of the Making change possible - Sustainability Report 2019.
Fighting corruption Article 3.2, subsection f	Ethics and compliance. Transparency.	GRI 205: Anti-corruption 2016 GRI 415: Public policy 2016		Fighting corruption.	





## OUR BUSINESS

### Company profile and key operations

The Saipem Group is a provider of global solutions for the energy and infrastructure sectors, operating in over 70 countries, with 9 fabrication yards, a sea fleet of 44 vessels and an onshore drilling fleet of 85 units, of which 82 owned and 3 owned by third parties but operated by Saipem. The Company operates in Europe, the Americas, the CIS, Africa, Middle East, Far East and Oceania. The Company has specialist skills in the management of complex projects, from design to decommissioning, in extreme environments, remote areas and deep waters.

The market conditions in which the Company operates are described in the “Market conditions” section of this Annual Report.

To foster energy transition, responding to and anticipating current and future market needs, the Company has made innovation and digitalisation key elements of its strategy. A commitment affecting both the conventional business linked to fossil fuel sources and to the development of new technologies for the emerging renewable energy markets.

The Saipem business model enhances the synergies between the different business areas and the external context in which the Company operates, aiming to constantly identify new solutions to increase operational efficiency, reduce the environmental impacts of operations and products supplied to clients, and to improve the safety of employees and vendors.

Activity metric	Unit of measurement	2019
Drilling rigs <sup>(a)</sup>	(number)	86
Offshore drilling rigs <sup>(b)</sup>	(number)	15
Drilled wells onshore	(number)	217
Drilled metres onshore	(metres)	673,417
Drilled wells offshore	(number)	101
Drilled metres offshore	(metres)	133,635
Total backlog <sup>(c)</sup>	(€)	21,153

(a) Of which, 82 owned, 1 under construction, 3 owned by third parties.

(b) Of which 3 in long term rental.

(c) €24,778 including companies not fully consolidated.

### Development of the market scenario and strategy

The current outlook is shaped by a complex confluence of ongoing realignments, long-term trends and new shocks. The spread of the Coronavirus pandemic has created an upheaval in the world economy, the impacts of which cannot be quantified exactly.

The ability to reabsorb the collapse in overall demand will depend on various factors (duration and extent of contagion, extent of support measures for the economy) that will be measured during 2020.

The longer-term perspective depicts an evolving world, characterised by an economy which increasingly reduces its dependence on energy consumption.

There has been a great impact as a result of climate-related policies and the availability of green technologies as a viable alternative to fossil fuels, in particular coal, for clean power generation.

In addition to this, the current trend of tertiarisation within the industry, as well as digitalisation improvements, are expected to boost energy efficiency and productivity.

This positive trend will be further enhanced by

environmental sustainability efforts pursued by many energy companies and the emergence of low-carbon products and services, such as offshore wind parks, that could also represent a diversification solution in the Oil&Gas industry.

This commitment to the diversification of energy sources is increasingly encouraging investments in renewable energy also on a large scale and in all areas of the planet. According to a survey of several public and non-public long-term scenarios, the share of renewable sources (in particular wind and solar) in the global energy mix will move from a 2% range in 2018 to the 6%-18% range in 2040, depending on the pace of the transition.

Saipem has made significant changes to its organisational structure setting up five independent divisions and doubling its efforts in the sustainability of its portfolio, dramatically increasing in non-oil sectors, such as gas and LNG, and focusing on clean technologies, digitalisation and decarbonisation. The new organisation has been the starting point for delivering a diversified strategy among Saipem’s different divisions. Beyond the traditional markets

GRI 102-2, 102-4, 102-6, 102-7

SASB  
IF0301-A/B/C

SASB  
EM-SV-000.  
A/B/C/D

(conventional developments and subsea), the Offshore E&C Division is becoming one of the contractors of choice today in Offshore Wind farm developments. This materialised diversification leverages on the execution capabilities and the opportunity to deploy the traditional offshore construction fleet in this new market. In the Onshore E&C business, gas and renewables will be the main drivers for advancing the decarbonisation of the current portfolio, together with an increased operational efficiency that can direct the division towards the goal of eliminating overall carbon emissions along the EPC value chain. Greater attention is paid to the technological portfolio with regard to emerging green technologies, such as hydrogen, bio-tech, hybrid solutions and CCUS (Carbon Capture, Utilisation, and Storage). The development of these innovations is also aimed at supporting Saipem's traditional

Oil&Gas customers in the energy transition, providing solutions oriented at reducing not only carbon emissions, but also at improving the management of waste, of water consumption, of pollutants and of the overall environmental footprint. The role of innovation remains crucial and will be supported also by the XSIGHT Division that has the capabilities to delve into several cross-segment solutions, both in the Oil&Gas and renewable fields, encompassing plastics conversions, bio-refineries, integrated renewable solutions, hydrogen and decarbonisation. The focus of both the drilling divisions will be kept on the continuous improvement of operational efficiency, also through the digitalisation of their asset helping to bring a positive impact on performances, and the diversification and expansion of their own fleet, clients and geographies, as a result of an increasingly balanced global and sustainable portfolio.

## Company management and organisation model



In recent years the Saipem Group has continued to adapt its corporate structure to market developments, to promptly respond to new challenges and create value for its stakeholders. In this light, since 2017 Saipem has adopted a division-based organisational network structure, seeking maximum operational flexibility, continuous improvement of performance, optimal resource management and process/product innovation, in accordance with the principles of compliance and governance. The current organisational structure of Saipem has:

- > an operational Corporate structure with group-level leadership and control that is responsible for managing issues relating to critical or relevant aspects of corporate governance;
- > 5 divisions – Onshore E&C, Offshore E&C, Onshore Drilling, Offshore Drilling, XSIGHT – each with full responsibility over global business results and with all the decision-making, management and operational powers that are necessary to the pursuit of the targets set;
- > a network of operating companies and branches located in the different countries in which Saipem operates, reporting directly to the five divisions and ensuring the development of commercial and operational activities in the relevant national and international markets.

In 2019, the following main organisational initiatives and interventions were performed:

- > redefinition of the organisational structure of the Chief Financial Officer function, aiming for greater consistency with Saipem's division-based organisation and proximity to its business needs, strengthening and simplifying the synergies and interfaces between division structures and the competences of the CFO area;
- > definition and implementation of a Cyber Security

organisational model throughout Saipem, aiming to guarantee a more effective control of IT security and information integrity aspects;

- > development of actions leading to the full implementation of the corporate model, aiming to raise awareness and commitment at all levels of the company structure concerning:
  - the role of guidance, coordination and control exercised by the Corporate structure and the Saipem divisions;
  - critical and/or sensitive work processes for good corporate governance (Keep on Changing programme);
- > review of the Quality organisational and certification structure, assigning autonomy and responsibility to the divisions for the development and management of the Quality Management System, consistently with the Company's division-based organisation;
- > in the Onshore Engineering & Construction Division, a new operational model was defined, based on: (i) geographical areas with full responsibility for the acquisition volumes and profitability of operational projects; (ii) hubs for the development and specialisation of specific skills and resources; (iii) central coordination and control structures ensuring an overall vision and an organic, functional development;
- > in the Offshore Engineering & Construction Division, the "Continuous Improvement" programme began, aiming to identify improvement opportunities, reduce organisational complexity and optimise processes;
- > in the Onshore Drilling, Offshore Drilling and XSIGHT divisions, organisational interventions were developed to focus the commercial and business development actions better and improve the effectiveness of control over business interests in the different countries.

## Supply chain management

GRI 102-9  
GRI 204-1

In executing its operational projects, and in the normal course of its activities, the Saipem Group relies on numerous vendors of works, goods and services. Saipem is committed to maintaining and improving relations with the companies that work with and for Saipem to make them lasting, mutually profitable and reliable for both parties.

The Saipem supply chain has almost 24,000 tier 1 vendors, distributed in all the geographical areas in which the Company operates, with a prevalence (29%) of vendors from the European area.

The product categories of works, goods and services required to perform Saipem's activities, classified to define uniform vendor-product combinations, total around 2,200, of which more than 1,000 are classified as strategic categories, i.e. deemed essential for the development of the Company's core business. In 2019, the most represented in terms of purchased amounts, relate to steel components (pipes, mesh, bars), equipment and vessels (centrifugal compressors, ship hire), civil works and site services, fuel, services provided by maritime agencies, personnel services, travel. The complexity and heterogeneity of the Company's supply chain lead to the need for a system guaranteeing an alignment between the Saipem standards and those adopted by its vendors, to prevent and mitigate risks and ensure an appropriate supply chain that can cope with the needs of current operational projects and potential acquisitions and developments in market conditions.

Saipem requires that its vendors apply the highest standards in relation to health and safety, combating bribery and corruption, respect for human rights and environmental protection. More details on the management of the supply chain in terms of the sustainability of their operations, with particular attention to the respect for human rights and HSE issues, are available in the "A sustainable supply chain" section of this document.

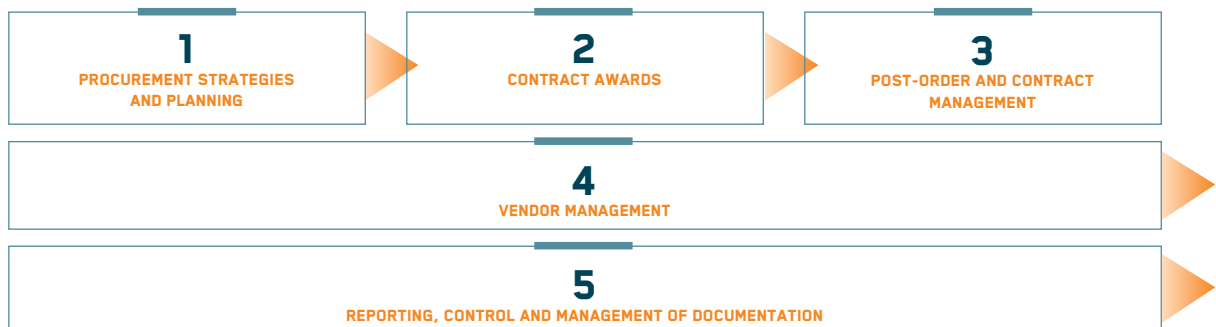
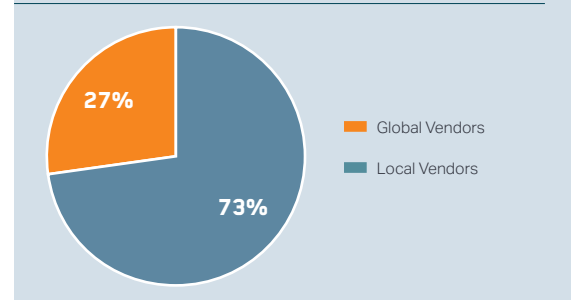
According to the principle of open competition, Saipem guarantees equal commercial opportunities for all companies which may potentially provide works, goods and services for its business, selecting its vendors and subcontractors from all over the world. Vendors are assessed in terms of technical and financial reliability and organisational capacity, including conformity with the principles expressed in the Saipem Sustainability Policy and Code of Ethics, as well as the requirements laid down in the specific HSE policies and standards.

The requirements are checked during the vendor qualification phase using a questionnaire, and also through more specific assessments and visits to production sites in the case of critical supplies. Additional checks on technical aspects and the vendor's ethical integrity are also carried out prior to the signature of actual purchase contracts.

The monitoring and control of vendor performances are fundamental phases of the relational process with vendors, as these offer a reduction in the risks associated with the supply and provide inputs to the vendor aiming to improve their own processes and performance.

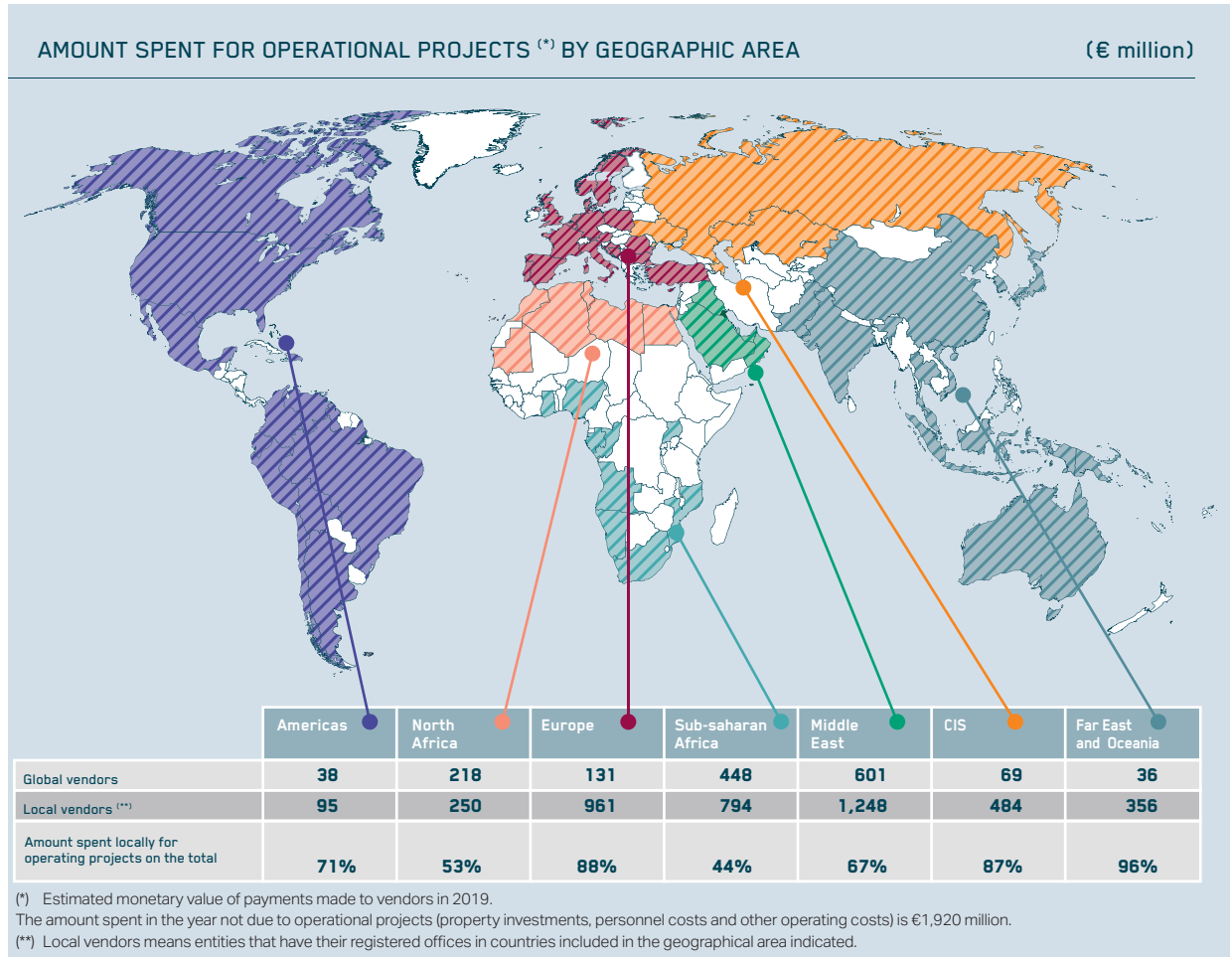
The procurement process, aiming to satisfy the needs expressed by the Company's different units, aims to maximise the overall value for Saipem, guaranteeing the availability and quality of the vendors, the correct management of contracts, logistic flows and post-order activities. The process is divided into five sub-processes which include, in order: the definition of the market approach strategy to be applied to the various supplies and the definition of project and non-project procurement plans using efficient and effective purchasing solutions; contract/purchase order processing and issue activities, including relations with vendors, and finally Post-order activities and contract management. The supply chain flow described above is further divided into the sub-process relating to Vendor Management, which ensures the availability of a fleet of vendors that is quantitatively and qualitatively appropriate to the goods, works and services required to meet the Group's needs, according to the required economic, financial, ethical, professional, technical and HSE standards; finally, the sub-process relating to Reporting, control and management of documentation, which, through

AMOUNT SPENT FROM LOCAL SUPPLIERS FOR OPERATIONAL PROJECTS



the management of documentation, guarantees the traceability of all phases of the Supply Chain process, making available information, key

performance indicators and possible actions for improvement in relation to all supply chain activities.



GRI 201-1  
GRI 201-4

## How our business model creates value

Knowledge of the external context, and active listening to all interlocutors, helps to create long-term sustainable value, combining economic and social growth. Through the Company's activities, its relations with stakeholders in all territories, its collaborations and partnerships, Saipem's business model promotes

sustainable development, fully in line with the indications of the United Nations Global Compact, of which Saipem has been an active member since 2016, which underline the importance of the increasing integration of sustainability into strategic corporate choices.



GRI 201-1



## Economic value generated and distributed

Saipem produces economic value through its activities and redistributes part of that value, contributing to the economic growth of the social and environmental context it operates in.

In 2019, Saipem generated economic value worth €9,099 million, with an increase of 7% compared to the previous year.

Approximately 95% of this value (€8,684 million) was distributed to the stakeholders in the form of payments and other forms of transfer with an increase of 7% compared to the previous year.

The main beneficiaries of this value were the supply

chain, to whom €6,240 million (72% of the overall value distributed, compared to 75% in 2018) and employees, to whom €1,670 million were distributed (€1,522 million in the previous year), equal to 19% of the total. A significant share of the value was also distributed to capital providers (€643 million, equal to 7% of the value distributed, compared to €268 million in 2018).

The share destined for the public administration – in the form of taxes and charges – was €130 million (1.5% of the distributed value).

### Economic value generated and distributed

(€ million)	2018	2019
<b>Economic value generated</b>		
Core business revenue	8,526	9,099
Other revenue and income	12	19
Financial income	209	515
Financial instruments	(106)	(82)
Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(57)	(62)
Other operating income (expense)	(1)	-
Gains (losses) on equity investments	(88)	(18)
(Gross) economic value generated	8,495	9,471
Depreciation, amortisation and impairment	(811)	(690)
Economic value generated (net of depreciation, amortisation and impairment losses)	7,684	8,781
<b>Economic value distributed and retained</b>		
Economic value distributed	8,094	8,683
of which Operating expenses (purchases, services and other costs)	6,109	6,239
of which Wages and employee benefits (personnel expenses)	1,522	1,670
of which to the Community (*)	1	1
of which Capital providers (interest on loans)	268	643
of which to the Public Administration (taxes)	194	130
Economic value retained in the Group	(410)	97

(\*) This includes local communities in the countries of operation, for socio-economic development, environmental preservation, cultural, humanitarian, scientific and sporting projects.

GRI 102-43  
GRI 102-44



## Relations with stakeholders

The Company strives to continuously involve all bearers of legitimate interests in Saipem's activities 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 for the Company to create shared value. The approach developed by Saipem over time aims to ensure open and transparent relations with all stakeholders, promoting positive and mutually advantageous interactions, both in relations with

global and local stakeholders in the territories in which Saipem operates. 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 and the relations with the stakeholders in line with the cornerstones of the Group's Sustainability Policy. The main expectations emerging from the annual



### APPROACH ADOPTED FOR STAKEHOLDER ENGAGEMENT






 <b>Financial stakeholders</b>	 <b>Clients</b>	 <b>Employees</b>	 <b>Local authorities and governments</b>
<p>Continuous dialogue with the financial community (i.e. roadshows).</p> <p>Ensure full transparency and equal access to the disclosure of confidential information.</p> <p>Periodic disclosure of information through press releases and presentations, as well as periodic meetings with institutional investors and financial analysts.</p> <p>Individual shareholders may directly interface with the Company Secretary function.</p> <ul style="list-style-type: none"> <li>&gt; Organisation of 14 road show days and participation in 4 international investor conferences.</li> <li>&gt; Active participation in the Italian Sustainability Day 2019 organised by Borsa Italiana with some one-to-one meetings with investors.</li> <li>&gt; 1 reverse road show day at the Saipem headquarters.</li> <li>&gt; Meeting with over 300 people, including portfolio managers and buy-side analysts.</li> <li>&gt; Engagement activities with 19 financial stakeholders on ESG topics.</li> <li>&gt; Over 900 people took part in four conference calls and webcasts on the quarterly financial results.</li> <li>&gt; 25 financial stakeholders involved in the Saipem materiality analysis.                             <ul style="list-style-type: none"> <li>&gt; Engagement initiatives and dialogue on different business sustainability topics (e.g. Saipem Open Talks).</li> </ul> </li> </ul>	<p>Constant reporting and meetings on operating projects.</p> <p>Meetings organised with clients or potential clients also include Sustainability aspects.</p> <p>Open dialogue with customers aimed at understanding the needs and expectations on sustainability topics with a view to "solution provider".</p> <p>Proactive engagement in HSE initiatives, such as environmental awareness campaigns or LiHS (Leadership in Health and Safety) programmes.</p> <ul style="list-style-type: none"> <li>&gt; Involvement of clients through a customer satisfaction monitoring system (48 clients involved through customer satisfaction questionnaires).</li> <li>&gt; Clients involved in the presentation of the Saipem tool for measuring locally generated value.</li> <li>&gt; Clients involved in events on HSE topics through the LiHS campaigns (e.g. Safe Driving Campaign).</li> <li>&gt; 16 clients involved in the Saipem materiality analysis.                             <ul style="list-style-type: none"> <li>&gt; Engagement initiatives and dialogue on different business sustainability topics (e.g. Saipem Open Talks).</li> </ul> </li> </ul>	<p>Committed to recruiting and retaining talented personnel and promoting their development, motivation and skills.</p> <p>Guarantee of a safe, healthy working environment and a stable relationship with trade unions to ensure an open dialogue based on cooperation.</p> <ul style="list-style-type: none"> <li>&gt; Employee engagement initiatives, including the 13 Deep In Saipem workshops, aiming to improve knowledge of operational projects, disseminate the use of best practices and a culture of innovation.</li> <li>&gt; Training and talent retention initiatives, including Reverse Mentoring (contamination of digital, technical and managerial skills and behaviour among junior and senior resources).</li> <li>&gt; Employees involved in HSE events (e.g. LiHS campaign).</li> <li>&gt; Over 1,800 employees and senior managers involved in the Saipem materiality analysis.</li> </ul>	<p>Customised engagement with governments and local authorities.</p> <p>Institutional and official relations with authorities, as well as cooperation with public bodies to launch initiatives in favour of local development initiatives.</p> <ul style="list-style-type: none"> <li>&gt; Institutional relations and pro-active cooperation to jointly implement local development programmes.</li> <li>&gt; Cooperation with local ministries of health, hospitals or medical centres to raise awareness on health issues (e.g. Angola, Congo).                             <ul style="list-style-type: none"> <li>&gt; 3 representatives of local authorities involved in the Saipem materiality analysis.</li> </ul> </li> <li>&gt; No direct or indirect contributions were made by Saipem in 2019 in whatever form to parties, movements, committees, political organisations and unions, to their representatives and/or candidates, unless required by local law.</li> </ul>

stakeholder engagement process result in the material topics. Among these, the priorities are: wellbeing, health and safety; ethics and compliance; human rights; innovation and digitalisation; talent and development; spill prevention and response; responsible supply chain; energy efficiency; climate change and air quality; transparency; long-term value creation.

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

"Making change possible - Sustainability Report 2019".

In 2019, Saipem also ran two series of events aiming to further stimulate dialogue with its stakeholders: in March, the three events in the Open Talks initiative (Technological innovation, Sustainable finance, Scenarios/Megatrends) and in November the first event of the Out-sounds series, focusing on the issue of Cyber security.

				
Local communities	Local organisations and NGOs	Vendors and business partners	Insurance partners	Business associations
<p>Contribution to 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 development initiatives.</p> <ul style="list-style-type: none"> <li>&gt; 30 development initiatives for the local communities in 11 countries (Angola, Argentina, Azerbaijan, Congo, France, Guyana, Ghana, Kazakhstan, Indonesia, Nigeria, Senegal), reaching over 28,000 beneficiaries. €815,000 invested in these initiatives.</li> <li>&gt; Cooperation in many countries (e.g. Guyana, Kazakhstan) with local schools and universities to encourage the development of human capital (e.g. training paths, internships, research projects, lectures at universities), study grants and training courses.</li> <li>&gt; Raising awareness of HSE topics through workshops and conferences with the involvement of local communities.</li> <li>&gt; 7 representatives of local universities, institutions and associations involved in the Saipem materiality analysis.</li> <li>&gt; Engagement initiatives and dialogue on different business sustainability topics (e.g. Saipem Open Talks).</li> </ul>	<p>Regular publication of information, objectives and performance through Saipem's institutional channels.</p> <p>Identification of organisations of proven experience with which to establish short or medium-term relations in order to facilitate the implementation of specific initiatives.</p> <ul style="list-style-type: none"> <li>&gt; Various community initiatives developed through partnerships and cooperation with non-governmental organisations (e.g. Eurasia Foundation of Central Asia-EFCA in Kazakhstan for an educational programme; AVSI for a health initiative in Congo); Good World Shelter in Azerbaijan for an environmental initiative.</li> <li>&gt; 1 ONG representative involved in the Saipem materiality analysis.</li> </ul>	<p>Commitment to developing and maintaining long-term relations with vendors. The process of Vendor Management makes it possible to assess their reliability in terms of technical, financial and organisational capabilities.</p> <p>Proactive engagement in HSE initiatives, such as environmental awareness campaigns or LiHS programmes.</p> <ul style="list-style-type: none"> <li>&gt; Corporate responsibility audits on vendors in Saudi Arabia, China and Spain.</li> <li>&gt; Subcontractors involved in HSE initiatives (e.g. Subcontractor HSE Forum in Saudi Arabia; Safe Driving Campaign).</li> <li>&gt; 68 vendors and business partners involved in the Saipem materiality analysis.</li> <li>&gt; Engagement initiatives and dialogue on different business sustainability topics (e.g. Saipem Open Talks).</li> </ul>	<p>Commitment to developing and maintaining long-term relations with insurers. The risk transfer process makes it possible to secure insurance capability to cover our risk profile and exposures properly.</p> <p>Communication of safety and loss prevention initiatives and their results in order to obtain competitive terms and conditions.</p> <ul style="list-style-type: none"> <li>&gt; Engagement initiatives and dialogue on different business sustainability topics (e.g. Saipem Open Talks - Talk#1 on Sustainable Finance).</li> <li>&gt; 6 insurance companies and brokers involved in the Saipem materiality analysis.</li> <li>&gt; Organisation of the annual insurance road show in London. On this occasion, Saipem's risk profile and the aspects of its business sustainability were presented.</li> </ul>	<p>Active participation in and support of 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> <ul style="list-style-type: none"> <li>&gt; Active member of 92 local and international business and trade associations.</li> <li>&gt; In particular, the parent is a member of 51 associations, including: ANIMP (Associazione Nazionale di Impiantistica Industriale - Italian Association of Industrial Plant Engineering), Assomineraria (Italian Petroleum and Mining Industry Association), IADC (International Association of Drilling Contractors), IMCA (International Maritime Contractors Association), UN Global Compact, WEF (World Economic Forum), Confindustria.</li> <li>&gt; Active participation in the ANIMP "Sustainable Supply Chain" project to define guidelines and actions for the growth and competitiveness of the Italian industrial plant engineering supply chain.</li> <li>&gt; Over €1 mln spent in association memberships.</li> <li>&gt; 6 representatives of business associations involved in the Saipem materiality analysis.</li> </ul>

## Relations with clients

Clients are one of Saipem's fundamental stakeholders, and guaranteeing their satisfaction is important both in terms of the profitability of projects and the effectiveness, efficiency and sustainability of the processes adopted for their implementation. Customer satisfaction monitoring and analysis systems are implemented in each division, to improve Saipem's operational management and performance in meeting the needs of clients and maintaining closer relations with them.

Direct assessment is regularly performed with the involvement of clients, through specific meetings and gathering information through satisfaction questionnaires. Furthermore, indirect assessment is performed without the explicit involvement of clients, through regular monitoring and the analysis of specific satisfaction indicators. All the results obtained through the customer satisfaction system are regularly reviewed by the Company Management to identify the critical areas and any preventive or improvement measures. In 2019, 48 operational projects were involved in direct assessment, with a 75% response rate (compared to 60% in 2018). 50% of those interviewed (compared to 70% in 2018) stated that they were fully satisfied with the Company's activities (i.e. with a total score of 9 or more on a scale of 0 to 10).

## Relations with the financial community

Non-financial information is increasingly analysed by investors and the financial market, who look more analytically at the ability of a company to develop sustainable business strategies and plans over time, with measurable objectives and concrete actions that demonstrate the company's ability to manage risks and exploit the opportunities of changing markets and scenarios.

Saipem also makes available non-financial performance data and information to its investors and financial analysts to respond to this growing interest. Furthermore, Saipem fosters continuous dialogue with financial interlocutors, also through periodic road shows and specific meetings, always guaranteeing transparency and fair access to information.

In 2019, 14 investor road shows were held and over 300 contacts with analysts and portfolio managers were recorded. Saipem also took part in four international conferences for investors and in Italy took part in the Borsa Italiana Sustainability Day, with specific one-to-one meetings with investors.

This year, Saipem interacted on sustainability topics with 19 financial stakeholders interested specifically in ESG (Environment, Social, Governance) topics. Saipem is also included in key sustainability indices,

particularly the Dow Jones Sustainability World and Europe Indices, as leader in its reference sector; it has held a leadership position also in the FTSE4Good Index for the past ten years.

## Relations with institutions and business associations



Implementing works and plants in different business sectors having acquired the necessary authorisations from its clients, Saipem does not need to establish institutional relations to promote its interests. Despite this, it encourages dialogue with institutions and with organised associations of civil society in all the countries where it operates. The Company manages its local, national and international stakeholder relations in line with the provisions of its Code of Ethics and its Business Integrity Guidelines and Policies, which require the adoption of behaviour based on correctness, transparency and traceability. These relations are exclusively handled by the relevant Company functions and positions identified, in compliance with approved plans and internal regulatory documents. Saipem does not make direct or indirect contributions in whatever form to parties, movements, committees, political organisations and unions, to their representatives and/or candidates, unless required by local law.

The Corporate Institutional Relations department is responsible for institutional dialogue, guaranteeing uniform and coherent relational strategies and communication to external parties. The Company can contribute to institutional consultations.

For example, in Italy, Saipem attended a hearing at a parliamentary committee within the fact-finding investigation regarding the implementation and adaptation of the National Energy Strategy into the National Energy and Climate Plan for 2030.

Saipem is also active in the "Smart Mobility and Artificial Intelligence" round table of the Lombardy Region (Italy) and took part in the 11<sup>th</sup> Italy-Latin America conference organised by the Ministry for Foreign Affairs and International Cooperation.

By virtue of the Group's solid international vocation, with a presence in over 70 countries, Saipem cooperates with the Italian diplomatic network and the embassies in Italy of the countries where it operates. This cooperation, along with the presence in industrial and business associations, guarantees the consolidation and communication of Saipem's long-term commitments and the value it generates in the territories it operates in.

At territorial level, Saipem guarantees dialogue and interaction with local representatives and civil society in the host communities, as this is deemed fundamental for ensuring relations based on criteria of transparency and correctness, founded on a lasting, shared value creation strategy. In this





context, Saipem supports local initiatives for communities, mainly in projects focusing on education, health and culture. For this purpose, stringent due diligence processes are applied to check the effective beneficiaries of its initiatives. Saipem is a member of numerous trade and employer associations, which – among other roles – represent their members before institutional interlocutors on business aspects. The association activities provide services to the Company, in terms of information and the analysis of developments in the laws and regulations of the referred country or sector, also guaranteeing opportunities for trade promotion and discussion with other companies. Saipem is also a member of several energy transition associations and networks, including the Global Carbon Capture & Storage Institute (GCCSI), and the associations CO2Value Europe, IHS and Hydrogen Europe.



**Cooperation with international organisations and associations on the topic of climate change**



As a key player in the energy sector, Saipem is an active member of specific trade associations in the countries in which it has a well-structured presence, taking part in events and discussions on environmental and climatic issues. Saipem is a member of EVOLEN (the French association of energy sector companies and professionals), which aims to disseminate technical and scientific knowledge among its members and

anticipate changes in the business, fostering cooperation and a long-term vision and supporting innovation and partnerships. This allows Saipem to be involved in a dynamic network, promoting its own technological excellences and sharing information and experience on different topics, including sustainability, energy efficiency and climate issues. Recently Saipem became a member of Renewable UK, the main renewable energy trade association in the United Kingdom, specialised in onshore and offshore wind, wave and tidal energy. Furthermore, Saipem takes part in the Norwegian Solar Energy Cluster, which aims to foster cooperation and support the development of solar energy skills. Saipem also takes part in the DeRisk-CO project, run in Italy by the Fondazione Eni Enrico Mattei (FEEM), a scientific research and dissemination project aiming to raise awareness of the risks and opportunities associated to climate change, which has the objective of studying instruments to analyse scenarios and promote communication among Italian businesses on this strategic topic. Through its international network, FEEM integrates its research and dissemination activities with those of top academic institutions and think-tanks worldwide. As part of this cooperation, in particular Saipem has supported the organisation of a seminar focusing on the analysis of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board, with particular reference to the identification of risks and opportunities and scenario analyses.

**CORPORATE GOVERNANCE**



**The Governance Model**

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 the best practices on the subject. Saipem’s system of Corporate Governance is based on the central role of the Board of Directors, on transparency and the effectiveness of the internal audit system. It should be noted that the Sustainability, Scenarios and Governance Committee is responsible for examining the

“non-financial disclosure” laid down in Legislative Decree No. 254 dated December 30, 2016, and issuing a prior opinion to the Board of Directors, which is required to approve this document. For a more detailed description of the governance of 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.

## Governance of business sustainability

GRI 102-18  
GRI 405-1

The current Board of Directors, comprising nine Directors, out of which four women, was appointed by the Shareholders' Meeting on May 3, 2018 for three years, its mandate expiring at the Shareholders' Meeting called to approve the Financial Statements at December 31, 2020. The appointment of Directors occurs pursuant to Article 19 of Articles of Association, through voting from a list, so as to allow the appointment of minority interest representatives and to ensure gender balance. All the Directors are aged over 50. The curriculum with the personal and professional characteristics of the Directors is available on the website [www.saipem.com](http://www.saipem.com) in the "Governance" section.

The responsibilities of the Board of Directors include the definition, at the request of the Chief Executive Officer-CEO, of the strategic lines and objectives of the Company and the Group, including their sustainability policies.



In relation to training delivered to the members of the Board of Directors, in November 19-21, 2019, a meeting of the Board of Directors was held in Doha (Qatar) and, for the occasion, a visit to the vessel "De-He" was organised for the Board members, offering the Directors and Statutory Auditors an extra opportunity to further their direct knowledge of the operational activities and assets used by the Company – in this case a vessel working in both shallow and ultra-deep waters for pipeline S-Lay and heavy lifting activities. On this occasion, the Board of Directors discussed an analysis on "Energy scenarios and strategic implications for the industry" prepared by a globally recognised company specialised in management consulting. The analysis focused on long-term market strategies for the preparation of the new Saipem industrial plan, which must also consider various "climate change" scenarios and the respective implications and opportunities for the Company in the management of the energy transition.

Further details on the composition, appointment and responsibilities of the Board of Directors can be found in the relevant section of the "Corporate Governance and Shareholding Structure Report 2019".

To perform its tasks more effectively, the Board has appointed its own internal Compensation and Nomination Committee (made up entirely of non-executive and independent Directors); the Audit and Risk Committee (made up entirely of mostly independent non-executive Directors) and the Sustainability, Scenarios and Governance Committee, made up of four non-executive Directors – including two independent Directors – and chaired by the Chairman of Saipem. The Committee is tasked with assisting the Board of Directors, with advisory, preparatory and consultative functions, for its evaluations and decisions relative to issues of sustainability connected to the performance of the Company's activities, to the dynamics of interactions

with all the stakeholders, to the Company's social responsibility, to the review of scenarios for the preparation of the strategic plan, and to the Company's and Group's corporate governance. The Sustainability, Scenarios and Governance Committee and the Chief Executive Officer-CEO promote sustainability issues within the Board of Directors, which during the year discussed key topics in this sense, including disclosure on Saipem's approach to "Climate Change", its implications on the business strategies and the initiatives taken by the Company in this area.

In 2019, the Saipem Board of Directors approved the new "Sustainable Saipem" Policy, also published on the company website, which sets out the Company's sustainability values.

In 2007, Saipem established an executive Sustainability Committee, composed of the top corporate management and heads of divisions, chaired by the Chief Executive Officer-CEO. The executive Sustainability Committee has the task of drafting sustainability policy guidelines and strategies for subsequent review by the Board's Sustainability, Scenarios and Governance Committee, and also provides indications and directives for the sustainability planning and reporting process.

Given the transversal nature of this topic, the sustainability objectives are defined, and must be disseminated within the Company, consistently with the various operational contexts and the requests emerging from stakeholder consultations and other contextual evidence. The Board of Directors approves the management performance plan, at the proposal of the Nomination Committee, through which the Company's objectives are assigned to the Chief Executive Officer-CEO. The plan is drafted on the basis of the Company's strategic plan. The objectives are then reported within a cascade process to the Company management and described in the short-term variable incentive plan. With reference to the 2020 Plan, the business sustainability objectives cover 15% of the short-term variable incentive, as described in detail in the "2020 Report on Saipem's Remuneration Policy and Paid Compensation".

## The Organisation, Management and Control Model of Saipem SpA



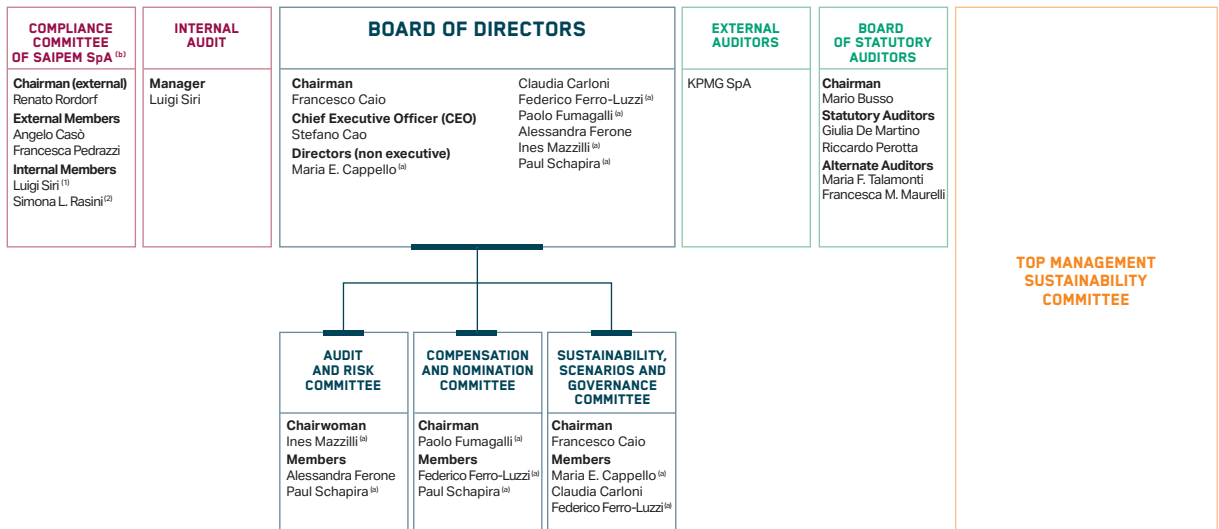
### "Model 231" (including the Code of Ethics)

At its meeting on March 22, 2004, the Board of Directors of Saipem SpA resolved the adoption of an organisation, management and control model pursuant to Italian Legislative Decree No. 231/2001 (hereinafter, "Model 231"), aimed at preventing the commission of offences specified by Legislative Decree No. 231/2001.

Later, through specific projects, Model 231 was updated to reflect changes in the legislation and in

MANAGEMENT AND CONTROL BODIES

EXECUTIVE LEVEL



(a) Independent.

(b) The Compliance Committee of Saipem SpA is composed of five members: three external members, one of whom is appointed Chairman of the Committee, and two internal members responsible for the Internal Audit (1) and Business Integrity (2) functions.

the corporate organisation of Saipem SpA. In particular, the subsequent updates of Model 231 have taken into account the following:

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

Lastly, March 2019 saw the completion of a Risk Assessment carried out to update Model 231 with reference to:

- > regulatory updates;
- > organisational changes that have taken place;
- > jurisprudence and most recent case law;
- > best practices.

At the end of these updates, on March 11, 2019, the Board of Directors of Saipem SpA approved the new Saipem SpA "Model 231 (including the Code of Ethics)".

After the various timely updates made over the years, Model 231 of Saipem SpA has also been 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 in human beings and the protection of the victims amending Article 600 (reduction to or maintenance in slavery or servitude) and Article

601 of the Italian Criminal Code (trafficking in 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;
- > Italian 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;
- > Italian 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 expressions 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";
- > Italian Legislative Decree No. 107 of August 10, 2018, "Rules on the adaptation of national law to the provisions of Regulation (EU) No. 596/2014, relating to market abuses, repealing Directive 2003/6/EC and Directives 2003/124/EU, 2003/125/EC and 2004/72/EC";
- > Italian Law No. 3 of January 9, 2019, "Measures to combat crimes against the public administration, and relating to statute of limitations for those crimes and the transparency of political parties and movements".

## COMMITMENTS, RESULTS AND OBJECTIVES

MATERIAL TOPIC	COMMITMENT	2019 RESULTS
<b>Climate change and air quality</b>	Gradually reducing our dependence on fossil fuels, concentrating on fields that have a lesser impact on the climate, investing in renewable technologies and developing more sustainable uses of fossil fuels, as well as diversifying activities.	<ul style="list-style-type: none"> <li>&gt; Updating the methodology for estimating emissions at Group level, certified by third parties, with a focus on indirect CO<sub>2</sub>eq emissions. At division level, specific tools developed to estimate Saipem's carbon footprint throughout the supply chain.</li> <li>&gt; Reduction of 18.8 kt of CO<sub>2</sub>eq emissions achieved, in line with the 2022 objective set in 2018.</li> <li>&gt; Around 8 kt of CO<sub>2</sub> saved through the implementation of energy efficiency initiatives and over 10 kt of CO<sub>2</sub> through the implementation of energy saving initiatives.</li> <li>&gt; Extension to 2023 of the GHG Strategic Plan for a total cumulative reduction of 160 kt of CO<sub>2</sub> for the period 2019-2023. The objective set for 2022 will be the first target.</li> </ul>
<b>Energy efficiency</b>	Optimising energy consumption, using the best available technologies and increasing operational efficiency.	<ul style="list-style-type: none"> <li>&gt; 22 energy diagnoses and feasibility studies carried out.</li> <li>&gt; 5 good practice manuals drafted.</li> <li>&gt; Devices installed in two Italian offices with a detailed instant energy consumption measuring system.</li> </ul>
<b>Innovation and digitalization</b>	Aligning Saipem's business offering with business needs and with the market scenario.	<ul style="list-style-type: none"> <li>&gt; 18 new patent applications, 5 of which for decarbonisation technologies.</li> <li>&gt; 17 cooperation agreements/licences signed, of which 9 for decarbonisation projects.</li> <li>&gt; 163 FTE (full-time equivalent) resources involved in research and development.</li> <li>&gt; €38 million spent on Research &amp; Development; a total of €79 million spent on innovation, of which around 10% for decarbonisation (excluding Gas).</li> </ul>
<b>Talent and development</b>	Maintaining employee skills in line with business needs and strengthening the Company image in order to retain and attract talented people.	<ul style="list-style-type: none"> <li>&gt; Millennials Road project launched.</li> <li>&gt; Saipem's contribution to strengthening school curricula (e.g. Sinergia programme).</li> <li>&gt; Continuing to implement the Reverse Mentoring programme.</li> <li>&gt; Internships, training initiatives and transfer of know-how in various countries (e.g. Guyana, Italy, Mozambique, Saudi Arabia, etc.).</li> </ul>
<b>Well-being, health...</b>	Guaranteeing a healthy workplace.	<ul style="list-style-type: none"> <li>&gt; Health risk assessment performed in projects/sites/vessels: 86% of all sites covered.</li> <li>&gt; All projects/sites/vessels with standardised equipment and medical staff.</li> <li>&gt; Implementation of electronic health management and tele-medicine programmes (e.g. the "My health records" app, tele-cardiology, tele-radiology, etc.).</li> </ul>
<b>... and safety</b>	Strengthening the safety processes, culture and skills of our people, including vendors.	<ul style="list-style-type: none"> <li>&gt; 2.2 million hours of HSE training delivered, 35% of which to employees and 65% to subcontractors.</li> <li>&gt; Around 1,300 LiHS events organised with over 38,000 participants.</li> </ul>
<b>Spill prevention and recovery</b>	Reducing and mitigating the environmental risk associated to oil and chemical spills, guaranteeing the adoption of appropriate prevention and recovery measures.	<p>Coverage reached:</p> <ul style="list-style-type: none"> <li>&gt; O&amp;CM (Oil&amp;Chemical Mapping) for 10 sites/logistics bases and 25 Offshore E&amp;C and Drilling vessels.</li> <li>&gt; SRA (Spill Risk Assessment) implemented for 5 sites/logistics bases and 14 Offshore E&amp;C and Drilling vessels.</li> </ul>

2019 RESULTS VS. 2019 OBJECTIVES

2020 OBJECTIVES

<ul style="list-style-type: none"> <li>&gt; Implement the actions defined in the Strategic Plan, setting an overall target to reduce GHG emissions by 120 kt CO<sub>2</sub> eq by 2022 (2017 baseline), and monitoring the results obtained.</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Implementation of specific GHG management initiatives (24, with specific objectives for each division).</li> <li>&gt; Reduction of CO<sub>2</sub> emissions (annual objective of 19.3 kt of CO<sub>2</sub>eq, with specific objectives for each division).</li> <li>&gt; Review of the GHG Strategic Plan by end 2020.</li> </ul>
<ul style="list-style-type: none"> <li>&gt; Fine-tune the Strategic Plan considering the first results obtained.</li> </ul>		
<ul style="list-style-type: none"> <li>&gt; Continue to perform energy and GHG reduction assessments.</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Performance of specific energy diagnoses/feasibility studies (18, with specific objectives for each division).</li> </ul>
<ul style="list-style-type: none"> <li>&gt; Implement the best Energy Practices Booklet for onshore rigs and offshore drilling vessels.</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Increasing the number of specific initiatives aiming to reduce energy consumption/increase energy efficiency.</li> <li>&gt; Where applicable, identifying the potential production/use of renewable energy in projects and sites.</li> </ul>
<ul style="list-style-type: none"> <li>&gt; Installation of energy measuring system for two Italian offices.</li> </ul>		
<ul style="list-style-type: none"> <li>&gt; Pursue disruptive innovation solutions.</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Developing a methodology to map value creation through sustainable innovation during project execution.</li> </ul>
<ul style="list-style-type: none"> <li>&gt; Maintain the high investment in technology innovation.</li> </ul>		
<ul style="list-style-type: none"> <li>&gt; Launch of a new skill mapping programme.</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Continuing to attract talents, with particular attention to young people and women.</li> </ul>
<ul style="list-style-type: none"> <li>&gt; Design and set-up new process dedicated to the Millennial Generation (gamification, video interview, test on line).</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Continuing to implement training initiatives, transfer of know-how and cooperation with schools in the countries we operate in.</li> </ul>
<ul style="list-style-type: none"> <li>&gt; Launch the Sinergia Alumni, community dedicated to former Sinergia students.</li> </ul>		
<ul style="list-style-type: none"> <li>&gt; Continuous commitment to spreading a positive health culture and awareness among Saipem's workforce.</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Continued implementation of the global electronic health system.</li> </ul>
<ul style="list-style-type: none"> <li>&gt; Ensure implementation of health prevention, protection and promotion of programmes at all worksites including Occupational Health Management.</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Development of the Work-care programme.</li> <li>&gt; Development of a more healthy vision of the working environment, improving the health culture among employees, including the full implementation of the healthy diet programme.</li> </ul>
<ul style="list-style-type: none"> <li>&gt; Lower the incidence rate of communicable diseases.</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Guaranteeing continuous training of medical staff (85-90% of the medical staff).</li> </ul>
<ul style="list-style-type: none"> <li>&gt; Enhance current and develop new e-health and telemedicine programmes.</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Continued implementation of the cardiovascular disease (CVD) prevention programme.</li> <li>&gt; Intensifying the audit programme.</li> </ul>
<ul style="list-style-type: none"> <li>&gt; Pursue continuous improvement promoting and developing a safety culture, and strengthening the HSE audit planning system, also for project worksites.</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Confirming the renewal of the Group's ISO 45001 and ISO 14001 certifications.</li> </ul>
<ul style="list-style-type: none"> <li>&gt; Complete the migration of OHSAS 18001 certification to the new ISO 45001:2018 standard on "Occupational health and safety management systems".</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Improving the TRIFR-target objective for 2020: 0.44.</li> <li>&gt; Pursuing continuous improvement, promoting and developing a safety culture (with particular attention to road accidents and commuting accidents) and strengthening the HSE audit planning system.</li> </ul>
<ul style="list-style-type: none"> <li>&gt; Improve the Total Recordable Incident Frequency Rate (TRIFR).</li> </ul>		
<ul style="list-style-type: none"> <li>&gt; Correctly map critical oil spill areas on vessels/drilling rigs/fabrication yards/projects and address them in the relevant documentation.</li> </ul>		<ul style="list-style-type: none"> <li>&gt; 100% coverage of sites/projects with specific accidental pollution emergency plans.</li> <li>&gt; Increasing the number of spill drills, including scenarios relating to spills into water bodies.</li> <li>&gt; O&amp;CM target: 100% of offshore vessels; 100% of offshore sites; 40% of offshore drilling rigs; 100% of onshore sites/logistics bases; at least 1 onshore project.</li> <li>&gt; SRA target: 100% of offshore vessels operational in 2020; at least 2 offshore sites; at least 1 onshore site/logistics base.</li> </ul>

continued **COMMITMENTS, RESULTS AND OBJECTIVES**

MATERIAL TOPIC	COMMITMENT	2019 RESULTS
<b>Long-term value creation</b>	Working responsibly and cooperating with our stakeholders to create shared value, constantly minimising the potential negative impacts our operations and presence could produce.	<ul style="list-style-type: none"> <li>&gt; 30 initiatives implemented for local communities, targeting over 28,000 beneficiaries in 11 countries. €815,000 invested.</li> <li>&gt; The economic value generated directly by Saipem is €9.1 billion.</li> </ul>
<b>Human Rights</b>	Respecting international best practices on the subject of human and labour rights, monitoring effective compliance.	<ul style="list-style-type: none"> <li>&gt; Mapping of local agency personnel with key roles and interviews with 31 people to obtain feedback on recruitment practices and procedures.</li> <li>&gt; Interviews with 11 international employees to continue to strengthen the adoption of good practices in foreign recruitment processes.</li> </ul>
<b>Responsible supply chain</b>	Cooperating with our vendors to contribute to the development of their own business sustainability and to reduce/minimise sustainability risks within our supply chain.	<ul style="list-style-type: none"> <li>&gt; Continuing with the social responsibility campaign in the supply chain: 182 vendors assessed during the qualification phase and 8 audits conducted.</li> <li>&gt; Delivery of the internal human rights and supply chain programme to over 300 employees.</li> <li>&gt; Development of a tool to estimate Saipem's carbon footprint throughout the supply chain.</li> </ul>
<b>Ethics and compliance</b>	Operating in conformity with the best ethical business practices.	<ul style="list-style-type: none"> <li>&gt; Over 3,700 employees trained on Model 231, Code of Ethics and anti-corruption.</li> <li>&gt; Revision of the "Anti-Corruption" MSG which represents an improvement of the regulatory context of the "Anti-Corruption Compliance Programme" and of Saipem's corporate governance system on anti-corruption issues.</li> </ul>
<b>Transparency</b>	Maintaining and increasing transparent communication and dialogue with all stakeholders on our business and the impacts generated.	<ul style="list-style-type: none"> <li>&gt; Annual publication of the Saipem Modern Slavery Statement in line with United Kingdom legislation.</li> <li>&gt; Annual publication of the report on climate change, in line with TCFD recommendations.</li> <li>&gt; Continuous dialogue with the financial community (e.g. organisation of 14 road show days and participation in 4 international investor conferences; active participation in the Italian Sustainability Day 2019 organised by Borsa Italiana with some one-to-one meetings with investors; a reverse road show day at the Saipem headquarters; meetings with over 300 people, including portfolio managers and buy-side analysts; engagement activities with 19 financial stakeholders on ESG topics; over 900 people took part in the four conference calls and webcasts on quarterly financial results.</li> <li>&gt; 3 Open Talk events in March 2019 in Milan involving stakeholders (financial community, clients, business partners, etc.) on business sustainability topics.</li> </ul>



## OUR CONTRIBUTION TO MITIGATING CLIMATE CHANGE

### The climate change reduction strategy

Saipem expects to gradually reduce its dependence on the fossil fuel sector, reducing its CO<sub>2</sub> emissions and continuously extending its range of services in sectors with less impact on the climate, working as a provider of innovative solutions to support clients in identifying the best technological choices with reduced carbon emissions.

The Company strategy is based on the following three pillars:

- > extending its range of services to its clients in sectors with less impact on the climate, investing in renewable technologies, developing solutions for a more sustainable use of fossil fuels and diversifying its activities. This implies strengthening its presence in existing markets with reduced carbon emissions (e.g. offshore windfarms, biofuels, concentrated solar power, etc.) and creating access to new markets (e.g. wave and tidal energy, ocean thermal energy conversion, energy storage, hydrogen and hybrid solutions). Furthermore, Saipem aims to diversify on the market, focusing on opportunities not

2019 RESULTS VS. 2019 OBJECTIVES

2020 OBJECTIVES

-		<ul style="list-style-type: none"> <li>&gt; Continuing to contribute to socio-economic development, also through the use of local staff, training and transfer of know-how, cooperating with local vendors and subcontractors.</li> <li>&gt; Continuing to plan initiatives to contribute to the SDGs.</li> </ul>
Define and implement a 3-year training and awareness programme at operational level in risk areas for Human and Labour rights.		<ul style="list-style-type: none"> <li>&gt; Developing an awareness raising tool on human rights in Saipem's activities.</li> <li>&gt; Testing a human rights risk assessment tool at project level.</li> </ul>
Strengthen human rights awareness among company functions involved in stakeholder relation activities.		
Extend the delivery of the internal human rights and supply chain programme to identified Procurement and Post Order functions.		<ul style="list-style-type: none"> <li>&gt; Continuing to support the improvement of the supply chain in terms of HSE standards and human and labour rights, also through partnerships with local business associations and institutions in the areas we operate in.</li> <li>&gt; Identifying further areas/assets when a green procurement approach can be implemented.</li> </ul>
Continue to provide periodic training and refresher courses to promote employee awareness.		
Continue to maintain an adequate system of internal control and risk management.		
Continue to periodically review the OM&C Model and related procedures.		
Continue to reinforce transparency in communications and relations with stakeholders.		
-		Maintaining a high level of pro-active involvement and disclosure on key corporate topics and issues; continuing to publish documents on climate change and organise initiatives for stakeholder engagement on innovation.

linked to energy, such as infrastructures for sustainable mobility, water resource management and environmental services for the circular economy. Finally, particular attention is paid to less carbon-intensive energy sources, particularly the use of natural gas as an energy source in the transition period (for example LNG);

- > becoming a key partner for its clients in the decarbonisation process. Major energy companies, as well as other high-carbon intensive industries, including steel and cement, are decarbonising their activities and working towards large-scale digital transformation throughout the value chain, involving key EPC vendors who invest in decarbonisation and digitalisation technologies.

Saipem aims to become the "preferred partner" of clients working towards energy transition;

- > improving the efficiency of its activities and operations to reduce greenhouse gas emissions; in 2018, Saipem established a four-year strategic plan for GHG emissions, to identify areas for improvement and specific objectives for reducing greenhouse gas emissions.

**Analysis of the climate-related scenario**

Energy transition brings competition among different energy sources and technologies, aiming to

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acquire increasingly large shares of the energy mix. At Saipem, the assessment of long-term drivers in the sector is based on the analysis of different scenarios: each one describes a different path leading to a different long-term energy context by 2050. The scenario analysis is applied to the whole Group, covering macro-economic and energy trends which may have an impact on key business drivers. The sector scenarios are some of the elements considered in the strategic planning process; they are updated annually and discussed with the divisions and the Top Management, as well as in specific meetings of the Board of Directors. Both the long-term and short- and medium term scenarios are analysed in the planning process. The long-term scenarios developed by different sources (information providers, Oil&Gas companies, other stakeholders and intergovernmental organisations) were analysed and compared to assess their coherence with the 2 °C scenario. All analysed scenarios consider oil in the energy mix in the near future, while gas is envisaged to play a key role as a source able to drive the transition towards a more sustainable energy mix. In this context, large-scale investments in oil and particularly in gas infrastructures will remain necessary in the medium and long term, and it is expected that traditional clients will continue to invest in long-term strategic projects, particularly in some key regions including the Middle East and Africa. Cutting-edge technological solutions with lower environmental impact will increasingly be in demand, and this is a huge opportunity for Saipem. Commitment to technological development and the constant adaptation of the mix of innovative skills and initiatives are the most effective tool Saipem is using to tackle the climate change challenges facing the industry.

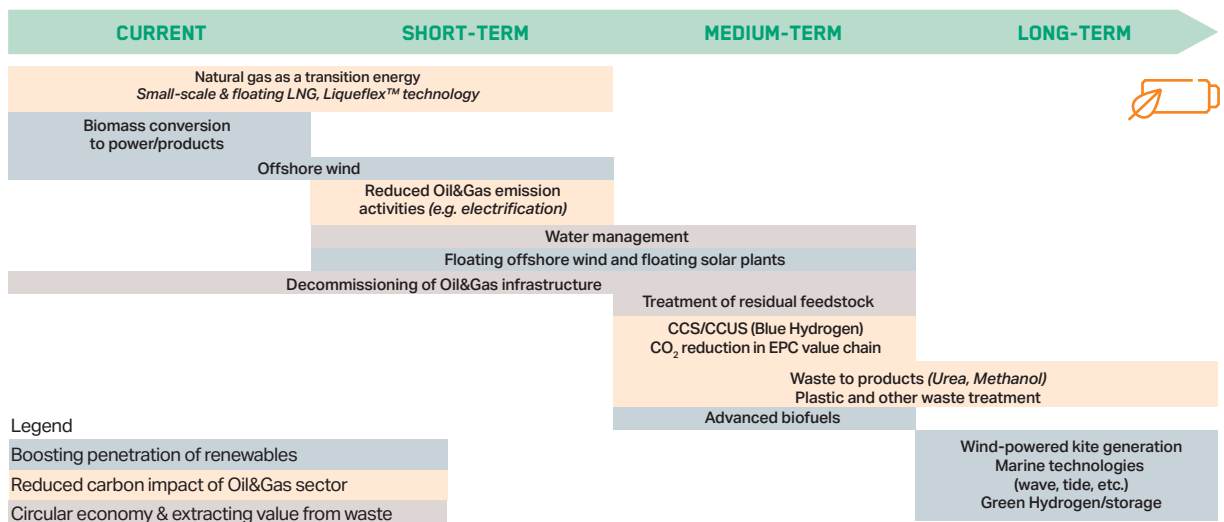
Diversification in less carbon-intensive business segments and, where possible, adjacent sectors in which Saipem can exploit its skills, will remain a strategic pillar for the coming years. An in-depth analysis of the scenarios, risks and opportunities relating to climate change is available in the document "Climate: from strategy to action", drafted in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board.

### Innovation and research to fight climate change

The new energy panorama emerging in coming years will be a mosaic of many competing forces, which is difficult to forecast today. What is clear however is that the speed of innovation and the adoption of new technologies will be fundamental for making conventional developments more sustainable in the energy transition process. Saipem has identified many opportunities for providing cutting-edge, sustainable solutions to help clients meet the demands for a future with reduced carbon emissions. In 2019, the Company spent €7.5 million on research and development and the application of decarbonisation technologies, out of a total of €79 million spent on technological innovation. Furthermore, 5 patents were deposited for new low-carbon technologies, and 90 patents were acquired for decarbonisation technologies. More information is available in the "Innovating for the new energy scenario" and "Enabling carbon footprint reductions" chapters of the "Making change possible - Sustainability Report 2019".



### ENABLING ENERGY TRANSITION THROUGH INNOVATION



### Energy efficiency

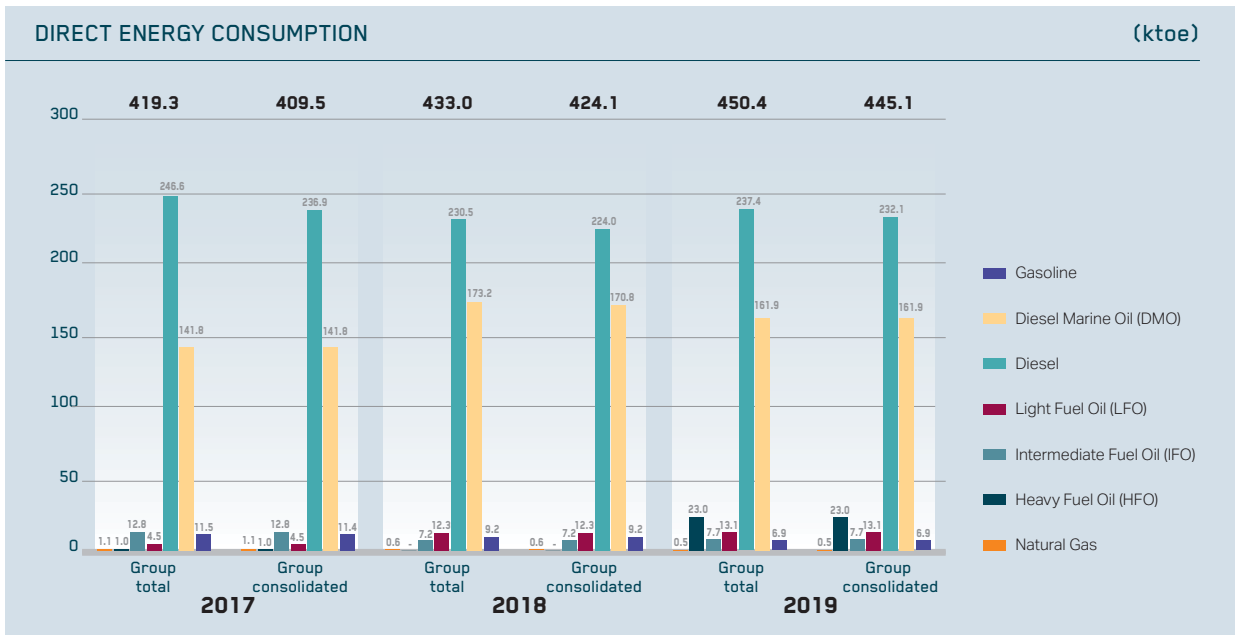
In 2019, direct energy consumption increased by 4% on 2018 at Group level, in line with the increase in activities (6% increase in man-hours worked on sites reporting environmental data). In particular, the sites with most consumption were the Tangguh LNG

Expansion Project (34 ktoe), the Saipem 7000 vessel (22 ktoe), the Jazan project (20 ktoe) and the South Gas Compression Plants project (20 ktoe). In 2019, Heavy Fuel Oil (HFO) and Intermediate Fuel Oil (IFO) stocks were used mainly by the vessels Saipem 7000, Castorone, DeHe and Constellation. It is however noted that from 2020 vessels in the



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		2017		2018		2019	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
<b>Indirect energy consumption</b>							
Consumption of electric energy	(MWh)	92,309.9	92,307.7	88,996	85,069	80,171	78,177
<b>Renewable energy</b>							
Electric energy produced from renewable sources	(MWh)	352.4	352.3	297.6	297.6	368.3	368.3

		2017		2018		2019	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
<b>Total consumption of direct energy</b>	(TJ)	<b>17,555</b>	<b>17,144</b>	<b>18,128</b>	<b>17,756</b>	<b>18,857</b>	<b>18,635</b>
<b>Total consumption of indirect energy</b>	(TJ)	<b>334</b>	<b>334</b>	<b>321</b>	<b>307</b>	<b>290</b>	<b>283</b>
<b>Total energy consumption</b>	(TJ)	<b>17,888</b>	<b>17,478</b>	<b>18,450</b>	<b>18,063</b>	<b>19,147</b>	<b>18,918</b>
Energy intensity	(TJ/Mln €)					2,1	-

The calculation of energy consumption in Joules uses the following conversion factors: for the consumption of direct energy 1 ktoe = 41,867 GJ; for the consumption of indirect energy 1 MWh = 3.6 GJ. The energy intensity is calculated by the ratio between the total direct energy consumption and the total revenues, expressed in millions of euros.

fleet will no longer use HFO and IFO, so the consumption for these two fuels will no longer be reported. Furthermore, a slight increase in the consumption of diesel was recorded, used mainly in Onshore projects, including the South Gas Compression Plants project which began construction activities in 2019.

Electrical energy reductions relate mainly to a reduction in operational activities at the Kuryk yard (Kazakhstan), which takes electrical power from the mains. Moreover, Saipem continues to implement numerous initiatives aiming to reduce its own energy consumption and, consequently, its CO<sub>2</sub> emissions. The initiatives implemented are divided into three areas:

- > **energy saving**, aiming to reduce energy consumption by eliminating unnecessary wastes of energy and improving process management and efficiency;
- > **energy efficiency**, aiming to reduce energy consumption by installing more efficient equipment;
- > **renewable energy**, producing the same amount of energy with a lower emitting source.

In 2019, these initiatives led to a reduction in energy consumption of 223,236 GJ (223,844 GJ at Group level).

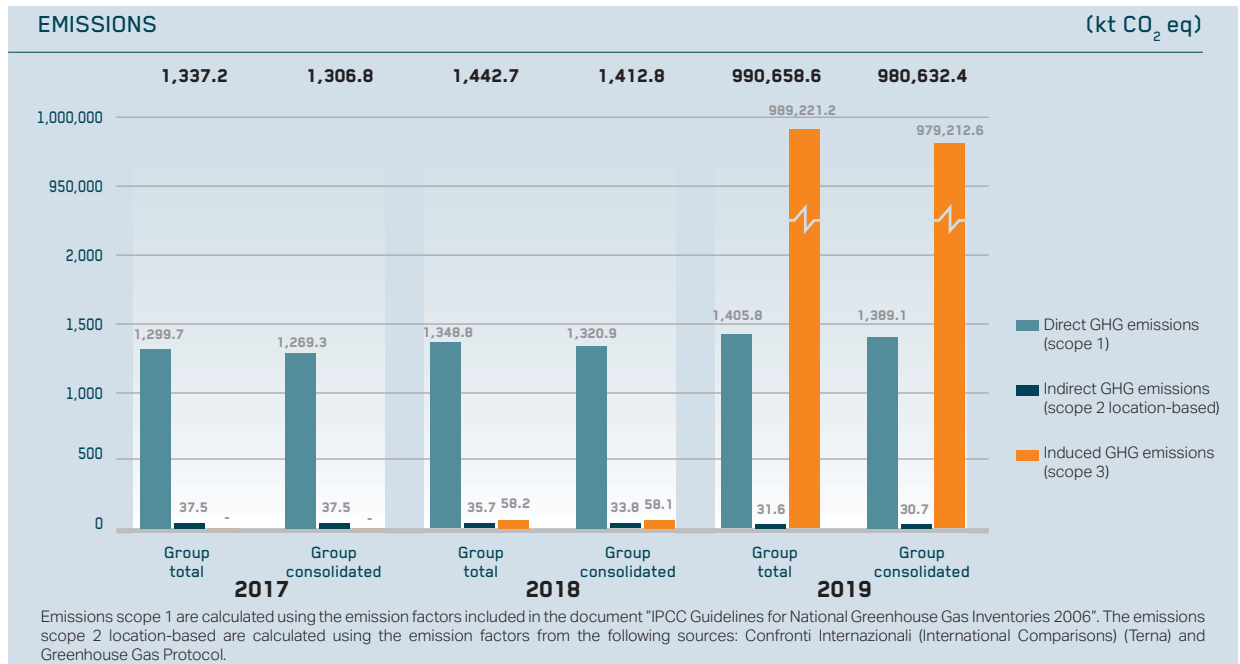
Examples of initiatives implemented in the year include: lighting efficiency in numerous onshore and offshore sites, improvement in consumption, procurement of energy with lower CO<sub>2</sub> emissions (for example, the electrification of rigs in Kazakhstan), implementation of smart working methods, increased efficiency of Saipem vessels (route optimisation initiatives and the Saipem eco Operation campaign), etc.

More information is available in the "Enabling carbon footprint reductions" chapter of the "Making change possible - Sustainability Report 2019".

### GHG emissions

Among the Company's environmental priorities is the reduction of greenhouse gas emissions, including through energy efficiency initiatives. In 2019, Saipem decided to implement its policy of reducing GHG emissions, structured in 2018, by





(kt CO <sub>2</sub> eq)	2017		2018		2019	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Market-based scope 2 emissions	-	-	38.2	36.3	33.8	32.9

Market-based scope 2 emissions were calculated using residual mix emission factors.

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GRI 305-2  
GRI 305-3  
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drafting specific four-year plans to outline a corporate vision on the theme of the improving the efficiency of its activities and consequent reduction of emissions. The plans are drafted annually, each year increasing the time horizon and reporting on the achievement of previously set targets. Through the energy saving initiatives described in the previous section, in 2019 CO<sub>2</sub> eq savings of 18,819 tonnes (18,846 tonnes at Group level) were achieved. In 2019, Saipem recorded a GHG intensity of 158.0 t CO<sub>2</sub> eq/€ mln (at Group level, the value is calculated considering the location-based scope 1 and scope 2 emissions in relation to revenue in millions of euro). In 2019, the Company also reviewed its method for estimating emissions, also obtaining certification by a third-party independent body according to the principles of standard UNI EN ISO 14064-3:2012. The method had already been revised for the first time in 2018, and the 2019 update mainly focused on extending the field of application of the method, particularly extending the emission categories of scope 3 emissions.

The main changes to the method concerned:

- > inclusion of an alternative and more accurate calculation for scope 2 emissions (indirect emissions deriving from the purchase of electrical power). The methodology developed in 2018 considered the national energy mix (location based methodology), while the new one also considers the effective production of procured energy (market based methodology);
- > inclusion of the following categories of scope 3 emissions:
  - extraction and transportation of the fuels used, directly and indirectly;
  - network losses in the transmission of purchased electrical energy;
  - water procurement and disposal;
  - procurement of materials and waste disposal;
  - shipment of materials;
  - employees' use of cars;
  - hotel accommodation during business travel;
- > review of the emission factors used to estimate emissions.

## PROTECTING THE ENVIRONMENT AND MINIMISING ENVIRONMENTAL IMPACTS



### Environmental management policies and system

Saipem is aware that all its activities, from the planning and design 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,

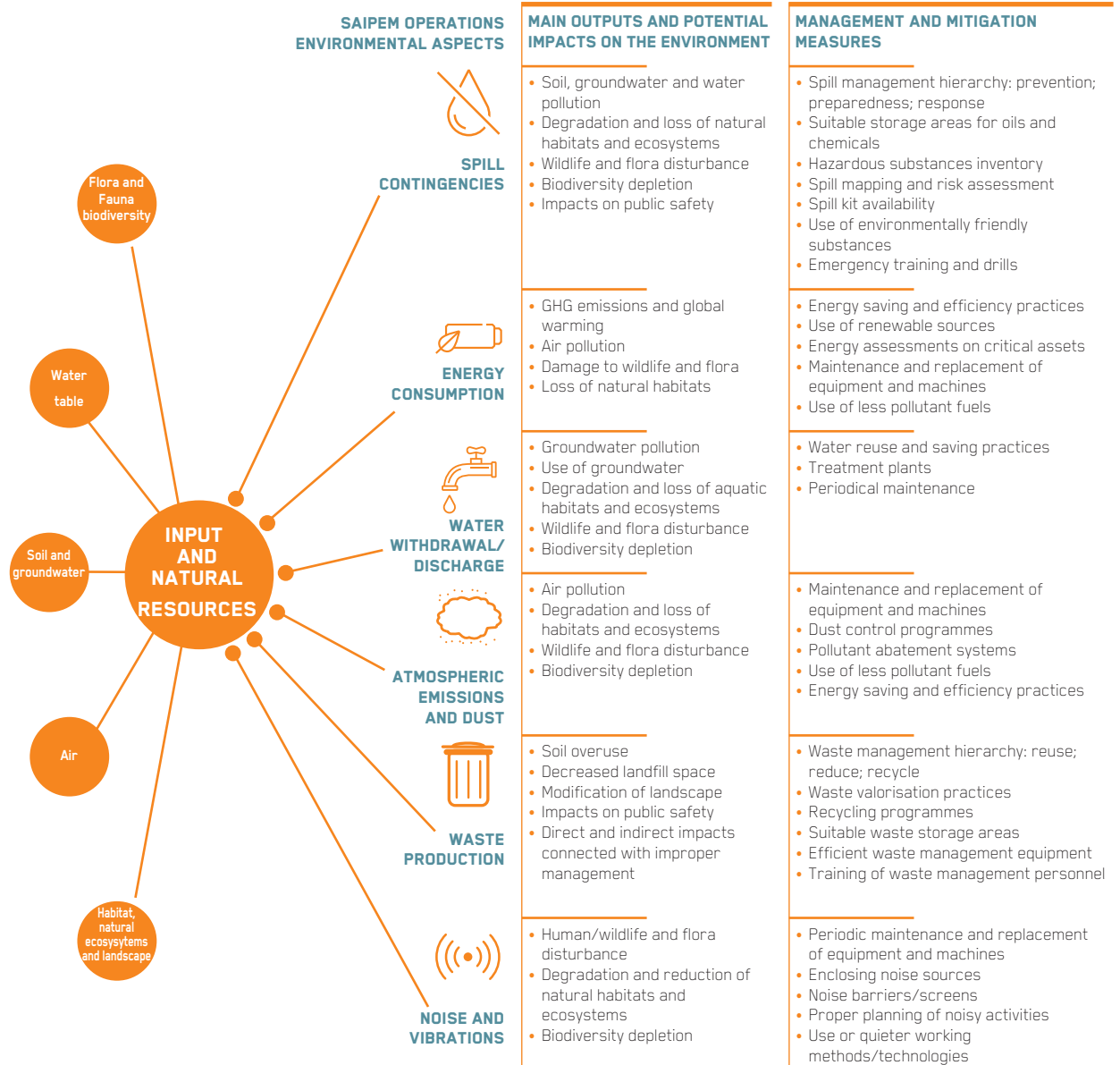
8 and 9 that refer to the environment), the principles expressed in the International Finance Corporation (IFC - World Bank) Performance Standards on Environmental and Social Sustainability, Organisation for Economic Co-operation and Development (OECD) guidelines for multinationals.

As described in the HSE Policy of Saipem SpA, the Company is committed to preventing the potential environmental impacts caused by its activities and using energy and other natural resources efficiently. 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 assets and operations managed by third parties for its operational projects (clients, subcontractors, etc.) in order 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. To guarantee these results, Saipem has adopted a certified Environmental Management System. All the most significant entities in the Saipem Group are ISO 14001:2015 certified to support and guarantee the environmental management system adopted by the Company.

Saipem is aware of the real 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 of the delivery of its service to the reference sector, and organises specific initiatives designed to promote environmental awareness and the dissemination of best practices, also involving external entities as addressees. Further details can be found in the "Research and development" section of the Directors' Report and in the "Making change possible - Sustainability Report 2019".



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

		Risks identified by the Company*	Summary of adopted risk mitigation measures
Saipem material topic	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 most significant group entities 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 implement 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 monitoring technological developments in the pertinent industries also performing benchmark analyses and scouting innovative start-ups. A key element of the risk mitigation and prevention strategy on this issue is the initiative concerning its incubator of ideas and prototyping laboratory, "Innovation Factory", 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 decarbonisation of energy 	The mitigation and prevention of this risk is performed by focusing on the development of technologies and patents in the field of energy decarbonisation (for example, renewable energy and carbon management) through its research and development activities. Moreover, Saipem is committed to continually monitor and further technological developments related to the decarbonisation of energy.
	Energy efficiency Prevention of climate change and greenhouse gas 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 division and corporate levels.

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



GRI 306-3

**Spill prevention and response**

Pollutant spills are one of the most significant environmental issues for the sector in which Saipem operates. In the case of spills, the prevention of accidental events and response actions are absolute priority elements for their management. Saipem's spill management strategy is in fact focused on minimising the risk of spills and implementing emergency mitigation and management actions, for which it adopts advanced equipment and procedures. 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 of spills.
- > **Instruction and training:** specific training events on spill prevention are periodically organised, along with drills aiming to improve the skills of operating

staff in emergency management. 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 and trained. Each operating site implements a spill management plan which identifies the accident scenarios and adequate response modes and can also include the intervention of designated third parties.
- > **Reporting:** the data concerning spills and "near misses" (events that, under slightly different conditions, could have caused environmental damage) are monitored by a specific software and subsequently analysed to assess the causes, prevent recurrence and share the "lessons learned" within the Company.

		2017		2018		2019	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
<b>Number of spills</b>							
Total	(No.)	26	23	18	17	54	54
Chemical spills	(No.)	8	8	5	5	16	16
Oil spills	(No.)	18	15	13	12	38	38
<b>Volume of spills</b>							
Total	(m³)	6.21	6.07	7.22	3.25	10.40	10.40
Chemical spills	(m³)	3.58	3.58	0.77	0.77	7.60	7.60
Oil spills	(m³)	2.63	2.49	6.46	2.49	2.90	2.90

More information on the actions taken by Saipem to reduce the risk of spills is available in the "Keeping people and operations safe and sound" chapter of the "Making change possible - Sustainability Report 2019".

In 2019, the total number of spills increased mainly due to the change in the internal reporting rule, with the minimum spill limit for reporting reduced from 10 litres to 1 litre, to ensure better alignment with the internal incident management rules (the internal regulation states that any spills with a spilled volume of 1 litre or more must be treated as incidents). Out of 54 total spills, in fact 23 were less than 10 litres. The sites with the highest number of spills above 10 litres were the Tangguh LNG Expansion Project (Indonesia), the Pioneer vessel and the Hawiyah project (Saudi Arabia).

The spill volume has increased mainly following five events with spills greater than 1 m<sup>3</sup>, the two largest of which were of 2 m<sup>3</sup>:

- > spill of 2 m<sup>3</sup> of waste water in the accommodation modules (categorised as a chemical substance in the reporting rules) into the soil from a tank in the Hawiyah project;
- > spill of 2 m<sup>3</sup> of motor oil into the sea due to the mechanical damage of a thruster on the vessel Constellation. Following the incident the thruster was overhauled and repaired.

Each spill is assessed in terms of criticality, according to the actual and potential consequences of the event. No events occurring in the year had severe consequences. Each event is analysed in terms of its cause and suitable measures are adopted to prevent and minimise the risk of it happening again in future.



## Water resource management

Considering the geographical location of the Company's important operating activities, water is a significant aspect (albeit not identified as a material topic) to be monitored and managed. In fact, important operating activities are carried out in areas considered "under water stress", where the implementation of a strategy to reduce withdrawal and use the resource efficiently is considered a priority. The re-use of water, after suitable treatment, is a key activity to minimise water withdrawal.

The commitment to a 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 awareness of growing pressure on water resources, despite significant territorial variations, is driving Saipem to focus more on the development of new water technologies and the improvement of its water management.

The water resource management strategy is an integral part of the environmental strategy and is defined in the environmental management system documentation; it is also an objective of the Group HSE plan.

The hierarchical approach to water management aims to maximise reuse, where possible, and reduce water consumption in all operational sites and projects, particularly those in water-stressed areas. Saipem is aware of the need for greater resilience in the planning and management of water resources, also to react to the effects of climate change.

In some regions, there could be an increase in water availability, while in others a reduction in availability, leading to water stress and competition for resources, throughout the project life cycle. Each year Saipem maps its sites located in water-stressed areas, in order to raise awareness in the sites and projects. The analysis of water flows and areas with high levels of water stress constitutes the basis for the subsequent definition of initiatives to reduce consumption and mitigate the associated impacts.

Water management plans focus on the identification of critical aspects and propose actions to reduce water consumption and increase the percentage of reuse, including an analysis of water usage and consumption, identifying the most significant consumption points, as well as identifying and prioritising initiatives to reduce water consumption and increase water reuse.

Normally the waste water treated can be reused for dust abatement, irrigation, hydrotesting (in accordance with specific regulatory limits).

Furthermore, potable and non-potable water systems are separated in the design of logistics bases, sites and fields.

In 2019, Saipem began some initiatives to improve and increase the efficiency of its water resources, including:

- > in the Tangguh LNG Expansion Project (TEP), considering the scarce availability of surface and underground water resources on the site, three SWRO units were installed (to treat sea water using reverse osmosis), one unit with a capacity of 500 m<sup>3</sup>/day and two units with a capacity of 1,500 m<sup>3</sup>/day, to desalinate the sea water and supply water to the site for both domestic and project uses. The treated waste water is also reused for dust abatement and irrigation;
- > in the Al Zour project in Kuwait, a country subject to water stress, water flow rate reduction systems were installed in the toilets; this initiative was implemented both by Saipem and the subcontractors working in the area.

Every year Saipem celebrates the World Water Day (March 22) as a further opportunity for raising awareness and launching initiatives on this topic. Furthermore, the initiatives carried out in the local communities are yet another opportunity for raising awareness and introducing best practices for the management of water resources, particularly in areas where the analysis of the local context highlights water stress, scarce potable water and hygiene conditions.

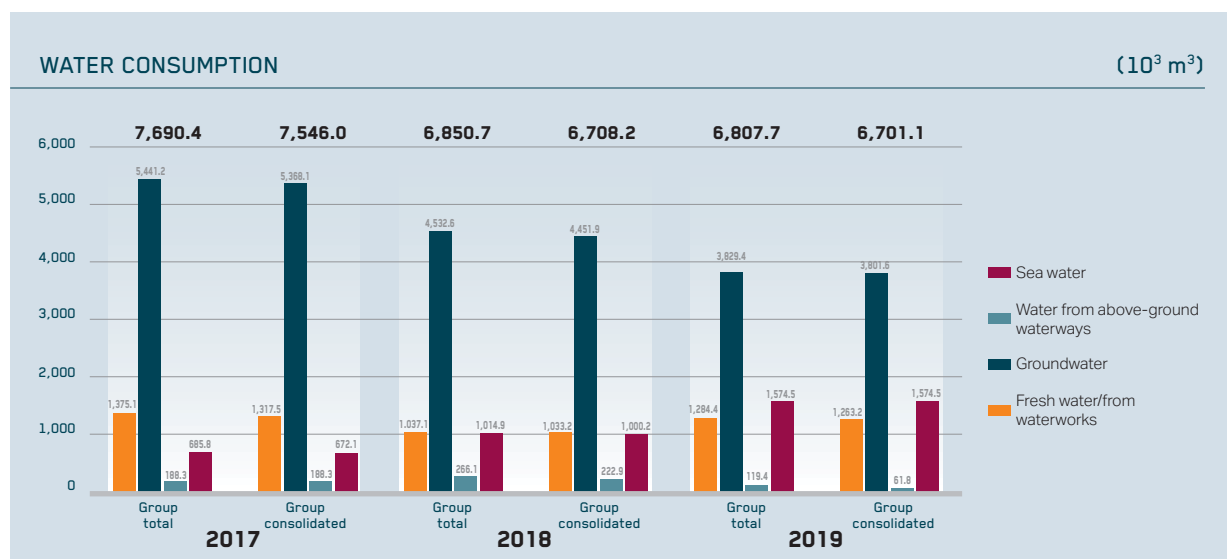
Water consumption generally remained stable compared to 2018. In particular the following were recorded:

- > an increase in withdrawal from fresh water/mains water systems, mainly in the onshore projects

GRI 303-4 (2018)  
GRI 303-5 (2018)  
SASB  
EM-SV-140A.1  
EM-SV-140A.2

DUQM (Oman) and SGCP (South Gas Compression Plant - Saudi Arabia), which both began in 2019;  
 > a reduction in the water withdrawn from underground aquifers, due to reduced supplies to the San Donato Milanese offices (which use water

for the internal air conditioning system) and the completion of the Jazan project (Saudi Arabia);  
 > an increase in sea water withdrawal, due to the increased activities in the onshore Tangguh LNG Expansion Project (Indonesia).



	2017		2018		2019	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
<b>Recycled and re-used water</b>						
Re-used water	(10 <sup>3</sup> m <sup>3</sup> )	1,179.8	1,179.2	1,641.0	1,640.8	1,657.1
	(%)	15	16	24	24	24

**Sewage water discharges**

	2017		2018		2019	
(10 <sup>3</sup> m <sup>3</sup> )	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
<b>Total discharged water, of which:</b>	<b>5,657.0</b>	<b>5,536.7</b>	<b>4,232.9</b>	<b>4,099.7</b>	<b>3,468.9</b>	<b>3,424.7</b>
- water discharged into the sewer systems	642.8	642.8	380.4	377.6	185.5	180.1
- water discharged into bodies of surface water	3,605.4	3,605.4	2,388.6	2,388.6	1,592.3	1,592.3
- water discharged into the sea	515.4	395.1	729.3	677.3	1,115.2	1,076.4
- water discharged to other destinations	893.4	893.4	734.7	656.3	575.8	575.8

The reduction in water discharged into sewer systems is due mainly to the application of the internal reporting rule which, from 2019, requires discharge water disposed of legally as waste to be reported as waste and not as discharged water. See the section on waste for a more complete explanation.  
 Water discharged into bodies of surface water was reduced as a result of the lower consumption at the San Donato Milanese site (Italy) and the closure in 2018 of the operational activities of the South Caucasus Pipeline Expansion project (Azerbaijan). Discharges into the sea are due mainly to the operational activities of the Tangguh LNG Expansion Project (Indonesia).

these are also caused by energy consumption. Saipem’s methodology for estimating emissions includes the following pollutants: NO<sub>x</sub>, SO<sub>2</sub>, CO, PM10 and NMVOCs. The emission factors were updated during the last reviews of the calculation methodology.  
 In particular, during the 2018 methodology update, the NO<sub>x</sub> and CO emission factors were significantly reduced, the NMVOC and PM10 factors slightly increased and SO<sub>2</sub> factors remained constant, influencing the emissions trends between 2017 and 2018.  
 Compared to 2018, the 2019 pollutant emissions trends follow the energy consumption trends (slightly increased), with the exception of CO, which, emitted mainly from petrol combustion, has fallen. Pollutant emissions were calculated using the following source: EMEP/EEA air pollutant emission inventory guidebook 2016.

**Preserving the air quality**

The Company policy of reducing GHG emissions has a strong impact on the reduction of air pollutants, as



GRI 305-7

## Air pollutant emissions

(t)	2017		2018		2019	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
NO <sub>x</sub>	22,575	22,244	15,899	15,648	16,536	16,338
SO <sub>2</sub>	4,610	4,552	5,045	4,958	6,514	6,483
CO	14,480	14,353	9,448	9,393	7,935	7,889
NM VOC	936	924	1,119	1,101	1,146	1,131
PM10	533	519	596	581	636	628

The energy efficiency interventions and processes described in section "Energy efficiency" also led to

reductions in the emissions of other air pollutants, particularly NO<sub>x</sub> and SO<sub>2</sub>.

## Reduction in pollutant emissions

(t)	2017		2018		2019	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
NO <sub>x</sub>	194.9	194.9	50.1	36.2	257.8	257.2
SO <sub>2</sub>	52.8	52.8	15.2	13.1	111.3	111.2
CO	51.6	51.6	6.9	5.0	33.0	32.9
NM VOC	5.1	5.1	2.7	1.9	7.8	7.8
PM10	3.0	3.0	1.6	1.2	8.4	8.4

## Waste management

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

Waste management is tackled by applying a hierarchy of operations mainly aimed at minimising waste production through the use of appropriate procedures or technologies, re-using waste 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 increase in waste in 2019, in particular the category of non-hazardous waste disposed of in landfill sites, is mainly due to the updating of the reporting methodology, in which discharge water disposed of legally as waste (non-hazardous or hazardous, according to local legislation) is reported as waste and not as discharged water. The amount of water in this case is more than 500 kt.

(kt)	2017		2018		2019	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
<b>Total weight of waste produced, of which:</b>	<b>431.3</b>	<b>426.0</b>	<b>381.5</b>	<b>378.6</b>	<b>953.0</b>	<b>933.3</b>
- hazardous waste disposed of in landfill sites	61.2	61.1	102.2	102.1	238.5	238.5
- incinerated hazardous waste	2.3	2.3	4.2	4.2	3.1	3.1
- recycled hazardous waste	6.9	6.9	3.5	3.4	11.1	11.0
- non-hazardous waste disposed of in landfill sites	172.4	168.6	188.3	188.2	638.2	623.6
- incinerated non-hazardous waste	3.6	2.6	2.7	2.7	2.2	2.2
- recycled non-hazardous waste	185.0	184.6	80.6	78.2	59.9	54.9

## SOCIAL ASPECTS

### Social policies and management

The Company operates in over 70 culturally and geographically different and distant countries often in contexts characterised by difficult situations and border issues. The Company takes into account the specific issues of each country when assessing social aspects linked to its activities.

For the social impacts linked to the operational projects it works on, Saipem bases its assessments on socio-economic impact studies and

assessments normally produced by its clients or, where necessary and established contractually, developed internally. The operations in which Saipem has direct responsibility for the impacts generated at local level and the possibility to manage them concern the fabrication yards or proprietary logistic bases. In these cases, Saipem identifies and assesses the potential effects of its activities on the social context in order to minimise their adverse impact and to define and implement specific activities and projects aimed at developing the local socio-economic context working with the identified local stakeholders.



GRI 306-2



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 the university and school bodies, the collaborations with the university and school bodies, the representatives of local institutions, the non-governmental organisations active in the areas and the local bodies for the implementation of development programmes and the promotion of health.

In addition to that indicated in this document, Saipem provides a thorough description of the stakeholder engagement actions in a specific section ("Enduring relations") of the "Making change possible - Sustainability Report 2019". Saipem has always strived to minimise any adverse impacts on the territory and to contribute to maximising positive impacts through the implementation of strategies aimed at promoting 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, the Company has drawn up a criteria (Guidance on Grievance Management) for structuring a system to collect and manage the demands of the local communities in the operating realities where it is considered necessary or requested by the client. This process allows potential negative social impacts to be identified and managed or mitigated.

Different geographical realities and some of the most significant operational ones (e.g. Nigeria, Italy, Oman, Indonesia, Mozambique) have implemented these systems to guarantee effective communication with the communities.




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

Context analysis	Identification and evaluation of potential impacts	Planning and implementation of mitigation measures
Analysis of the socio-political, cultural and economic conditions of the area interested by the project.	Identification and subsequent evaluation of impacts which may occur during the entire life of the project. The impacts can be classified as: <ul style="list-style-type: none"> <li>&gt; direct impacts: that are a direct result of project activities;</li> <li>&gt; indirect impacts: that result from other developments or activities that would only occur as a result of the project.</li> </ul>	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 integrating 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 neighbouring areas.
<b>STAKEHOLDER ENGAGEMENT PROCESS</b>		



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

	Risks identified by the Company	Summary of adopted risk mitigation measures
<p><b>Saipem material topic</b> Management of an ethical supply chain</p>	<p>Fraud, corruption, lack of transparency, loss of confidential information and data, non-compliance with procedures and regulations.</p> 	<p>Saipem updates its Organisation, management and control model pursuant to Italian Legislative Decree No. 231/2001 (hereinafter, "Model 231"), which is aimed at preventing the commission of the crimes sanctioned by this decree; "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 obtained certification of compliance with the international standard ISO 37001 in 2018. Lastly, the Group has a monitoring and control system in place for vendors who may engage in fraudulent activities, possibly evaluating their suspension.</p>



**Relations with the local context**

Saipem is committed to establishing relations with its local stakeholders based on correctness and transparency in order to pursue concrete shared objectives for sustainable development. This is 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 works, 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 depend 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 or their representatives to be established; and short/mid-term presence where Saipem is involved in a specific project within set contract deadlines and, as a result, 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 the partners with which the Company operates, as well as the characteristics and social composition of the relevant context. Where Saipem intends to create new, long-term work sites, it carries out specific assessments designed to analyse the potential effects of its activities on the local socio-economic context. To do so, it uses instruments including the ESIA (Environmental Social Impact Assessment), after which the Company defines action plans to manage

the impacts generated for local communities and the engagement of stakeholders. 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 intervention plans. In operating projects, Saipem supports the client's activities, in line with contract requests and the requirements the latter received and/or agreed with local authorities through specific studies such as EIA (Environmental Impact Assessment) or, as mentioned above, ESIA.

**Local presence**

For Saipem, local presence means purchasing 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 the 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 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. In addition, Saipem has internally developed a model (SELCE, "Saipem Externalities Local Content Evaluation") to quantify the value of its presence in the local territory 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.



GRI 202-2

**Local employment**

	2017		2018		2019	
	Group total consolidated	Group total consolidated	Group total consolidated	Group total consolidated	Group total consolidated	Group total consolidated
(%)						
Local employment	76	74	73	71	74	71
Local managers	46	45	45	44	44	43

An employee is considered local if he/she works in the country where he/she was hired. Local managers include both middle and senior managers. Given the large number of employees in the two headquarters in Italy and France, the percentage of local managers is calculated excluding the data for these two countries, in order to provide an effective representation of the Company's commitments in the countries where it operates.



GRI 308-1  
GRI 412-2  
GRI 412-3  
GRI 414-1

## A sustainable supply chain

Saipem's business is characterised by a highly complex global supply chain, covering different geographical areas and different industrial sectors. Today Saipem has almost 24,000 qualified vendors, 7,000 of whom were qualified in 2019. During the year, purchases were made mainly from vendors located in Europe and the Middle East.

In over 60 years of business in numerous countries in the world, Saipem has created a consistent and profitable network of partners and vendors; over 5,000 vendors have worked with Saipem for at least 10 years.

The vendor management system was structured to guarantee that they have proven technical and operational skills, but also that they share Saipem's values and policies. For this purpose, some sustainability elements to analyse and monitor in the various phases of the vendor management system have been identified; these elements include ethical behaviour, respect for human and labour rights, including the protection of the health and safety of workers, and environmental protection.

First of all Saipem's vendors are bound to comply with the principles that are an integral part of the Code of Ethics, and respect human rights in conformity with the Saipem sustainability policy, as required in the contractual clauses laid down in all contracts. Vendors are responsible for managing risks in their operations, and the company requires that, in turn, they ask for the same principles and standards from their own vendors. In this way, Saipem aims to guarantee safe and fair working conditions and the responsible management of environmental and social aspects throughout the procurement chain.

During the qualification process, the analysis of vendor information is the first step for knowing and understanding their capacities. This phase involves the gathering of data and information, as well as the vendor's documentation, to evaluate:

- > their technical and managerial skills, including their alignment with quality standards;
- > their financial, reputational and ethical reliability;
- > their ability to manage sustainability issues.

The level of risk linked to sustainability issues is determined by the country of origin of each vendor and the industrial sector and/or criticality of the supply. The vendors identified with a high sustainability risk level are subject to more in-depth investigations.

In particular, depending on the type of goods or services offered, vendors are subjected to a Counterparty Risk Assessment ("VERC"), aiming also to verify their ethical conduct in terms of anti-corruption, unlawful conduct and human rights, as well as any other aspect which could directly damage the reputation of the vendor, and indirectly the reputation of Saipem. The VERC is performed by analysing the key characteristics of the

counterparty, with particular attention to economic-financial, ethical/reputational aspects and ownership.

The counterparty risk assessment on vendors or potential vendors is usually done by checks that do not involve contacts with the counterparty, gathering available information from specialised third-party sources. The VERC may be performed not only at the start of the qualification activity, but also during the contract award phase or during the performance of periodic inspections, where foreseen.

Furthermore, depending on the level of risk of exposure to problems linked to human rights and/or HSE aspects, vendors are assessed by analysing the documents provided during qualification, to check compliance with the Saipem principles and the vendor's ability to manage these issues.

Furthermore, depending on the level of sustainability risk, the vendors subjected to qualification audits may also be assessed on specific sustainability aspects, including labour rights, health and safety and environmental protection. In 2019, 8 vendors were subjected to an on-site inspection, which also included the analysis of sustainability aspects (labour rights and/or HSE). These audits are also carried out with the support of specialised external experts. The results of the audits mainly concerned the health and safety, respect for working hours and salary categories. On the basis of the audit results, vendors are requested to respond with an improvement plan, implementing corrective actions which are monitored over time.

During the offer and contract execution phases, further controls are performed, including a counterparty risk assessment according to the total value of the supply. For goods and services deemed to be of high risk of health, safety and environment issues (HSE), specific assessments are carried out to check the vendor's ability to perform the contract in accordance with the relative international and Saipem standards.

Furthermore, the contractual conditions applied to all vendors and all types of purchasing include specific requirements that oblige the vendor to strictly comply with the Saipem Code of Ethics and to respect human rights.

In order to share the ethical principles, inform and train vendors on the Saipem standards and requirements and how they should align to these, Saipem organises specific events, meetings or forums for vendors, both prior to qualification and during the execution of the contracts.

Periodic training sessions with vendors are also organised to discuss HSE issues. More information on this is available in the "Generating shared value" chapter of the "Making change possible - Sustainability Report 2019".

Vendor performance and compliance with contractual provisions are constantly monitored: all the Saipem functions involved in the various phases





of the procurement chain management system are bound to provide feedback on the conduct of vendors, including on sustainability aspects, such as any incidents occurring during the execution of the work, conformity with local HSE or labour legislation, or legal proceedings brought against them for serious breaches/offences, etc. The information is

gathered by analysing documents and evidence collected during site inspections and audits. The feedback received guarantees the assessment of the vendor's overall reliability and the possibility to terminate the contract or suspend the vendor's qualification.

**DIAGRAM OF KEY PROCESSES AND INSTRUMENTS IMPLEMENTED TO MANAGE SUSTAINABILITY ISSUES IN THE PROCUREMENT CHAIN**

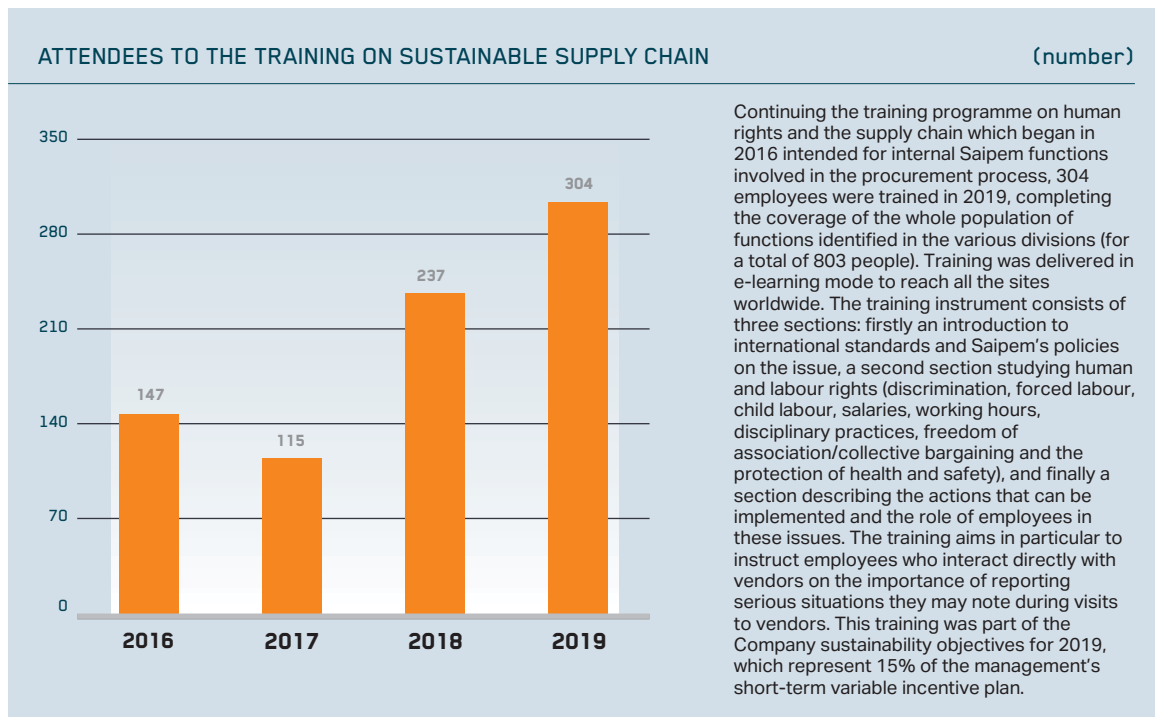


		2017	2018	2019
Active vendors	(No.)	26,345	23,845	23,871
Qualified vendors	(No.)	6,918	7,026	7,721
Vendors qualified in the year working in countries at risk of human and labour rights breaches	(%)	59	40 <sup>(*)</sup>	35
New vendors assessed on labour rights issues	(No.)	94	174	182
Vendors qualified in the year for activities considered at HSE risk	(%)	4	7	7
Vendors assessed on HSE issues	(No.)	278	466 <sup>(**)</sup>	574
Qualification audits, of which:	(No.)	62	28	27
- on human and labour rights	(No.)	14	10	8

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

(\*) For a more transparent representation of the indicator, starting from 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.





## SAFEGUARDING THE HEALTH AND SAFETY OF PEOPLE

GRI 403-1  
GRI 403-7



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

This commitment is an essential pillar of the HSE Policy of Saipem SpA and the Policy "Integrity in our operations".

The safety of people is constantly monitored and guaranteed through an integrated health, safety and environment management system, which meets the international standards and current legislation.

In 2019, following the periodic audit by a third-party certification company, the new ISO 45001 certification was issued for Saipem SpA and all the most significant business entities in the Group, guaranteeing a uniform and systematic approach in the management of the processes.



GRI 403-2  
GRI 403-4  
GRI 403-5  
GRI 403-9

SASB  
EM-SV-320A.1  
EM-SV-320A.2



### Safety

Every year Saipem defines a corporate, division and operational company safety objectives plan, approved respectively by the CEO, the Division Managers and the Managing Directors of the operational companies. The incentive plans for the senior managers for the areas under their responsibility are linked to the achievement of these objectives. Further details can be found in the "2020 Report on Saipem's Remuneration Policy and Paid Compensation".

For the year 2020, these goals include:

- the identification of the hazards and the periodic assessment of the risks associated with the safety of personnel, vendors and other people involved in the Company's activities, as well as the risks for the Company assets;
- guarantee the adequate assessment of the risks caused by the interference between the activities contracted 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 prevention and the 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, 233 in

2019, involved operating companies, operational sites (including the fleet) and subcontractors.

Promoting the safety culture of workers is facilitated in the Company's sector 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 internal policies set particularly stringent criteria compared to several local contexts, which today still have regulatory systems in the process of development. With regard to national agreements, not all countries in which Saipem operates have trade unions at both national and local level.

Where specific agreements are in place between trade unions and Saipem, they can include the following on safety:

- setting up workers H&S 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 courses, First Aid courses, mandatory "Special Operations" courses (Onshore-Offshore);
- regular meetings between the Company and workers' representatives.

In Italy, the national collective agreement 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 contract.

There are a total of 19 RLSAs at the Saipem Italian offices. A specific trade union agreement signed by Saipem and the Trade Union Organisations defines the duties of RLSAs and their full authority to carry out their activities also for workers assigned temporarily to activities at yards and sites other than those of origin.

It should also be noted the presence of institutes in foreign countries, 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 countries.

Among these are the Saipem Group entities operating in Algeria, Angola, Bolivia, Brazil, Canada, Colombia, Congo, Croatia, Ecuador, France, Indonesia, Malaysia, Mexico, Norway, Peru, Romania, United Kingdom and Venezuela.

The Company has launched several awareness campaigns over the years with the purpose of spreading a deeper and more entrenched safety culture.

To significantly reduce the alarming phenomenon of road accidents occurring on sites and in work areas or on the journey to and from work, in 2019 Saipem launched a new road safety campaign – *Belt Up or Get Out* – to guarantee that vehicle drivers and passengers have a safe journey every time.

Also in 2019, the Leadership in Health and Safety (LiHS) programme, aiming to promote the development of leadership skills and accelerate cultural change in safety issues, continued to be implemented globally. The programme, which reached its twelfth year of implementation in 2019, 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 corporate Safety Culture.

The *Belt Up or Get Out* campaign underlines the fundamental principles Saipem stipulates in its Life Saving Rules, which are an integral part of the conduct and procedures to be adopted daily to work in safety.

The campaign focused on the importance of following three fundamental road safety measures: do not use mobile phones while driving, comply with speed limits and, above all, always use seat belts on any vehicle.

A video and posters with high emotional impact were the main instruments used in the communication campaign, clearly showing the dramatic consequences of conduct that goes against these simple and fundamental life-saving rules.

Saipem celebrates the World Day for Safety and Health at Work (April 28) with the competition *Sharing Love for Health & Safety*, an opportunity for all the people in the Company to share creative messages on prevention, health and safety, using non-conventional communication trends and languages.

The competition, now in its eighth edition, has always recorded extraordinary participation: in total, 354 projects have directly or indirectly involved over 10,000 people.

Each year the competition covers a different topic. The 2019 edition supported the *Belt Up or Get Out* campaign, aiming to generate creative material able to influence safe driving behaviour, particularly concerning the use of seat belts. 29 projects were submitted (videos, spots, posters, images and stories) from 14 different countries, showing an authentic passion for the value of Safety.

The LHS Foundation (Leadership in Health & Safety) was established in 2010 to offer a highly innovative path of cultural change, including training activities, communication campaigns and cultural initiatives throughout Italy, fostering the direct participation of people and leading to the development of a new health and safety culture.

In 2019, the LHS Foundation implemented two large projects:

- "Italia Loves Sicurezza", a social experiment which, since 2015, has been bringing together hundreds

of Safety ambassadors, including businessmen, professionals, trainers, educators, students and citizens who believe in the need to revolutionise the way of implementing safety. Since 2015, the ambassadors have run over 1,700 free safety-related events all over Italy, involving around one million people;

- "Young Leaders in Safety", a varied educational programme differentiated by age groups, which through educational workshops, theatre performances, readings, first aid courses and guided showings of LiHS films, helps to reflect on the values of health and safety, encouraging positive and aware behaviour. Since 2011, the project, initially designed for the children of Saipem employees, has involved over ten thousand children.

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.

In 2019, safety performance worsened, recording a TRIFR of 0.54 (compared to 0.44 in 2018). It is appropriate to note that this increase is related to a significant reduction in man-hours (completion of important projects including Jazan, Aegean Refinery and Kaombo) and to a single event involving 14 people in Azerbaijan. The result is in fact in line with the 2017 result (0.51) and an improvement on that of 2016 (0.78).

In 2019, unfortunately 3 fatal accidents occurred involving Saipem staff in Chile, Azerbaijan and Saudi Arabia, respectively during the laying of a pipeline, during work on a pressure equipment and following a fire on board a vessel. 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.

The most serious of the three fatal accidents occurring in 2019 was on May 8, in Azerbaijan, at the Shah Deniz II site, on board the pipe-laying vessel Israfil Huseynov managed by Saipem. The accident involved fourteen Saipem employees. During the pipe laying operations, flames erupted from a pipe coating machine, hitting the people working on it; the fourteen injured people (Italian, British, Azeri, Romanian, Malaysian and Croatian citizens) were taken to hospital immediately, seven in intensive care with severe burns. Those suffering from less serious injuries were immediately repatriated, and the other injured people were transferred to specialist medical centres across Europe. Unfortunately, after being transferred to a hospital in France, one of the injured employees died.

In parallel to the immediate activation of the rescue services, an internal investigation was performed, also involving the client, in order to identify the causes of the event, learn lessons and ensure that these accidents cannot happen again.

The direct cause of the accident was identified in the loss of propylene temperature control (overheating) during extraordinary repairs of the pipe coating

**SAFETY INDICATORS:  
DEFINITIONS AND  
CALCULATION METHODS**
**LTI (Lost Time Injury):** any

work-related injury that renders the injured person temporarily unable to perform any regular job or restricted work on any day/shift after the day or shift on which the injury occurred. LTI include fatal accidents, permanent total disability, permanent partial disability and temporary total disability.

**WRC (Work Restricted Case):**

any injury at work, with the exception of deaths or lost work 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.

**TRI (Total Recordable**

**Incidents):** the sum of LTI, WRC and medical treatment cases: TRI = LTI+WRC+MTC.

**TRIFR (Total Recordable**

**Incident Frequency Rate):**

calculated as (No. of TRI per hours worked) x 1,000,000.

**FTLFR - (Fatal Accident**

**Frequency Rate):** calculated as (No. of fatal accidents per hours worked) x 1,000,000,000.

**LTIFR - (Lost Time Injury**

**Frequency Rate):** calculated as (No. of LTI per 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 his/her job as a result of an LTI. The calculation for the lost days starts from the 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):**

calculated as (No. of lost days of work per hours worked) x 1,000.

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

**Accidents at work with serious consequences:** accident at work leading to injuries that the worker cannot recover from, does not recover from or for which it is not realistic to expect him/her to recover from, returning to the state of health prior to the accident within 6 months.

**High-consequence work-related**

**injuries Frequency Rate:**

calculated as (no. of High-consequence work-related injuries per hours worked) x 1,000,000.

**Absenteeism rate of employees:**

calculated as the ratio between the number of total hours of absence and the number of total annual theoretical working hours.

The annual theoretical working hours are calculated proportionately to the number of staff at December 31.

		2017		2018		2019	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
<b>Man-hours worked</b>							
Total, of which:	(millions of hours)	281.9	220.8	272.5	268.4	235.0	228.2
Man-hours employees	(millions of hours)			93.3	89.9	87.6	82.3
Man-hours subcontractors	(millions of hours)			179.1	178.5	147.4	145.9
<b>Lost Time Injuries (LTI)</b>							
Total, of which:	(No.)	40 (*)	37 (*)	36	36	51	47
Employees	(No.)			17	17	42	38
Subcontractors	(No.)			19	19	9	9
Of which fatal accidents:	(No.)						
Total, of which:	(No.)	3	3	4	4	3	3
Employees	(No.)			-	-	3	3
Subcontractors	(No.)			4	4	-	-
<b>High-consequence work-related injuries</b>							
Total, of which:	(No.)			1	1	14	14
Employees	(No.)			1	1	13	13
Subcontractors	(No.)			-	-	1	1
<b>Days lost</b>							
Total, of which:	(No.)	1,857	1,380	1,280	1,280	4,363	4,073
Employees	(No.)			572	572	3,804	3,514
Subcontractors	(No.)			708	708	559	559
<b>Severity Rate</b>							
Total, of which:	(ratio)	0.01	0.01	0.005	0.005	0.019	0.018
Employees	(ratio)			0.006	0.006	0.043	0.043
Subcontractors	(ratio)			0.004	0.004	0.004	0.004
<b>Total Recordable Incidents (TRI)</b>							
Total, of which:	(No.)	144	113	120	118	127	123
Employees	(No.)			57	55	83	79
Subcontractors	(No.)			63	63	44	44
<b>Employee absenteeism rate (**)</b>							
	(%)	4.1	4.7	4.0	3.9	3.10	3.27
<b>Fatal Accident Frequency Rate (FTLFR)</b>							
Total, of which:	(ratio)	1.06	1.36	1.47	1.49	1.28	1.31
Employees	(ratio)			-	-	3.43	3.65
Subcontractors	(ratio)			2.23	2.24	-	-
<b>LTI Frequency Rate (LTIFR)</b>							
Total, of which:	(ratio)	0.14	0.17	0.13	0.13	0.22	0.21
Employees	(ratio)			0.18	0.19	0.48	0.46
Subcontractors	(ratio)			0.11	0.11	0.06	0.06
<b>High-consequence work-related injuries Frequency Rate (HCWRFR)</b>							
Total, of which:	(ratio)			0.004	0.004	0.060	0.061
Employees	(ratio)			0.011	0.011	0.148	0.158
Subcontractors	(ratio)			-	-	0.007	0.007
<b>Total Recordable Incident Frequency Rate (TRIFR)</b>							
Total, of which:	(ratio)	0.51	0.51	0.44	0.44	0.54	0.54
Employees	(ratio)			0.61	0.61	0.95	0.96
Subcontractors	(ratio)			0.35	0.35	0.30	0.30

(\*) It should be noted that since 2018, after updating the reporting methodology, fatal accidents have been included in the representation of LTIs. The data for 2017 were also recalculated according to the new methodology.

(\*\*) The consolidated group absenteeism rate includes all the companies in the Group with the exclusion of Saipem Australia Ltd, Saipem East Africa Ltd, Saipem Ingegneria y Construcciones SLU, Saipem Misr for Petroleum Services (S.A.E.). The Group boundary includes not only all the companies in the above-described consolidated group but also Petromar Lda and TSGI Mühendislik İnşaat Ltd Şirketi.

machine. The investigation highlighted several factors that had not worked properly, including the work control chain and the organisational interfaces. The investigation also highlighted how some preventive safety measures, which had been correctly defined and implemented, reduced the extent of this tragic event: the air medical service operations for evacuation were delayed by the fog present at the time of the accident, and only the nearby operations of the stand-by vessel, set up with a medical clinic and medical staff on board, guaranteed both the prompt rescue of all the victims, doubling the assistance capacities and drastically reducing the time required to hospitalise the injured.

Several necessary corrective actions were identified by Saipem for implementation on board the vessels and at project/company level, aiming mainly to strengthen the safety criteria and parameters linked to the operation and ease of maintenance of the machinery, and to make improvements in the delivery of "tailor made" equipment from the engineering department to the asset department – the end user – and therefore between Saipem and the producers. The Project Control of Work procedures were revised, also involving the end users in the revision process, to identify any redundancies and shortcomings and to guarantee easier use by the operators. The concepts linked to the "Stop the job" mandate were strengthened, enhancing the sense of responsibility and involvement in the company processes of both crews and vessel management teams.

The incident during the pipeline laying activities occurred in Chile, on March 24, 2019, involving a Saipem employee during the pipe alignment operations in the trench: the person was hit in the head by a pipe section which was suddenly freed from the external coupling clamp, releasing the stored energy due to the force on the pipe to align it with the other pipe section. The injured man was knocked unconscious and the people working nearby called the alarm and the ambulance parked nearby, ready to intervene in the event of an emergency. The paramedics intervened immediately and took him to the nearest hospital, but during a subsequent transfer to a specialist hospital, the man died.

An in-depth investigation highlighted several causes of the accident, to ensure that the appropriate corrective actions were identified for each one. The most significant aspects emerging are: the risk of the sudden release of energy was known but not completely understood. Having established an action plan, this should formally be reflected in the supporting documents for the work permit, and any deviation must be documented in the change management system. Greater attention must be paid to the identification and sharing of all potential sources of uncontrolled energy releases.

The assessment of supervisor skills is the key to

avoiding these accidents, and must also include managerial skills. It is important to improve the awareness of supervisors over their role, responsibilities and legal obligations.

The last fatal accident in 2019 occurred on June 5 in Saudi Arabia during maintenance operations on the BoP (Blow out Preventer). Using a manual pump to open the BoP components, some operators noticed an oil leak. The injured worker (of Tunisian origin) was attempting to tighten the cap (used to prevent dust from entering the hydraulic system) with a wrench. During the operation, the cap broke and the pressurised fluid hit the operator in the face, causing a serious head injury. The site doctor was called immediately and assisted the victim while the evacuation procedures were activated, and the injured man was taken to the nearest hospital, where unfortunately he was declared dead on arrival. The details of the accident were discussed with all the site operators, during several safety meetings organised to discuss the causes and relative corrective actions. An in-depth investigation highlighted several causes of the accident. In particular the procedure for the operation in which the tragic event occurred was revised, considering the requirements of the producer. The new procedure was then notified to all workers in a training session. The "stop work authority" communication campaign was also strengthened, raising awareness on the need for all workers to stop any activities or operations deemed hazardous or potentially out of control.

## 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 very 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 continuous 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.

More information is available in the "Keeping people and operations safe and sound" chapter of the "Making change possible - Sustainability Report 2019".



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## Employee health

As described in the Policy “Integrity in our operations”, 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 essential in 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 focuses mainly on preventive measures, and considers all the operations which may represent a risk for employee health when performed.

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.

The Company’s operating activities require the movement of a considerable number of people, even to remote locations. For this reason the Company ensures workers the best possible medical assistance wherever they work, organises regular specific medical examinations and 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 or environmental and other 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 (the so-called “Consolidated Act on Occupational Health and Safety”). This approach ensures effectiveness, flexibility and adequate bases 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 must be 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 pose for both the people involved in the operations in different capacities and the local community. The analyses carried out are specific to each task and destination and involve the identification of the activities and operating conditions in relation to the normal, abnormal and emergency working conditions; the analysis of the potential routes of contact of risk agents and their combined action and an accurate association of the hazards to the task, in relation to the specific nature of the activities identified. The results of the analyses allow the personnel to be suitably equipped and appropriately monitored.

		2017		2018		2019	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Occupational diseases reported	(No.)	5	4	7	7	6	6



## Occupational Health and Medicine

2019 saw the consolidation of ongoing activities and the planning of new projects aimed at protecting and maintaining the health of personnel. Sensitive to the opportunities offered by new digital technologies, the Company has worked to implement its Tele-medicine projects for remote areas, consolidating Tele-cardiology and above all implementing Tele-radiology activities in operational sites in Nigeria and at the Karimun yard in Indonesia.

Also following the event that occurred in Azerbaijan and described in the “Safety” section, the Company

has begun to consolidate the “Post-Traumatic Stress Disorder” psychological support to staff involved in large-scale emergencies and has appointed a new MERP (Medical Expense Reimbursement Plan) and HRA (Health Reimbursement Arrangement) Manager. Activities also continued to finalise the project for the technological implementation of the “Si Viaggiare” app, the update of the “GIPSI” software for the protection of the processing of personal data of natural persons (in conformity with Regulation EU 2016/679 which entered into force on May 25, 2018) and the consolidation of the pre-travel information system on health and security risks in the place of



destination, targeting all Saipem personnel destined to work abroad.

By virtue of the fact that the health services are those most in demand by employees using the welfare systems, during the year some specific activities were implemented focusing on personal and corporate well-being, including:

- > through cooperation with the Humanitas Research Hospital, the launch of weekly internal newsletter informing employees on Science and Medicine topics of common interest;
- > start of the Posturology project, fostering wellbeing in the Company through the information booklet entitled "Healthy workplaces: a model for action";
- > as an integral part of the WHP (Workplace Health Promotion) programme, coordinated cooperation has been undertaken with INAIL (National Institute of Occupational Accident Insurance), ACI (Automobile Club of Italy) and the Region of Lombardy for the promotion of health and the prevention of road accidents, leading to the implementation of the "Safe Driving" project with the direct participation of employees.

Also for 2019, Saipem was awarded by the Region of Lombardy in the "Promoting Health in the Work Place" Project, as a "Place of Work that promotes health". Within the project, the Company reconfirmed its commitment, setting the "Fighting smoking" objective for 2020. Considering the different geographical,

environmental and health contexts the Company operates in and the relative global and specific risks for its employees, to protect all its employees and persons working with the Company Saipem has adopted an approach to managing crises and situations in which health risk becomes a global emergency, such as those which have occurred in recent years (SARS - Severe Acute Respiratory Syndrome; MERS-CoV - Middle East Respiratory Syndrome Coronavirus; COVID-19 - Coronavirus Disease).

This approach involves the establishment of an internal Working Group of the Company's Occupational Health team, operating until the end of the emergency. The Working Group works in close contact with national and international institutions, including the WHO (World Health Organization), the IMO (International Maritime Organization), the CDC (Centre for Disease Control), the ECDC (European Centre for Disease Control), to monitor the developments of the disease. The Group involves both the Corporate functions and the Division Health Managers, as well as the employee services for the required information and logistics. The actions implemented include: the opening of a dedicated intranet page/channel; the drafting and issue of health statements; the drafting of "Criteria" (Biological Risk Matrix); the updating of the Country Health Risk Sheets and the adaptation of the 24H first aid phone line that the Company makes available to all employees, particularly when working abroad.



## HUMAN CAPITAL

### Human resource 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 the company objectives can only be achieved with their dedication and professionalism".

People's professional knowledge is fundamental for sustainable growth and an asset to be safeguarded, valorised and developed. The development of a culture oriented to sharing know-how is the main instrument for consolidating the wealth of knowledge and experience.



### Workforce trend

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

The overall turnover rate in 2019 saw a reduction compared to 2018 and was 26% (for both perimeters); 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 contraction in investments in the sector;
- (b) the nature of Saipem's business which, being a contracting company, works for large projects that have variable durations (from a few months to years) in different geographical areas. 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 clients' investment.

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

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## Risks associated with human resource management

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

	Risks identified by the Company	Summary of adopted risk mitigation measures
Saipem material topic	<b>People safety</b> Accidents during operational activities which may cause injuries or fatal injuries to Saipem employees or vendor and subcontractor staff. 	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" and the "We Want Zero" campaign. Finally, the most significant Group entities from the point of view of operations are OHSAS 18001 certified.
	<b>Safe operations, asset integrity and process safety</b> Critical issues related to political, social and economic instability and terrorist threats to staff, operations, activities and assets. 	The Group is involved in the constant monitoring of various critical issues (in particular political, social and 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.
	<b>Wellbeing and health</b> Significant accidents to Saipem's strategic assets or client infrastructures. 	To mitigate and prevent this risk, Saipem incurs significant expenses for the maintenance of its proprietary 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.
	<b>Attract and retain talents</b> Damage to personnel health of exogenous and endogenous origin (for example, legionnaire's disease, malaria, rabies, etc.). 	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.
	<b>Attract and retain talents</b> Loss or lack of key skills. 	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).

## Workforce trend

		2017		2018		2019	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Total employees at period end	(No.)	35,918	32,058	34,129	31,693	36,986	32,528
<b>Employee categories</b>							
Senior Managers	(No.)	398	393	385	380	400	384
Managers	(No.)	4,190	4,089	4,187	4,091	4,446	4,285
White Collars	(No.)	16,642	14,971	16,633	15,323	19,546	16,625
Blue Collars	(No.)	14,688	12,605	12,924	11,899	12,594	11,234
<b>Type of contract</b>							
Employees with full-time contracts	(No.)	35,686	31,826	33,906	31,470	36,814	32,357
Employees with key professional role	(No.)	14,177	13,154	14,123	13,468	(*)	(*)
Employees recruited through an employment agency	(No.)	5,829	4,111	7,380	6,869	5,564	4,873
<b>Turnover</b>							
Total turnover	(%)	35	36	31	27	26	26

The total turnover is calculated as the ratio between all the annual exits and the average resources in the year.

(\*) The voluntary turnover of resources holding key professional roles is not reported for 2019 as the system of identification of key professional roles was revised and will be applied from 2020.

## Development of skills

The enhancement and management of professional skills is a distinctive and characterising element for Saipem and constitutes a competitive advantage in

its reference market. Consistently with the HR strategy aimed at safeguarding and enhancing the distinctive skills – which focuses on the Saipem resource intended as the bearer of a set of critical business skills and extended experiences gained

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over the course of a working life – a specific process was developed. Such process is the Strategic Workforce Planning, to support and integrate the consolidated HR Planning process, focused on the professional roles which are identified as “core” by the divisions and closely linked to the scenario forecasts developed as part of the Saipem Strategic Plan. The output of the model is used to monitor the effective need for human resources in these roles and measure the level of coverage in relation to the company skills required to manage the challenges laid down in the Plan and therefore decide on, and better plan, the most suitable actions to be undertaken for recruitment in the market and the development and training of internal resources. The adoption of a new skills planning model, which begins with an analysis of the qualitative and quantitative aspects associated with the resources with regards to the specific requests of the business, will allow a more effective capacity for planning and controlling the development of human capital and its distinctive professional skills.

In line with the broader process of digital transformation underway in the business segments in which Saipem operates, an IT&digital skills analysis and identification process has also been developed to ensure leaner and more effective working methods. Through the introduction of an evaluation process of these skills in the recruitment phase, it will therefore be possible, in relation to the critical professional figures required, to identify the candidates with the most well-developed knowledge and predisposition towards new technologies who will therefore be better equipped to support the transformation process.

In this context, the link between this model and the talent attraction and development strategies that will be oriented and linked to monitoring and analysis of the evolution of skills and the internal and external market is strengthened.

Supporting the development and growth of technical business skills, Saipem’s commitment to the creation of specific training programmes in technical secondary schools is fundamental.

This commitment has been renewed over time, implementing the “Sinergia” Programme in selected schools, and received an additional impetus in 2019 through new partnerships with three schools in territorial areas deemed strategic for Saipem’s business:

- the IPSIA and ITI secondary schools in Tortoli, developing skills useful in the Fabrication sector through over forty hours of classroom training and as many again of “training on the job” at the Arbatax yard;
- Saipem trainers worked at the Marconi school in Piacenza to develop skills useful in the Drilling sector, and ten of the best talents were selected from among the students to take part in the Tour Pusher programme in the Onshore and Offshore Drilling field.

At the end of the six-month full-time course, the resources will go directly to work abroad in some of the challenging contexts characterising the Saipem world. The aim is to immediately offer the

participants direct experience of onshore and offshore drilling sites, allowing them to familiarise with the typical processes, instruments and dynamics of this working context and become aware of Saipem’s global reality.

As explained, the “Sinergia” Programme has been confirmed as a highly sustainable initiative: not only does it develop a pool of human resources with specific basic skills for the energy world but it also allows the Company to get to know and interact with the reference territory, supporting local communities.

Internationally, it is worth mentioning the Local Content plan for Mozambique which, through its partnerships with training institutes, including the Ifpelac and the universities Eduardo Mondlane in Maputo and Unilurio in Pemba, will foster the increase in employability of local resources through specific training programmes, the opening of a training centre and the development of forms of cooperation which will lead to close integration with the Mozambican fabric.

The centrality of and focus on skills development is also confirmed at university education level, through consolidated partnerships with top institutes including Milan Polytechnic and the Bocconi University in Italy, as well as the numerous agreements signed locally in the countries in which Saipem has been operating for years, including the Baku Engineering University in Azerbaijan, the National Autonomous University of Mexico and the Methodist University in Angola.

## Attracting talents



The strategy for increasing the attraction, reward and growth of top students is expressed best in the new Millennials Road, which was recently inaugurated aiming to create a uniform path that exploits the interaction methods of the new generations.

This is implemented right from the selection process, which guarantees a rapid, compelling “candidate experience” for students, who can complete most of the selection process using their own devices, also allowing the Company to effectively assess the candidates’ behavioural characteristics through an online “in-basket assessment” based on the Saipem Leadership Model and the digital mindset, as well as their language skills, using specific online tests.

The reward policies have also been made more competitive and closer to the specific needs of Millennials, including a system of non-monetary benefits in the welfare package which will be assigned through interactive contests focusing on their knowledge of the Saipem Leadership Model. In relation to in-Company growth, the Millennials will be able to take advantage of specific training packages that set the key objective of developing technical skills that are consistent with their role, and they will have access to a specific app through which they can receive continuous feedback and find out the points of view of the people they work with.

Furthermore, Saipem will offer the most brilliant resources an exclusive development path, "Talent 4 Saipem", which lasts four years, aiming to accelerate their growth path through the possibility to develop skills that are transversal to all the divisions.



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GRI 404-1  
GRI 404-3

## Reverse Mentoring and training

Saipem's commitment to the development of skills not only enhances the new generations but also constantly fosters continuous growth of expert resources. Consistently with the aim of retaining the high-level, distinctive know-how of Senior resources and foster cross-generational learning, the Company has promoted the Reverse Mentoring methodology. A new knowledge transfer paradigm has been inaugurated, supporting the development of a mindset oriented to experimenting new forms of cooperation between Junior and Senior colleagues. The pilot phase involved resources from all divisions, identified through a pre-selection process that highlighted learning attitudes and the digital mindset. The pairs identified worked together, with a view to continuous exchange, through periodic, structured meetings aiming to disseminate knowledge and understand emerging trends.

Within the declared objectives of the Saipem People Strategy, in-house training is of strategic importance for enhancing and strengthening the skills of our people. In this sense, the fundamental role of transversal training activities carried out in international training centres has been confirmed. These include the Schiedam centre for technical and HSE skills and the Ploiesti centre for welding activities. With reference to HSE skills, in 2019 the Company's commitment to updating and delivering training courses to all its people continued, based on their professional roles and responsibilities, as indicated in the HSE training matrix.

In Italy, training courses were promoted among specific company populations; these included various initiatives organised at division level, including "Logistic Management" and "PM Takeaways", promoted by the Onshore E&C Division aiming to strengthen respectively skills linked to supply chain management and the management of project processes, or the "Intercultural Project Management and client relationship" project developed by the XSIGHT Division, focusing on the development of international project management skills. The HR Academy initiative is of inter-division scope and interest; linked in any case to training a given professional family, this modular training package targets the HR population of all the divisions.

During the year, technical training initiatives were also implemented for engineers, relating to Green Technology, Hi-tech Floaters, Upstream & LNG, Syngas & Fertilizer, Petrochemical Refinery. During the year, the focus on Saipem Manager training was confirmed through the continuing "Communication skills - Be a Leader" activity, aiming to support managerial resources in their people development and management responsibilities. In addition to this initiative, new training courses have

been launched, including the "Leadership Path", a Master's in General Management for Saipem Managing Directors and Senior Managers, run in cooperation with MIP - Milan Polytechnic, and "Leadership Build Up", for recently appointed managers, aiming to strengthen their transversal managerial skills in relation to the different company functions and business areas.

2019 also saw Saipem's strong commitment to developing and delivering new e-learning and blended solutions, characterised by increasing levels of interactivity and gamification. These innovative ways of using the contents are an instrument that can convey learning contents effectively with the active interaction of the students. The efforts in this sense resulted in a net increase in the hours of use of learning contents in this way, in fact the annual figures have more than doubled.

In 2019, the total number of hours of training recorded an increase of 16% on the previous year, due mainly to the hours of HSE training and particularly the share delivered to subcontractors, which amounts to 1,432,007 hours.

In quantitative terms, the HSE area continues to represent the most significant training organised during the year, confirming the aims of Saipem, which has always considered the safety of its people to be a fundamental and indispensable value.

An average of 23.4 hours of HSE training were delivered to each employee over 2019 (20.7 if one considers the total Group perimeter), an improvement of 26% in 2018.

During the year Saipem delivered 1,828,012 hours of training on health and safety topics alone (1,834,541 for the Group perimeter), of which 636,935 hours to employees (643,360 for the Group perimeter) and 1,191,076 to subcontractors (1,834,541 for the Group perimeter).

On average, every employee attended 29.6 hours of training courses (26.4 at Group level), an increase on the 25.4 (24.1 at Group level) provided in 2018. Specifically, each male employee took part on average in 31.1 hours of training (27.3 at Group level) and each female employee took part on average in 18.4 hours of training (18.9 at Group level).

There continues to be a very positive trend in relation to managerial training delivered in 2019; in fact, this increased by 78% compared to 2018 following an increase in the managerial and institutional training offered mainly for the benefit of the employees of Saipem SpA's Italian offices. With regard to the data relating to the hours of training attended by employees divided by each professional category, it should be noted that, currently, it is possible to collect only a partial data, as the reporting system of HSE training does not provide for such a division of the training catalog offered in its entirety; with the available data for this subdivision (i.e. training on managerial skills, technical-professional training and part of the HSE training, or that provided at the Saipem SpA headquarters and that used by employees of the XSIGHT Division), it is possible to proceed to an estimate of the calculation of the

average hour for each professional category, based on the trend, during the year, of the employees' training attendance divided into categories, projecting that data on the entire training offer. The estimate calculated for 2019 shows that, on average, Senior Managers attended 18.4 hours of training (17.7 for the Group perimeter), Managers 20.1 hours (19.6 for the Group perimeter), the White Collars 26.7 (23 hours for the Group perimeter), and finally the Blue Collars 37.9 hours (34.3 for the Group perimeter).

In 2019, there was a 41% growth in the population monitored through performance assessment tools compared to 2018 for the Group 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 white collars and blue collars.

Out of 32,528 employees (36,986 for the Group perimeter), 18,518 (19,111 for the Group perimeter) were subject to performance assessment, and specifically 60% of women (58% for the Group perimeter) and 57% of men (51% for the Group perimeter). 97% of Senior Managers (93% for the Group perimeter), 72% of Managers (68% for the Group perimeter), 59% of White Collars (53% for the Group perimeter) and 46% of Blue Collars (42% for the Group perimeter) were subject to performance assessment.

Performance evaluation is an essential management and development tool of human resources: it constitutes, in fact, the vehicle for communicating company priorities and objectives, the guide for the orientation of activities and the continuous

improvement of results and managerial and professional skills. It is aimed at evaluating the contribution provided and the results achieved by people during the year. The performance objectives are balanced with respect to the role covered and the responsibilities assigned and foresee targets with realistic levels of challenge. Methods, criteria and methodology of the employees' evaluation process are governed by the competent HR Corporate function and process management is guaranteed through the use of the company information system, People+, which ensures the historicisation and traceability of data, through appropriate levels of segregation of information.

Motivational talks are another tool among the ones implemented by the Company's HR function and oriented towards the development of human resources; they are carried out by the HR functions of the divisions and are aimed at investigating aspects of the current work with a look at the past experiences. The interviews are focused on the degree of satisfaction and motivation of the person, on the current workload, on how past experiences have been useful to fill the current role, on what critical issues have been encountered and what activities or aspects of the current work are considered more positive and pleasant. The motivational interview takes place following the preparation, by the employee, of a questionnaire through company information system called People+.

The interview represents an important moment of exchange and comparison, aimed at probing the expectations that the person has towards the future, analysing the work ambitions of the person and if there is an interest in a inter-functional or international experience.

		2017		2018		2019	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
<b>Training</b>							
Total hours of training, of which:	(hours)	1,930,709	1,908,702	2,086,681	2,059,822	2,407,786	2,395,487
- HSE (employees and subcontractors)	(hours)	1,699,674	1,677,713	1,867,401	1,840,555	2,199,115	2,192,036
- managerial potential and skills	(hours)	15,090	15,090	27,934	27,934	49,698	49,052
- professional technical skills (*)	(hours)	215,945	215,899	191,347	191,333	158,973	154,399
<b>Performance assessment</b>							
Employees subject to performance assessment	(No.)	9,844	-	13,568	13,130	19,111	18,518
Senior Managers	(No.)	359	-	372	372	372	371
Managers	(No.)	2,918	-	2,452	2,452	3,006	3,093
White Collars	(No.)	5,781	-	7,211	6,785	10,403	9,849
Blue Collars	(No.)	786	-	3,533	3,521	5,330	5,205
Percentage of employees subject to performance assessment out of the total	(%)	27	-	40	41	52	57

(\*) Please note that since 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 means that the management of industrial relations requires the utmost care and attention.

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

With reference to the commitment to strengthen dialogue with company stakeholders, through a permanent information and consultation mechanism, the second meeting of the Saipem Group European Works Council (EWC) was held in June in Saint Quentin en Yvelines in France which involved Company Management and a delegation of 22 representatives of the workers employed by Group entities operating in Europe, in addition to the national and general representatives of the Italian trade unions. The meeting represented a further consolidation of the body introduced by the European law, leading to a significant opportunity for debate and discussion between the Company and workers' representatives, which is fully representative of the "participatory" model of industrial relations to which Saipem adheres. In terms of international industrial relations, in 2019 collective agreements were renewed in Peru for the personnel employed in onshore drilling, in Nigeria for Onshore E&C personnel, in Indonesia for Offshore E&C personnel and in Mexico for Offshore Drilling and E&C personnel. Finally, in France, Saipem SA signed two agreements with trade unions relating respectively to the experimental introduction of the telework pilot project and for the recognition of an exceptional bonus, the so-called "Prime Macron", in conformity with the provisions of the laws in force.

As regards industrial relations in Italy, in September an understanding was reached for the renewal of the Energy and Oil National Collective Labour Agreement (CCNL), valid for the three-year period 2019-2021. Among the innovations, the first worth reporting is the introduction of a new assessment system for individual professional contribution, aiming to make the assessment process simpler and more closely linked to objective factors of work performance. To ensure greater alignment with the new assessment system, the contractual clauses relating to the classification system were reviewed, also to more clearly highlight the importance of the

current digital and technological changes. Finally, in the welfare field, the collective labour agreement has introduced a new method of granting personal holiday allowances for solidarity purposes, as well as new methods of payments to complementary pension schemes, aiming to incentivise the greater participation of younger workers.

At company level, the relationship with trade unions has remained constant and constructive, both with the National Secretariats and with the RSUs of the various offices. Within the participatory industrial relations model Saipem adheres to, it should be highlighted that progress has been made in the debate with trade unions for the signature of an Industrial Relations Protocol, aiming to define clear, precise and common objectives and peculiarities of healthy interaction between the Company and the trade unions. As regards the agreements, the agreement relating to the 2018 Production Bonus was signed; in line with the good results achieved by the Company last year, this has established higher payments compared to previous years.

Of more than 28,000 employees (more than 31,000, 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), 12,508 (13,096 at Group level) 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).

In 2019, collective strikes were recorded for a total of 15,561 hours. Strikes were held in Nigeria (where 97% of strike hours were recorded), in Italy and Argentina.

		2017		2018		2019	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Employees covered by collective bargaining contracts	(%)	49	62	47	46	42	42
Strike hours	(No.)	1,143	1,143	23,699	23,699	15,561	15,561



GRI 401-2  
GRI 401-3  
GRI 405-1  
GRI 405-2



## Equal treatment and enhancement of differences

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 wage treatment 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;
- > always 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 guarantees its employees, based on the specific local circumstances, different types and modes of benefits that include 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. 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. Saipem also guarantees recruitment of disabled persons and young resources and the respect for given proportions of local and expatriate personnel.

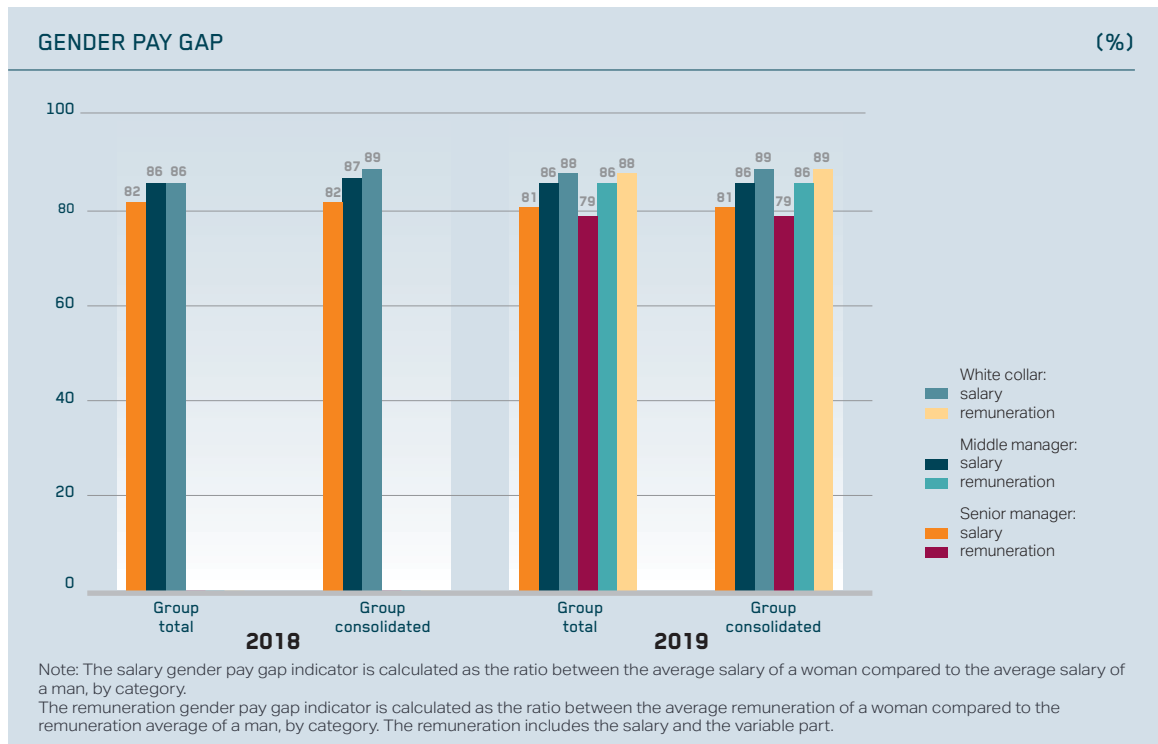
As regards gender, women represent 11% of the work force (10% at Group level). Regarding age distribution, 14% of employees are less than 30 years old (13% for the Group perimeter), 71% are between 30 and 50 (72% for the Group perimeter) and 16% are over 50 (15% for the Group perimeter). The percentage of women holding managerial positions compared to the total number of women is 19% (in relation to the consolidated perimeter), in line with 2018. Saipem is equipped with precise guidelines to standardise compensation 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



(No.)	2017		2018		2019	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
<b>Female presence</b>						
Female employment, by geographical area:	3,790	3,560	3,644	3,458	3,874	3,674
Americas	348	348	350	350	357	357
CIS	461	442	420	419	375	363
Europe	2,101	1,983	1,998	1,902	2,085	2,026
Middle East	120	115	154	152	227	224
North Africa	33	33	35	35	33	33
Sub-Saharan Africa	312	224	307	220	346	210
Far East	415	415	380	380	451	451
<b>Female leadership</b>						
Female Senior Managers	23	23	23	23	26	25
Female Managers	612	606	643	633	689	670
<b>Age ranges</b>						
Employees under 30 years	4,330	3,724	3,740	3,526	4,757	4,430
of which women	494	427	439	399	657	624
Employees aged between 30 and 50	25,673	22,919	24,295	22,467	26,762	22,981
of which women	2,744	2,601	2,646	2,522	2,710	2,565
Employees over 50 years	5,915	5,415	6,094	5,700	5,467	5,117
of which women	552	532	559	537	507	485
<b>Multiculturalism</b>						
Number of nationalities represented in the employee population	115	115	123	122	127	124

specific manpower dynamics of the year. For the Senior Manager category, the indicator reaches 81% (for both the consolidated and Group perimeter); as regards Middle Managers, the 2019 indicator is 86% (for both the consolidated and Group perimeter); and as regards White Collar workers, the value is 89% (88% for the Group 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 full perimeter and 85 for the Group) 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. The differences among countries for this leave lie only in the time and method of abstaining from work.

One should highlight the growth in the average number of days of leave taken, even if there was an overall reduction in the number of beneficiaries. In 2019, Saipem had 608 employees (623 if we refer to the Group total perimeter), 274 men (285 considering the Group total perimeter) and 334 women (338 considering the Group total perimeter), who made use of parental leave for a total of 44,469 days (44,910 referring to the Group total perimeter); at the same time, one should note the return to work from parental leave of 534 employees (548 at Group level) in the same period, 282 men (293 at Group total level) and 252 women (255 at Group total level), with a return rate from parental leave of 88% (88% also at Group total level), a decrease against the previous year.



### Innovation in people management

The Human Resources function promotes initiatives aimed at the dematerialisation and digitalisation of processes. During 2019, in order to pursue HR Digital transformation objectives, an inter-departmental project team was set up to define a long-term work plan aimed at overall improvement of the digital journey of an employee. In this sense, the HR function aims to drive digital transformation, accompanying employees in their physical and digital journey, through the integrated management of systems and processes that effectively respond to business needs. In 2019, within the digitalisation programme a series of initiatives were implemented aiming to completely review and rationalise the personnel administration services management model. Next year these initiatives will translate into the adoption of a single global payroll provider, for the benefit of smoother and faster use of data for reporting and

consolidation activities. In Italy, the review of the Human Resources processes will lead to changes in the attendance, travel and internal reporting management systems. Supporting the digital transformation in progress, Saipem has chosen to work on the development of training initiatives on new digital applications; in this sense, in 2019 a series of projects began, which will also continue in 2020, including the IT digital corner, Saipem Social Club and the Office 365 training course. Other digital initiatives developed in 2019 include the launch of an Instant Feedback App which, keeping a constant focus on the behavioural skills of the Saipem Leadership Model, will allow the pro-active and contextual exchange of feedback between colleagues. The objectives include the further development of the feedback culture in the Company using a tool designed to facilitate its dissemination and effectiveness.





## BUSINESS ETHICS

SASB  
EM-SV-510A.1  
EM-SV-510A.2  
EM-SV-530A.1

GRI 407-1  
GRI 408-1  
GRI 409-1



### 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 Policy "Our People".

With reference to the management of relations with personnel worldwide, Saipem adheres to the principles of the UN Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises. 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) which concern the protection against forced labour and child labour, the fight against discrimination in employment and the workplace, freedom of association and collective bargaining. Especially with reference to the latter, Saipem has a sound record of relations with trade union organisations in a variety of countries 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, also 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 schedules, 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 according to a structured process if a violation of their rights arises. To ensure each of them 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 the commitments undertaken by the Group as a member of the Global Compact, since 2017 Saipem has implemented a human rights training and awareness raising plan targeting Human Resources personnel and the managers of companies and branches working abroad, as well as subcontractors, seeking a common and more effective approach to the promotion and respect for human rights.

#### RISKS COVERED BY ITALIAN LEGISLATIVE DECREE NO. 254/2016: HUMAN RIGHTS

	Risks identified by the Company	Summary of adopted risk mitigation measures
Saipem material topic	<p>Human and labour rights</p> <p>Human rights violations committed by security service providers in critical geographical areas or in 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) involved in security services.</p>



GRI 410-1  
GRI 412-3

### 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, providers 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 companies since 2010, and failure to observe them

leads to the withdrawal of the Company from the contract<sup>1</sup>.

For new operational projects in which Saipem is responsible for security, a Security Risk Assessment on the country in question is made prior to any offers being tendered. 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. On the basis of the risks identified, the actions needed both to manage and reduce these to a minimum are decided upon.

Therefore, potential breaches of human rights are in fact assessed in all the Company's operations using country risk sheets, in which the risk is assessed using specific quantitative and qualitative indicators. Additionally, the security risk factors of the operating environment are the subject of specific assessment by the Employer (Responsible for compliance on health and safety) in Saipem SpA and in the subsidiaries. The level of exposure to these risks depends on hygienic-environmental, socio-political and cultural factors, as well as on factors connected to the phenomena of criminality and terrorism, in a variable percentage depending on the country in which one operates. The document for the Assessment of Security Risks (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 reception procedures in the country of destination (Meet & Greet);
- provision of local "security induction" on arrival at the destination of the expatriate personnel, 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, according to 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 functions also allows them to implement Local Crisis Units for the management of emergencies and crises.

The corporate functions also work in operational coordination with Embassies, Consulates, the Ministry of Foreign Affairs (MAE) - Crisis Unit, Client and Third Party Security (JV).

Consistently with and in compliance with Italian Legislative Decree No. 81/2008 "Consolidated Act on Occupational Safety" the Group Health and Security functions have also implemented the IT Time Management System (TMS) for managing missions right from the moment of booking/authorisation, and for tracking personnel on short-term trips or those working abroad.

The system made available to resources travelling on mission, 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. More information regarding cybersecurity can be found in the chapter "Keeping people and operations safe and sound" of "Making change possible - Sustainability Report 2019".



GRI 205-2  
GRI 205-3  
GRI 415-1

## 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. Among the various initiatives, Saipem has designed an "Anticorruption Compliance Programme", a detailed system of regulations and controls for the purpose of preventing corruption, in line with international best practices and with the principle of "zero tolerance" expressed in the Code of Ethics. In particular, Saipem's Code of Ethics (included in Model 231) establishes that "*Corruption practices, illegitimate favours, collusion, solicitation, direct and/or through third parties of personal and career advantages for oneself or others, are without exception prohibited*".

In particular, Saipem's 'Anticorruption Compliance Programme' is dynamic and is constantly focused on

the evolution of the national and international framework of regulations and best practices. Over the course of the years, in a perspective of continuous improvement, the "Anticorruption Compliance Programme" has been constantly updated in line with the reference provisions (including among others the United Nations Convention against Corruption, the Organisation for Economic Co-operation and Development Convention on Combating the Bribery of Foreign Public Officials in International Business Transactions, Italian Legislative Decree No. 231 of June 8, 2001, the US Foreign Corrupt Practices Act, the UK Bribery Act and the French Sapin 2 law). More specifically, the Board of Directors of Saipem SpA approved the "Anticorruption Management System Guideline" (Anticorruption MSG) on April 23, 2012. This repealed and replaced the previous Anticorruption Compliance Guidelines in order to optimise the compliance system in force. All the detailed anticorruption procedures for specific risk

(1) Human rights clauses are in the "General terms and conditions" of all contracts.

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).

In 2019, Saipem SpA issued the latest revision of the "Anticorruption" MSG which represents an improvement of the regulatory context of the "Anticorruption Compliance Programme" and of Saipem's Corporate Governance systems on anticorruption issues.

The adoption and implementation of the aforementioned MSG are obligatory for Saipem SpA and all its subsidiaries.

All Saipem personnel are responsible for complying with the anticorruption laws: for this reason all documents relating to this topic are easily accessible on the Company's website and intranet portal. In this context, a particularly important role is played by the managers, who are called upon to enforce observance of the anticorruption procedures, also by their collaborators.

Furthermore, Saipem was among the first Italian companies to achieve the international certificate ISO 37001:2016 "Anti-bribery 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 fostering thorough knowledge of the tools for its prevention, Saipem considers the training activities and awareness-raising activities of paramount importance.

In 2019, the number of employees trained in this field recorded a downturn of -13% (for both perimeters, on an annual basis); this data does not compromise the improvement trend which began in 2018 and is in line with the objectives set at the start of the year in the compliance training plan. A slight fall was also recorded in the hours of training delivered, which have decreased by -6% compared to 2018.

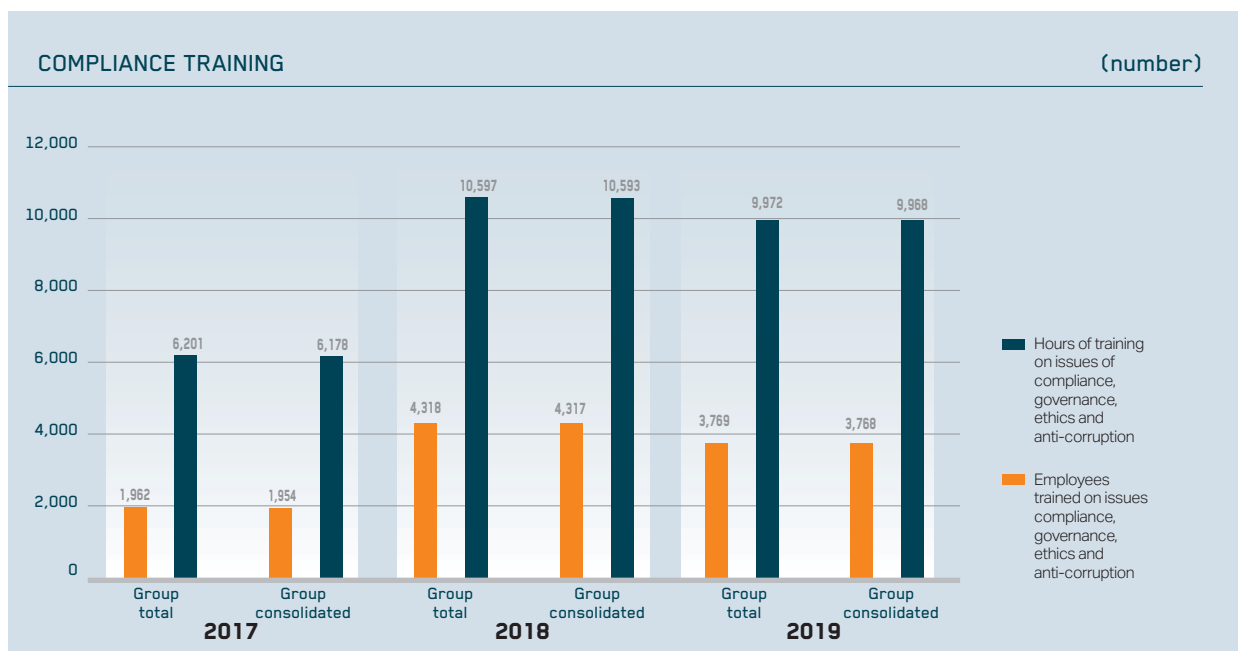
Moreover, the Internal Audit function of Saipem shall independently review and assess the internal control system in order to verify compliance with the requirements of the Anticorruption MSG, on the basis of its own annual audit programme approved by the Board of Directors of Saipem SpA.

Any violation, alleged or confirmed, of the anticorruption laws or procedures must be reported immediately via one of the channels indicated in the procedure "Whistleblowing reports received by Saipem and its subsidiaries", available on the Company website and intranet portal.

Disciplinary measures are provided for people in Saipem who violate the anticorruption regulations and omit to report violations that they are aware of. In 2019, no confirmed cases of corruption were reported.

Saipem requests compliance by Business Partners with the applicable laws, including the anticorruption laws pertinent to the business activities carried out with Saipem, and the commitment to follow the reference principles contained in the Anticorruption MSG.

It should also be noted that Saipem does not make direct or indirect contributions, in whatever form, to political parties, movements, committees, political organisations, or to their representatives and candidates. Direct or indirect contributions may be made to trade unions and their representatives, to the extent this is provided for by mandatory legislative requirements or applicable collective labour contracts.





GRI 406-1

## 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, news, facts of behaviour which any Saipem personnel has become aware of 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 prejudice to Saipem SpA (even if only to its image) or any of its subsidiaries, by employees, directors, officers and 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 liabilities under Italian Legislative Decree No. 231/2001, and others (such as violations of the Code of Ethics, mobbing, security, and so on). 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: (i) that 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 investigations are composed of the following phases: (a) preliminary control; (b) verification; (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 transmitted to the relevant people for suitable assessment.

The following were opened in 2019: 9 cases reporting discrimination issues, of which 5 are still open and 4 closed, 56 cases reporting worker's rights issues, of which 22 still open and the remaining 34 closed, 1 case reporting local community issues, closed during the year. All 66 cases were transmitted to the pertinent Company bodies (Board of Statutory Auditors of Saipem SpA, Supervisory Board of Saipem SpA and the Compliance Committees of the companies affected by the reports).

With regard to the discrimination issues, with reference to the 4 closed cases, in 2 cases the competent Company bodies decided to dismiss them on the basis of the investigation carried out, deeming that there was no violation of the Code of Ethics with reference to the facts reported, whilst violation was confirmed in 1 case and in 1 case,

(No.)	2017	2018	2019
<b>Number of cases reported</b>			
Total, of which:	118	120	146
- founded or partially founded	24	17	27
- unfounded	92	64	73
- open	2	39	46
<b>Files on cases of discrimination</b>			
Total, of which:	12	13	9
- founded or partially founded	4	-	1
- unfounded	8	7	3
- open	-	6	5
<b>Files in relation to workers' rights</b>			
Total, of which:	26	49	56
- founded or partially founded	3	3	8
- unfounded	21	24	26
- open	2	22	22
<b>Files regarding violations of the rights of local communities</b>			
Total, of which:	3	2	1
- founded or partially founded	-	-	-
- unfounded	3	2	1
- open	-	-	-

The data are updated as of December 31, 2019.

though without violation, corrective action was taken. The following corrective actions were identified: disciplinary measures for reported employees and awareness raising activities targeting the person whose reported behaviour was deemed to be non-compliant. It should also be noted that 6 discrimination cases reported in 2018 were closed in 2019; they were still open at the time of the last reporting. Of the 6 cases closed, 4 were unfounded and 2 were founded. In relation to these cases, corrective actions were identified for the person whose behaviour was reported, consisting in awareness raising activities to ensure compliance with the Company procedures and policies, as well as the Group Code of Ethics, and follow up actions will be implemented to check the improvement in the reported situation. Among the unfounded cases, in 1 of these, while no breach was confirmed, a corrective action was identified, consisting of awareness raising activities towards the person whose reported behaviour was deemed to be non-compliant.

With regard to the issues of workers' rights, with reference to the 34 closed cases, in 15 cases the competent Company bodies decided to dismiss them on the basis of the investigation carried out, deeming that there was no violation of the Code of Ethics with reference to the facts reported, whilst violation was confirmed in 8 cases and in 11 cases, though without violation, corrective action was taken. The following corrective actions were

identified: awareness raising in relation to adopting behaviour appropriate to the role covered, awareness raising on compliance with Company processes, various kinds of disciplinary measures (verbal warnings, written warnings, suspension from work), reported employee monitoring, transfer of the reporting employee, alignment of an employee's salary with the established salary grids, assessment of the possible extension of the video-surveillance system in the offices and improvement of the local apprentice management process.

It should also be noted that 13 workers' rights cases reported in 2018 were closed in 2019; they were still open at the time of the last reporting. Of the 13 cases closed, 9 were unfounded, while in 2 cases, while no breach was confirmed, the following corrective actions were identified: in 1 case, the transfer of the reporting employee and in 1 case the reported employee was included in the personnel reduction plan. For the remaining 2 cases, which were partially founded, the corrective action identified was the assessment of disciplinary measures towards the reported employees.

As regards issues on the relations with local communities, with reference to the closed case, the competent Company bodies decided to dismiss it on the basis of the investigations carried out, deeming that there was no violation of the Code of Ethics with reference to the facts reported. No corrective actions were implemented.

## GRI content index

### In accordance with GRI standards - Core option

#### Legend of the documents

**NFS19:** Consolidated Non-Financial Statement 2019

**AR19:** Annual Report 2019

**CG19:** Corporate Governance and Shareholding Structure Report 2019

### GRI 102: GENERAL DISCLOSURES 2016

Disclosure	Section name and page number or link
<b>Organisation profile</b>	
102-1	Cover (AR19).
102-2	"Directors' Report", pages 15-29 (AR19).
102-3	Back cover (AR19).
102-4	Inside front cover (AR19).
102-5	Table "Shareholding structure", page 60 (CG19).
102-6	"Directors' Report", pages 12-14 (AR19).
102-7	"Company profile and key operations", page 77 (NFS19); "Workforce trend", pages 109-110 (NFS19); "Letter to the Shareholders", pages 2-4 (AR19); "Financial and economic results", pages 30-40 (AR19).
102-8	"Workforce trend", pages 109-110 (NFS19).
102-9	"Social aspects", pages 99-103 (NFS19).
102-10	"Social aspects", pages 99-103 (NFS19).
102-11	"Company management and organisation model", page 78 (NFS19).
102-12	"Business ethics", pages 117-121 (NFS19).
102-13	"Relations with stakeholders", pages 82-83 (NFS19); "Relations with institutions and business associations", pages 84-85 (NFS19).
<b>Strategy</b>	
102-14	"Letter to the Shareholders", pages 2-4 (AR19).
<b>Ethics and Integrity</b>	
102-16	"Company management and organisation model", page 78 (NFS19); Inside front cover (AR19).
<b>Corporate Governance</b>	
102-18	"Governance of business sustainability", page 86 (NFS19).
<b>Stakeholder engagement</b>	
102-40	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Company management and organisation model", page 78 (NFS19); "Relations with stakeholders", pages 82-83 (NFS19); "A sustainable supply chain", pages 102-103 (NFS19); "Industrial relations", pages 113-114 (NFS19).
102-41	
102-42	
102-43	
102-44	
<b>Reporting practice</b>	
102-45	"Consolidation scope at December 31, 2019", pages 158-162 (AR19).
102-46	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Consolidation scope at December 31, 2019", pages 158-162 (AR19); "Changes in the consolidation scope", page 163 (AR19).
102-47	
102-48	
102-49	
102-50	
102-51	"Consolidated Non-Financial Statement" (NFS18), approved March 11, 2019.
102-52	"Methodology, principles and reporting criteria", pages 72-76 (NFS19).
102-53	"Inside back cover (AR19).
102-54	"Methodology, principles and reporting criteria", pages 72-76 (NFS19).
102-55	"GRI content index", pages 122-125 (NFS19).
102-56	"Independent Auditors' Report", pages 126-129 (NFS19).

### MATERIAL ISSUES

Specific Standard	Section name and page number or link	Notes/Omissions
<b>GRI 201: Economic Performance 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Our business", pages 77-85 (NFS19); "Our contribution to mitigating climate change", pages 90-94 (NFS19).	
201-1: Direct economic value generated and distributed	"Economic value generated and distributed", page 81 (NFS19).	
201-2: Financial implications and other risks and opportunities due to climate change	"Analysis of the climate-related scenario", pages 91-92 (NFS19); "Risks and opportunities", pages 10-17 (Climate: from strategy to action).	

**MATERIAL ISSUES**

Specific Standard	Section name and page number or link	Notes/Omissions
<b>GRI 201: Economic Performance 2016</b>		
201-4: Financial assistance received from government	Note 44 "Adempimento degli obblighi di trasparenza e pubblicità. Legge 4 agosto 2017, n. 124 (art. 1, commi 125-129)", page 349 of Annual Report Italian version.	
<b>GRI 202: Market Presence 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Local presence", page 101 (NFS19).	
202-2: Proportion of senior management hired from the local community	"Local presence", page 101 (NFS19).	
<b>GRI 203: Indirect Economic Impacts 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19), "Our business", pages 77-85 (NFS19).	
203-1: Infrastructure investments and services supported	"Relations with stakeholders", pages 82-83 (NFS19).	
<b>GRI 204: Procurement Practices 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19), "Supply chain management", pages 79-80 (NFS19).	
204-1: Proportion of spending on local suppliers	"Supply chain management", pages 79-80 (NFS19).	
<b>GRI 205: Anti-corruption 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Business ethics", pages 117-121 (NFS19).	
205-2: Communication and training about anti-corruption policies and procedures	"Fighting corruption", pages 118-119 (NFS19).	The Company will include more details regarding the anti-corruption training provided within the next two reporting cycles.
205-3: Confirmed incidents of corruption and actions taken	"Fighting corruption", pages 118-119 (NFS19).	
<b>GRI 302: Energy 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Our contribution to mitigating climate change", pages 90-94 (NFS19).	
302-1: Energy consumption within the organisation	"Energy efficiency", pages 92-93 (NFS19).	The percentage of electricity produced from renewable sources and consumed by the Group depends on the specific national electricity mixes.
302-3: Energy intensity	"Energy efficiency", pages 92-93 (NFS19).	
302-4: Reduction of energy consumption	"Energy efficiency", pages 92-93 (NFS19).	
<b>GRI 305: Emissions 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Our contribution to mitigating climate change", pages 90-94 (NFS19); "Protecting the environment and minimising environmental impacts", pages 94-99 (NFS19).	
305-1: Direct (Scope 1) GHG emissions	"GHG emissions", pages 93-94 (NFS19).	
305-2: Energy indirect (Scope 2) GHG emissions	"GHG emissions", pages 93-94 (NFS19).	
305-3: Other indirect (Scope 3) GHG emissions	"GHG emissions", pages 93-94 (NFS19).	
305-4: GHG emissions intensity	"GHG emissions", pages 93-94 (NFS19).	
305-5: Reduction of GHG emissions	"GHG emissions", pages 93-94 (NFS19).	
305-7: Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	"Preserving the air quality", pages 98-99 (NFS19).	
Reduction of air pollutant	"Preserving the air quality", pages 98-99 (NFS19).	
<b>GRI 306: Effluents and Waste 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Protecting the environment and minimising environmental impacts", pages 94-99 (NFS19).	
306-3: Significant spills	"Spill prevention and response", pages 96-97 (NFS19).	

**MATERIAL ISSUES**

Specific Standard	Section name and page number or link	Notes/Omissions
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Social aspects", pages 99-103 (NFS19).	
308-1: New suppliers that were screened using environmental criteria	"A sustainable supply chain", pages 102-103 (NFS19).	
<b>GRI 401: Employment 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Human capital", pages 109-116 (NFS19).	
401-2: Benefits provided to full-time employees	"Equal treatment and enhancement of differences", pages 114-116 (NFS19).	
<b>GRI 403: Occupational Health and Safety 2018</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Safeguarding the health and safety of people", pages 104-109 (NFS19).	
403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Safeguarding the health and safety of people", pages 104-109 (NFS19).	
403-9: Work-related injuries	"Safety", pages 104-107 (NFS19).	
403-10: Work-related ill health	"Employee health", pages 108-109 (NFS19).	
<b>GRI 404: Training and education 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Human capital", pages 109-116 (NFS19).	
404-1: Average hours of training per year per employee	"Reverse Mentoring and training", pages 112-113 (NFS19).	
404-3: Employees receiving regular performance and career development reviews	"Development of skills", pages 110-111 (NFS19).	
<b>GRI 405: Diversity and equal opportunity 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Human capital", pages 109-116 (NFS19).	
405-1: Diversity of governance bodies and employees	"Governance of business sustainability", page 86 (NFS19); "Equal treatment and enhancement of differences", pages 114-116 (NFS19).	
405-2: Ratio of basic salary and remuneration of women to men	"Equal treatment and enhancement of differences", pages 114-116 (NFS19).	
<b>GRI 406: Non Discrimination 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Business ethics", pages 117-121 (NFS19).	
406-1: Incidents of discrimination and corrective actions taken	"Reporting suspected violations", pages 120-121 (NFS19).	
<b>GRI 407: Freedom of association and collective bargaining 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Social aspects", pages 99-103 (NFS19); "Business ethics", pages 117-121 (NFS19).	
407-1: Operations and suppliers in which the freedom of association and collective bargaining may be at risk	"Human rights", page 117 (NFS19).	
<b>GRI 408: Child Labour 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Social aspects", pages 99-103 (NFS19); "Business ethics", pages 117-121 (NFS19).	
408-1: Operations and suppliers at significant risk for incidents of child labor	"Human rights", page 117 (NFS19).	
<b>GRI 409: Forced and Compulsory Labor 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Social aspects", pages 99-103 (NFS19); "Business ethics", pages 117-121 (NFS19).	
409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	"Human rights", page 117 (NFS19).	



**MATERIAL ISSUES**

Specific Standard	Section name and page number or link	Notes/Omissions
<b>GRI 410: Security Practices 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Business ethics", pages 117-121 (NFS19).	
410-1: Security personnel trained in human rights policies or procedures	"Security practices", pages 117-118 (NFS19).	In 2019, the security staff was not involved in any training course on ethics and compliance issues. The creation of an e-learning module dedicated to these issues is being finalised for dissemination during 2020.
<b>GRI 412: Human Rights Assessment 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Social aspects", pages 99-103 (NFS19); "Business ethics", pages 117-121 (NFS19).	
412-2: Employee training on human rights policies or procedures	"A sustainable supply chain", pages 102-103 (NFS19).	
412-3: Investment agreements and contracts that include human rights clauses	"A sustainable supply chain", pages 102-103 (NFS19); "Security practices", pages 117-118 (NFS19).	
<b>GRI 413: Local Communities 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19), "Social aspects", pages 99-103 (NFS19).	
413-2: Operations with significant actual and potential negative impacts on local communities	"Social aspects", pages 99-103 (NFS19).	
<b>GRI 414: Supplier Social assessment 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Social aspects", pages 99-103 (NFS19).	The data on the suppliers are collected through the qualification questionnaire and subsequently analysed.
414-1: New suppliers that were screened using social criteria	"A sustainable supply chain", pages 102-103 (NFS19).	The screening on these issues is carried out only on new suppliers that supply goods and services belonging to the most significant commodity classes and operating in countries considered as critical.
<b>GRI 415: Public Policy 2016</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Business ethics", pages 117-121 (NFS19).	
415-1: Political contributions	"Fighting corruption", pages 118-119 (NFS19).	
<b>Technological and operating innovation</b>		
103-1, 103-2 and 103-3	"Methodology, principles and reporting criteria", pages 72-76 (NFS19); "Our contribution to mitigating climate change", pages 90-94 (NFS19).	
Amount spent on decarbonisation R&D and technology application	"Innovation and research to fight climate change", page 92 (NFS19).	
Number of signed cooperation/license agreements for energy decarbonisation projects	"Innovation and research to fight climate change", page 92 (NFS19).	
Environmental product innovation	"Innovation and research to fight climate change", page 92 (NFS19).	

# INDEPENDENT AUDITORS' REPORT

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



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Annual Report (in English)

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

Making change possible - Sustainability Report  
(in English)

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