

2019

**SUSTAINABILITY
REPORT**

MAKING CHANGE POSSIBLE

**4 CHALLENGES
FOR THE ENERGY
TRANSITION**



SAIPEM



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THE 4 CHALLENGES

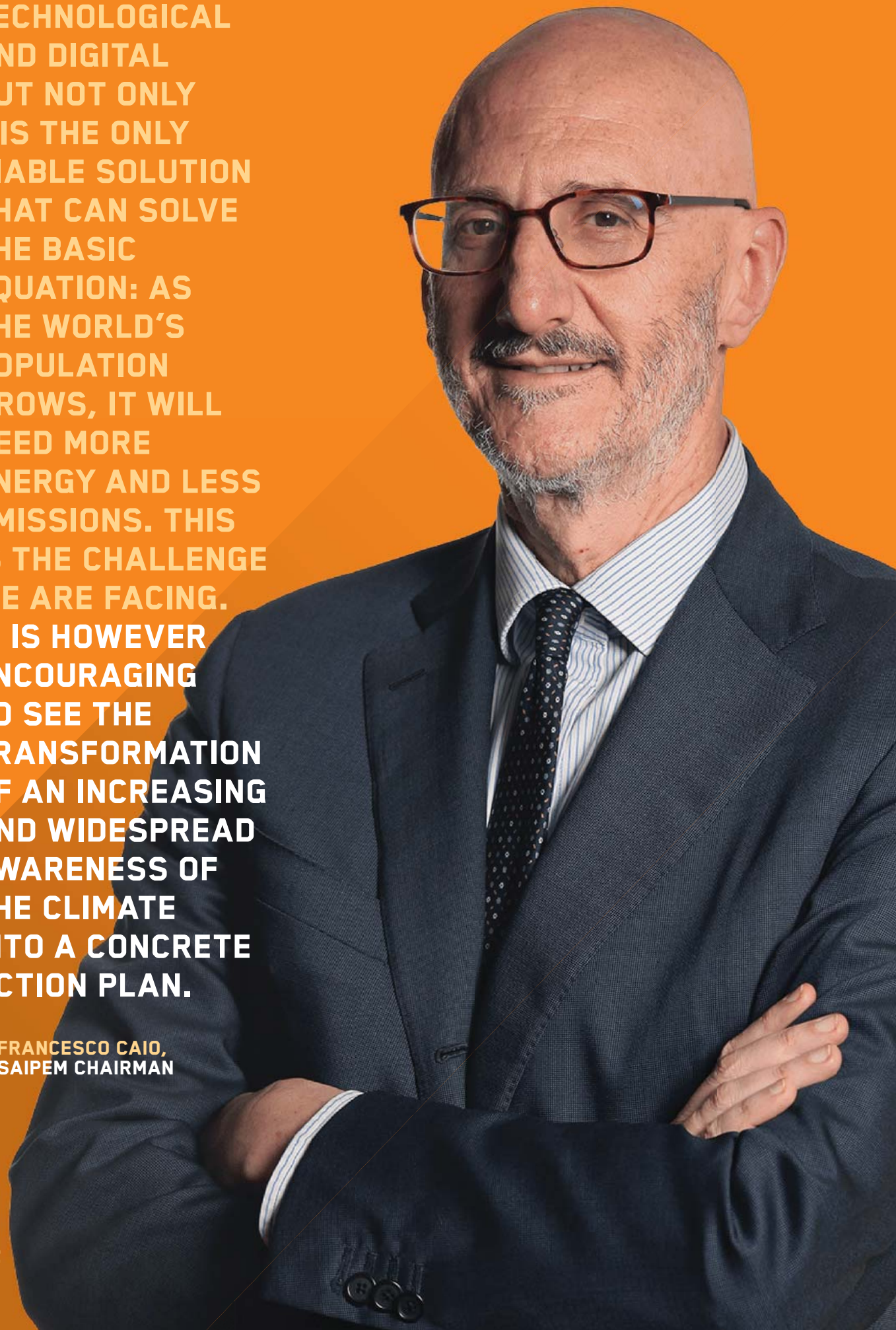
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**INNOVATION –
TECHNOLOGICAL
AND DIGITAL
BUT NOT ONLY
– IS THE ONLY
VIABLE SOLUTION
THAT CAN SOLVE
THE BASIC
EQUATION: AS
THE WORLD’S
POPULATION
GROWS, IT WILL
NEED MORE
ENERGY AND LESS
EMISSIONS. THIS
IS THE CHALLENGE
WE ARE FACING.
IT IS HOWEVER
ENCOURAGING
TO SEE THE
TRANSFORMATION
OF AN INCREASING
AND WIDESPREAD
AWARENESS OF
THE CLIMATE
INTO A CONCRETE
ACTION PLAN.**

**┐ FRANCESCO CAIO,
SAIPEM CHAIRMAN**



MAKING CHANGE POSSIBLE

MESSAGE FROM THE CHAIRMAN AND THE CEO

▣ The profound shifts under way in the global energy outlook are already having an impact on our industry today and shaping how we, as a company, respond. We are seeing a rising wave of public awareness, especially among the younger generation, to global warming caused by anthropic greenhouse gas emissions and the effects climate change is having on the planet and people. Public opinion is calling

The nature, speed and breadth of changes are making uncertainty and volatility a new norm.

Our new *global solution provider* business model is the result of a combination of these external forces and the distinctive characteristics of our organisation in terms of human capital, technical skills, technologies and the capacity to innovate and cope with various sources of complexity.

WE ARE DEEPLY COMMITTED TO MAKING POSITIVE AND SUSTAINABLE CHANGE POSSIBLE BY IDENTIFYING FOUR CLEAR CHALLENGES, SET FORTH IN THIS REPORT, THAT SAIPEM CAN PLAY AN ACTIVE ROLE IN TACKLING

for a step change in the way we produce energy. Such a shift in production and consumption models will inevitably take time and require a pragmatic approach to achieve the sustainable use of natural resources. There have been recent signs of a substantial change of direction: the latest of these is the Green New Deal presented by the new European Commission, providing significant resources for a low-carbon world that will be supplemented by investments coming also from the financial community.

The energy transition is the most important challenge that we at Saipem face today. As the global economy shifts towards a new energy mix – one in which natural gas acts as a “bridging fuel”, where renewable resources are growing rapidly and new solutions are emerging to make the production of fossil fuels more sustainable through innovation – a long-term vision is essential to ensure the sustainability of the business and allow a company like ours to preserve its competitive position over time.

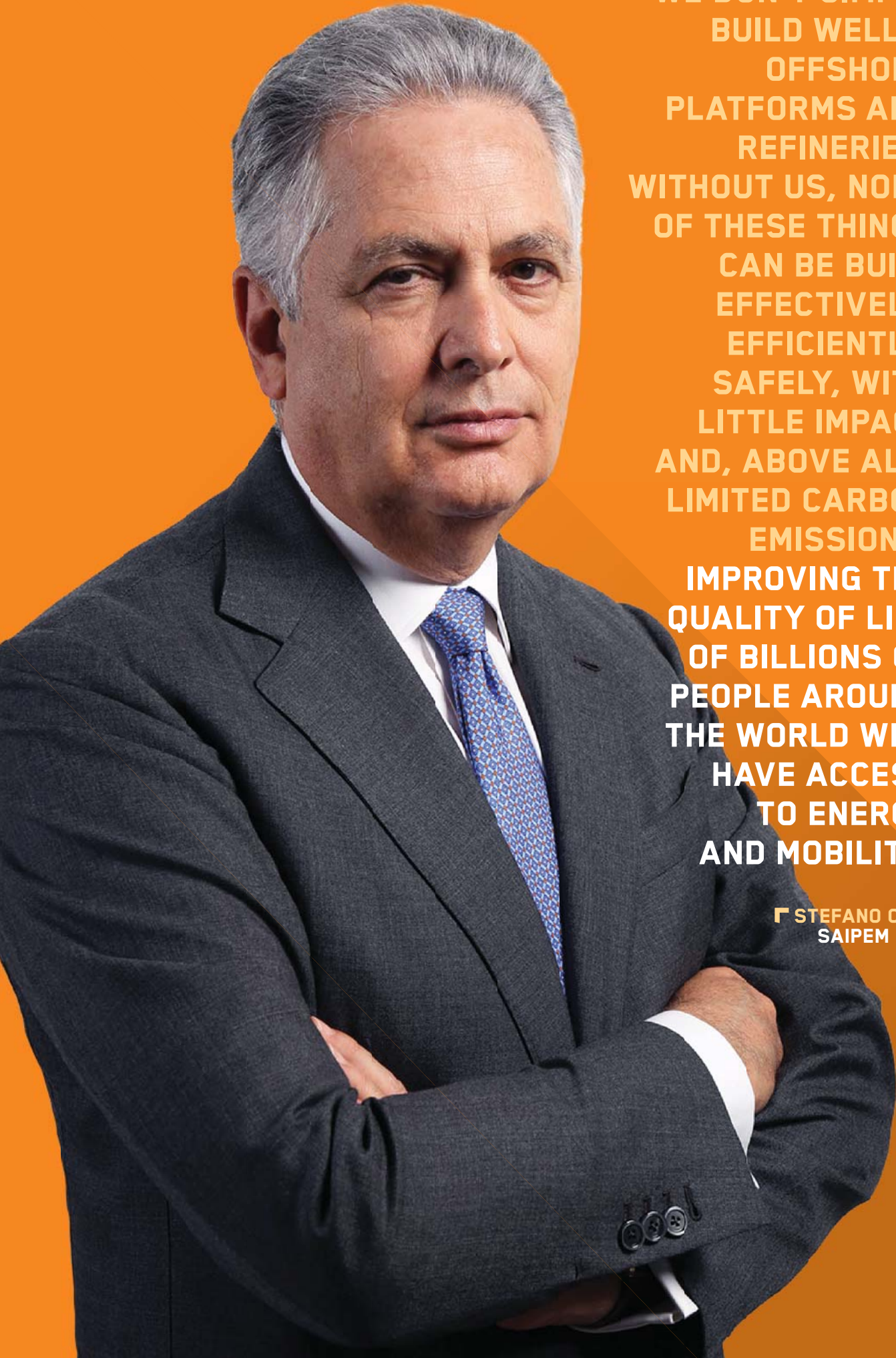
Natural gas is a fundamental resource that will guide us through this transition: we are, and will remain in the near future, the “operating arm” that facilitates its exploitation, transformation and transportation in the most sustainable way. At the same time, we are tapping into our innate capacity to innovate, which is demonstrated by an impressive track record and has helped us over the years to push technological boundaries.

conversion, concentrated solar and geothermal power, and we are pursuing innovative solutions in emerging fields such as high-altitude wind, both onshore and offshore, and marine energies (waves, currents and streams). In order to achieve this important and long-term ambition, the capabilities and know-how of our people represent a key lever. It is, in fact, thanks to the skills and expertise of our people and partners that we are able to

CLEAN ENERGY SOURCES AND NON-OIL ALREADY REPRESENT, TOGETHER WITH GAS, AROUND 70% OF OUR PORTFOLIO OF PROJECTS AND WE ARE CONFIDENT WE WILL FURTHER IMPROVE THIS CONFIGURATION

We are not a newcomer to the research and development efforts to find renewable energy sources and energy storage solutions, sustainable uses of traditional fossil fuels (including new hybrid configurations), exploitation of natural gas and management of the entire CO₂ production chain. We intend to increase our presence in low-CO₂ emission markets, such as offshore wind, biomass

develop solutions that respond to our clients’ needs and, at the same time, tackle the global objectives of sustainable development, as for example, decarbonisation and the socio-economic development of the countries where we operate. We see the future as a positive challenge, which will require our utmost attention and effort in supporting the sustainable development of the world.



**WE DON'T SIMPLY
BUILD WELLS,
OFFSHORE
PLATFORMS AND
REFINERIES.
WITHOUT US, NONE
OF THESE THINGS
CAN BE BUILT
EFFECTIVELY,
EFFICIENTLY,
SAFELY, WITH
LITTLE IMPACT
AND, ABOVE ALL,
LIMITED CARBON
EMISSIONS,
IMPROVING THE
QUALITY OF LIFE
OF BILLIONS OF
PEOPLE AROUND
THE WORLD WHO
HAVE ACCESS
TO ENERGY
AND MOBILITY.**

**Γ STEFANO CAO,
SAIPEM CEO**

SAIPEM AT A GLANCE

WHO WE ARE <<<

Our more than 60 years of history have made us a world leader in engineering and drilling activities, managing the development of significant and large-scale projects in the energy and infrastructure sectors. We have the know-how and expertise needed to work responsibly, in cooperation with our local stakeholders and to create long-term value, while providing innovative and customised solutions for our clients.

ONE COMPANY, MULTIPLE SOLUTIONS

Our ambition is to be recognised as the **Global Solution Provider in all segments of the Energy Industry**. We want to continuously push beyond the frontiers of innovation, to guide our clients towards the future of energy.

> WE ARE AN INTERNATIONAL PLAYER IN THE ENERGY INDUSTRY AND INFRASTRUCTURES

We possess unique engineering skills with high added value for managing complex projects.

> WE ARE ANTICIPATING THE ENERGY TRANSITION

We have launched the challenge in the gas production and infrastructure sectors, and that of renewable energy and the creation of clean plants.

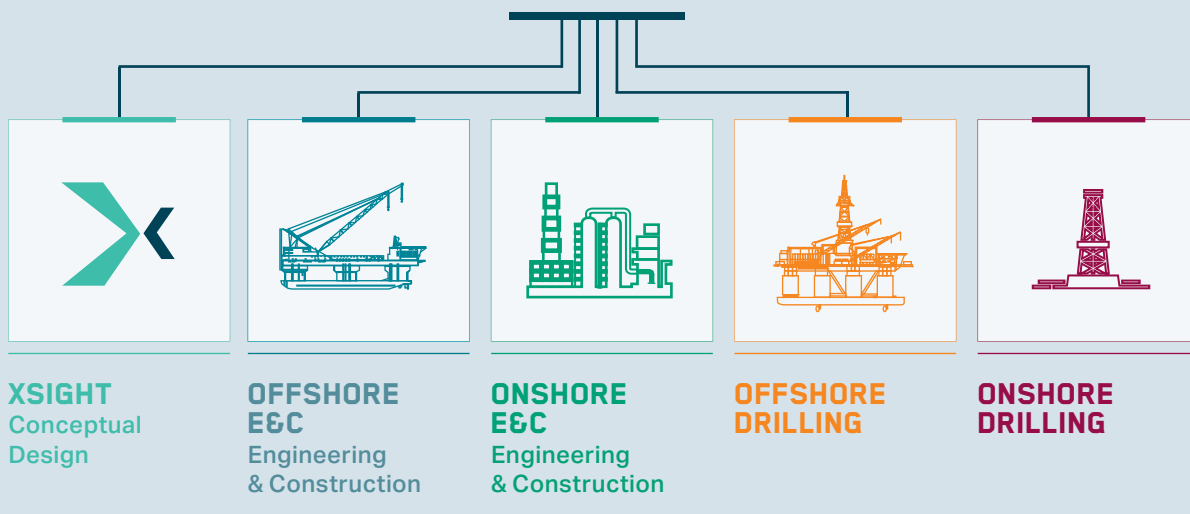
> WE OFFER TAILOR-MADE SOLUTIONS

We support our clients throughout the entire project cycle – from identifying needs to decommissioning, employing all our professional expertise to operate in the most challenging contexts.

> WE HAVE A SENSE OF RESPONSIBILITY

The health and safety of people and operations, attention to environmental impact and cooperation with local stakeholders are our priorities at the heart of our operational and strategic choices.

WE ARE “ONE COMPANY “ ORGANISED INTO FIVE BUSINESS DIVISIONS



WHO WE ARE <<<

We have adopted a new organisational model to entrust each business with greater autonomy and responsibility. The most important change in our business model concerned the creation of XSIGHT, a new business passionate about improving the efficiency of the engineering workflow through simplified processes and innovative digitalisation models. The XSIGHT Division aims to develop strong and trusting relationships

with our clients through the delivery of innovative, high added value services. In particular, one of the main objectives is strengthening activities in the decarbonisation business, i.e. biofuel/biomass and CO₂ management. Thanks to this leaner and more efficient organisational model, decision making will be more fluid and the business divisions will have complete autonomy over strategic options, thereby facilitating a sharper focus on project execution.

KEY HIGHLIGHTS

127
NATIONALITIES

36,986
EMPLOYEES

3,874
WOMEN

74%
LOCAL PERSONNEL

23,871
ACTIVE VENDORS

€1.9 BLN
TOTAL GOODS AND SERVICES ORDERED

73%
OF GOODS AND SERVICES ORDERED LOCALLY

€79 MLN
OVERALL INNOVATION SPENDING

235 MLN
WORKED MAN-HOURS

26
AVERAGE TRAINING MAN-HOURS ATTENDED BY EMPLOYEES

0.22
LOST TIME INJURY FREQUENCY RATE

1,406
SCOPE 1 GHG EMISSION (KT CO₂ EQ)

€9.1 BLN
REVENUES

€21.2 BLN
RECORD BACKLOG

MORE THAN
€8.7 BLN
ECONOMIC VALUE DISTRIBUTED BY SAIPEM*

71
COUNTRIES WHERE SAIPEM OPERATES

(*) Calculated by summing operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments.

ACKNOWLEDGEMENTS

MEMBER OF

Dow Jones Sustainability Indices

In collaboration with **SAM**

Confirmed as the sector's leader in DJSI World and Europe indices.



FTSE4Good

Confirmed for the 10th year in FTSE4Good Index Series.



"B" rating confirmed.

Member 2019/2020

STOXX

ESG LEADERS INDICES

OUR PEOPLE AND CHALLENGING



THE COMPLEXITY OF THE JAZAN PROJECT: SCAN ME AND WATCH THE VIDEO!



BUSINESS DIVERSIFICATION AND DECARBONISATION: SCAN ME AND WATCH THE SGO PROJECT VIDEO!

MILESTONES

MORE THAN 60 YEARS OF HISTORY



New operational frontiers

Oil crisis in the Middle East drives Saipem to explore new geographical areas starting from the North Sea.



Saipem goes public

Saipem is listed on the Milan and Paris stock exchanges.



Leader in the offshore heavy lifting sector

Saipem takes over the Micoperi fleet including the Micoperi 7000, soon after renamed Saipem 7000.

1957

1974

1987

1998

1971

1984

1990

A pioneer is born

Saipem is established as an independent company.



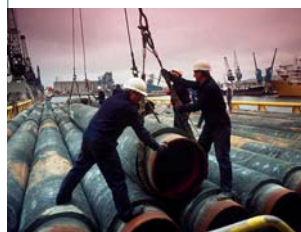
A milestone in offshore activities

Saipem lays the gasline across the Straits of Messina as part of the Transmed project.



The joint-venture strategy

Saipem starts joint-ventures with competitors like Brown & Root, Clough, Bouygues Offshore and Parker Drilling aiming to penetrate new markets and strengthen its assets.



Main player in deep offshore pipelaying

With the installation of the J-lay tower the Saipem 7000 opens its doors to challenging deepwater projects such as the Blue Stream gasline.



PROJECTS



A NEW INDUSTRY BENCHMARK: SCAN ME AND WATCH THE VIDEO OF THE ZOHR PROJECT!

Further videos can be found throughout the Report. Look for the QR codes.



A powerful global contractor

With the acquisition of Bouygues Offshore, Saipem boosts its outstanding EPCI capabilities.

2006



Accountability and transparency towards our Stakeholders

Saipem publishes its first Sustainability Report, making public the Company's commitment for a sustainable business.

2015



A major step towards a sustainable business

Saipem joins the UN Global Compact.

2017

2002

A global leader in engineering, construction and oilfield services

Saipem gains access to new markets, including onshore downstream and gas liquefaction by the acquisition of Snamprogetti.



2016

The brand identity evolves

Eni reduces its stake in Saipem which changes its image and adopts a new logo.



XSIGHT

Saipem introduces the XSIGHT Division for early engagement services to capture the client's needs and to provide innovative solutions drawing on its vast EPC(I) project experience.





WHERE WE ARE HEADED

RESPONDING TO A CHANGING SCENARIO

The entire energy and infrastructure sector is experiencing a period of unprecedented change. Climate change is having a dramatic impact on our planet and lives and requires us to rethink how we will meet the rising energy demand. In terms of Oil&Gas extraction, new solutions will be needed to make production increasingly sustainable, for example through greater and better use of natural gas, the cleanest and lowest CO₂-emitting fossil fuel. We also need to find pathways for the energy transition as we shift from oil, gas and coal to new, clean energy sources. At the same time, the volatility of oil prices is prompting a significant decrease in investments in the sector.

As we navigate these radically altered circumstances, what will set us apart as a sustainable company is the kind of change we want to make possible at a strategic level: as a company, Saipem is fully equipped to provide a responsible and innovative response.

We believe that renewable energy sources will grow significantly and contribute to the decarbonisation of energy supplies in all scenarios. That's why we are branching out into new areas of activity which ranges from building floating offshore wind farms to dismantling offshore oil rigs when they become obsolete. A sustainable business model with a strong focus on technology and innovation will make this possible.





WHERE WE ARE HEADED

OUR CHALLENGES FOR A SUSTAINABLE BUSINESS

Saipem is firmly committed to responding to our evolving, dynamic context by making change possible, positive and sustainable. This will require involving material environmental, social and governance topics as an integral part of our business strategy and guide the role we can play in going beyond current needs and challenging ourselves to be an enabler of new solutions and shape a better future.

To better understand Saipem's effort and the progress we are making, we have identified four interconnected challenges that capture how sustainability connects to our business, our operations, our people and the many stakeholders we work with.

01

INNOVATING FOR THE NEW ENERGY SCENARIO

We have a long tradition in innovation driven mostly by frontier operations, a strong propensity to change, constant technological development, and the ability to implement new instruments and operating methods: we are now applying that innovative spirit to the opportunities brought by the transition to a low-carbon economy.

02

ENABLING CARBON FOOTPRINT REDUCTIONS

To achieve the carbon reductions needed globally in coming decades, all

sectors need to take ambitious action to cut their footprint: we are already set to work to find ways to reduce the carbon impact of our operations and increase energy efficiency, efforts that will benefit our value chain.

03

KEEPING PEOPLE AND OPERATIONS SAFE AND SOUND

Our priority is to guarantee and maintain the health and safety of our people, operations and stakeholders in all the countries where we operate. That means keeping one step ahead of any changes in our operating context and technologies. We are engaged in a robust and widespread capacity-building effort to transfer this commitment and capability to all people involved in our operations.

04

GENERATING SHARED VALUE

We strongly believe that reciprocal trust and cooperation between us, our employees and local stakeholders is a core element of a business that seeks to create shared value.

Strengthening the control system throughout the entire supply chain, actively promoting human rights, respecting local cultures, customs and social rights, creating legitimate expectations and promoting equal opportunities both inside and outside the workplace is how we ensure an open and transparent dialogue and foster the ability to work together for the mutual benefit of all concerned.

THE SHIPMASTER: STORY OF A COMPANY THAT CUT THROUGH THE SEAS OF CHANGE

By Francesco Di Pietro,
Shipmaster of the Saipem 7000

I was 27 years old. We were moored in Rotterdam (The Netherlands). It was my first time onboard the **Saipem 7000**.

As soon as I set foot on the staircase, the exact point where you leave land and board the ship, I felt a huge difference compared to the Drilling unit's Scarabeo 5 from which I had just come.

It was just so immense, like nothing I'd ever seen before. It's hard not to be impressed when you see the grandeur of the Saipem 7000 for the first time. Measuring 200x87 metres, it is essentially a semi-submersible factory ship, equipped with **two gigantic cranes** each with a capacity of **7,000 tonnes**.

Let me introduce myself, I am Captain Francesco Di Pietro, always equally at ease both on land and at sea. I graduated from the Nautical Technical Institute in Messina (Italy) and started working aboard vessels at the age of 21 and after a short experience in Spain, I joined Saipem in November 1997.

In these 20 plus years of experience on board the S7000, I was able to see with my own eyes and experience first-hand the evolution of the ship and of all Saipem.

I remember the same-day round trip to Milan: it was exhausting, but 15 days later I was hired by Saipem and I boarded the Scarabeo 5. The following year I was already on the Saipem 7000, of which I then became shipmaster in 2011.

Allow me to briefly mention the highlights of the history of this vessel: we can say that it was built in Monfalcone (Italy) in 1987 and was first called the Micoperi 7000; later Saipem bought it in the early nineties, sensing the potential power of this asset. The Saipem 7000 was born for heavy lifting and is able to lift up to 14,000 tonnes in tandem lift: at the time it revolutionised the scenario of the construction of oil platforms, which could thus be comfortably built on the ground and laid at sea by the S7000's crane.

I remember quite clearly the experience that certainly marked me the most between 1998 and 2002: **the Blue Stream project**.

It was a real work of art and engineering that was going to change the stakes for our company since Saipem had invested a great deal in its conversion. Failure would have had devastating consequences.



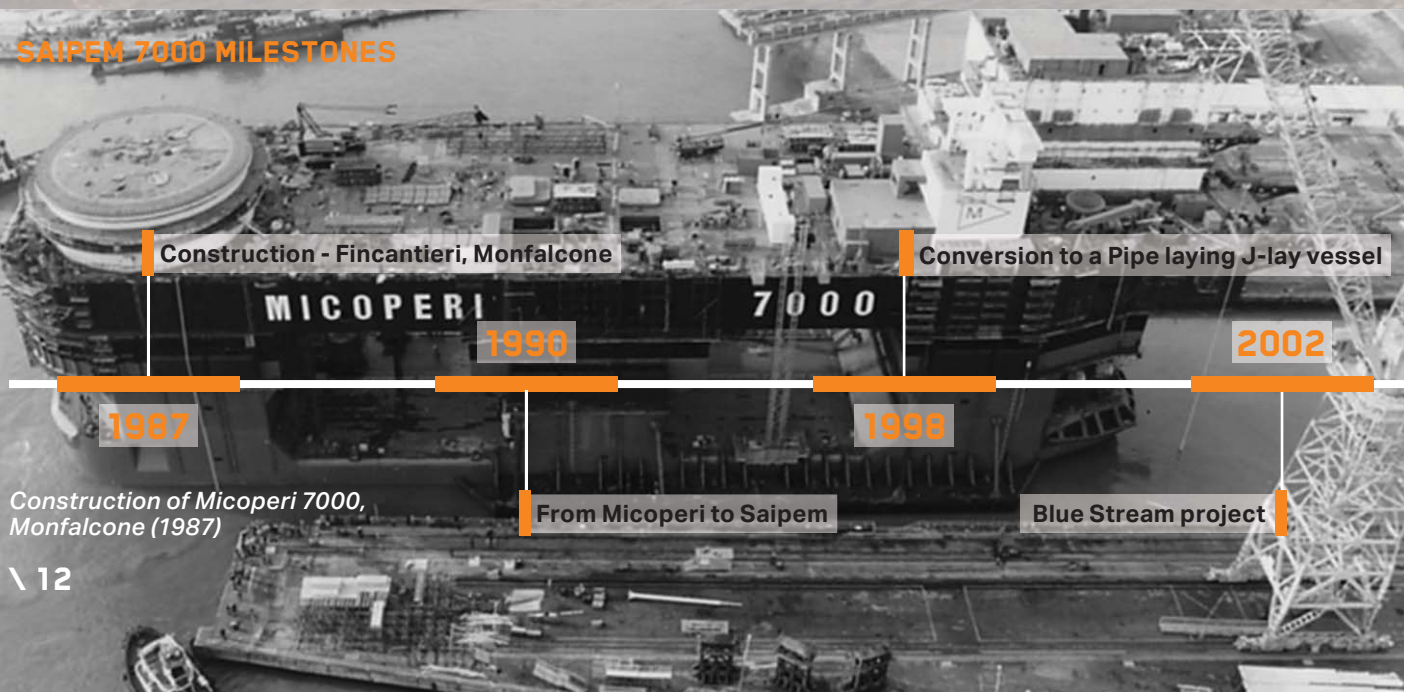
Saipem always had a good sense in recognising the opportunities for change and entrepreneurial capability to be present on the market way before others had evaluated the pros and cons, the company knows how to seize difficult moments to push forward and make a difference.

To obtain greater power, we had boosted the ship's ability by installing two new thrusters, two new generators and the J-lay tower: **we had gone from being a Heavy lift vessel to a Pipe laying J-lay vessel**, opening ourselves up to new, challenging, deep-water projects.

Thanks to its highly-skilled technical and maritime personnel and decisive sea and land coordination, we laid a 24" pipeline at **a depth of 2,200 metres in the Black Sea, setting yet another record that no one had ever before achieved in this kind of undertaking**.

Certainly not all of them were easy moments, there were obstacles due, for example, to bad weather conditions. Then the moment came in Saipem's

SAIPEM 7000 MILESTONES



history that determined its real great evolution and crucial change: **the Saipem 7000 would be used to develop the renewable energy business.**

The oil business was going through a tough time, oil companies were not willing to build new platforms: the great turning point for Saipem came when it was able to see something that could give this ship and the company a different future.

We assembled the world's first floating wind farm in Norway in 2017, with the HyWind project, which would later be transported and installed in Scotland.

This is where the strength and greatness of a company resides: in being able to foresee without being afraid to invest where nobody would have thought to.

With the S7000 we were the protagonists of this project and we had a positive global impact on wind power. Those of us who work in the trenches are the project executors, but at the home base there are those who think about these things, a team of ingenious professionals who have a long-term strategic vision.

I am happy to be part of that collaborative passion, a passion that is passed on to us, and we, as management, pass it on to the crew.

Where did all this lead us?

HyWind represents Saipem 7000's entry into the renewable energy sector, through which we are building a new future.

Today we are busy preparing **a new wind farm of a hundred km² and with a capacity of about 450 MW of electricity.** The project will keep us busy starting from

mid 2020. Preparations for the project are already under way, an extraordinary and humongous task. We are manufacturing templates piece by piece which we will then be assembled and installed in Scotland, as well as 54 jackets, a job that requires precision and excellent coordination between the various departments. Preparation of maritime and technical personnel, submarine work for the ROVs and dynamic positioning are the three elements that will give life to this great project.

To understand the extent of the skills of Saipem's people, just think that the manufacture and assembly of templates is usually done at onshore shipyards and we are doing it on board the ship!

The Saipem 7000 has changed enormously to meet the needs of the present and the near future: now we just have to make use of the available energy that nature directly provides, namely wind.

We need people who want to be actors of change with passion, humility, respect and sacrifice. Passion for work; humility in listening and interaction with everyone; respect for people and coordination with the entire company system, and finally sacrifice in always giving 100%.

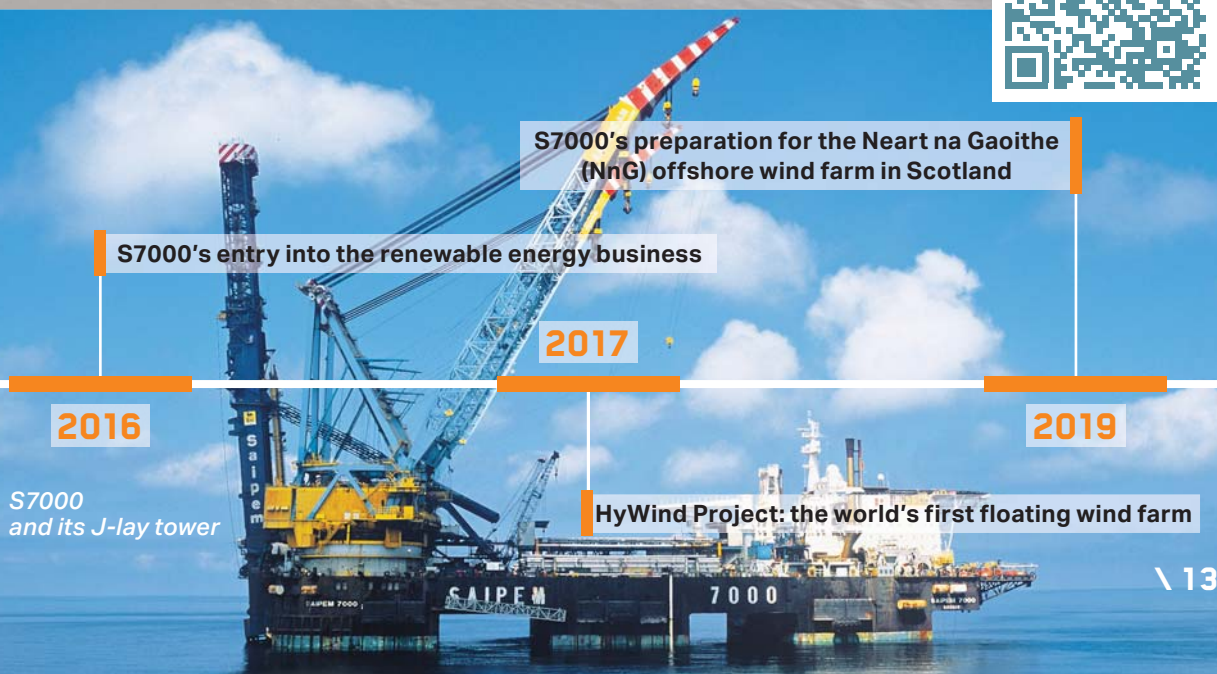
This is Saipem's great vision in response to the world's ever-growing need for energy, with a team of over 13 nationalities and coordination between land and sea that allows for the contribution of an array of important companies.

The Saipem 7000 reflects the path that Saipem is implementing: making change possible.

When I was transferred to the Saipem 7000, I thought everything was bigger than I could have imagined. Over time the surprise began to turn into fear of not making it. Over the years this fear was transformed into respect for the Saipem 7000, which brought with it years and years of experience in the offshore and business fields.



THE SHIPMASTER AND THE STORY OF THE SAIPEM 7000: WATCH THE VIDEO!



BUSINESS CONTEXT AND OUR STRATEGY

The current global scenario comes after a decade of broad changes in the energy landscape.

In 2014, we witnessed at the collapse of oil prices resulting from the decision of OPEC countries not to regulate the overcapacity of global supply generated by the increased production in North America.

After an agreement to reduce oil output was reached in 2016, allowing for a more balanced market and a stabilised oil price, oil companies began to slowly increase their investment plans, while embracing a diversification strategy in new energy sources, decarbonisation and innovation.

Nowadays, the scenario is influenced by significant political and economic macro-factors that are contributing to severe fluctuation of the oil prices, such as the growing power of Russia as a global energy actor, the deep recession of Iran's economy due to renewed economic sanctions imposed by the USA, political instability in South America and the decrease of China's economic growth.

Alongside these factors, many relatively new ones have influenced the market context. Under the pressure of civil and institutional mobilisation in favour of an effective global climate change agreement, investments in clean energy have registered an acceleration in recent years, constantly increasing

their share in electricity generation, sustained by technological progress and unit cost reductions, in particular in the wind and solar sectors.

OIL AND GAS CONTRACTOR BUSINESS TRENDS

The global Oil&Gas market registered a positive trend in 2019 sustained by investments in areas such as Russia, Asia-Pacific and the Middle East. The sector is continuing to recover after the collapse in 2014, at varying paces. In this period, all different segments have been characterised by an increasing competitiveness and volume reductions, consequently resulting in many players deciding to, on the one hand, reduce their staff or fleet as a response to the context, and, on the other hand, pursue scale and synergies through partnerships or mergers and acquisitions in order to remain competitive. In the coming years, investments in the Oil&Gas industry are expected to maintain this mild growth trend, supported by the stabilisation of the key growing areas, such as Russia and Latin America, and the recovery of North American activities, after the slow down recorded in 2019.

THE NEXT ENERGY SCENARIO AND OUR 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, with several forces working together creating an ever diminishing energy-intense economy.

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 opportunity for 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.



GLOBAL SOLUTIONS PROVIDER IN ALL SEGMENTS OF THE ENERGY INDUSTRY



LOW-CARBON INNOVATIVE SOLUTIONS FOR CLIENTS, TACKLING THE CLIMATE CHANGE CHALLENGE



TECHNOLOGICAL INNOVATION AND DIGITAL TRANSFORMATION



TRANSFER OFFSHORE SURFACE PRODUCTION FACILITIES TO THE SEABED



EXPLOITATION OF GAS AS AN ESSENTIAL COMPONENT OF ONSHORE STRATEGY



CARBON NEUTRAL OPERATIONS AND GREEN TECHNOLOGIES THROUGHOUT THE ENTIRE ONSHORE EPC VALUE CHAIN



DIVERSIFIED BUSINESS SEGMENT PORTFOLIO IN E&C



XSIGHT BRINGS THE EXPERIENCE OF AN EPCI CONTRACTOR TO THE EARLY DEFINITION PHASE OF A PROJECT

In order to seize the opportunities of this new context and to remain competitive, 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 (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), that would help Saipem's traditional Oil&Gas clients while undergoing the energy transition to reduce carbon emissions, as well as waste and pollutants production, water consumption and 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 assets 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.

ENDURING RELATIONS

ENGAGING WITH OUR STAKEHOLDERS

We believe that the best way to participate in society is to be an active player in all the countries where we operate, by proactively engaging with the institutions, people and the other entities we meet and have an impact on.

We are constantly investing in this process to build successful relationships based on reciprocal dialogue, which forms a core part of our sustainability strategy. We always carefully engage our stakeholders, listening attentively in order to understand their specific needs and expectations and to incorporate them into our strategies. Our Group operates

OPEN TALKS: A NEW WAY TO CATALYSE DIALOGUE ON SUSTAINABILITY CHALLENGES

Only companies that have an innate ability to adapt and evolve are able to keep pace with the challenges posed by the energy transition and fast-changing scenarios.

It is fundamental to share with our stakeholders our vision for the future and how we intend to interpret our mission: *to complete extraordinary projects by continuously pushing beyond the frontiers of innovation, guiding our clients towards the future of energy.*

This is the reason why we launched Saipem Open Talks in March 2019: an



WITH THE SAME DYNAMIC AND INNOVATIVE SPIRIT THAT ALLOWS US TO TAKE ON THESE CHALLENGES, WE CONTINUE TO SEEK AN OPEN AND REAL RELATIONSHIP WITH OUR STAKEHOLDERS.

on five continents, requiring us to interact with a wide array of stakeholders all having different perspectives, geographical extensions and levels of interest. Our approach to stakeholder engagement must therefore be flexible and diversified to allow us to respond to all their needs in the best possible way, both at the corporate and local level. This is how we create reciprocal understanding.

Developed in accordance with our new organisational structure, our Management System Guidelines (MSG) on Stakeholder Engagement set out the core principles for engagement processes. By building systematic stakeholder engagement and through its proper execution we are able to learn and improve, be more accountable and thus contribute to the creation of shared value for our stakeholders.

The overall approach described here enables us to successfully maintain a presence all over the world, thanks to the positive relations we are able to build with our stakeholders; to promote positive and advantageous interactions; to ensure a durable presence and create a positive impact in the areas where we operate.

innovative one-week series of events focused on the certainty that open communication and ability to evolve are the new paradigm for the Saipem of the future.

Saipem Open Talks is our way to talk about the Saipem we are building, and reflects the values of this new Saipem: innovative, dynamic, honest, ready to accept challenges and turn them into results.

Achieving change: we are "open" to new perspectives

What is Saipem Open Talks?

It's an innovative event format, an informal conversation that encourages dialogue among stakeholders on the challenges a global company has to face, all key topics for the sustainability of our business.

It's a new approach to addressing current issues, bringing new needs, scenarios and mega trends to bear on our business operations. Thanks to the involvement of experts on issues that are important to us, our stakeholders and the context in which we work, we had the chance to exchange ideas and share knowledge with various

stakeholders, who were involved not only as active listeners at the live event but mainly as protagonists in the discussion.

Saipem's role is to facilitate this exchange, not seeking to dominate the discussion. We believe in the power of dialogue.

The challenges of Saipem Open Talks

Strengthening awareness of our know-how, reliability, ability to innovate, and to stand out even in new business areas as we shift to a more sustainable business is what matters most to us. Saipem Open Talks is our opportunity to reflect upon and discuss these shared values.

The challenges discussed in these talks covered diverse areas including:

- > sustainable finance - rewards and returns of running a sustainable business
- > technology and innovation for a sustainable future and energy world
- > the role of business in changing geopolitical scenarios and megatrends.

You can discover more about the perspectives that emerged from these talks in each of the thematic chapters of this report.



Discover more at the link to Saipem Open Talks and watch the three talks.

IDENTIFICATION OF STAKEHOLDER EXPECTATIONS: OUR MATERIALITY ASSESSMENT



In 2011, we launched the **Materiality assessment process** to identify the topics that are meaningful for our stakeholders and for us, and that are within our capacity to create long-term value in support of Saipem's strategy and business success. One of the main results of this process is the definition of the Sustainability reporting content and communication strategy.

Over the past three years, Saipem has been on a journey of change, reshaping its image from that of an Oil&Gas contractor into a global solution provider in the energy and infrastructure industry.

For this reason, the content of this report is the result not only of the 2019 materiality assessment process but also of a consolidated awareness of challenges that fast-changing scenarios have been posing to our business.

Within the 2019 Materiality assessment process, feedback from more than 2,000 stakeholders involved in the process was collected and weighed

covering vast input from Saipem peers, voluntary and mandatory regulations and news and social channels. The relevant topics resulting in this analysis, along with those common to international scenarios, were then attributed to four challenges our company is facing and that will comprise the chapters of this sustainability report.



Further details on the Materiality assessment process are available in the Annex, "Methodology and reporting criteria" section, on page 72.

KEY FIGURES

11

MATERIAL TOPICS IDENTIFIED

9th

EDITION OF THE SAIPEM MATERIALITY ASSESSMENT PROCESS

MORE THAN **2,000**
STAKEHOLDERS INVOLVED





MORE THAN **60**
SAIPEM PEER INPUTS CONSIDERED

ABOUT **3,000**
VOLUNTARY AND MANDATORY REGULATIONS CONSIDERED

MORE THAN **2,000**
NEWS REPORTS

108 mln
TWEETS CONSIDERED

STAKEHOLDER ENGAGEMENT IN 2019

MATERIAL TOPICS*				
Climate change and air quality		■	■	■
Energy efficiency	■	■	■	■
<i>Ethics and compliance</i>	■		■	■
Human rights			■	■
Innovation and digitalisation	■		■	■
Spill prevention and response	■	■	■	■
Responsible supply chain	■	■		■
Long-term value creation	■	■		
Talent and development	■		■	■
<i>Transparency</i>		■		
Wellbeing, health and safety	■	■	■	■

STAKEHOLDER CATEGORY	CLIENTS	FINANCIAL STAKEHOLDERS	EMPLOYEES	VENDORS AND BUSINESS PARTNERS
STAKEHOLDER ENGAGEMENT APPROACH	<ul style="list-style-type: none"> > Constant reporting and meetings on operating projects. > Meetings organised with clients or potential clients also include Sustainability aspects. > Proactive engagement in HSE initiatives, such as environmental awareness campaigns or LiHS (Leadership in Health and Safety) programmes. 	<ul style="list-style-type: none"> > Continuous dialogue with the financial community (i.e. roadshows). > Ensure full transparency and equal access to the disclosure of confidential information. > Periodic disclosure of information through press releases and presentations, as well as periodic meetings with institutional investors and financial analysts. > Individual shareholders may directly interface with the Company Secretary function. 	<ul style="list-style-type: none"> > Committed to recruiting and retaining talented personnel and promoting their development, motivation and skills. > Guarantee of a safe, healthy working environment and a stable relationship with trade unions to ensure an open dialogue based on cooperation. 	<ul style="list-style-type: none"> > 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. > Proactive engagement in HSE initiatives, such as environmental awareness campaigns or LiHS programmes.

(*) Two topics (Product responsibility and Geopolitical events) were included in this report (Challenge 3) due to their relevance for Saipem business and international scenarios. Two relevant topics that emerged from the materiality assessment (Ethics and compliance, Transparency) were addressed in the 2019 Consolidated Non-Financial Statement only.

■ - Chapter 1; ■ - Chapter 2; ■ - Chapter 3; ■ - Chapter 4.



■	■	■	■	■
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		■	■	
■			■	■

BUSINESS ASSOCIATIONS

LOCAL COMMUNITIES

LOCAL ORGANISATIONS AND NGOs

LOCAL AUTHORITIES AND GOVERNMENTS

INSURANCE PARTNERS

- > Active participation in and support of numerous international and local associations, contributing to sharing best practices within Saipem's business sectors.
- > Contributions to strengthening Saipem's role in its industries and its relations with other stakeholders (i.e. clients, local stakeholders, etc.).

- > 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.
- > Active involvement of local communities in the implementation of development initiatives.

- > Regular publication of information, objectives and performance through Saipem's institutional channels.
- > Identification of organisations of proven experience with which to establish short or medium-term relations in order to facilitate the implementation of specific initiatives.

- > Customised engagement with governments and local authorities.
- > Institutional and official relations with authorities, as well as cooperation with public bodies to launch initiatives in favour of local development initiatives.

- > 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.
- > Communication of safety and loss prevention initiatives and their results in order to obtain competitive terms and conditions.

THE UN GLOBAL COMPACT AND THE SUSTAINABLE DEVELOPMENT GOALS: OUR COMMITMENT AND ACTION

Launched in 2000, the United Nations Global Compact is a call to companies to align their strategies and operations with Ten Principles on human rights, labour, environment and anti-corruption, and to take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on cooperation and innovation.

With more than 10,000 signatories in 170 countries, it is the world's largest corporate responsibility initiative aimed at mobilising a global movement of sustainable companies and stakeholders.

We officially became a signatory in 2016 and a participant in 2018.

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

We are committed to supporting and complying with the Ten Principles of the UN Global Compact on responsible business conduct. In line with the UNGC mission, by incorporating these principles into strategies, policies and procedures, and establishing a culture of integrity, we are not only upholding our basic responsibilities to people and the planet, but also setting the stage for our long-term success.

OUR CONTRIBUTION TO THE SDGs

The UN Global Compact is also a call to contribute to achieving the 17 Sustainable Development Goals

OUR COMMITMENT TO THE TEN PRINCIPLES

> **Human rights and labour:** we believe that as a business we have a responsibility to respect internationally recognised human rights and to promote them, both in our own activities and in those carried out with partners.



Human Rights policy

> **Environment:** we aspire to be an exemplary leader that continuously raises awareness of environmental issues, promoting an environmental protection culture that also safeguards local contexts. Furthermore, we are committed to continuously developing technologies that minimise our environmental impact and footprint.



HSE Policy

> **Fight against corruption:** we are equipped to prevent corruption, having implemented an advanced "Anti-corruption Compliance Programme", in line with international best practices and with the principle of "zero tolerance" expressed in the Code of Ethics.



Code of Ethics

THE TEN PRINCIPLES

Human Rights and Labour

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

(SDGs), societal goals at the heart of the 2030 Agenda for Sustainable Development adopted in 2015 and aimed at ending extreme poverty, fighting inequality and injustice, and protecting the planet by 2030.

In working towards these goals, together with our stakeholders and along our value chain, we focus both on the ones that relate directly to our business, and on the ones connected to our ability to create value in the areas where we operate. Reference is made throughout this report to the SDGs that our business challenges are addressing and contributing to achieve, while specific information on value created and local initiatives carried out in areas such as promotion of health and safety, education and socio-economic development, environmental and cultural protection can be found in Challenge 4 on page 58.



Saipem’s support and commitment to the UN Global Compact demonstrates the importance of making a difference in our business.

We will continue to operate this way and run our business making this initiative and its principles part of our business strategy, day-to-day operations and organisational culture.

Each and every year, and each and every day, we aim to strengthen our effort in all our spheres of influence to protect and respect human rights and international labour standards, safeguard the environment and fight corruption.

We are proud of the progress we are making towards being a company that helps to build an increasingly sustainable future, but at the same time we remain aware of the challenges ahead.

This is the reason why I am pleased to renew our commitment to support the UN Global Compact in 2020, as concrete proof of our willingness to be a leader striving for constant progress while always meeting our stakeholders’ expectations.

Stefano Cao, Saipem CEO



SAIPEM AND THE GLOBAL COMPACT NETWORK ITALY

The Global Compact supports the creation of local networks to promote the initiative and its principles in specific countries or regions. We have actively participated to the UN Global Compact Networks mainly at the national level. In particular, we have strengthened our participation in the network in Italy mainly by taking part in official events but also in working groups to discuss and share experiences with a specific focus on the management of the supply chain. For example, one of the events that we attended in October was the *Italian business & SDGs Annual forum - Innovazione per l’Agenda 2030* in Trieste, where we gave a speech on “Innovation for the environmental protection: the OIE (Offset Installation Equipment) case study”.





COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

OUR 4 CHALLENGES

01

INNOVATING FOR THE NEW ENERGY SCENARIO



02

ENABLING CARBON FOOTPRINT REDUCTIONS



03

KEEPING PEOPLE AND OPERATIONS SAFE AND SOUND



04

GENERATING SHARED VALUE



INNOVATING FOR THE NEW ENERGY SCENARIO



THE CHALLENGE

We have been undergoing a profound change at Saipem in recent years that has led us to rethink our identity, culture and business strategy; in doing so, we have adapted and leveraged upon our historical formula for success (knowing how to do the most extraordinary things in complex environments with excellent results) to better capitalise on our assets and skills.

PERFORMANCE, PROGRESS AND TARGETS

Topics	2019 results	2019 results vs. 2019 targets	2020 objectives
Climate change and air quality	<ul style="list-style-type: none"> 68% of the company's backlog is not-strictly oil-related (including projects in JV). Air Emission Estimation Methodology updated at Group level and certified by a third party, with a focus on indirect CO₂ eq emissions. Specific tools developed at Division level to better estimate Saipem's carbon footprint along its supply chain. 	<ul style="list-style-type: none"> Implement the actions defined in the Strategic Plan, setting an overall target to reduce GHG emissions by 120 kt CO₂ eq by 2022 (2017 baseline), and monitoring the results obtained. 	<ul style="list-style-type: none"> Reduction of CO₂ emissions (annual target of 19.3 kt CO₂ eq, with specific targets for each Division).
Innovation and digitalisation	<ul style="list-style-type: none"> 18.8 kt of CO₂ eq emission reduction achieved, in line with the 2022 objective set in 2018. 18 new patent applications, 5 of which were as filed energy decarbonisation technologies, in addition to 90 patent titles acquired. 17 cooperation/license agreements signed, 9 of which for energy decarbonisation projects. 	<ul style="list-style-type: none"> Pursue disruptive innovation solutions. Maintain the high investment in technology innovation. 	<ul style="list-style-type: none"> Development of a methodology to map innovative sustainable value creation in projects execution.
Talent and development	<ul style="list-style-type: none"> A record year for innovation investment: R&D expenditure was €38 mln, overall innovation expenditure €79 mln with about 10% dedicated to decarbonisation (excluding Gas). Launch of the Millennials Road project. Saipem's contribution to strengthening school curriculum (i.e., the Sinergia Programme). 	<ul style="list-style-type: none"> Design and set-up new process dedicated to the Millennial Generation (gamification, video interview, test on line). Launch the Sinergia Alumni, community dedicated to former Sinergia students. 	<ul style="list-style-type: none"> Continue to implement training, know-how transfer and collaboration initiatives with schools in countries of operation.

■ reached
 ■ ongoing

Innovation has been – and remains – at the heart of this new approach to the market: innovation in the technologies we use, the efficiency of our procedures, our management systems and culture, the composition of our human capital, even the way we understand, analyse and interpret the needs of the wider world, a world that has come to expect an innovative mindset to underpin a company's competitive edge and ability to offer services to key stakeholders.

This spirit of innovation at Saipem is vital for us to seize opportunities as they present themselves but

also coincides with humanity's enormous challenge of transitioning to a low-carbon economy and energy system. For us, therefore, innovation is a lens through which we can start to see not only new business horizons but also support the shift away from carbon-intensive Oil&Gas extraction towards cleaner solutions and renewable energy sources. It is a transition in which we are already making an active contribution in the form of new, cleaner technologies such as floating offshore wind farms and small-scale liquefied natural gas facilities, and also exploring potential breakthroughs in renewables, CO₂ management and circular economy solutions.

SOCIAL CORNER



CHALLENGES IN PERSPECTIVE: SAIPEM ACTIVE IN DIALOGUES WITH EXPERTS



Through a series of events we called "Open Talks", Saipem engaged in dialogues with experts on topics and challenges we are facing in today's global context, with sustainable action at the forefront. These talks and the insights that emerged help frame how we respond to our sustainability and business challenges. The following is a summary of some of the points that surfaced in our conversations.

How far should you push for disruptive innovation?

Innovation is disruptive when it pushes a company beyond its comfort zone. On a scale from least to most disruptive, the low end means keeping innovative actions closely in line with what the business already does. This involves actions that could be deployed more quickly and create

instant value, but it also implies that innovation is being neglected in favour of holding on to your comfort zone. On the higher end of the scale, the most extreme type of disruptive innovation would radically alter the way in which a business operates. These are inherently far riskier actions, with a longer timeline, but that hold the possibly for much greater change and improvement.

At Saipem, we're making room even for disruptive innovation within our strategy, which is why we created the **Saipem Innovation Factory**. This is our own personal 'idea incubator', where innovative thinkers come together from different areas of expertise to push our business to greater heights and to make sure we keep a step ahead of the competition.

EXPERT INSIGHT

The main challenge we are facing is how to push big companies to engage in innovation, which will cause a ripple effect that reaches clients as well, because it is the only way for us to achieve truly open innovation.

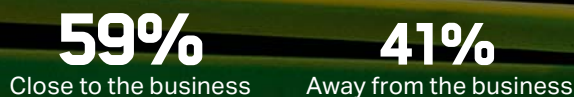
Luca D'Alessandro, CEO and Co-Founder of Phonic Vibes

HOW OPEN TALK PARTICIPANTS RESPONDED IN OUR INSTANT SURVEY

How do you bring innovation to the industry?



How disruptive should companies be with their innovative efforts?



THE ROLE OF INNOVATION FOR A SUSTAINABLE SAIPEM

Innovation is at the heart of Saipem’s strategy as the key to strengthening and consolidating our competitive position and preparing for future challenges, both in our direct operations and along our value chain. Our innovation efforts are closely connected to the sustainability challenges Saipem is facing as the energy industry – and other carbon-intense sectors – look to decarbonise and boost the use of renewable sources. **This kind of transformation can only be accomplished with innovative solutions.** The gradual reduction of Saipem’s business dependence on the fossil fuel market is already demonstrated by the fact that nowadays 68% of the company’s backlog is not-strictly oil-related. This is a vision that will be made reality by developing innovative solutions for our clients.

Road consists of three phases, where the first is selection, the second is growing with dedicated development paths, and the third is reward.

The selection process we designed is engaging and entirely digital; the development and training process is designed to always support growth; and the compensation plan is competitive and based on the recognition of talent. In addition, we will pick out the most talented resources for a challenging and exclusive career development path called “Talent 4 Saipem”. This four-year programme, which involves various job rotation opportunities, aims to develop cross-cutting skills and give our rising stars a broad understanding of the company and the business. Looking further ahead, we have been actively engaging secondary school students, building a connection with Saipem that will enhance the employability of today’s students.

Technological innovation has been one of Saipem’s strongest strategic pillars over the last 60 years. That spirit allows Saipem to play an active role as an innovative global solutions provider for the energy industry as it shifts to a low-carbon model.

Our approach to technology and innovation has two horizons:

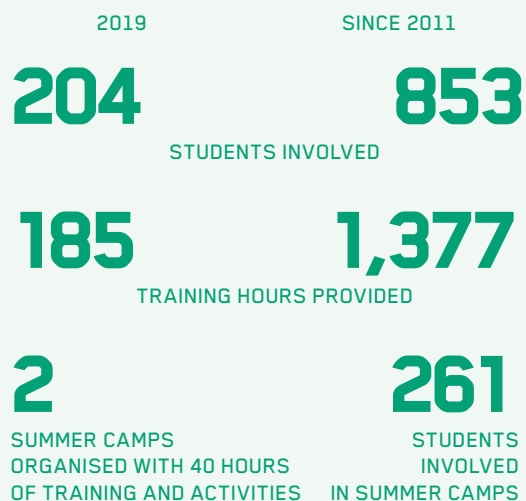
- > **“Evolutionary” innovation** looks to improve the technologies we use every day in our projects and that evolve as the industry and our know-how evolves (e.g. digitalisation); it is aimed at reducing project costs and time schedules.
- > **“Disruptive” innovation** significantly alters the way businesses or entire industries operate as new technologies force companies to change their approach; this aspect will drive Saipem to future success.

Sinergia Project: since 2011, the programme has acted as a bridge-builder between Saipem and five technical secondary education institutes in different regions of Italy through training programmes, summer camps and short internships. Each institute is teamed up with one Saipem Division, thus contributing to the development of specific training modules to expand the school curriculum and better explain our business.

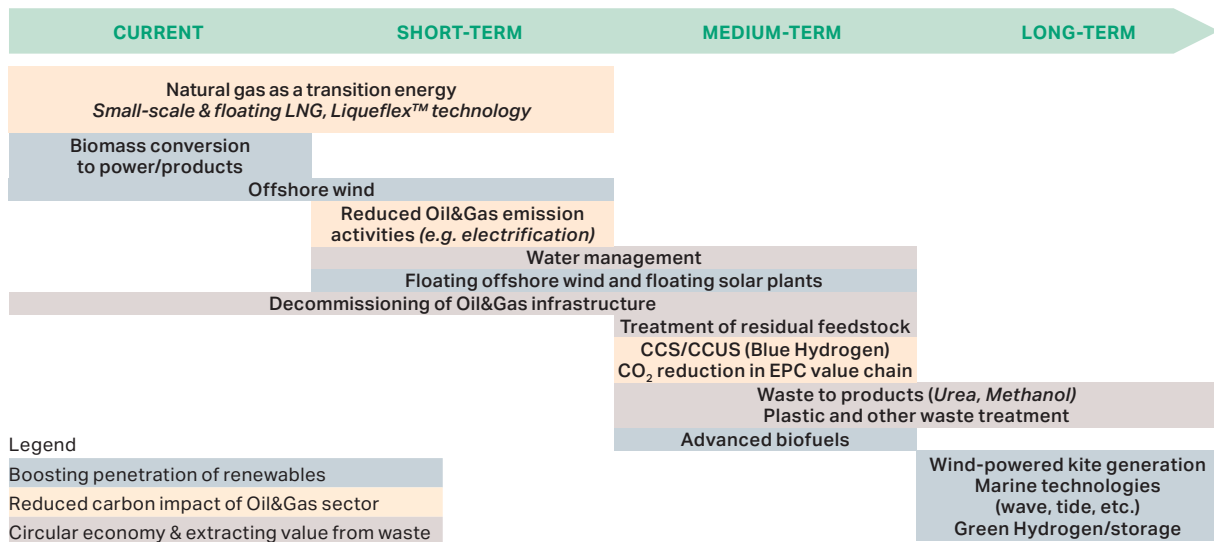
ATTRACTING TALENT FOR TOMORROW’S CHALLENGES

At Saipem we’re conscious of the need to nurture talent for the teams that will work on the innovation challenges of the future. That’s why we have designed **“Millennials Road”**, a new attraction and retention strategy that will be launched in January 2020 and that covers the whole journey from the selection process to the on boarding and continuous development plan of our new employees. With the ultimate goal of selecting the best talents, the initiative is directed at both young high school and university graduates, most of them already involved in two Saipem initiatives: Programma Sinergia (see below) and Employer Branding activities (participation in dedicated career fairs in partnership with the main Italian universities to welcome university students in our offices with the final aim of closing the gap between our world and the students’). The Millennials

SINERGIA PROJECT IN A NUTSHELL



ENABLING ENERGY TRANSITION THROUGH INNOVATION



Tour pusher: the programme aims to support the development of important skills for our business while increasing the employability of the students involved (two secondary education institutes in northern Italy). It provides students with technical knowledge related to onshore and offshore drilling operations by supporting young talents with a structured programme of frontal lecturers and a period of training on the job. The whole programme lasts five months at the end of which the resources will start their professional growth in one of our sites overseas.



Read more about how we support our employees in Challenge 2 on page 34. For more about how we support education and training projects, see Challenge 4 on page 65.

INNOVATING OUR BUSINESS FOR A LOW-CARBON SCENARIO

The global energy industry is facing unprecedented pressure to prove its business model is compatible with the goals of the Paris climate agreement. The new energy landscape that will emerge in the coming years will be a mosaic formed by many competing forces and is complex to foresee today. What's clear, however, is that the pace of innovation and the adoption of new technologies will be key in making conventional developments more sustainable at the same time as we transition to a green scenario.

As we assess the significant direct and indirect impacts that climate change will have on Saipem's business operations, we have identified opportunities for providing cutting-edge, sustainable solutions that will help our clients meet the demand for a low-carbon future. We have mapped these opportunities over a time horizon that starts with our current operations (projects that may be awarded over three years) and runs into the long-term.



For information about our assessment of climate-related risks and opportunities, see our report "Climate: From Strategy to Action" (based on the recommendations of the Task Force on Climate-Related Financial Disclosures – TCFD – published in December 2019).

In this respect we are pursuing several diversified actions with a strategy with three main pillars:

- > **Energy Transition:** moving towards a mix of low-carbon/zero-carbon sources progressively diminishing the carbon footprint.
- > **Decarbonisation:** still producing energy from fossil fuels (still needed in the next few decades) but significantly reducing related climate-impacting emissions. This may impact not only the Oil&Gas industry but also other carbon-intensive industries (i.e. steel and cement).
- > **Circular economy:** embracing new models that create value and safeguard the environment by improving the management of resources, eliminating waste through better design, and maximising the circulation of products.



Learn about the progress we are making towards decarbonisation and reducing emissions from our own operations in Challenge 2 on page 34.

2,726

PATENTS IN FORCE

163

RESOURCES INVOLVED IN R&D ACTIVITIES AS FTE (FULL TIME EQUIVALENT)

Obviously the three areas are tightly interconnected and cases of overlap among them can be encountered. The different targets are pursued through a mix of efforts with different maturity:

- > innovation activities aimed at intercepting new and potentially disruptive technologies and related markets (several scouting activities are continuously underway to identify potential partners with whom Saipem can cooperate)
- > business development efforts (reinforcing the technology offer through R&D and innovation) aimed at helping clients re-design their carbon footprint and

- > structural commercial projects already underway where innovative approaches find full exploitation.

Reducing the carbon impact of the Oil&Gas sector

Natural gas is the cleanest and least CO₂-emitting fossil source and will play a significant role in the energy transition, especially in the short to mid-term. A switch from coal and oil to natural gas is one of the most effective and beneficial solutions to reduce CO₂ emissions in the short term.

This outlook explains Saipem's innovation efforts in gas monetisation, which seek to maximise the efficiency of the complete value chain. Different options are available (Gas to Liquids, Gas to Chemicals, etc.) but Gas liquefaction is certainly the most important as regards the energy market and its perspective evolution.

Saipem is a leader in the LNG industry as one of the main worldwide EPC contractors for large scale plant design and execution and, in addition, continuous efforts are ongoing to also define proprietary small-scale liquefaction and re-gasification technology to match with the current market scenario driven by the decarbonisation path. This small-scale product shows good promise for becoming a flexible tool to support sustainable mobility in the near future.

Furthermore, we are working on optimised solutions, developed as an alternative to the traditional technologies available on the market, including LNG facilities based on *Liqueflex*TM technology (a proprietary Natural Gas Liquefaction process).

To support our LNG strategy, we are undertaking:

- > design consolidation of Small-Scale LNG solutions, integration in design of Equipment Supplier technical data, assessment of criticalities related to the maintenance of Small Scale LNG plants
- > development of Floating LNG solutions based on conversion of Moss type LNG carriers, including research for increased production capacity
- > cooperation with shipyard partners in floating LNG projects, also aimed at defining a competitive project execution plan to be proposed to clients
- > cooperation with a technology partner to develop a new and cost-effective containment system for small/mid-scale transport of LNG.

Novel approaches based on the adoption of renewable technologies in Oil&Gas operations will be beneficial for lowering overall CO₂ emissions. Several of these new **hybrid configuration** solutions are under investigation. A few examples include:

- > the recently developed Windstream concept, a solution based on Saipem's *HexaFloat* floating wind turbine system, that can provide additional electric power to subsea utilities or to power distribution

systems in the field, in order to reduce the costs of long tie-backs

- > the production processes of bulk chemicals, such as ammonia.

Boosting renewables: from offshore wind to emerging technologies

In the field of renewables, our current activities and short-term investments are focused on the installation of **offshore wind farms**, including developing technology for floating facilities, leveraging Saipem's existing competences to strengthen penetration in already existing low-carbon markets (this also extends to the conversion of biomass to power and products such as biofuels and biopolymers, geothermal plants and Concentrated Solar Power).

In several cases, commercial projects have already been developed. Offshore wind farms are a successful example: in 2017 we installed the first floating wind farm in the world, the Hywind Scotland Project for Equinor, that required innovative solutions to lift, handle and install the gigantic, fully assembled, 6 MW wind turbine generators on floating spars anchored to the seabed. After having completed the activities for the Oersted Hornsea Wind Power project, which involved the transport and installation of offshore platforms, we won two new projects in 2019: the "Neart na Gaoithe" (NnG, offshore Scotland) and "Formosa II" (offshore Taiwan) wind farms. These projects require foundations that are so big that new digital tools and methods have been implemented for the serial fabrication of jackets. The Saipem 7000 crane vessel is receiving specially developed equipment for offshore assembly and installation of the gigantic 8 MW NnG wind towers.



For more information about the Saipem 7000, see page 12.

Among the novel solutions in the offshore floating wind segment that we are currently developing, our proprietary *HexaFloat* concept is specifically designed for the future large-scale offshore wind turbines (10 MW and beyond). As a result, the European AFLOWT project, supported by Interreg North West Europe, started in early 2019 with the objective of installing a full-scale demonstrator of the *HexaFloat* solution offshore Ireland in 2022.

Furthermore, we have signed an exclusive agreement with Plumbeck Emirates Llc for the development and construction of a 500 MW floating offshore wind farm in Saudi Arabia.

As we endeavouring to create access to new renewable and low carbon markets, we are investing in innovation opportunities related to **novel concepts for wind farms**: an agreement with KiteGen Research was signed in March for the development of an

innovative device that generates electricity from high altitude winds using kites; the concept can be extended also to offshore applications.

In the **solar field**, we are developing a novel concept for an offshore floating solar park. Lastly, we are continuously scouting and investing in emerging marine technologies:

- > **Wave energy:** with the Finnish technology provider Wello Oy we have undertaken to work together for the successful execution of the first joint project that involves the deployment of Wello's Wave Energy Converter, named Penguin, at the Biscay Marine Energy Platform test area, in the north of Spain
- > **Water currents energy:** we are collaborating with SeaPower, a spin-off of Federico II University of Naples (Italy), developing the GEMStar hydroturbine. The two companies are installing a 300 kW device in the Messina Strait in 2020
- > **Tidal stream energy:** through our Sofresid Engineering affiliate we own a 13.5% stake in the French company Sabella, which is to provide renewable and predictable energy production to remote networks around the world such as to islands or other off-grid locations.

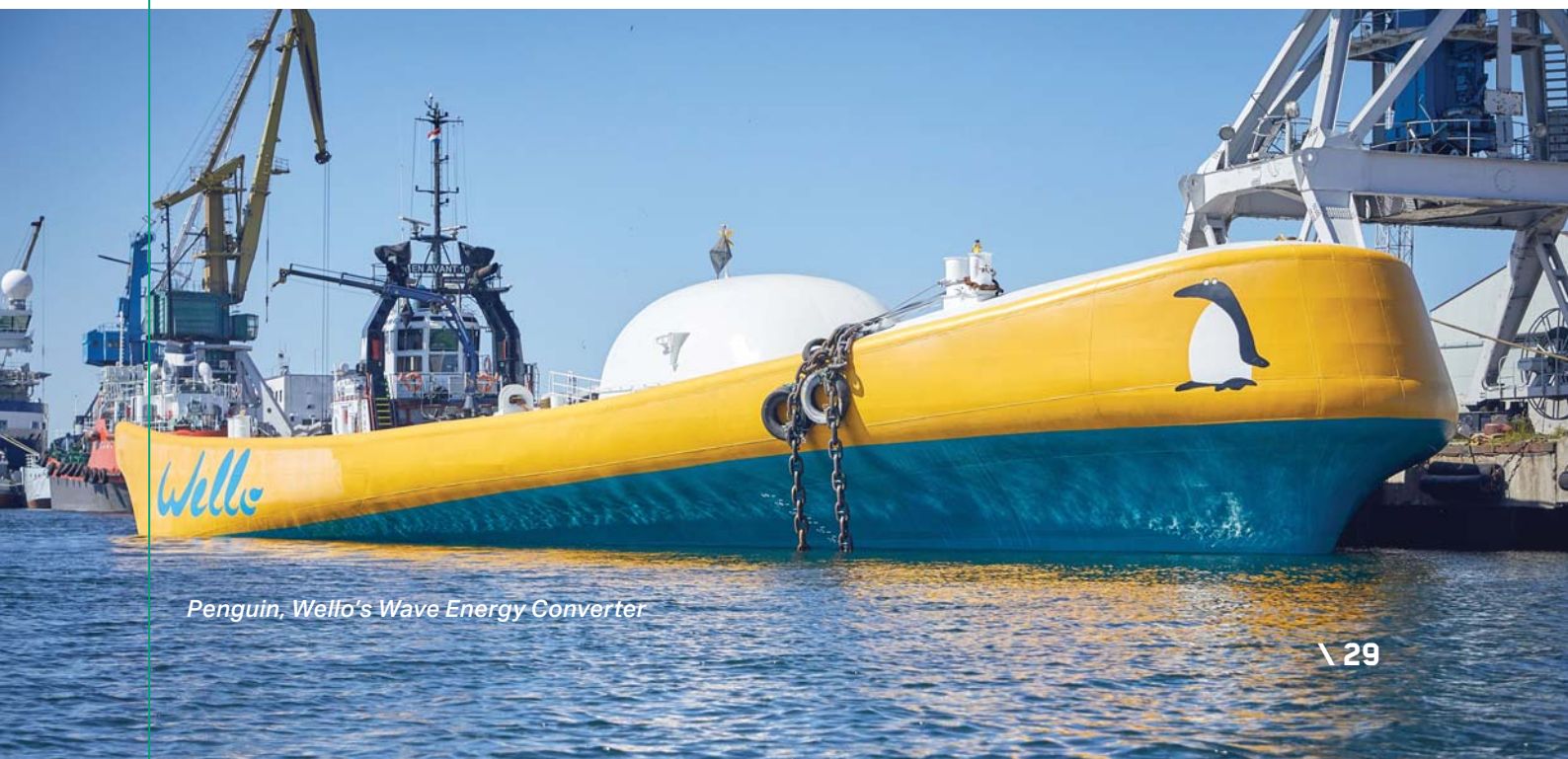
Storage of renewable energy in the form of **hydrogen**, produced by water electrolysis, has potential in a scenario in which hydrogen is used as a fuel in industrial, automotive and residential heating fields. It's something we're looking into carefully, for example novel concepts for the design of self-sustaining "Energy Islands" taking generation from renewables to store as electricity or hydrogen, and then distributed to relevant markets. In addition, future ship transport solutions for liquefied hydrogen, both large and smaller scale, are under development. Finally, we won an Open Innovation Challenge launched by RTE (the

French power network operator) for the "HyBSea" system (in cooperation with Persee and McPhy), a module concept for offshore platforms, producing hydrogen from electric power.

The circular economy: extracting value from waste products

Innovative solutions to sustainably treat waste or residual/opportunity feedstock from the Oil&Gas or other industries, with their consequent optimised application for energy and/or valuable products, is an important opportunity. Special experience has already been matured in the past in the field of power generation, but the conversion to refinery or petrochemical products is also of great interest and several approaches are currently under careful scrutiny.

In this context, and with particular reference to CO₂ management technologies, we have a license agreement with ITEA (part of the Sofinter Group) to produce, through its proprietary Isotherm Pwr® "Flameless" Oxy-Combustion Technology, steam, electricity and pure CO₂ by flexible use of low ranking fuels such as waste, heavy oils, pet coke and several other feedstocks. The agreement gives us access to the technology for Oil&Gas applications, allowing us to offer original and circular solutions. Since 2017, we have been investigating applications of ITEA technology for urea plant value chain: CO₂ can be efficiently produced by using several waste streams, with an additional overall energy production. This innovative concept allows synergies within an industrial complex and decreases its carbon footprint. With similar principles, ITEA technology may be used also to produce CO₂ for methanol plants or other products, help to decarbonise the industry.



Penguin, Wello's Wave Energy Converter

The issue of plastic recycling is of great interest to Saipem. New research and technologies are needed to solve the problem, but we don't want to stand idle as our lands and oceans are left to battle plastic pollution.

Widespread adoption of the oxy-combustion process would enable us to extract precious energy resources from waste plastics and stop them from littering our environment. This is an excellent example of our ability to adapt technologies in the Oil&Gas industry for new market needs and support clients with increasingly sustainable solutions.

┐ Mauro Piasere, Digital & Innovation Director and COO XSIGHT Division

The ITEA oxy-combustion technology is also being investigated with the aim of designing novel processes for the disposal of **"difficult-to-recycle" plastics**, such as plastic scraps, and the integration of this step in a broader process with CO₂ capture and reutilisation.

In Europe most of these plastic scraps are thrown away and lost; gate fees are very high for non-recyclable mixed plastics sent to energy recovery plants in some European areas (e.g. Italy, where this kind of waste amounts to about 550,000 tonnes/year). Fires in sorting centres with large waste storage were recently also experienced.

Among the several opportunities to better tackle this emergency we have examined the possibility of applying ITEA technology to produce water, energy and pure CO₂ that can be sold on the market, without directly emitting it into the atmosphere.

The process will increase the amount of re-used material noticeably; furthermore, it is very flexible, relatively simple and can also be exploited in smaller-sized plants. A further advantage could be represented by the possibility of co-processing, together with plastic scraps, sewage sludges from waste-water treatment, materials that nowadays are difficult to discharge.

Other approaches to plastic recycling are currently under careful scouting in order to directly recycle the product of plastic waste treatment to an olefins-producing unit.

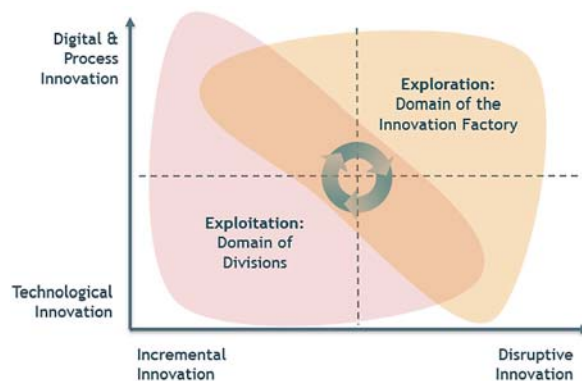
Innovative efforts have also been initiated in the field of **waste water treatment**, including novel solutions for ammonia-urea complexes (and also for refineries) by cooperating with Purammon Ltd for the highly effective removal of nitrogen and organic contaminants through a novel electrochemical technology, that makes it possible to comply with the most stringent environmental regulations. This approach will be extended to the overall water cycle management (including recycle of wastewater).

Decommissioning activities also contribute to the circularity of our business. Since 1995, we have completed more than 30 major decommissioning projects including, for example, the decommissioning campaign of the Miller platform in the North Sea (2017-2018) and the dismantling of the Costa Concordia (2014-2017), the most important green ship recycling project in Europe.

Innovation Factory

Saipem's Innovation Factory, set up in 2016, aspires to explore the "unchartered territories" of disruptive ideas, technologies and business models. Rather than exploit existing technologies with incremental benefits (something our divisions do continually), we focus on discovering "gems" that we can bring back to underpin our competitive advantage in the mid-to long-term, with a specific goal of enabling a just energy transition.

Saipem's Innovation Factory operative model and mission



The Innovation Factory has quickly become an internal hub for new ideas, fast prototyping and ingenious solutions. This has been achieved by involving nearly 200 Saipem employees in the innovation process, promoting digital transformation, favouring entrepreneurship and cultural change. In the first three years we developed over 20 Proof of Concepts (PoC), demonstrating our ability to turn ideas into solutions ready for real-world application. As we reflected on these early achievements, in 2019 we updated our strategy and identity with a view to building a more structured capability for open innovation and, particularly, for collaboration with start-ups and our supply chain.

What does this journey look like?

First and foremost, we continued producing PoCs. It has proven worthwhile to define between 5 and 10 themes of the highest importance for Saipem every year, be they critical business issues or new opportunities. By applying a proven distinctive process for PoC development, this year we have addressed topics like blockchain in EPC projects, green energy islands, solutions to reduce GHG emissions, connected workers and construction sites

of the future, new immersive visualisation techniques, AI for warehouse management. Proudly, in this latest innovation round we involved several of our international companies – Saipem SA in France and Saipem UK, Sofresid Engineering in France and Moss Maritime in Norway, thus leveraging on our talent and innovation ecosystem outside headquarters in Italy.

As we have moved to a more open model, we were aware of the importance of having clear objectives and business challenges, the right partners and distinctive methodologies to effectively scout thousands and thousands of start-ups. This is where our first efforts were focused. During 2019, together with the French venture capital firm Aster, we developed a methodology to identify top start-ups based on specific verticals of our interest – both “deep tech” (e.g. large-scale energy storage and water management) and digital (e.g. blockchain). Supported by Mind the Bridge, an innovation advisory firm based in Italy and Silicon Valley, we attended international open innovation summits in the UK and US; and, finally, with the Polytechnic University of Milan we started looking more specifically at the Italian innovation ecosystem. We identified about 30 start-ups of potential interest, some of which were engaged on current PoCs. Continuing this positive momentum, in the near future we expect to introduce more and more start-ups to our businesses.

Finally, in 2019, we embarked on a journey of co-innovation with our supply chain and particularly with key clients. We strongly trust in the power of joining forces and have created our first open tables for discussion. Apart from specific results, there is also an important side effect of these co-innovation

initiatives, as we are continuously promoting and reinforcing Saipem’s innovative DNA.

ABOUT

200

EMPLOYEES INVOLVED

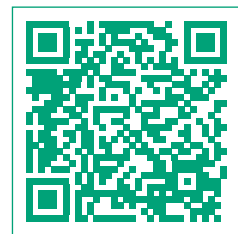
MORE THAN


20

POC DEVELOPED



**THE INNOVATION
FACTORY
IN 90 SECONDS:
WATCH THE VIDEO!**





HOW DRONES WILL CHANGE OILFIELD OPERATION AND MAINTENANCE... FAR BELOW THE SURFACE OF THE SEA

When anyone mentions drones, we immediately think of flying robots whirring in the air and capturing our imagination with applications ranging from aerial surveillance to home delivery and from disaster relief to film making.

But there are other kinds of drones that operate underwater and can carry out important tasks at offshore oil and gas fields. We call them hydrones. Just like aerial vehicles, these underwater "robots" have the advantage of being unmanned and remotely operated from shore. At our Sonsub centre, we are actively developing hydrone solutions based on in-house engineering competences that enhance economic and environmental sustainability.

What are the benefits? By adopting a solution of "resident" hydrones (meaning they stay and operate undersea) we can help clients to better manage their assets within an

overall life-of-field strategy: there are advantages in terms of cost and more effective maintenance but also in terms of reduced environmental impact since there is no need to send support vessels or fly personnel by helicopter to remote locations.

WHEN WILL SAIPEM'S HYDRONES START WORKING IN THE FIELD?

Since the approval of the investment in December 2017 an 80-strong team in Marghera, Italy, and 20 people in Salvador de Bahia, Brazil, have been working to deliver the Hydrone-R by the end of 2019 and the FlatFish by the end of 2020 following a pilot test at a

MEET OUR HYDRONES \ 1

Hydrone-R: a hybrid all-electric ROV (Remotely Operated Vehicle) that can operate subsea for more than a year up to a water depth of 3,000 m below the sea and execute light intervention tasks and autonomous inspections. Its battery system provides 12 hours of autonomy and an inspection span of 10 km. It is designed to be remotely operated from shore as an ROV and it can execute autonomous inspection missions.



**WATCH THE
HYDRONE-R |
REINVENTING
SUBSEA
INSPECTIONS
& INTERVENTIONS
VIDEO.**



MEET OUR HYDRONES \\ 2

FlatFish: an autonomous drone that can also operate subsea for more than a year up to 3,000 m below the sea and is specialised to execute complex inspection tasks including the autonomous tracking and inspection of risers, umbilicals, mooring lines, etc. It has an inspection span of 50 km. FlatFish will also have built-in artificial intelligence to harvest data from subsea sensors, opening a fascinating prospect for the digitalisation of subsea field management.

Hydrone W: an all-electric Work Class ROV that is designed to operate in traditional ROV mode or to remain as a subsea resident tethered to a subsea base. The Hydrone-W may also support our subsea construction activities carrying out tasks relating to subsea pre-commissioning and commissioning.

deepwater field operated by Shell in Brazil.

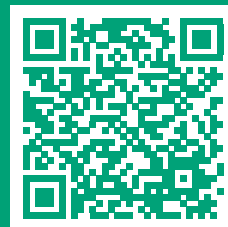
They are being readied for market at a test site we developed in front of our marine base in the port of Trieste. In 2020, Hydrone-R will start service in the Equinor Njord field and will be joined by Hydrone-W in a couple of years' time. This agreement marks the first ever worldwide service contract for subsea drones signed in the offshore Oil&Gas industry, thus making Hydrone-based technology an unrivalled pioneer in this area.

WHAT'S NEXT? MORE AI

Even as we commercialise and deploy our existing solutions to support our life-of-field offering, we're busy working on new frontiers to consolidate our leadership position. This will involve boosting the level of artificial intelligence (AI) on the drones to get them to automatically recognise features and anomalies and then re-programme their mission based on that input. Imagine our drone is flying over a pipeline and can recognise that it is suddenly over a free span. It could then change its mission to perform a fuller inspection, maybe with 3D reconstruction, and then resume its original mission.



**THE HYDRONE
WORLD IN 90
SECONDS: WATCH
THE VIDEO!**



These new features will allow us to move towards a real digitalisation of subsea field operations and enable preventative action by our drones.



Read the interview with Roberto Di Silvestro, Head of Saipem-Sonsub, and Giovanni Massari, Project Manager at Saipem-Sonsub, in Rov Planet magazine.

02 ENABLING CARBON FOOTPRINT REDUCTIONS



THE CHALLENGE

The world is moving, or trying to move, in the direction of decarbonisation. There is a compelling and irrefutable need to remedy or prevent the disasters that are being caused by rising global temperatures intensified by anthropogenic GHG emissions.

PERFORMANCE, PROGRESS AND TARGETS

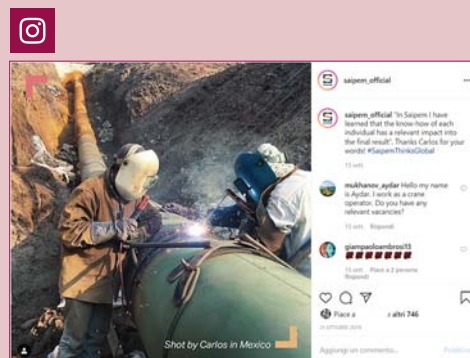
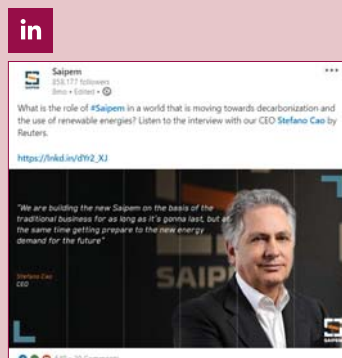
Topics	2019 results	2019 results vs. 2019 targets	2020 objectives
Climate change and air quality	<ul style="list-style-type: none"> • About 8 kt of CO₂ saved thanks to the implementation of energy efficiency initiatives. • More than 10 kt of CO₂ saved thanks to the implementation of energy saving initiatives. • Extension of the GHG Strategic Plan to 2023 for a total of 160 kt CO₂ eq cumulated reduction for the 2019-2023 period. The objective set for 2022 will be used as a first milestone. 	<ul style="list-style-type: none"> • Fine-tune the Strategic Plan considering the first results obtained. ■ 	<ul style="list-style-type: none"> • Implementation and execution of specific GHG management initiatives (24, with a specific target for each Division). • Revision of the GHG Strategic Plan by the end of 2020.
Energy efficiency	<ul style="list-style-type: none"> • 22 energy assessments and feasibility studies performed. • 5 Good Practices Booklets prepared. • Installation of devices with a dedicated dashboard for a detailed and instantaneous energy measuring systems for two Italian offices. • Continue to implement the Reverse Mentoring programme. 	<ul style="list-style-type: none"> • Continue to perform energy and GHG reduction assessments. ■ • Implement the best Energy Practices Booklet for onshore rigs and offshore drilling vessels. ■ • Installation of energy measuring system for two Italian offices. ■ 	<ul style="list-style-type: none"> • Execution of specific energy assessment/feasibility studies (18, with a specific target for each Division). • Increase in the number of specific initiatives to reduce energy consumptions and/or increase energy efficiency. • When applicable, identify potential production/use of renewable energy in projects and sites.
Talent and development		<ul style="list-style-type: none"> • Launch of a new skill mapping programme. ■ 	<ul style="list-style-type: none"> • Continue to attract talent, with a specific focus on women and young applicants.
Innovation and digitalisation		<ul style="list-style-type: none"> • Pursue disruptive innovation solutions. ■ • Maintain the high investment in technology innovation. ■ 	<ul style="list-style-type: none"> • Development of a methodology to map innovative sustainable value creation in projects execution.

■ reached

At the heart of this issue is the question of how to approach the market with the most carbon-neutral solutions possible, without neglecting operational concerns for the business. There is, to be sure, no simple solution for a company that operates within a sophisticated service industry that produces energy and builds infrastructure. It is clear that choosing to follow the path towards decarbonisation also strongly depends on a series of exogenous variables: client investments, national economic and fiscal policies, financial institution strategies, legal systems, regulations and incentives for any given energy source, and technological developments. The Oil&Gas service industry is trying to find a viable

answer to the complexities emerging from the global and market context to be able to balance constantly rising demand with being as environmentally responsible as possible. It is difficult to say with certainty what entities will be the drivers of change in this context, whether they be business, international authorities, or free-market forces. But it is also time we moved past these concerns, and instead of trying to pass the buck we should start asking ourselves what we can do in practice to respond to this situation. With this chapter, we at Saipem will begin to provide an answer as to how we understand our place in this challenging context, a challenge for the future as much as it is for the present.

SOCIAL CORNER



CHALLENGES IN PERSPECTIVE: SAIPEM ACTIVE IN DIALOGUES WITH EXPERTS



Through a series of events we called “Open Talks”, Saipem engaged in dialogues with experts on topics and challenges we must face in today’s global context, with sustainable action at the forefront. These talks and the insights that emerged help frame how we respond to our sustainability and business challenges. The following is a summary of some of the points to emerge in our conversations.

Is digital transformation exactly like the innovation we have seen so far?

There are aspects of digital transformation that resemble innovation that we have seen in the past. One of the most direct linkages comes in the form of stakeholder engagement, the need

to successfully understand their expectations and include them in the development of our company, is a constant when it comes to moving forward. Other aspects of digital transformation require entirely new and unparalleled competences and skills, which can also create the need to rely on external expertise. We have tackled digital transformation at Saipem by training people within our organisation to be able to face a new way of doing business and a new way of working. We have set up a digital platform that enables greater collaboration between clients, subcontractors, and internal employees.



Discover more on digitalisation on page 40.

EXPERT INSIGHT

In digital transformation, collaboration plays a key role on three different levels: having an agile approach and methodology; open innovation; and the digital ecosystem.

*Marco Morchio, managing director
Accenture Strategy Italy, Central Europe and Greece*

HOW OPEN TALK PARTICIPANTS RESPONDED IN OUR INSTANT SURVEY

What creates more efficient collaboration? Fewer but deeper relationships, or being open to many relationships?

32%
Fewer but deeper

68%
Open to many

BUILDING A DECARBONISED WORLD

Decarbonisation is certainly a complex challenge, which requires cooperation and a shared purpose of numerous players at the global level to achieve significant results. This is particularly true for the energy sector, where numerous different actors along the entire value chain will have to play a part in achieving the kind of ambitious reductions that the Paris climate agreement calls for.

In this framework we are implementing an initiative that aims to map CO₂ emissions for relevant categories (i.e. refinery, LNG plant, windfarm), both for upstream (plant construction), midstream (operational phase) and downstream (use of plant products).

For the upstream phase, on the one hand, our commitment to reduce our own GHG emissions is reinforced by the actions included in the Group Strategic Plan for GHG reduction. On the other hand, we are developing a tool to estimate and reduce GHG emissions associated with the procurement process. For the midstream phase, an ongoing project will provide our clients with engineering solutions that minimise CO₂ emissions during the operational phase. For the downstream phase, the most impactful one, we are working on offering renewable solutions (i.e. wind) or transitional fuel solutions (i.e. gas) to our clients.

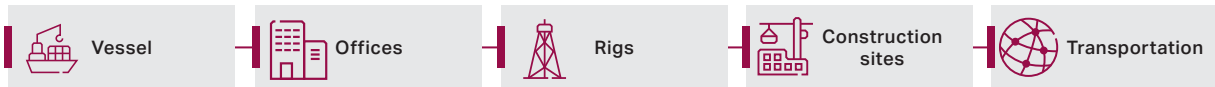
As a global service provider, we play an important role in enabling the transition from an economy based on fossil fuels to a “decarbonised” economy.

There are numerous steps to be taken on this path, in which strategic planning tools, concrete results, and projects to reduce emissions link to one another and complement each other.

At Saipem we have equipped ourselves to better face this challenge not only from a client perspective, to offer increasingly sustainable services, but also to be a company that strongly aims to reduce its carbon footprint.

In 2018, we introduced the first **4-year Group Strategic Plan for GHG reduction**, following a preliminary phase where we analysed the overall energy framework of the company through data collection and energy assessments that were carried out for several assets and projects. In 2019, the Plan was updated to report the results achieved during 2019 and extend the reference period to 2023. The implementation of this Plan is part of the company’s sustainability objectives, which account for 15% of the Short-Term Variable Incentive Plan for executives and that is being cascaded to the entire management system.

The main elements that contribute to GHG emissions at Saipem are grouped into 5 categories:



Strategic Plan for GHG reduction’s process and approach



We estimated that all GHG reduction initiatives included in the 2018 4-year Plan will bring about an overall saving of **120,000 tonne CO₂ eq in the period 2019-2022**. As of 2019, **a total of 18.8 kt of CO₂ eq emissions reduction was achieved, higher than the expected target for the year**.

As stated above, the new 2019 Plan has extended the objective up to 2023 for a total of 160,000 tonnes CO₂ eq cumulated reduction, for the period 2019-2023.

A structured plan aimed at reducing our carbon footprint has to take into consideration individual needs and realities of the single projects we work on. Nevertheless, we will continue to improve when it comes to our overall energy efficiency and emissions, always to the best of our ability and within our given constraints.

THREE PILLARS FOR DECARBONISATION

The capability to manage the overall CO₂ value chain becomes mandatory with the final aim of meeting the continuously growing energy demand through fossil fuels while decidedly reducing their related emissions.

➤ **Energy efficiency** is a must in every operation; just to name a few but not exhaustive examples, we are continuously improving efficiency in ammonia-urea complexes by implementing technology integration; optimised schemes with higher urea production (at fixed emissions) and reduced energy consumption have been defined and other significant initiatives have been developed for the LNG regasification step.

➤ The ability to properly **manage the CO₂ value chain** will be of critical relevance. We can master the whole Carbon Capture & Storage (CCS) chain thanks to our solid background in capture process technology, pipeline fluid transportation over long distances, and onshore and offshore drilling for CO₂ injection. The target is to be ready for future deployment of CCS when the necessary regulatory measures are implemented worldwide. As an example, Saipem has recently completed a feasibility study of the Northern Lights Norwegian CCS project for the subsea CO₂ transportation phase.

We have a noteworthy maturity in CO₂ capture technology especially due to our world-scale experience in the urea production process and gasification of tar residues; in addition, we are continuously scouting emerging technologies and quickly building a distinctive technology portfolio. Furthermore, CO₂ re-utilisation options are being intensely pursued as a first step towards industrial exploitation of these kinds of technologies. We are also a member of several associations and networks active in the field of energy transition, such as the Global Carbon Capture & Storage Institute (GCCSI), CO₂Value Europe, IHS and Hydrogen Europe.

➤ A few specific activities have been carried out to **reduce gas emissions** in relation to real cases; innovative solutions are being developed.

ENERGY ASSESSMENT, STUDIES AND TOOLS

The first step in building concrete actions for carbon footprint reduction – both at an internal and at the client level – is understanding where we can act to improve our efficiency and change our approach to projects. At Saipem, understanding also means **creating tools** and **methodologies** that help us measure our GHG emissions and, consequently, put into practice actions for maximising their reduction.

22

ENERGY ASSESSMENTS
AND FEASIBILITY STUDIES

Air Emissions Estimation Methodology

In 2019, we successfully updated our Group Air Emissions Estimation Methodology, obtaining a third-party verification. The methodology allows the quantification of pollutants and GHG emissions derived from both direct and indirect sources, as extraction and transportation of used fuels, transmission and distribution losses

of purchased electricity, water supply and waste water management, input materials and waste management, transport of materials; use of employee cars, overnight and air travel business trips. The methodology was certified by third-party experts in accordance with the relevant international standards on emissions quantification, monitoring and reporting.

In this framework, specific tools are emerging at the divisional level in order to better estimate Saipem's carbon footprint along its supply chain. Some examples include the "GHG Estimation tool for the value chain" (Offshore E&C Division), "Life Cycle Assessment" (XSIGHT Division) and "The GHG supplier model" (Onshore E&C Division).

GHG Estimation tool for the value chain

In the context of Saipem's efforts to reduce our environmental impact and improve the efficiency of our processes, we have developed a new **easy-to-use tool** internally with the aim of **quantifying CO₂ emissions of the entire value chain of upcoming EPCI** projects – from the exploitation of raw material resources up to plant completion – using Life Cycle Assessment (LCA) methodology.

The results provided by this tool will support decision making on a strategic level, identifying project phases and assets in the chain of emissions that have the highest carbon footprint and the largest margins

for improvement. This tool assumes a strategic role from several points of view: from a client perspective, it allows us to quantify the overall GHG emissions of a project and include the amount proposed to clients in the bidding package. In our supply chain, the tool represents a precious lever for addressing sustainability by helping our suppliers identify the goods and services that show lower impacts.

This aspect is becoming increasingly important especially for projects regarding renewable applications (such as offshore windfarms), given that clients are showing a growing interest in the lifetime CO₂ impact of an energy plant in order to certify its environmental sustainability.

The tool has been finalised and the testing phase will start in early 2020.

Life Cycle Assessment

Another tool based on the Life Cycle Assessment methodology, is the **carbon footprint analysis**, aimed at assessing the environmental performance of licensed products.

The LCA addresses the technology-development-programme's efforts in the environmental sustainability of our engineering solutions, through the energy efficiency of the licensed products and the reduction of the designed plants' footprint.

The LCA study of an operating plant is developed in accordance with international principles, established by ISO 14040 and ISO 14044, and the applicable Product Category Rules (PCR), allowing clients to obtain the Environmental Product Declaration (EPD), an independently verified and registered document that communicates transparent and comparable information about the life-cycle environmental impact of products.

4

LCA PERFORMED

The GHG supplier model

Clients consider the ability of an EPC contractor to share or optimise Scope 3 emissions to be a competitive advantage, and we want to demonstrate that we are up to the task.

A step forward in the evaluation of **Scope 3 GHG emissions** was taken, defining a tool capable of estimating GHG emissions across the supply chain, from raw material extraction up to item site delivery. The GHG supplier model can be used at the project design level, to estimate Scope 3 Upstream emissions from the supply chain, or at a procurement category level, to compare suppliers on their emissions.

A test run period will be used to verify the model's functionality and to get more familiar with the tool. After the completion of the test run, the model will be reassessed in order to finally verify how suitable it is for the final deployment in our current vendor management processes and vendor selection criteria.

Good practices booklet

We are convinced that sharing good energy efficiency practices can be a powerful channel to obtain significant results, especially in energy efficiency and GHG emissions reduction targets.

This is why we decided to prepare Good Practices Booklets that summarise the proposed technical and managerial measures for energy efficiency of the energy assessment studies carried out on our operations in several countries.

This instrument is particularly important in peculiar contexts, such as drilling operations and accommodation camps: in this case, the purpose of the booklet is to provide the operations management with an overview of the energy efficiency measures that could be applied to their managed rigs and camps with a preliminary estimation of the achievable benefits.

5

BOOKLETS PREPARED

AT THE FOREFRONT IN REDUCING OUR CARBON FOOTPRINT EMISSIONS

A novel way of doing business focuses on a vision of sustainability for the long-term health of our environment, providing clients with cutting-edge, efficient and certified technological solutions, across all phases of the EPC value chain, in particular:

- > for Design (Engineering), we continue to adopt the most modern techniques, work methods and smart working to minimise CO₂ emissions
- > as regards Procurement, we have defined a restricted "green" vendor list, providing an efficiency driven framework for the selection of subcontractors and transportation companies and for the procurement of consumables and equipment
- > and finally, for Construction, we are actively involved in reviewing criteria and specifications to include energy (and water) savings and efficiency and GHG reduction requirements.

By specifically referring to the reduction of our own CO₂ emissions, two main actions are being addressed: (a) maximising energy efficiency of our own assets and (b) digital transformation.

TOTAL GHG EMISSIONS

Year	GHG emissions/ revenues*	Scope 1 emissions (kt CO _{2eq})	Scope 2 emissions (kt CO _{2eq})	Scope 3 emissions** (kt CO _{2eq})
2017	144.4	1,299.7	37.5	-
2018	162.4	1,348.8	35.7	58.1
2019	158.0	1,405.8	31.6	989,221.2

(*) Tonnes of carbon dioxide (Scope 1 + Scope 2) equivalent produced per €1 million in revenue.

(**) In 2019 the scope of the Air Emission Estimation Methodology was extended, in particular for Scope 3 emissions, including extraction and transportation of used fuels, transmission and distribution losses, of purchased electricity, water supply and waste water management, input materials and waste management, transport of materials; use of employee cars, overnight and air travel business trips.

This chapter includes concrete examples of how we have been addressing this challenge from these two points of view.

MAXIMISING ENERGY EFFICIENCY OF OUR OWN ASSETS

Rig electrification in Kazakhstan

In Kazakhstan we carried out an energy efficiency analysis case study with the aim of evaluating the benefits achieved through rig electrification works completed on the two rigs which were connected to the local electrical network managed by the client. The case study highlighted that it is possible to achieve energy efficiency and GHG reduction if the rigs are located near the electrical grid and if there is a low impact source of electrical energy (gas turbines). In 2019, we saved 556 tonnes of CO₂ (-13%) with rigs under the new power system.

Diesel generator renewal in Saudi Arabia

In Saudi Arabia, in 2019, we started the process of renewing diesel generators at the Dammam base and on Rig 5829, intended to improve energy efficiency and ultimately reduce GHG emissions.

The asset renewal will reduce diesel fuel consumption and consequently emissions. It was estimated that this asset improvement will bring about 5% in a GHG emissions reduction. The new generators, already in use on the rig, will be fully operative in the Dammam base in the first months of 2020.

Increasing environmental attention in Kuwait

In the framework of the Al Zour Package 4 project, we demonstrated our ability to plan and implement GHG and energy saving initiatives together with our subcontractors throughout the years. The importance of this approach is also strengthened by the recent memorandum of cooperation signed by the Kuwaiti Environment Public Authority (EPA) and the United Nations Environment Program (UNEP) to address environmental issues including climate change,

desertification, sandstorms, etc.

Two initiatives, examples of a joint commitment with subcontractors, are worth mentioning: the Personnel Transportation campaign and Solar Powered LED Towers.

Personnel transportation campaign

People staffed in the project have two ways of getting from their accommodation to the project site: by car or by bus. In order to reduce the number of cars and make the personnel transportation system more efficient and sustainable, in the context of European Mobility week which took place in September, the Al Zour project customised a Saipem-directed campaign and focused on increasing awareness and maximising the use of buses and carpools. Pick up points for personnel coming from Kuwait cities were implemented while it was mandatory for carpools to have 5 people on board.

241

PEOPLE INVOLVED

8

BUSES

40

POOL CARS

Solar Powered LED Towers

In Kuwait the exposure of workers to severe heat is forbidden during the summer season, so the project applies the night shift. The light towers usually installed are powered by a diesel engine that runs all night; hence, the frequent increase in diesel consumption during this season.

Two subcontractors decided to rent and use 50 solar powered LED lighting towers to ensure adequate lightning at the night shift. The solar panels absorb the sun's energy during the day and produce electricity to be used at night, ensuring a significant reduction in energy consumption.

Saipem eco Operations

Saipem's eco-Operations (SeO) campaign was launched in 2018 to monitor and bring to light all the best practices to reduce fuel consumption and GHG emissions on every vessel.

Energy efficiency in offshore operation is achieved first and foremost by avoiding unnecessary energy waste. After accurately assessing areas of improvement through energy assessments carried out by third party experts, we identified the main energy flows from the sources to the end-users and, consequently, the management and technological improvements needed to reduce consumption and increase the overall efficiency of the vessel while maintaining the highest standards of operational safety.

Management improvements are the basis for the SeO programme. Through the energy assessment study, each vessel involved now has a list of managerial actions that can be taken when it comes to the hourly saving of fuel consumption and GHG emissions. This allows us to track the number of hours saved for each Saipem eco Operation in order to quantify the reduction of GHG emissions as a direct outcome. Since March 2019, Saipem eco Operations have been launched and implemented **on three of the main vessels of the fleet: FDS 2, Saipem 7000 and Constellation**. The systematic tracking of best practices within SeO documented an avoided consumption of about **2,200 tonnes of fuel, equivalent to an avoided emission of 7,300 tonnes of CO₂ and other pollutants in the atmosphere**.

Route Optimisation

Navigation is perhaps the most energy-intensive operation mode of offshore vessels. Committed to preserving the environment and reducing fuel consumption, we prepared and implemented ship energy efficiency management plans, aimed at reducing fuel consumption of offshore vessels during major transits.

The Route Optimisation is an additional service that we activated to reduce a vessel's footprint during navigation based on marine weather forecasts, by allowing ships to take advantage of favourable winds and currents in order to reduce fuel consumption.

To clearly identify when to activate this service, we issued a Route Optimisation policy that is used by all masters to consistently advise which transits can be most beneficial, based on the distance to be covered and on average marine weather.

Over 2019, the Route Optimisation service was activated **on 13 routes for different main vessels**. The service has delivered a saving of around **540 tonnes of fuel, that corresponds to 1,690 tonnes of CO₂**.

In 2019, various initiatives, including the ones stated above, achieved great results in terms of CO₂ savings. Other examples include initiatives on lighting efficiency, transportation, power management, smart working, vessel efficiency, etc. The initiatives performed are divided into:

- > energy savings: reducing energy consumption by eliminating unnecessary energy waste with managerial improvement
- > energy efficiency: reducing energy consumption with the installation of more efficient equipment
- > renewable energy: producing the same energy with a lower emitting source.

18,846

TONNES OF CO₂ SAVED

DIGITAL TRANSFORMATION

Digitalisation is the implementation and integration of digital technologies, connectivity and intelligence in a wide range of devices and work processes enabling collection and analysis of data in near-real time to improve performance. Digital transformation represents one of the strategic levers that can translate our efforts in terms of energy efficiency into concrete outputs since **it acts as a sort of energy efficiency for work processes**. Fast-track digital technologies can transform what we do now and the way our industry will work in the future, by enhancing productivity, lowering costs and expanding our proposals to clients.

Efficiency can be increased by extending the automation and digitalisation of production processes on board construction vessels or elsewhere. For this reason, we are involved in an extensive innovation programme that is bringing the first results tested on real projects, for example: automation of proprietary Smart Field Joint Coating systems that can be

FROM SAIPEM OPEN TALKS...



Are control and automation enough to bring our industry to the next level in sustainability and efficiency?

A *digital twin* is a method for a digital simulation that allows companies to simulate complex situations, and single out the effect of specific variables. For us, this means being able to digitally simulate our assets, and the main components of our business, to optimise solutions for the future based on a carefully selected set of variables.

We at Saipem have our own form of a *digital twin*, Scarabeo 8. We use it, for example, to simulate how employees interact with the machines, used to train employees or to predict the maintenance that will need to be performed on it, which optimises replacement times and simultaneously allows us to increase our efficiency and decrease our carbon footprint.

The possibilities for implementing this technology are vast and we are currently focusing on the reduction of our carbon footprint by simulating possible future scenarios and technological processes. This is a boon for us, as much as it is for our clients. Where we might take our simulations next is still to be decided, perhaps creating scenarios for a circular economy could be the next step.

EXPERT INSIGHT

The full potential of digital twins will be unleashed when society is fully ready to use data and experience in a more integrated way than we do today.

▮ Davide Vassallo, Global Managing Director, DuPont Sustainable Solutions

HOW OPEN TALK PARTICIPANTS RESPONDED IN OUR INSTANT SURVEY

Can data replace experience?

21%
Yes

79%
No

remotely controlled (and operated), and their digital replicas ("Digital Twins"); the "SWS Training Simulator" for welders; the setting up of a control room in the Ploiesti Training Centre (Romania); systems for remote monitoring Castorone pipe-laying vessel operations, together with the

"Pipeline Productivity Tool" for real time analytics of its performance; a system for automatic sorting and alignment of pipes in a firing line; a software suite to automate subsea pipeline design; project data integration on geo-localised grids, and more.

At Saipem, we set three clear transformation principles in order to strike a balance between competition's potential to give rapid, focused results and the way collaboration can bring more distributed advantages:

Less is more – prioritise a few transformation initiatives

Go full-scale – focus on solutions that can change how we work

It's not a hobby – set up a dedicated team with goals, budget and timeframe

▮ Mauro Piasere, Digital & Innovation Director and COO XSIGHT Division

KEEPING PACE WITH OUR CHALLENGES THANKS TO OUR TALENTS

At Saipem we're conscious of the need to nurture talent for the teams that will work on the innovation challenges of the future, to always have the competitive advantage and interact with changing scenarios.

A new management and development model for human capital and attraction policies

Fuelled by the wider transition process of energy sources, the energy sector has been undergoing a profound and generalised transformation over the last few years which is redesigning the entire value chain. In order to face this evolving context, as well as the demands of the

market, we have launched an important process in this scenario to rethink the management model of our human capital heavily aimed at developing and enhancing skills.

We have therefore adopted a modular approach based on monitoring and enhancing skills, useful for guiding the professional figures better and their skills where it is most urgent and necessary for business purposes. More specifically the model is based on a more integrated approach that, starting from the skills model, integrates the core HR processes in terms of planning, selection, management, development, and training.

The starting point of the new Human Capital Management system was to redefine and update the skills available within the company. By creating a "library" of these skills, we can support the constant and critical need to ensure the presence of the most essential skills in the company that enable us to pursue strategic business objectives in relation to the evolution of benchmark scenarios.

Following a skills redefinition process, a redesign of the professional roles was then launched, aimed at ensuring the more precise enhancement of the skills associated with each role, family and professional area to provide a more precise representation of the company's market position in terms of its "stock of available skills". The new professional roles will, therefore, be determined by the guidelines to the industrial plan and the skills demanded by the market. Associating each professional role with a specific set of skills consequently allows a resource planning process to be set up based not only on quantitative criteria but also on qualitative aspects to ensure that competencies are planned, or the skills needed in the various business or projects are precisely calibrated.

The new resource planning model will make it possible to identify the skills needed to excel in the market and to guide, from this perspective, the recruitment, selection, training and development processes of its human capital. As part of this broad process of redesigning our management model, we have further strengthened our positioning within the labour market in order to have a "pipeline" of profiles and skills consistent with our needs.

To date, we have proven ourselves to be an important employer in the benchmark sector also by virtue of its technological positioning which has increasingly looked towards the future of clean energy. Current recruitment strategies aim to ensure the inclusion of new professional skills in order to manage environmental and sustainability issues and attract and develop the skills decisive for the dissemination of digital applications.

To cope with this strategy, we are committed to supporting the development and growth of new skills from the beginning of the training path by developing specific courses at technical institutes, identified since 2011 for the implementation of the "Sinergia programme", and also by targeting training at universities, in particular by developing project work and prototyping that have applications on small-scale activities that can then be widely disseminated within the company.

Strategies that target young people and enhance attraction and reward and promote the growth of the best students find their maximum expression in the new policy recently launched expressly for millennials with the aim of creating a homogeneous path for all divisions using the methods of interaction preferred by the new generations. Starting with a section that guarantees a quick and exciting engagement for the student, who can carry out a large part of the selection process through their devices, we are also able to effectively analyse more in-depth the behavioural characteristics of the candidates through a web in-basket assessment based on the Saipem Leadership Model, in addition to the real motivations and language skills.

For the senior target, on the other hand, the new strategy is increasingly moving towards social recruitment thanks to the features made available by a special agreement with LinkedIn and the improvement of the "candidate's experience" through a complete review of the process and the tools that support it.

Our commitment to developing skills is constant also in promoting continuous growth and updating professional credentials. In line with the aim of preserving the highly distinctive know-how of senior resources and of promoting cross-generational learning of a digital mindset, the company has promoted the Reverse Mentoring methodology which is now entering its second edition. This initiative was accompanied by the development of the "IT Digital Corner" initially set up within the "Flexibility" Project, and subsequently extended to other sectors to expand the knowledge of new digital technologies.

Reverse mentoring

Reverse mentoring is a programme based on the collaboration between junior and senior resources: we have activated a cross-generational collaboration and knowledge-sharing by enforcing and supporting collaboration between colleagues. This initiative created a switch in the knowledge-transfer paradigm while supporting the preservation of the distinctive know-how of the business without disregarding the importance of innovation, achieving increased results of employees' engagement and improved knowledge transfer path.

OPERATING IN EXTREME ENVIRONMENTS: CHALLENGE ACCEPTED!

Saipem has now acquired more than 60 years of precious experience working in challenging and sensitive environments. We have even broadened our business portfolio by enhancing our capabilities in renewable energy and green technology to better support our clients' energy transition and decarbonisation process. Respect for nature, its peculiarities, sensitivities and immense power, is something we have learned and appreciated over the many years of offshore and onshore activities, especially while operating in harsh environments, remote locations and extreme weather conditions, and by always maintaining enviable environmental and safety records.

We have proven that we always have the best competencies and a fit for purpose fleet of vessels and drilling rigs capable of performing in every remote area of the planet. As an example, we have designed state of the art Drone Remote Operated Vehicles (DROV), that allow us to remotely perform delicate operations underwater. Furthermore, I think that, along with well-known and consolidated technical capabilities, we have the ability in our DNA to quickly adapt to different circumstances and cultures, and the flexibility and creativity that guide us in always finding the most efficient solutions. With a rich history of pioneering projects in extremely fragile ecosystems, Saipem is ready and able to face the challenges of the future.

Finally, we have a project with EDF Renewables that represents our very last frontier for the construction of the Neart na Gaoithe (NnG) windfarm offshore from Scotland. This is the first turn-key project awarded to Saipem in the renewables and, specifically, in the offshore wind farm sector. We will carry out the installation of the windfarm with our Saipem 7000, which has a solid and successful track record globally and in the North Sea.



For further information on Saipem 7000 and its extraordinary projects read "The shipmaster: story of a company that cut through the sea of change" on page 12.

Looking back to our recent past, we have a rich history of pioneering projects in extremely fragile ecosystems, as the **Baltic Sea**, where we laid the North stream pipeline. This sea has a limited exchange of water with the North Sea and very low oxygen levels in deeper waters. Fish and marine plants are always under stress and under threat which meant that the risk of environmental damage was very high during project execution. No dumping of any kind of waste at sea was permitted. All pipelaying operations were carried out after dedicated rigorous assessments and studies, modification of our assets, a very detailed monitoring programme together with extensive training programmes provided for all the personnel involved.

The Caspian Sea also brought a significant amount of challenges. The biodiversity found in the Caspian Sea and on its coasts makes the region one of the most precious ecosystems in the world, with a very high degree of biological endemism. We have been operating in the Caspian Sea for many years with the Kashagan field, one of the largest oil fields discovered in the past three decades, both in offshore and drilling operations. Having to operate in very shallow waters, along with extreme environmental conditions (temperatures ranging from -40 °C to +40 °C), led Saipem to develop a unique and innovative system of small boats called "Mondine" (rice weeders), which can lay piping in shallow depths of about 50 cm, where no other craft can operate.

Speaking of great challenges in remote areas, some personal experience comes to my mind, such as the projects being managed on Sakhalin island. It was a big onshore and offshore pipeline and platform installation project, in one of the most sensitive environments and harshest **sub arctic** climates on the whole planet (for example, the onshore pipelines were laid in temperatures as low as -40 °C). The onshore pipelines crossed more than 1,000 rivers and streams, many of which were classified as highly sensitive; moreover, 3 wildlife sanctuaries

and 4 natural parks of regional significance located in the area were potentially affected by pipeline and plant construction. Several vessels were utilised throughout very difficult climatic conditions for offshore operations, completing the installation of 2 of the biggest offshore platforms ever installed, in addition to sealines for the shore connection. At that time Castoro II, Castoro 10, Semac I and Castoro 8 were the Saipem vessels involved. Without any doubt Saipem is used to facing projects where logistics and remoteness are challenging and where environmental protection is the key to success, as we consider these aspects a major opportunity and our competitive

leverage. **The Arctic** is the new frontier, and we are ready to face the new challenges that working in this environment will bring. Operating in such areas also requires rigorous asset management and integrity programmes, high R&D standards with regard to new vessels and equipment, which are the key for our success, together with our extensive energy efficiency programmes. Last but not least, the highest HSE standards, as well as respect for and the enhancement and enrichment of local communities, are the fundamental value of our way of doing business.

We are eager and enthusiastic about what the future will bring us.



Marco Satta, Director of Health, Safety and Environment



The TransformatiOn Programme is an innovative programme that has allowed us to give our people more flexibility to respond more effectively and proactively to the complexities of our field, including key sustainability challenges related to climate and decarbonisation. The programme prepares people to face constantly changing market conditions, meet the varying needs of our clients, seize new opportunities, and to be able to deliver integrated EPC projects.

Since it is a wide-ranging initiative, the TransformatiOn Programme alters the way we manage and approach engineering and construction in our Onshore Division. Our approach is developed on a case by case basis using the "Agile Methodology", which provides the foundation for responding quickly to fast-paced changes in the industry by breaking down complex problems into small modules that can be solved in an incremental and adaptive manner. Cross-functional teams that focus on specific goals and activities, or "agile working groups", also allow us to cover different areas of the programme.

With agile working groups and through the programme's non-traditional approach, we are able to boost our position in the market, our business model, and our profitability by

embarking on initiatives that involve constant improvement, upgrades, and modernisation of process and product.

How do we implement the initiatives? What does this look like in practice?

With the TransformatiOn Programme we have been able to identify over 110 initiatives that would benefit our business and everyone along our value chain. A few of the main ones are listed below:

- > **Carbon footprint value chain:** defines a carbon footprint measurement methodology and identifies actions to reduce the footprint of the entire value chain
- > **Carbon Capture & Storage:** investigates potential for the creation of an Italian pole for CCUS pursuing one or more breakthrough technologies

FEEDBACK FROM THE COLLEAGUES INVOLVED

What did you like the most about the TransformatiOn Programme?

The best part is that these are short steps with clear outcome, ready for immediate implementation.

Presenting it to the COO and getting his formal approval was a real professional and personal satisfaction.

HOW DID WE STRUCTURE OUR INNOVATIVE METHOD?

1. Strategic thinking.

We begin by identifying technology (e.g. CCUS, etc.) and a new business that holds great potential for our company (e.g. smart city, water cycle, etc.).

2. Redesigning process and approach.

We then identify steps that could improve and optimise our output and sustainable actions beginning with changing the way we approach and carry out any given process.

3. Identity and communication.

Following the identification of the actions that optimise our entire value chain, we then identify what can be done to improve our internal communication and engage people within the company.

4. Digitalisation. Lastly, we identify the digital tools and practices that could best suit our needs and boost the efficiency of our day-to-day operations on any given project.

- > **Water cycle:** deep dive on water cycle market opportunity (e.g. addressable market, available technological solutions)
- > **Supply chain finance:** working capital optimisation through "Supply chain finance" instruments (reverse factoring, dynamic discounting)
- > **Total cost of supply:** define a methodology for the calculation of total cost of supply (with potential optimisation of the tax burden) for vendor selection
- > **Risk Hedging:** identify de-risking actions for the procurement phase (e.g. for critical materials such as copper and steel)
- > **Smart City:** deep dive the smart infrastructure business and define a market entry strategy
- > **Identity and Communication:** develop an APP using gamification to engage people.

MORE ON... SMART CITY

Infrastructure is one of the services we, as an EPC company, offer. In this area our experience is long-lasting: 1,000 km of railway track, 450 km of highways, 45,000 m² of buildings, 40 km of viaducts and complex bridges. We have built this experience and success on four key pillars, which have led us to explore the highly growing market of Smart City as a potential business area for Saipem:

- > **Innovation:** an innovative spirit for continuously searching for innovative technologies to develop a smart infrastructure concept
- > **Environment:** high performance and availability infrastructures integrated with the surrounding environment
- > **Complexity management:** expertise in providing complex services integrated along the entire value chain, managing multi-stakeholder projects
- > **Sustainability:** commitment to developing sustainable and green products.

We built our value proposition within Smart City combining the 4 pillars resulting in a reliable partner both for Smart City green field realisation and smart infrastructure development.

TRANSFORMATION IN A NUTSHELL:

MORE THAN
180
HIGHLY POTENTIAL PEOPLE INVOLVED

AVERAGE AGE:
38/45 YEARS

MORE THAN
110+
INITIATIVES IDENTIFIED

35%
OF THE INITIATIVES LAUNCHED
(46) ARE ALREADY IN PILOT/
IMPLEMENTATION /SCALE-UP

03

KEEPING PEOPLE AND OPERATIONS SAFE AND SOUND



THE CHALLENGE

An intrinsically, potentially high-risk business is not a bad thing in itself, as long as it is responsibly managed with a keen awareness of contextual realities. Given that we operate in many areas of the world, in sensitive environments and in difficult contexts, we must constantly be aware of the risks associated with moving our assets and people. This requires us to have an accurate knowledge of the environment in which we find ourselves immersed and of the related safety conditions that can be generated therein.

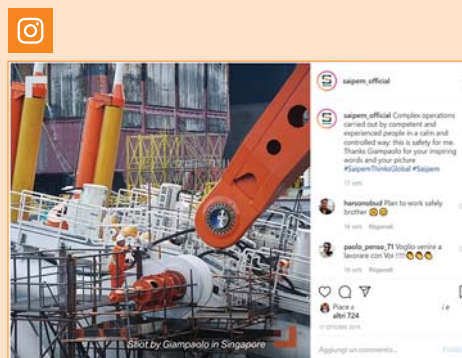
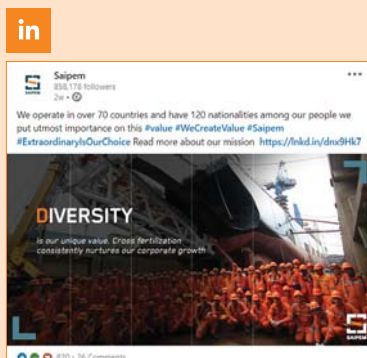
PERFORMANCE, PROGRESS AND TARGETS

Topics	2019 results	2019 results vs. 2019 targets	2020 objectives
Wellbeing, health and safety	<ul style="list-style-type: none"> Health Risk Assessments carried out: 86% of all sites covered. Implementation of e-health programmes and telemedicine (e.g. My health record app, tele-cardiology, tele-radiology, etc.). 2.2 mln HSE training man-hours delivered, 35% of which delivered to employees and 65% delivered to subcontractors. About 1,300 LiHS events organised with more than 38,000 participants. Coverage reached in terms of spill prevention: <ul style="list-style-type: none"> O&CM (Oil&Chemical Mapping) of 10 yards and logistic bases and 25 offshore E&C and drilling vessels SRAs (Spill Risk Assessments) of 5 yards and logistic bases and 14 offshore E&C and drilling vessels. 	<ul style="list-style-type: none"> Continuous commitment to spreading a positive health culture and awareness among Saipem's workforce. Ensure implementation of health prevention, protection and promotion of programmes at all worksites including Occupational Health Management. Lower the incidence rate of communicable diseases. Enhance current and develop new e-health and telemedicine programmes. Pursue continuous improvement promoting and developing a safety culture, and strengthening the HSE audit planning system, also for project worksites. Complete the migration of OHSAS 18001 certification to the new ISO 45001:2018 standard on Occupational health and safety management systems. Improve the Total Recordable Incident Frequency Rate. 	<ul style="list-style-type: none"> Continuous implementation of comprehensive e-Health system. Development of WORK-CARE programme. Ensure continuous education and training of Medical Personnel (85-90% of them). Intensify the health auditing programme. Confirm the renewal of Group certifications ISO 45001 and ISO 14001. Improve the TRIFR 2020 target (0.44). Pursue continuous improvement promoting and developing a safety culture (with a specific focus on road traffic accidents and commuting injuries), and strengthening the HSE audit planning system.
Spill prevention and response	<ul style="list-style-type: none"> Correctly map critical oil spill areas on vessels/ drilling rigs/fabrication yards/projects and address them in the relevant documentation. 	<ul style="list-style-type: none"> 100% of site/project shall be covered by specific Pollution Contingency Plans. Increase the number of spill drills, including scenarios of spills occurring in water bodies. Specific O&CM and SRA targets set for each Division. 	

Accounting for new cultures and contexts in all of our projects is a demanding aspect of the work we do, and we are continuously reminded of the need to pay close attention to these operational risks. Consolidated and technically reliable methods, procedures and instruments are not the only significant elements for us to rely on, albeit they are important. The fundamental relevance of the human factor must be considered and carefully cultivated. To be able to prevent and intervene in cases of safety and security concerns, to change day-to-day behaviour in this regard, we need to look beyond what is usually perceived in the short term. This is how we can effectively change the way business is carried out. The service industry for the extraction of energy resources has developed very

advanced methods and systems throughout its history, resulting in part because of its experience and technical know-how acquired but also accompanied by a distinctive sensitivity and maturity developed in any given environment. To be recognised as reliable global operators, we must always go beyond the limits of what may appear satisfactory at first sight. "Complacency" is always around the corner but today's contexts require us to always remain ahead of the curve and maintain a consistently high level of operations. Not only should this work ethic be directed towards the natural environment and the people with whom we work, but also towards surrounding societies and the impacts that can be generated on some of the communities closest to operations.

SOCIAL CORNER





CHALLENGES IN PERSPECTIVE: SAIPEM ACTIVE IN DIALOGUES WITH EXPERTS



▮ How willing are you to engage in talks with the outside world?

We are living in a global political context in which cyberattacks are becoming increasingly common. Big businesses have become targets of such attacks, and often suffer great operational blows that are difficult to recover from.

In many ways the major cyberattack of December of 2018 directed at Saipem's computer systems quite literally opened us up to the external world. In fact, we were able to turn this incident into an opportunity to grow and advance the company's culture to

one that is more open and receptive to innovation and overall positive growth in handling external pressures and influences.

We were suddenly and abruptly faced with the fact that there is a world outside of our business that we need to approach more directly. Welcoming expert voices into our midst and creating collaborative relationships with various external institutions and business partners has allowed us overall to implement the necessary tools to protect ourselves from other attacks and bring our business into the future.

My advice to the other CEOs? Don't take anything for granted, don't think "a cyberattack will never happen to us". I recommend taking action now because surely something to learn will be found.

▮ Stefano Cao, Saipem CEO

EXPERT INSIGHT

We are in the front line for a new strategic horizon, so here are some reflections: first, buckle up! We need to prepare ourselves for an increasingly militarised and unreliable digital world.

Second, let's change the way we look at things, we need a paradigmatic shift in how we address digital platforms.

Third, cybersecurity is a team sport, and we need to develop a shared game plan.

▮ Fabio Rugge, Head of ISPI Centre on Cyber Security

FOSTERING A SAFETY CULTURE

Safety is a fundamental, non-negotiable value for us. We are committed to safeguarding our people, partners and local communities at all times and ensuring the integrity of our operations, from a safety and environmental point of view. We uphold this commitment through structured and effective management systems, training and awareness for people and continuous efforts to find innovative solutions that help us to put safety first.

It's a challenge that evolves day by day depending on where we are operating, changes in the local environment and in our business and technology. That's why we're constantly striving to improve practices and behaviours and learn from any incidents that may unfortunately occur. We at Saipem have designed a series of programmes, training courses, initiatives and contests to be able to fulfil our overall safety goal, the achievement of zero fatalities on our work sites.

Since 2007, part of this journey has been the continuous and systematic implementation of our Leadership in Health & Safety (LiHS) programme, improving it along the way. It is designed to develop a cultural change and significantly reduce accidents and injuries.

Another safety milestone is the Life Saving Rules (LSR) campaign, the customised gold standard for safety compliance within Saipem's industry launched in 2015. Let's have a look at what safety means for Saipem in practice.

CAMPAIGNS AND CONTESTS

Leadership in Health & Safety (LiHS) programme: Safe Driving Campaign "Belt up or get out"



Here at Saipem we are continuously working towards improving safety and analysing the most pressing concerns

The simple actions that are conveyed within the campaign have been proven to reduce the risk of vehicular accidents from occurring and to save lives. Now, our efforts will concentrate on ensuring that every work-related journey, every personal journey, indeed, every journey is undertaken as safely as possible

Stefano Cao, Saipem CEO

These programmes have evolved over the years to better meet and go beyond the challenges posed by our industry. The following pages will detail these efforts and the challenges and successes we have faced so far in this journey.

to be resolved in that regard. What emerged from our analyses in fact is that car accidents and injuries due to a lack of seatbelt usage is statistically one of the most impactful causes of injury. Safe driving campaign have been proven again and again to be a very

	Total events	Total participants	Events in 2019	Participants in 2019
LiHS Workshops (launched in 2007)	1,311	17,594	134	1,848
Cascading (launched in 2008)	2,380	79,385	233	9,849
Five Stars Training (launched in 2008)	3,201	37,982	304	3,681
Leading Behaviours Cascading (launched in 2011)	3,164	142,906	540	22,027
Choose Life Workshops (launched in 2013)	789	13,203	63	1,027
LiHS for Supervisors (launched in 2015)	61	736	24	315
WWZ (launched in 2014)	24	425	2	29
LSR (launched in 2015)	14,183	407,280	2,727	50,140

effective preventative measure, and to cater to our specific target-group, Saipem has begun a safe driving campaign of its own.

In line with the global implementation of our LiHS programme, at the end of 2018 we launched the new **Safe Driving Campaign**.

The aim of this campaign, that complements Saipem's Life Saving Rules programme, is to tackle the

have engaged indirectly in one way or another.

In 2019, the contest supported safer driving behaviours, especially regarding the use of seat belts, mobile phones as large cause of distractions and, of course, speeding. We collected 29 projects from 14 different countries, each one sharing an authentic and enthusiastic message of love and passion for health and safety.

This being a real problem in our Company, we are facing it with all the technical solutions we have and we may think of. Safety in cars, sensors, speed limits, training. It's clear that all of this has to be followed through with a strong communication campaign

Marco Satta, HSE Director

problem of road traffic accidents through the promotion of the behaviours that must be adopted to ensure that both drivers and passengers of vehicles undertake every journey as safely as possible, such as not using a cell phone and always fastening seat belts.

Following the launch of the campaign, all Saipem sites developed a local roll out plan to engage the workforce and deliver specific Safe Driving workshops: **253 events**, more than **11,400 participants**.

This campaign is intended to strengthen the safety culture, which to us also means a future without accidents. Within these campaigns we involve employees, contractors, clients, and the local stakeholders that are directly and indirectly affected by our sites. In support of the Safe Driving campaign, in 2019 we organised two contests: "Sharing Love for Health & Safety", and "Abraza la Vida".

Sharing Love for Health & Safety contest

The "Sharing Love for Health & Safety" contest was designed to trigger passion, engagement and ideas worth being shared. This came in the form of a creative contest, as a means of using non-conventional language to inject the value of Health & Safety into the organisation. In the last 8 years, over 350 projects have contributed and engaged directly with this contest, and more than 10,000 colleagues

The ideas behind the most successful videos received are particularly emotional and engaging: "Life is not a computer game" is a short story told through a voice-over by a lego character, which reminds us of the fragility of life and the consequences of unwise actions; "Arrive Alive" is a 3D-engine reconstruction of a real life accident narrated by the survivor who lost an arm and implores the viewer to always use a seat belt; and "Morning Routine" is an everyday scene where a daughter rebukes her father anytime he begins an unsafe behaviour behind the wheel.



"Abraza la vida" contest

A photograph contest called "Abraza la vida" was launched in Petrex, a Saipem subsidiary in South America, which invited not only employees but also contractors and client personnel from Colombia, Peru, Bolivia, and Argentina to personalise the message and poster which read "uso del cinturón de seguridad siempre" (always use a seatbelt) by including a personal commitment and picture. The involvement of different cultures and different Saipem stakeholders was a significant step in the direction of integrating efforts and ideals for safety.

Abraza

la Vida

USE EL CINTURÓN DE
SEGURIDAD SIEMPRE

TRAINING IN RESPONSE TO EMERGING NEEDS AND CHALLENGES

In order to achieve the highest level of safety and competency among our people and the ones working with us, we can count on 5 training centres all over the world.

One example is the **Saudi Arabian Saipem Training Centre**, established in 2002 and that has evolved over the years into a centre of excellence. Among the activities carried out in 2019, the “Competence & Safety Behaviours Programme” was at the forefront for achieving a safer, more competent and effective environment to increase performance across the fleet of 32 rigs.

An important milestone for this training centre is the IADC (International Association of Drilling Contractors) certification, delivered in-house in order to increase the number of certification participants.

The training centre is also in the process of obtaining IWCF (International Well Control Forum) accreditation as a training provider allowing in-house delivery and certification of the related well control courses.

Furthermore, the centre is continuing to upgrade its facility through the expansion in the area and adoption of new technologies, such as the two latest cutting-edge and state-of-the-art simulators.

One cyberchair drilling and well control simulator that accurately represents a conventional rig floor in 3D that creates a highly realistic and immersive simulation environment bringing the rig to the trainee. The second simulator is a portable real-time drilling and well control simulator which allows delivery of on-site training to the drilling team.

SAUDI ARABIAN SAIPEM TRAINING CENTRE IN FIGURES (2019)

32

RIGS INVOLVED

4,973

PARTICIPANTS

A second example is **the Schiedam Training Centre (STC)**, a competence hub set up in the Netherlands to coordinate complex HSE training courses tailored both to Saipem’s needs and operational procedures, and to the challenges arising from the evolution of the energy industry. 2019 marked the centre’s seventh year of activity. The investment Saipem made in a safety training centre was a preventative measure in light of creating a distinct safety culture.

The STC’s mission is to enhance skills and knowledge, keeping a strategic focus on operational personnel, HSE professionals and internal trainers by developing and delivering bespoke training programmes.

A specific area of STC’s programme deals with vessels and works to enhance safety at Saipem is its collaboration with the Vessel Management Team (VMT) in creating the Leading in Action workshop.

Our Vessel Management Team plays an essential role in responding to the unpredictable and unprecedented events that are changing the face of the global Oil&Gas industry and creating new challenges to ensure a safe working environment. The team is on the frontline managing workers and important assets that sometimes operate in challenging contexts, but in terms of safe and efficient operations it has an opportunity to help Saipem stand out from our competitors and become stronger than before.

SCHIEDAM TRAINING CENTRE IN FIGURES (2019)

394

TRAINING SESSIONS

27,409

TRAINING HOURS DELIVERED

2,530

PARTICIPANTS, OF WHICH:

91.3%

SAIPEM PERSONNEL*

8.6%

SUBCONTRACTORS

12%

INCREASE IN PARTICIPANTS VS. 2018

(* In parallel with training at the Schiedam facility, over 2,311 Saipem employees attended Schiedam’s training courses at various locations – vessels, projects, and fabrication yards.

The Schiedam Training Centre and the Operation Team were on hand to support the VMT in its challenges, analysing their needs and brainstorming ideas for new methodologies and tools to improve soft skills. We developed an engaging workshop called **VMT Leading in Action** that can shape strong leaders capable of inspiring trust while creating a feeling of belonging among their team members. Leading in Action is a 5-day workshop focusing on several topics (communication, work planning, problem solving and decision making, assessing risks and opportunities, lifesaving-rules and violation management, etc.).

Our programme makes use of simulations and case studies via an online gamification platform played on tablets. The gamification methodology helps the VMT consolidate their ability to promptly identify and solve problems affecting a safe, timely and efficient execution of projects and operations. Based on

SAFETY PERFORMANCE

Year	Million man-hours	LTI Frequency Rate	TRI Frequency Rate
2017	282	0.14	0.51
2018	273	0.13	0.44
2019	235	0.22	0.54

Unfortunately, 3 fatal accidents occurred in 2019 involving Saipem personnel in Chile, Azerbaijan and Saudi Arabia. In-depth investigations were conducted to identify the causes of these incidents and appropriate actions were implemented to minimise the chance of recurrence. A focus on the accident in Azerbaijan is provided below.

A fatal accident in the Caspian Sea

On the evening of May 8, 2019, tragedy struck the Israfil Huseynov, a vessel being operated by Saipem in the South Caspian Sea, off Azerbaijan, as part of the giant Shah Deniz II natural gas project. A flash-fire occurred in relation to repair operations on an item of equipment during pipe-laying activities, leading to the death of one Saipem employee and the injury of 13 more. The injured (Azerbaijani, Croatian, English, Italian, Malaysian and Romanian nationals) were immediately transported to hospital, seven of whom in intensive care with severe burns after being transferred, one of the injured colleagues passed away. It was of course imperative for us to ensure the highest level of support to the injured colleagues and their families. At the same time it was of paramount importance to understand what happened, learn from the event and make sure it would not happen again. An internal investigation process started also involving our client. The direct cause of the incident was identified in the loss of control of the polypropylene temperature (overheating) during a non-routine repair operation of a pipe coating machine. The failings identified pointed to various aspects such as control of work, organisational interfaces and leadership. The investigation also revealed that the emergency response was effective, despite the challenges posed by the situation, i.e. fog that prevented the medical evacuation by helicopter and the high number of casualties to be treated at the same time. In fact, the permanent availability of a stand-by vessel, equipped with a clinic and a doctor, doubled the treating capacity and dramatically reduced the time to hospitalise the injured persons. We identified several corrective actions at vessel, project and company level, aimed at confirming the safe operability and maintainability criteria and parameters, improving the hand-over of the custom-made production equipment between the Engineering and Asset Departments and between Saipem and the manufacturer, improving the management of change. The project control of work procedures were reviewed, involving the final user, to identify redundancies, gaps and usability by the crew. The crew and the vessel management team refreshed their knowledge of the "stop the job" intervention mandate and responsibilities and accountabilities against company processes. An "HSE re-set programme" was launched at project level to collect feedback from all project employees and reconfirm Saipem's commitment to the highest safety culture.



Further information on safety performance are included in the Consolidated Non-Financial Statement 2019.

group dynamics, decision-making and technical solutions, VMT members are guided through coached debriefing to reflect upon their experiences and to identify opportunities to improve their soft skills. We delivered six sessions in 2019, successfully generating insight and a solid learning process with the tools at hand. We believe that all the effort to create this disruptive innovation will pay off and our VMT will be able to lead their vessels more passionately and effectively than ever. In our continued effort to raise safety on our vessels, we have also taken steps towards a more methodical asset integrity management system after internal audits stressed the importance of making sure our operating personnel are fully aware of what is required of them.

In 2019, we continued updating Saipem Vessels Safety Cases – documents that identify risks associated with onboard activities and how

to manage them – with a view to developing standardised libraries of safety critical elements of vessels organised by clusters. To this end, all of our offshore vessels were challenged in several HSE fields throughout the 2019 QHSE Annual Programme; verification of Performance Standard for Safety Critical Elements tackled the effectiveness of the barriers identified in scenario analysis of major accidents. This enabled us to verify that the maintenance of Safety Critical Equipment is effective and that our Safety Critical Procedure and Safety Critical Competences are adequate. This effort will continue in the years to come by verifying any barriers related to major accident scenarios.

The Safety Cases review helped us have a systematic approach to drawing up each vessel safety case. At the same time, continuous exchange with operational personnel highlighted the VMT's wish

for a document that they can use as a reference for daily operations. In 2020, therefore we will develop and install a Barrier Management digital tool that monitors in real time the reliability and survivability of the barriers identified in the major Accident Events scenarios analysis.

In 2020, a review of the entire Safety Case development process will make the document a daily reference tool for Asset & Operations personnel.

"The value of trust and collaboration" initiative in Romania

Rig 5870 operated in Romania carrying out two drilling campaigns between 2017 to November 2019. At the beginning of operations, we faced several challenges.

New local drilling crews brought about the need to work with new cultures and backgrounds and provide them with training, while also integrating them into a new work environment.

Not only do we have to manage new social environments, but we also need to face inherently risky operations and make sure they are safe in high pressure and high temperature environments.

In order to achieve the operational and HSE performance results we equipped ourselves in response to these challenges by launching various safety campaigns and programmes.

Many safety initiatives and programmes were implemented: "Visual Task risk assessment" for hazard identification and task risk mitigation; "Keep your Hands Safe" to prevent hand and finger injuries; "Dropped objects" prevention programme to reduce hazards and risks, preventing incident and accidents, in addition to safety culture programmes such as the Leadership in Health and Safety, "Belt up or get out" campaign, Life Saving Rules. For two years our rig workers actively participated in an **HSE incentive programme**, intended to incentivise drilling teams to report any unsafe act or condition, as well as positive behaviours by using a dedicated tool called the "Hazards Observation Card". The results were significantly positive as the incentive programme rewarded 98 crew members for their contribution to forging a safety culture at Saipem.

This initiative contributed also to creating an atmosphere of trust and collaboration between the drilling team and the Rig Management

Saipem's commitment to safety and the investment in **transferring know-how to local personnel**, resulted in an extremely positive safety performance that was specifically acknowledged by our client for Saipem's handling of the safety concerns and the promotion of safety measures. Furthermore, a safety perception survey directed at the drilling rig crew showed widespread perception of health and safety.

LHS FOUNDATION



Italia Loves Sicurezza

Italia Loves Sicurezza's annual roadshow has reached its 4th edition this year.

So far it has created over 1,700 health and safety events since 2016, involving around one million people including employees of companies, children and teenagers, professionals and members of institutions, and has promoted free workshops, shows, events and projects all based on modern and engaging communication channel methods. This was also the 4th edition of the Safety Leadership Award, a special award conceived by the LHS Foundation to value the people who, through an exemplary project or action, are committed to profoundly changing the culture of health and safety in Italy. In 2019, the special recognition went to Dr. Daniela Aschieri, for her dedication as a cardiologist and president of "Progetto Vita" (Project Life), which aims for the widespread distribution of defibrillators throughout the country to provide timely first aid to people in cardiac arrest.

Safety for young generations

For over 10 years, the LHS Foundation has promoted projects to raising children's health and safety awareness and has involved over ten thousand kids since 2011. With the "**Little Leaders in Safety**" project, the LHS Foundation offers schools free, varied educational activities by age group including workshops, theatre performances, readings, first aid courses and guided film screenings.

The **Safety4Future contest**, on the other hand, seeks to give young people a voice, with 11 to 18-year olds sharing their stories and ideas that they think can help positively influence values of prevention, health, and safety. Both programmes are meant to reflect on the value of health and safety by promoting positive and conscious behaviours.



Vision Zero Summit in Helsinki

The LHS Foundation was invited to participate in the **Vision Zero Summit**, three days of meetings and debates with speakers and guests from over 30 different countries organised by the Finnish Institute of Occupational Health (FIOH). This summit was envisioned as a way to share the best ideas and strategies adopted to entirely eliminate occupational accidents and diseases. The summit also launched the International Labour Organisation's (ILO) new Global Coalition on Health and Safety at Work, which brings together important international organisations and associations and aims to introduce practical solutions to improve working conditions around the world.

The LHS Foundation was asked to share the story of its inception and, above all, its most recent evolution with the Italia Loves Sicurezza movement, with the international audience of experts, researchers and industry managers present at the Summit. This represents a prestigious achievement for Saipem.

ASSURING THE HEALTH OF OUR PEOPLE

We are committed to guaranteeing the highest standard in terms of health and care for all people that are affected by our activities: employees but also suppliers, business partners and local communities.



Learn about health initiatives for local communities in Challenge 4 on page 64.

Over the years, we had implemented an organised, standardised system for our people well before the first health standards appeared in our industry, and we developed several in-house programmes aimed at assuring higher standards of healthcare and assistance for our employees, especially those working in remote operating sites.

Cardiovascular Disease Prevention Programme (CVDPP)

This programme works towards the prevention, management and reduction of heart disease and strokes, with an emphasis on cutting back on risk factors and reducing repatriation that is often attributed to cardiovascular pathologies.

This programme is also intended to boost surveillance and implement research, develop innovative, scalable ways for employees in the highest burden areas to implement prevention measures, and to expand their focus on physical activity, a healthy diet and cardiac rehabilitation.

Weight Control and Obesity Prevention programme

This programme aims to help employees and their families adopt an integrated approach to obesity prevention and management.

This would mean using physical activity as a means of reducing the risk of diseases that are associated with being overweight.

Telecardiology Programme

Telemedicine represents an impactful instrument in improving the health and safety of our people.

Thanks to our E-health programme, we are able to evaluate and provide medical assistance and support to employees who work in remote places through the use of telecommunications

technology.

An important example of our continued effort in this field is the telecardiology programme that provides a good support system for Saipem medics in diagnosing patients or providing a second opinion on ECG reports required by medics in these remote locations. This system also offers a platform to host continuing medical education programmes, decrease professional isolation and help enhance employee confidence.

Alcohol and Drug Prevention Programme

Saipem puts the greatest care in protecting the health of its employees and the safety of its own activities. It is absolutely forbidden to possess, use, distribute or trade alcohol and drugs in the work environment as they can affect the health and wellbeing of personnel and consequently company property. Substances misused include alcohol, illicit drugs, inappropriate use of over-the-counter and prescription medicines and other substances that have the potential to impair an employee's health, behaviour, judgment or job performance. Any type of construction site should always subject to regular drug and alcohol testing as a preventative safety measure.

As a continuous effort to provide a safe and healthy environment on worksites, in 2019, we subjected workers at 112 sites to both drug and alcohol testing. Continuous monitoring and testing are essential and rehabilitation programmes shall be offered to employees who have been clinically confirmed to misuse alcohol/drugs.

Influenza Prevention Programme

The work environment often involves close contact with co-workers, and this could be a facilitating factor in the spread of influenza. The best and most effective manner to prevent and manage the influenza is through vaccination, as well as information and awareness campaigns.

Saipem's health department created and delivered an awareness programme to its employees. This include an in-house presentation about the etiology of influenza, leaflet distribution and vaccination campaign.

PROGRAMME	SITES INVOLVED	EMPLOYEES INVOLVED	MAIN RESULTS
Cardiovascular Disease Prevention Programme (CVDPP)	94	About 16,000	2,871 employees with elevated cardiovascular risk identified. High-risk employees were performed to the Risk factor surveillance (RFS) section of the programme and adequate medical support given over the entire period of the year.
Weight Control and Obesity Prevention programme	21	About 4,400	Approximately 2,553 employees screened identified as either overweight or obese. 1,083 overweight/obese employees attended the seminars on healthy lifestyle modifications. 19% of participants managed to achieve normal BMI or reduced weight significantly.
Telecardiology Programme	55	About 3,100	3,431 ECG recordings performed and results were sent to a cardiology centre for reading and reporting.
Drug and alcohol Prevention Programme	112	148,981 alcohol testing 18,494 drug testing	Approximately 0.02% of employees tested for alcohol were found positive. Approximately 0.6% of employees tested for at least one type of substance were found positive. Positive cases are managed by HR function.
Influenza Prevention Programme	86	4,569 vaccinated	7,704 employees attended the awareness course.

CYBERSECURITY: THE LAST FRONTIER OF PROTECTION

We were introduced to the importance of properly equipping ourselves to act in a cybersecurity event when we experienced a direct attack.

Considering the context of our business, we can identify various trends that, in recent years, have increased cyber threats: in general there has been a surge in cyber threats towards companies in the Oil&Gas sector because of its culture and model; as the scale and complexity of malware has exploded, cyberwarfare has emerged as a new front in the battle to gain geopolitical supremacy.

We also have to take into consideration that an extended supply chain across the world creates new possible surfaces of attack as companies are interconnected more and more and cyber weaknesses in the chain can affect all the companies involved, threatening the whole ecosystem. Moreover, employee's habits of using laptops, smartphones and tablets in mobility rather than being hosted in traditional office environments, especially in the construction industry, increase the opportunities for being attacked exploiting vulnerabilities present in the computing endpoints.

Cybercrime-as-a-service is a growing business model, as the increasing sophistication of tools on the darknet makes malicious services more affordable and easily accessible to anyone. According to the World Economic Forum *Global Risks Report 2020*, cyberattacks are ranked as the second risk of

greatest concern for global businesses over the next 10 years. This confirms a pattern recorded in previous years, with cyber risks consolidating their position alongside environmental risks in the high-impact, high-likelihood quadrant of the report's Global Risks Landscape.

Cyber risk consists in the possibility of disruptions or malfunctioning within cyberspace, the global domain resulting from the interconnectedness of all the heterogeneous and interdependent networks that ensure the functioning of the information control systems on which all the essential services for the daily lives of citizens and businesses rely, the development and support of economic and financial systems, the functioning of public administration and of democracy itself.

The cyber domain is characterised by an intrinsic technical weakness that makes it particularly vulnerable. Therefore, attacks against citizens, organisations and states, organised by several types of actors (organised crime, terrorism, governments) and with different means (sabotage, espionage, fraud, extortion, etc.), are increasingly more frequent*.

For companies, cybersecurity has become a synonym for competitiveness and survival in global markets. Artificial intelligence, robotics, the Internet of Things, and quantum computers are all among the enablers that can generate unpredictable



Read the World Economic Forum Global Risks Report 2020.

(*) From: ISPI, Cos'è il "rischio cyber" e perché ce ne dobbiamo preoccupare by Corrado Giustozzi (Saipem translation).

“technological leaps”. What impact does this unstable security scenario have on the positioning of global companies such as Saipem and the context in which it operates?

Saipem’s technology is continuously being improved in order to face the risks that come along with working in high-risk industries, one which is inevitably at risk for cyberattacks. The cyberattack that we were subjected to is what made this risk top of mind for us and is a priority we are acting on.

were simultaneously attacked, all part of the supply chain of major Oil&Gas companies.

The negative impacts caused by the attack (a reduction in operativity at the impacted sites, the involvement of clients and third parties, the consequent reputational damage) were soon turned into a process of growth and positive outcomes.

We have been made aware, in particular, that every company is a potential target, and security should never be taken for granted. Investing in

We have begun to talk about Cyber Security because in December 2018 our teams responsible for security and IT informed us of a major attack: our systems were blinded, we had difficulties communicating, and even our email system was down. We had been made aware of an entire world we had not been exposed to yet. We were convinced we were immune to these kinds of attacks and our bubble was abruptly broken with this attack

┆ Stefano Cao, Saipem CEO

The first thing Saipem did was to take responsibility and account of the fact that Saipem’s risk was not merely an IT problem, but a business problem. Every company should equip itself with a cybersecurity model to reduce the risks of potential damage to both business and reputation. Alongside the Italian State Police, we have also been able to instil a process of working together to combat cyberattacks in the country altogether

┆ Corrado Miralli, Corporate Security Manager

This will not only ensure the security of our assets, but it will also guarantee a safe environment for the day to day operations on our site and for the people living near them. In line with UNI 10459-2017, we define Company Security as anything that has to do with preventing, managing, and overcoming problems that ensue from illegal and illicit acts that expose the company, its assets (tangible and intangible), and its people to potentially harmful and damaging effects.

Our response to a major attack

The attack we suffered in December 2018 was a cyber storm, where we were not the target of the attack but found ourselves swept up in it. The attack affected 400 company servers mainly located in the Middle East and India: various companies

innovation, new technologies, and staff training in this regard will be key moving forward. There could have been far more damage done to the company had it not been for our quick reaction times, but we have since been exposed to a world we were previously unaware of. To be sure, Saipem was faced with a series of new and sudden challenges, that spurred us into coordinating all the necessary measures to resolve the situation by forging collaborative relationships with the institutions and individuals that make up our stakeholders. The agreement that we signed with the Italian State Police, which aims to prevent and combat cyberattacks that target information and services systems of companies of special importance for the country, is just one step in this long path.



MINIMISING THE IMPACT OF OUR OPERATIONS ON THE MARINE ECOSYSTEM

Saipem's activities, especially related to drilling and offshore engineering and construction, can have a material impact on the seas and oceans, which is why it is necessary to work rigorously and carefully to ensure that these impacts are minimised or do not occur at all. In this framework, numerous activities are underway mainly aimed at minimising the impact of our operations on the marine ecosystem.

Technological innovation plays a fundamental role in minimising negative impacts and in fostering the development of new solutions, especially in the fields of drilling, engineering and construction. Technologies aimed at harnessing tidal and wave power, for instance, allow for the creation of protected areas, which in turn have a positive effect on the marine ecosystem.

The focus on ecosystems and marine life is an element considered even in the planning stages of a project's activities: in collaboration with our clients, we evaluate and implement reengineering activities whenever they may have significant impacts on animal or plant species in particularly vulnerable areas.

We have also implemented a policy with the objective of reducing the impacts of our operational resources through the comprehensive management of the related environmental aspects.

Furthermore, our latest offshore vessels comply

with the requirements of "Environmental Clean and Clean Design Class" which certifies their compliance with environmental impact-reducing requirements.

OFFSET INSTALLATION EQUIPMENT (OIE), A VIRTUOUS INITIATIVE BY SAIPEM

One of the initiatives that demonstrates our commitment to these issues is the development and implementation of the Offset Installation Equipment (OIE), an innovative system capable of preventing and limiting the dispersion of hydrocarbons at sea resulting from severe accidents.

Based on the principle of the "hot-air balloon", OIE is a 4-tank structure capable of blocking the leakage of hydrocarbons in the event of a submarine well failure through a capping stack.

This technology was created in response to a tender launched by the non-profit consortium Subsea Well Response Project (SWRP), formed



AN UNDERWATER BALLOON TO PROTECT THE OCEANS: DISCOVER THE OIE!

➔ Discover more on the Google Arts and Culture platform.

RESULTS ACHIEVED (2017-2019)

O&C Mapping of 10 yards and logistic bases, and 25 offshore E&C and drilling vessels.

Spill Risk Assessments of 5 yards and logistic bases, and 14 offshore E&C and drilling vessels.

following the environmental disaster in the Gulf of Mexico in 2010 by the major companies operating in the oil sector with the aim of defining methodologies and promoting the development of technologies useful for guaranteeing a fast response and limiting environmental damage in any area of the world. Our proposal was considered the most promising and a decision was made to invest in the development of this technology. The OTC International Conference, held in May 2019 in Houston, awarded this system the prestigious title of "Light New Technology", which deemed the OIE system the most innovative solution in the oil sector. The OIE technology is recognised as a unique invention in the world and celebrated in two channels: OIE was described in "Everything starts from an idea" of **Google Arts and Culture**, the largest online exhibition

SEA SPILLS: NUMBERS AND VOLUMES

Year	Spill number	Spill volume (m³)
2017	5	1.6
2018	4	4.0
2019	14	3.9

Spill number increased due to the fact that as of 2019 all spills with volumes above 1 litre are included. Before 2019 the limit was 10 litres.

➔ Further information on spill performance are included in the Consolidated Non-Financial Statement 2019.

ever made dedicated to inventions and discoveries and in a dedicated article in the Italian weekly magazine, "Topolino" (ed. how Mickey Mouse is called in Italy).

OIL & CHEMICAL MAPPING (OCM) AND SPILL RISK ASSESSMENT (SRA)

Spill prevention is one of Saipem's priorities for the sustainability of the business and the planet. To this end, we have put in place an entire process that starts from the identification of the main situations in which a spill may occur and concludes with a list of prevention measures in order to avoid the release of any pollutants into the environment.

Our Spill Risk Assessment (SRA) methodology for offshore vessels and yards has the objective of evaluating the spill risk for the equipment or storage area, taking into consideration the conditions that may generate the spill into the environment. This assessment system combines the experience of the unit responsible and the technicians on board or on site with a methodical risk-assessment procedure, providing added value to the risk mitigation measures that could effectively be implemented and make an appropriate choice from among the available measures. In addition to the SRA, the Oil & Chemical Mapping (OCM) also provides an actual map of the onsite presence of oils and chemicals. The mapping process is carried out both on our fleet and at offshore yards. In this way, the items identified are represented in a graphic layout of the site with a practical overview of the spill risk areas, where special attention is needed.

04

GENERATING SHARED VALUE



THE CHALLENGE

Since the beginning of our operations more than 60 years ago, our focus on working responsibly and collaborating with our stakeholders have been key drivers in our business strategy and have led to an acknowledged creation of shared value. Creating value is a very concrete and tangible goal for us.

PERFORMANCE, PROGRESS AND TARGETS

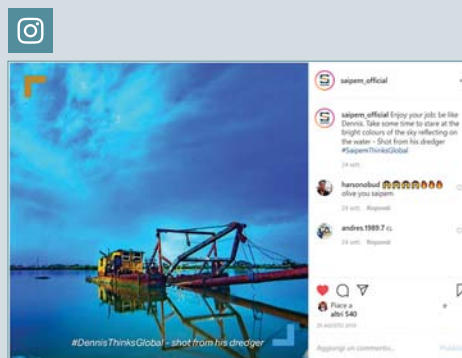
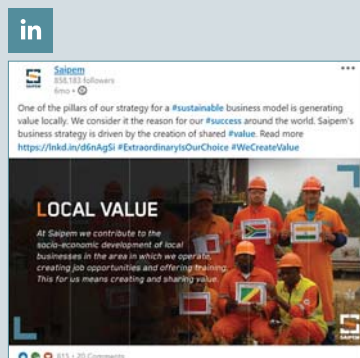
Topics	2019 results	2019 results vs. 2019 targets	2020 objectives
Long-term value creation	<ul style="list-style-type: none"> 30 local community initiatives implemented, involving more than 28,000 beneficiaries, in 11 countries with €815,000 invested. Saipem's Direct economic value generated and distributed: €9.1 bln direct economic value generated; €8.7 bln economic value distributed; €97 mln economic value retained. 44% of local managers. 		<ul style="list-style-type: none"> Continue to contribute to the socio-economic development, also by employing local people, with training and know-how transfer and working with local suppliers and subcontractors. Continue to plan initiatives in order to contribute to the SDGs.
Human rights	<ul style="list-style-type: none"> Map of Saipem Group core role employees recruited through local manpower agencies and interviews with 31 people to collect feedback on employment practices. 11 international employees interviewed off-duty to further reinforce adoption of good practices in overseas recruiting. Continuation of supply chain social responsibility campaign: 182 vendors assessed during the qualification phase and 8 audits performed. 	<ul style="list-style-type: none"> Define and implement a 3-year training and awareness programme at operational level in risk areas for Human and Labour rights. <input type="checkbox"/> Strengthen human rights awareness among company functions involved in stakeholder relation activities. <input checked="" type="checkbox"/> 	<ul style="list-style-type: none"> Develop a tool to raise awareness of Human rights topics relevant to Saipem business. Test a human rights risk assessment system at project level.
Ethical supply chain	<ul style="list-style-type: none"> Delivery of the internal human rights and supply chain programme involving more than 300 employees. Development of a tool to estimate Saipem's carbon footprint along the supply chain. 	<ul style="list-style-type: none"> Extend the delivery of the internal human rights and supply chain programme to identified Procurement and Post Order functions. <input checked="" type="checkbox"/> 	<ul style="list-style-type: none"> Continue to support supply chain improvement in terms of HSE and Human and Labour Rights standards, also through partnerships with business associations and local institutions in areas of operation. Identify further areas/goods where green procurement may be applied.

reached not reached

We create new jobs, instil a managerial culture, activate greater demand for local goods and services all the while creating and improving infrastructure, contributing to the education system and developing the professional capabilities of human capital. This reciprocal relationship also benefits Saipem, and to ensure that we do not prioritise benefits to our business over local communities, we have put in place a framework to minimise potential negative impacts that our presence and operations may have. The sustainability of our business is founded on a significant evidence of the real change we bring about in the communities we interact with. Creating strong partnerships and relationships with local stakeholders is our first step for enacting change in the socio-economic

development of these communities, especially because we often work in remote areas of the world. This means that we have the opportunity to forge the socio-economic conditions needed for the effective enjoyment of fundamental human rights and the promotion of growth. Our inclusive business framework aims to reinforce and guarantee equal opportunities for all the women and men working with us and for us. For example, by offering challenging job opportunity to all our people, strengthening the competitiveness and capabilities of local suppliers and subcontractors, or transmitting know-how to local workers. The distinctive character of our company is to respect cultures, traditions, customs, habits, and to be a catalyst for local development.

SOCIAL CORNER





CHALLENGES IN PERSPECTIVE: SAIPEM ACTIVE IN DIALOGUES WITH EXPERTS



Through a series of events we called "Open Talks", Saipem engaged in dialogues with experts on topics and challenges we must face in today's global context, with sustainable action at the forefront. These talks and the insights that emerged help frame how we respond to our sustainability and business challenges. The following is a summary of some of the points that emerged in our conversations.

How should a company conduct itself in the uncertainty and volatility of today's global trends?

The rapidly changing global scenario brings with it a set of challenges and risks. The key is to equip the company with enough mechanisms that are able to either predict or counterbalance the rapid changing global scenario we are facing today.

Here at Saipem we have devised tools and metrics that allow us to attribute economic value to the effect we have

on the local environments within which we work. The SELCE Model, as an example, quantifies our impact in a certain area, country or project in terms of economic, employment and human capital development. Our historic experience in the sector is what makes the difference with us, with more than 60 years of experience acquired working in diverse and remote locations.

This wealth of experience comes from the distinct commitment we have always made in cooperating with different stakeholders, and it has served us well in facing various types of global uncertainties. It will certainly serve us well when facing a transition to clean energy and an even more sustainable future.

We serve our communities to make energy needs more sustainable and more respectful of environmental and social values today, which will make a world of difference for us all tomorrow.

SAIPEM INSIGHT

We have to continue to be humble, we can be active participants in the global debate because we contribute knowledge thanks to our people, global presence, technology, passion, capability to solve complicated problems while continuously growing and learning from a variety of stakeholders all over the world.

Francesco Caio, Saipem Chairman

WORKING TOGETHER FOR DEVELOPMENT AND VALUE CREATION

We are committed to creating value for all our stakeholders. In order to achieve this challenging goal, we believe in the power of sharing vision, culture, principles and best practice with all the entities – both people and companies – with whom we are working. The role and the value of partnership is indispensable for building a more sustainable world. By ethically managing our supply chain, building stronger dialogue with local communities, promoting human rights and equal opportunities, we want to develop initiatives whose balanced and reciprocal value arises from decades of experience in the field, allowing us to give tangible benefits to the communities surrounding our operations, and drawing direct benefit for our business.

SHARING OUR EXPERIENCE AND APPROACH WITH THE SUPPLY CHAIN

With over our 60 years of operating across the globe and throughout various industrial sectors, we have created a consistent and profitable network of partners and vendors. We have more than 23,000 active vendors of which 7,721 qualified in 2019 and 23% of which have been working with us for over 10 years. Purchases in the year were mainly executed by vendors based in Europe and the Middle East countries. We also work with local vendors in the areas in which we operate to aid in developing their technological and managerial know-how, as well as to contribute to their local economy.

We believe that relationships with vendors, built on reciprocal trust and ethical behaviour, along with our formalised Saipem Ethical Supply Chain Management System, will guarantee us success in every endeavour. Our Vendor Management System adds value to the framework by also ensuring

that those we work with abide by our Code of Ethics, that they respect human and labour rights, that they guarantee adequate health and safety standards for their employees, and that they work towards environmental protection. This is especially important given that we work with many vendors in countries that are considered critical when it comes to human and labour rights, thus we assess them on critical topics such as child and forced labour, freedom of association and the right to collective bargaining, remuneration, discrimination, disciplinary practices, and legal working hours. We also conduct assessment visits to be able to check up on these aspects and guarantee that workers' rights are being respected. Lastly, we also perform specific assessments for services that undergo "high risk" operations in terms of health and safety by analysing our vendors' ability to manage HSE concerns.

The results of the audits carried out in 2019 on those topics showed no major criticalities, while some non-conformities were found in terms of working hours and remuneration practices.



PROMOTING AN HSE CULTURE AMONG SUBCONTRACTORS

Cooperation and engagement in HSE-related issues contribute to fostering the win-win strategy Saipem has established with its subcontractors. Over the past few years, HSE forums were delivered in different countries to subcontractors to help improve their knowledge and culture in the field. With this aim the KSA Subcontractors HSE Forum was organised in Saudi Arabia in December and focused on relevant current topics such as energy efficiency and GHG reduction in projects. The participants demonstrated deep interest and committed to implementing energy efficiency initiatives such as LED light installation or diesel generator optimisation.

55

PARTICIPANTS AMONG SAIPEM AND SUBCONTRACTORS

PLAYING OUR PART IN STRENGTHENING THE ITALIAN PLANT ENGINEERING SUPPLY CHAIN

Saipem actively contributes to ANIMP's ("Associazione Nazionale di Impiantistica Industriale" - National Association of Industrial Plants) "Sustainable Supply Chain" project that aims to define guidelines and actions for the Italian plant engineering supply chain to improve its growth, performances and competitiveness in Italy and in the world.

The project's goal is to set up a cooperation-based relationship between suppliers and general contractors with a new model of stakeholder engagement. The four streams of the project (ESG Sustainability, Supply chain finance, Synergies and Middle East section) will develop different aspects:

- > Collecting international standards and guidelines, the **ESG Sustainability** stream's goal is to define the recommended set of information, metrics and methods, on one hand to assess supplier ESG performance (also through the creation of a digital platform to collect, update and share information), as well as to develop the Life Cycle Assessment of a plant or a sub-unit to quantify its environmental footprint.
- > The **Supply chain finance** stream has the goals of investigating the costs and benefits of supply chain finance instruments for mitigating performance risks, of developing a set of services and solutions to lower financing costs and potentially improve the working capital of companies, and to examine requirements and benefits of an ESG qualification in order to access to potential green finance benefits (e.g.

Green bond).

- > The **Synergies stream** wants to map core-distinct and core-related activities to define where a transversal economy could reduce costs and create cooperation between suppliers and general contractors to share ownership and risks on those portions of business.
- > The **Middle East section stream's** goal is to build a reference point for the Italian plant engineering supply chain to share information, disseminate knowledge, and develop a shared approach to face the high competition in the area and to promote the business development of the Association's members in the area.

Several stakeholders could benefit from this project. General contractors can take advantage of strengthening suppliers' base, cost and time reduction (e.g. collecting information on suppliers' ESG performance), mitigation of performance risk (e.g. reduction of delays on projects due to suppliers' performance) and business opportunities in the Middle East with a stronger Italian plant engineering supply chain.

Suppliers can benefit from cost and time reduction (e.g. after answering only one ESG questionnaire) in addition to lower financing costs (lower interest rates) and easier access to credit (short-term financing), to the best of service and technology and to crucial information for investing in the Middle East.

Finally, the Italian industry can take advantage of the project since it can develop long-term relationships, promote investments in Italy, facilitate reshoring, expand regulations and practices already implemented in Italy and develop business opportunities in the Middle East through a strategic support system.



Carlos Arduz, Ambriz Light, Angola

PROMOTING HUMAN & LABOUR RIGHTS WHEREVER WE GO

The respect of human dignity is a fundamental value that should not be violated. Our commitment towards upholding internationally recognised human rights touches most aspects of our business, including our people, our supply chain, the local communities in which we operate, and all health and safety aspects. We have been signatories of the Global Compact since 2016 and continue to be transparent in our dialogue and engagement with human and labour rights topics with all our stakeholders.



See the UN global Compact and the SDGs: our commitment and action on page 20.

Continuing in the vein of the training programme for Saipem employees carried out on human rights and the supply chain (2016-2018), in 2019 we continued to disseminate the initiative with an e-learning campaign to reach the entire population identified in the Procurement and Post Order Function in all divisions and working sites worldwide.

After an introduction on human and labour rights aspects (discrimination, forced/compulsory labour, child labour, remuneration, working hours, disciplinary practices, freedom of association/collective bargaining and protection of health and safety), the e-learning training aims to instruct the employees, who have a direct interaction with suppliers, on the importance of reporting serious situations that may be noticed while visiting vendor sites. This training constitutes part of the 2019 Company sustainability objectives which account

for 15% of the short term variable incentive plan.

304

PEOPLE FROM PROCUREMENT AND POST ORDER DEPARTMENT TRAINED

800

MORE THAN EMPLOYEES FROM PROCUREMENT AND POST ORDER DEPARTMENT TRAINED SINCE 2016

31

COUNTRIES REACHED

Respecting human rights also involves **respecting and promoting equal opportunities**. We believe that diversity should not be treated as a "one-off" initiative. Promoting equal opportunities and inclusion in the workplace is constant working progress that need to be maintained and nurtured in order to be effective. Top management believe that diversity, in all its dimensions (gender, culture, nationality, sexual orientation, etc.), constitutes a value for the company.

To this end, Saipem chose to become a member of "Valore D" in July 2018. Valore D empowers companies to turn diversity and inclusion into a major asset, promoting new models for an inclusive organisation in order to support participation, collaboration, and fruitful dialogue between different genders, ages, and cultures within the company. Top management has also promoted a cultural awareness workshop of "Unconscious Bias", held in March 2019.

DOUBLE INTERVIEW: SAIPEM WOMEN IN CHALLENGING CONTEXTS

NINA KANGAS \ S3000 MASTER



Master Nina Kangas, tell us something about yourself.

I am a mother, wife and seaman.

My seaman carrier started in 1992 when I was 16.

I sailed as an AB (Able Seaman) on tankers and later worked on

icebreakers where I got my first 2nd officer position. Sailing on multipurpose icebreakers led me to offshore and to DP (Dynamic Position vessel).

A leadership position in a male industry: have you ever had to face any difficulties or additional challenges during your career due to gender stereotypes on board? Has this somehow affected your social life on board?
I "thickened my skin" during my time as an AB. Life at sea was different back then and you had to either take it or leave it.

During my years as an officer and/or captain, the challenges/problems have been more with the shore side than on board.

How do you find a balance between work and your private life?

It has not been always easy. After very hectic years on my previous new build vessel, Saipem has offered me stability between work and home. Even if I like my job, my personal life is at home.

What would you do if you were able to make just one change to achieve gender equality in seafaring?

I would stop highlighting gender in every "corner". CV's should be treated without gender. The applicant's experience and qualifications should be dominant when hiring. I do not stand for quotas. You should be selected because of your qualifications, not because of statistics.



[Read the full interview here.](#)

ELISA CARLETTI \ HSSE MARINE ACTIVITIES COORDINATOR - TANGGUH EXPANSION PROJECT

Elisa, you have been working for 2 years for the Tangguh project as an HSE coordinator. Could you please explain for us what your job consist of?

I would start with a curiosity, Tangguh means strength in the Indonesia language, but for the Joint Venture it means the LNG expansion project and my role is to follow the construction of the marine terminals.



How is working and living in Tangguh?

In these 2 years I faced many difficulties, times in which I thought I cannot go ahead and moments that I thought of giving up. In the meantime, however, while doubts were inside my mind, new scenarios and new relationships with people with completely different ages and cultures developed. This lead me to consider the events from a new point of view, I overcome many of my limits and my beliefs have been questioned and my opinions changed. The relationship with local people and colleagues changed, as well as the one with the client, going from hostile to friendly.

What did you learn the most from your experience in the Tangguh project?

It taught me a very important thing that I apply also in my personal life: to be a balanced person and not waste energy unnecessarily, but just balance everything to be able to deal with all situations adequately. All this I faced with a smile because I always put passion into my work with the idea of continuously improving and professional growth.



ELISA EXPERIENCE IN 90 SECONDS: WATCH THE VIDEO!



HELPING LOCAL COMMUNITIES FLOURISH

Saipem strives to act responsibly in the areas where we operate. Not only does this mean being responsible in terms of international human and labour rights, as noted in the previous section of this chapter, but for us it also means being committed to promoting positive behaviour outside of our operational boundaries.

This approach is the cornerstone of our projects, and it creates reciprocal trust and respect between the company, our employees, and the communities around us. It is a work ethic that allows us to create sustainable long-term growth for all stakeholders involved. To ensure these efforts impact as many stakeholders as possible, we develop initiatives that are designed in collaboration with communities and local stakeholders in an effort to build

mutual trust and form a foundation upon which to base our sustainability efforts. We are committed to contributing to local development through the **promotion of health and safety, education and socio-economic development, as well as environmental and cultural protection.**

OUR COMMITMENT IN FIGURES

30

COMMUNITY INITIATIVES IMPLEMENTED

11

COUNTRIES WHERE COMMUNITY INITIATIVES ARE IMPLEMENTED

MORE THAN **28,000** BENEFICIARIES

€815,000

INVESTED IN COMMUNITY INITIATIVES

Valuing safety, health and well being

As was explored in Challenge 3, health and safety is an essential part of our identity. We at Saipem are committed to ensuring the best standards of health and safety of our people, as well as local communities, partners, and subcontractors.

To achieve such standards we comply with every local and international regulation and law through strict standards and safety policies, and in recent years we have developed and launched many internal HSE programmes to forge a distinct safety culture. We then ensure that this culture is passed on from Saipem to the communities around us. The following are a sample of projects we have put in place to achieve these goals in differing geographic and cultural contexts.

Angola

The **LIHS Programme** was implemented in Angola in 2009, and since 2015 the initiative has been rolled out in complete autonomy by Angolan LIHS personnel. This result is of critical relevance for us, because we believe that the best way to develop a health and safety culture in a specific audience requires the direct commitment of local people who are better equipped to understand how to cater effective messages, rather

than having a top-down and detached approach. In this context, in 2019 children from the local communities were trained on **Little Leaders in Health, Safety and Environment - Little LIHSE**, thereby engraining a health, safety and environmental culture early on.

The goal of Little LIHSE is to introduce children to the basic attitudes and values of health, safety, and environmental protection in a fun and engaging way, so that they can enact these values daily at school and at home and spread this culture to their families and local community.

In collaboration with Liceu school and our client, we involved around 30 children from the Cabinda community between the ages of 6-11 in a day-long Little LIHSE event. The topics and activities addressed were wide-ranging, including Personal Protection Equipment (PPE) and its proper use, road traffic safety, good hygiene practices and dental hygiene and health, rules of weight lifting to avoid "Ergonomic sickness", environmental protection.

France

After our successful efforts in France in 2018, we decided to organise a new edition of French Little LIHSE in 2019 at the "Île de Loisirs" of Saint Quentin-en-Yvelines, a rich biodiverse area in Île-de-France. In this edition of the event we aimed at introducing 60 children of Saipem employees (between 6-11 years old) to the basic attitudes and values they should adopt in terms of health, safety and the environment. After participating in 5 different creative and interactive workshops during the event, the children would become HSE ambassadors and carry the good practices they learnt back home.

- > **Health - Sweet and Fat Food:** children had to guess what food was present in small sleeves (beans, nuts, etc.) using only their hands. Then, they had to guess the composure in sugar cubes and the oil volume of certain food and drinks.
- > **Security - Home Fire:** children learned about the danger of fires at home, to not use fire, to know reference points should they have to move in case of intense smoke, and to get themselves out of danger.
- > **Mobility and Road Risks:** children were invited to identify and respect road signs after a short and creative reminder about road signs and necessary safety equipment for each type of transport type.
- > **The formation of a Pond:** children learned the role and importance of a pond for biodiversity, and they were invited to recreate a pond with materials like clays inside a basin.
- > **Environment - Let's Save the Bees:** children discovered the life of bees inside a hive and the importance of their work for our environment.

We concluded the event with the awareness that we had just encouraged children to spread positive messages of HSE awareness and culture to their families, and thanked those involved for making

such an event possible individually. The children's transformation into young HSE ambassadors was also commemorated with a diploma for participation, ecological goodies, and booklet summarising the day's lessons.

Saudi Arabia

In December 2019, we decided to actively participate in the HSE Campaign event developed by our client in Saudi Arabia to sensitise around 300 students from the Tamayez School about the dangers of fire and appropriate health and safety behaviours in handling a fire. This involved basic fire awareness training and practical training with an indoor fire extinguisher and a digital fire simulator.

Malaria Control and Prevention Programme

Although the incidence rate of malaria has declined globally between 2010 and 2018, the rate of change and improvement has slowed dramatically.

As per the World Malaria Report 2019, all malaria deaths in 2018 were from the African Region, which, however, also had the largest absolute reduction in malaria deaths.

We are continuously committed to safeguarding the health of our workforce, as well as improving health standards in host countries.

With the goal of decreasing the incidence of malaria and achieving zero fatalities, for 34 worksites sites located in malaria endemic countries, we developed the **Malaria Control Programme** to systematically promote a **3-level prevention approach**.

1. Primary prevention

Primary prevention is used in communities that are in high risk malaria regions, and it consists primarily of vector control strategies, which involves eradicating mosquitoes, their breeding sites, and larva.

In **Angola** the programme involved outdoor fumigations (every 2 weeks), indoor spraying (every 3 months), and distribution of Insecticide-treated mosquito nets. Currently, about 3,000 houses were fumigated regularly and about 2,228 houses are using mosquito nets.

So far we have rolled out the programme in Ambriz, Musseque, Nini ya Lukeni, Kibonga and Nação and, beginning in 2019, Tobi and Bela Vista. Similar methods were used in **Ghana**, where regular fumigations were conducted at hotel accommodations and in and around project sites and offices. Drivers on site were also educated about the aerial spraying of cars and buses with insecticide spray, in order to eliminate mosquitoes that may be hiding in the vehicles.

2. Secondary prevention

Secondary prevention is used to prevent or inhibit malaria in cases where infection has already occurred and is in its early stages. It consists of

controlling and reducing all individual risks, including all personal protection (such as chemoprophylaxis and anti-mosquito repellents), as well as behaviour modification measures.

As part of the Health Promotion programme in Ambriz, **Angola**, more than 26,200 people attended our health awareness lectures covering multiple health issues including Malaria, Dengue, Chikungunya, HIV/AIDS, and diarrhoeal diseases throughout different schools, health centres, markets, and communities.

The malaria prevention campaign in **Congo** mainly focused on ensuring that employees, particularly the non-immune, are well informed about the disease contraction process and prevention. This project was carried out at 3 worksites, and in 2019 no cases of severe malaria among semi-immune workers and among local staff nor their families were recorded in 2019.

In **Ghana**, the programme intends to inform employees about malaria prevention, including bite prevention and the use of insecticide treated nets (ITN) for all family members. In 2019, 100% of non-immune employees (Saipem and subcontractor's) attended the Malaria Awareness Lecture. There were no recorded malaria cases throughout the duration of this project.

3. Tertiary prevention

Tertiary prevention represents the earliest possible reactive measure to an already present outbreak of malaria, including further preventative measures, as well as effective treatment of existing cases in order to prevent impairment and subsequent disability or death. In **Indonesia**, well implemented malaria control programmes assured worker's protection against malaria infection and minimised the morbidity and mortality due to malaria in Indonesia.

Specific medical measures put in place in Indonesia include management of disease and its complications (the availability in clinic of pharmacological treatment such as anti-parasitic medicines for malaria treatment, emergency medicines, as well as emergency equipment). Competent medical personnel are trained to diagnose, as well as to perform and interpret malaria tests.

Education and socio-economic development

We are committed to transforming our impact into a net growth of the local economy by investing in projects and social programmes aimed at empowering the local education system and enhancing professional competencies.

To achieve these goals we enforce reciprocal and durable relationships with local stakeholders and communities, that can help us to understand the local context and build an effective educational plan that accounts for local cultures, traditions, capabilities, and peculiar socio-economic and environmental conditions.



Celebrating Saipem's support for the Ghanaian education system

Ghana

Our contract in Ghana qualifies as a petroleum contract and is in line with Ghanaian regulation, with the added benefit of acting as a valuable Corporate Social Responsibility programme that supports communities affected by our operations.

The Takoradi project includes engineering, procurement and the construction of infrastructure necessary for upgrading the capacity of service stations near the ports of Takoradi and Tema. In 2019, we analysed the needs of local communities in order to better target our efforts to sponsor and improve their livelihood. Faced with a significant need to **intervene in the local education system**, we donated school furniture, teaching materials and school supplies for basic school needs. The items included an assortment of 1,000 basic primary school textbooks, 1,000 classroom dual desks, 100 sets of teacher tables and chairs, 20 sets of sport jerseys, 20 desktop computers, 10 soccer balls and 10 volleyball balls.

Saudi Arabia

Our operations in Saudi Arabia provide another important example of our efforts in being trailblazers and leaders amongst drilling contractors in helping local economic development (through effective contributions and strong business partnerships).

On November 3, 2019, we undertook the unique opportunity to sign a **Memorandum of Understanding (MoU)** with Saudi Arabia's Ministry of Labour & Social Development along with the Human Resources

Development Fund (HRDF), that will help facilitate local job creation and will create a skilled local labour-force through training and development. By signing the MoU, we will target the creation of 1,137 jobs for Saudi citizens, increasing a local presence in the labour market and creating technically skilled Oil&Gas personnel (currently scarce in Saudi).

Kazakhstan

The younger generations make up the foundation for the socio-economic development of a country. This is precisely why we are working in **partnership with the Nurlan Kapparov Foundation** to provide the talented children from Atbulak village - South Kazakhstan the opportunity to study, thereby improving their socio-economic conditions.

The Foundation has provided extensive organisational and financial support to 5 specialised regional physics and mathematics boarding schools for gifted children. The support included inviting highly qualified teachers from outside of Kazakhstan to work in the school, holding the annual regional "Olympiads" in physics and mathematics for high school students, and organising entrance exams for students throughout the region. Support and sponsorship were also extended to the "Senim-Umit" project, a rehabilitation centre for children with disabilities in the Urdzhar village. Children received our assistance in the annual international dancing sporting competition for disabled children, the "Cup of Continents", which took place in St. Petersburg in September 2019. One student from the centre, Alexey

Protecting the Omani historical and cultural heritage



Zhuravlev won a silver medal at the “Cup of the Continents”.

Guyana

In 2019, in Guyana, due to the vast opportunities for the Oil&Gas industry also related to the LIZA project, we continued to carry out a **three-month internship programme** to support the local development strategy.

In order to enforce this strategy, we collaborated with the University of Guyana and the Government Technical Institute to recruit students that might be interested in training with us and working in the Oil&Gas industry, an initiative which we have been carrying out since 2018. Eight interns in Houston, Texas, participated so far and had an opportunity to receive hands-on training in the areas of Human Resources, Logistics, Quality Control, HSE and Engineering. At the completion of the internship, they returned to Guyana, where they started working full time for our local branch. This project has allowed us to simultaneously provide training and benefit the local communities in which we work and bring added value back to the company. Not only did this allow us to better integrate with the cultures surrounding us, but it also allowed us to

bring indispensable local expertise into our teams.

Discoveries on site and our efforts to protect them

Working in areas that are rich in natural resources has brought Saipem in contact with various palaeontological and archaeological sites of interest throughout our projects.

On the one hand, this creates various challenges we need to face in both the engineering and construction phases of our work, sometimes causing us to significantly change the course of our projects from the perspective of the client, business efficiency, etc. On the other hand, we are glad to interact with local populations and organisations to guarantee no significant historical or natural finding becomes damaged or lost throughout our construction. It is yet another way in which we are able to contribute to the community around our worksites (economically, culturally, etc.).

Oman

The Duqm Refinery project in Oman gave us an important precedent to follow in the future. After the discovery that the 80 km pipeline fell within an area identified as an archaeological

SAIPEM IN MOZAMBIQUE

The country is characterised by relatively recent gas discoveries compared with other African countries, and a consequential less mature market for the energy sector. These discoveries have rapidly attracted investments and opportunities, but there is a need to provide and develop the necessary skills, competencies and human capital required to develop and manage the industry.

Our company has been present in Mozambique since 2011, performing the first offshore drilling exploration campaigns on the Mamba and the Coral fields for Eni (Area 4), in the North of Mozambique.

In June 2019, together with our partners McDermott and Chiyoda, we formed a joint venture called CCS JV and signed the biggest project in our entire history for the EPC of the first LNG Plant for Anadarko (Area 1 Operator, now replaced by Total) on the Afungi Peninsula, in the north of Cabo Delgado province.

In addition to the CCSJV project, we are also carrying out the offshore drilling development campaign in Coral field with our Drillship 12000 (Eni is the offshore Operator for the Area 4).

Building on the experience already acquired in several countries especially in the African continent, Saipem's approach has been based on an in-depth study of the country and the local context. The analysis of all stakeholders at national and local level has also guaranteed an understanding of the expectations and needs necessary to set up a series of actions aimed at laying the roots of our "here to stay" strategy, to establish and maintain mutually beneficial relationships with our stakeholders, create long-term value and contribute to the local socio-economic development. We are aware of the chance we have to potentially play an important role in contributing to the country's sustainable development and that is why our focus is on facilitating a dialogue and a shared understanding of how our presence can most effectively support the national economy and society. Partnering is the key to succeeding, as it can lead to higher-quality, longer-term sustainable outcomes and more shared results than we could achieve on our own.

Mozambique authorities are committed in various areas to the country's development, including education and local capabilities, as defined among others by the government's Strategic Plan for Education, that prioritises good governance, social inclusion and improved quality of education. Within this framework, we are committed to collaborating with local strategic partners and in 2019, we have launched a Build Up presence plan to strategically establish our presence and contribution in the country, that currently includes:

- Saipem's vocational training programme in Mozambique for the Oil&Gas industry. The programme will be in collaboration with IFPELAC (*Instituto de Formação Profissional e Estudos Laborais Alberto Cassimo*) in a 5-year partnership with the aim of delivering joint training activities and a tailored know-how transfer approach for IFPELAC trainers in Capo Delgado province
- collaboration with Universities, targeting public institutions, Eduardo Mondlane University in Maputo and Unilurio in Nampula and Pemba with the aim of contributing to national education, particularly supporting the enhancement of higher education, through scholarships, professional internships, and programmes abroad exploiting our worldwide network both for students and teachers.

site following the Environmental Impact Assessment (EIA), we began collaborating with our client and representatives from the Omani Ministry of Heritage and Culture (MHC) to identify all the archaeological sites in the area, their location and importance, as well as which sites required protection measures to be put in place. About 10 surveys were conducted, and the MHC determined 23 findings that needed to be protected. It became challenging to construct the pipeline given the significant Omani historical and cultural heritage. Rerouting the pipeline proved to be one of the most challenging engineering feats

we had to overcome, but as required by Omani officials, it had to be done to safeguard the identified archaeological site. We were able to efficiently face the challenge thanks to our years of experience, as well as good relationships with our client and other local stakeholders. This is how we created the first protected archaeological site in Duqum.

Chile

We are operating in an area in Chile where unprecedented palaeontological and geological elements are present (coastal marine deposits of Mejillones). Some of these findings are the first



In addition to that, mainly in the context of the CCS-JV Project execution, we have been focusing our efforts on contributing to local economic growth, specifically in terms of goods and services purchased in the country and a number of capacity building initiatives, as well as support for local SMEs. These include 6 workshops carried out, together with the Project's client, in 2019 in different locations (Pemba, Maputo and Matola). The workshops involved a total of 593 Mozambican companies that were informed about all contracting opportunities connected with the Project involving several supplies, from camp management to administrative services, from raw and manufactured building materials to temporary works and facilities construction. The main project's subcontractors were also involved in capacity transfer actions to promote their in-country value generation and partnerships with local SMEs.

Creating employment opportunities is another strand of intervention we are working on, with a dedicated recruitment strategy at the local and national levels, and competence enhancement programmes. These are aimed at enabling long-term employment for Mozambicans across multiple industries with a vision stretching beyond the life of the individual project. In this context, the planning and realisation of the Training Centre, a one of a kind body, is key. It will provide comprehensive training courses for Mozambican nationals to build professional skills to meet not only the project's needs but in general the energy industry development demand in Mozambique.

ever registered for certain types of vertebrate fossil taxa at regional and national levels. To ensure the protection of such impactful and scientifically important findings, we implemented the Palaeontological Rescue plan, which has allowed us to avoid the irretrievable loss of this natural and cultural patrimony.

In compliance with the patrimonial and environmental obligations established in the Environmental Qualification Resolution (RCA) and the current regulation, we will use a Palaeontological Monitoring system within the first 20 kilometres of the

project. The findings we rescue as a result of monitoring and rescue plans will be delivered to the Regional Museum of Antofagasta, as an important contribution for the cultural patrimony of Chile.



HOW CAN WE QUANTIFY THE EFFECT WE HAVE ON LOCAL COMMUNITIES?

The Saipem Externalities Local Content Evaluation (SELCE) model is a tool we have devised to quantify the comprehensive economic value generated in the local economies by our activities. This model quantifies our impact on a certain area or country where we operate or on projects we have completed, helping us work towards reaching the following goals: developing durable and sustainable relationships with all local stakeholders, reducing costs and risks associated with projects, improving the perception of the company, creating the conditions for a climate of mutual trust, and overall guaranteeing our ability to operate effectively and sustainably in any given area.

What are the positive effects we witnessed internally?

- Development of durable and sustainable "win-win" relationships with all local stakeholders
- Enhanced "Learning Curve" and project risk reduction
- Improvement in the quality of local employment, with a decreased use of expatriate workers and a consequent reduction in internal costs
- Improvement of the perception of the Company in the eyes of the local communities. A better knowledge of what the Company does and how it accounts for and contributes to the well-being of local people creates the conditions for a climate of mutual trust.

What have we been able to give to local communities?

- Creation of economic value by directly employing local people
- Contribution to local economic growth by promoting the use of local suppliers and subcontractors
- Development of know-how and competences among local employees, thus increasing their value in the labour market, as well as among local

manufacturers and service providers, by improving their technological and managerial expertise

- Generation of positive indirect effects for the social stability and well-being of local populations, through the benefits of employment and increasing economic value (taxes and induced expenditures in the regional economic context).

How does the model work?

The SELCE model quantifies the positive effects of our activities on local economies and societies by calculating the direct, indirect, and induced effects of our operations. It measures three key positive impact categories, which best represent Saipem's local value creation strategy:

- **Economic output:** the overall financial impact generated by the payments made by Saipem and its suppliers in terms of costs for locally sourced products and services, wages to employees, and taxes
- **Employment:** the total number of jobs derived from Saipem's operations, including direct employment but also jobs associated with Saipem operations along the supply chain and with the increase in household income

> **Human capital development:** the overall economic value, in terms of increased lifetime earning potential, associated with the training activities carried out by Saipem for its local employees.

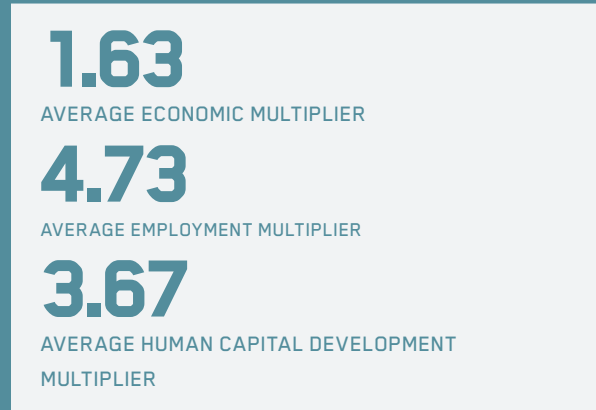
For each category, the direct, indirect and induced effects are calculated. For "Economic Output" and "Employment", the direct effect is the effect generated directly by Saipem (i.e. direct employment, direct purchasing from local vendors and any taxes paid to local government), while the indirect effect is related to the value generated in the economy along Saipem's supply chain. The induced effect is the value Saipem's operations generate as a contribution to the increase in household consumption levels thanks to job opportunities promoted by the Company and its vendors, calculated on the basis of regional and national macroeconomic data and parameters. For "Human Capital Development", the investment in training (direct effect) generates an increase in the future earning expectancy of the people trained (indirect effect) and an effect on the local economy due to the increase in household consumption levels and taxes associated with the trained employees due to their increased earnings (induced effect).

What were the results that surfaced from our SELCE model?

We directly contribute to the communities in which we live and work and to society as a whole

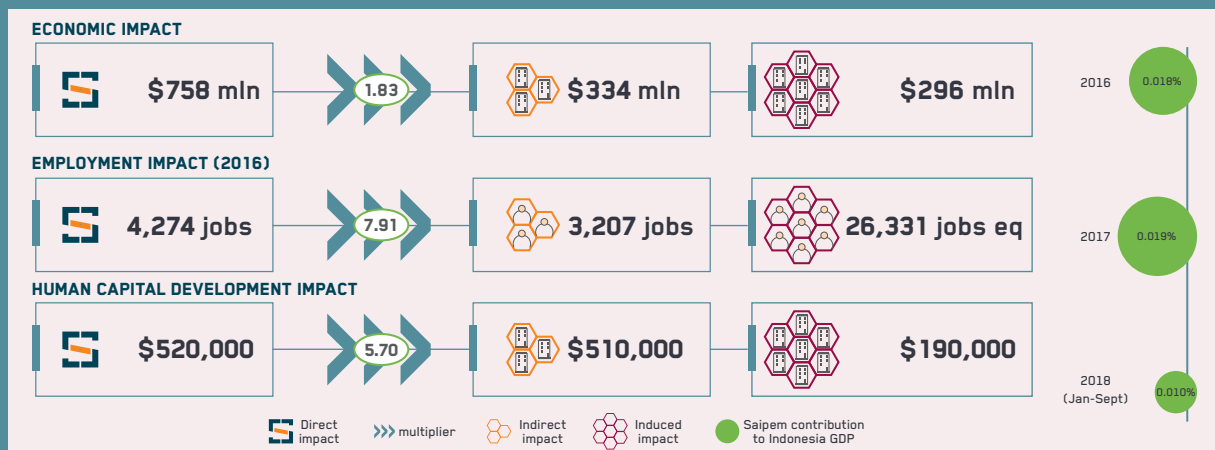
mainly through our input into the local economy by purchasing products and services from local suppliers, paying local taxes in the markets where we operate, employing local people and contributing to their development through training and capacity building initiatives.

The result is a multiplier effect of Saipem's expenditure and investments in the local economy.



CASE STUDY: INDONESIA (2016-2018)

In 2019, we applied the model to quantify the socio-economic externalities associated with Saipem's activities in Indonesia between 2016 and 2018 (until September). The average contribution of Saipem's activities to Indonesian GDP in 2016-2018 was 0.015% with a peak of 0.019% in 2017.



The REVALUE measurement model serves to evaluate the overall impact of the Group's activities worldwide, by calculating the value created starting from the relations between inputs of the business activities, the corresponding outputs and their long-term results. Thanks to this approach, the model is also able to include the prospects and impacts on stakeholders. The final result of the model is the financial value of all the impacts generated by the

business. The REVALUE Model has been verified by the Ca' Foscari University Foundation.

€1.3 BLN
THE OVERALL NET VALUE OF ALL IMPACTS

Discover more about our REVALUE Model

METHODOLOGY AND REPORTING CRITERIA

REPORTING PRINCIPLES

"Making change possible - Sustainability Report 2019" provides complete and detailed information about the matters of greatest interest to the Company's stakeholders. "Making change possible - Sustainability Report 2019" is an important tool of transparency that Saipem adopts to support the relationship with its stakeholders. It is drawn up following the interests, expectations and requests of the Company's stakeholders, in particular the financial community and clients, detailing information that goes beyond what is required by reporting standards.



More details on management approach are included in the Consolidated Non-Financial Statement 2019 and in the Management Report of the Annual Report 2019.

This report has been prepared in accordance with the GRI Standards: Core option.

The following principles have been used to identify the contents of the document: stakeholder inclusiveness, sustainability context, materiality and completeness. To guarantee the quality of the information contained in the report, the principles of accuracy, balance, clarity, comparability, reliability and timeliness were followed, again as per GRI guidelines. The report is published annually and is approved by the executive Sustainability Committee, the Sustainability, Scenarios and Governance Committee and the Board of Directors. It is distributed at the Shareholders' Meeting convened to approve the Annual Report.

MATERIALITY ANALYSIS

In sustainability reporting, materiality is the principle that determines which relevant topics are sufficiently important that are essential to report on.

In order to define the topics that reflect the Company's economic, environmental and social impacts or influence the assessment and decisions of stakeholders, a materiality analysis was once again carried out in 2019, hence for the ninth year running. The materiality analysis process is divided into four main phases:

- > Framing;
- > Engagement;
- > Analysis;
- > Validation.

The first step entailed identifying the significant topics (23) which are considered potentially relevant for our stakeholders and the Company itself: identification is based on the sustainability context and on the analysis of the stakeholders involved. This phase sees also the identification of significant stakeholders to involve in the Materiality assessment and assignment of their relevance according to their

power of influence on Saipem's business and its success, and the preparation of customised surveys for the different stakeholder categories involved in the Materiality assessment process.

The 23 sustainability topics:

- > Climate change and air quality;
- > Employee rights;
- > Employment practices;
- > Energy efficiency;
- > Ethics and compliance;
- > Fair and inclusive workplace;
- > Geopolitical events;
- > Governance;
- > Human rights;
- > Inclusion and accessibility;
- > Innovation and digitalisation;
- > Local community support;
- > Natural capital;
- > Product responsibility;
- > Responsible investment;
- > Responsible supply chain;
- > Long-term value creation;
- > Spill prevention and response;
- > Talent and development;
- > Transparency;
- > Waste management;
- > Water;
- > Wellbeing, health and safety.

The second step involved identified external stakeholders, Saipem employees and all senior managers by means of online surveys.

The third phase is focused on the assessment of the priorities identified by more than 2,000 stakeholders involved in the Materiality assessment process. The level of external interest was defined by surveying a representative mix of external stakeholders, in terms of types of organisation (16 clients, 8 local community/NGO representatives, 68 business partners and vendors, 6 business association representatives, 25 financial stakeholders, 6 insurance partners and 3 government and regulatory representatives) and geographic focus (5% international, 61% from Europe, 12% from CIS, 11% from the Middle East, 6% from Africa, 11% from the Americas, and 4% from the Asia-Pacific area). The results were integrated with the outcomes of the surveys delivered to Saipem's employees, collecting feedback from more than 1,600 people. These results were weighed considering further contextual elements: in 2019, the analysis was extended considering insights from more than 60 Saipem peers, about 3,000 regulations (voluntary and mandatory), more than 2,000 news reports and more than 108,000,000 tweets. In order to define the level of internal significance,

an additional survey was sent to all Saipem senior managers. More than 220 senior managers contributed identifying sustainability priorities for the long term success of the Company. The fourth phase, the analysis, resulted in the materiality matrix which was submitted for validation to the executive Sustainability Committee in November 2019 and for verification to the Board Sustainability, Scenarios and Governance Committee. The Board of Directors endorses the outcomes of the materiality analysis.

MATERIALITY ANALYSIS RESULTS AND REPORT CONTENT

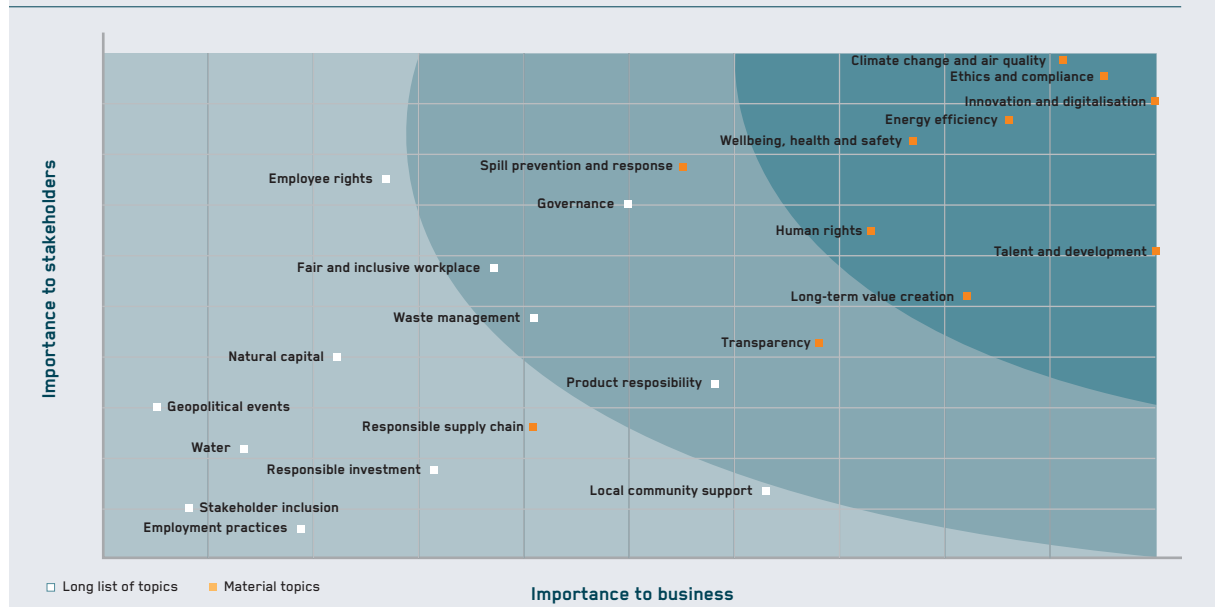
The most significant topics form the basis of this document and provide qualitative and quantitative information on the Company’s sustainability performance. There are 11 topics which are represented in the matrix with an orange square. 9 out of 11 material topics are addressed in this report in the following chapters:
 Challenge 1. Innovating for the new energy scenario:

- > Climate change and air quality
 - > Innovation and digitalisation
 - > Talent and development
- Challenge 2. Enabling carbon footprint reductions:
- > Climate change and air quality
 - > Energy efficiency
 - > Innovation and digitalisation
 - > Talent and development
- Challenge 3. Keeping people and operations safe and sound:
- > Spill prevention and response
 - > Wellbeing, health and safety
- Challenge 4. Generating shared value:
- > Human rights
 - > Responsible supply chain
 - > Long-term value creation
 - > Wellbeing, health and safety

Two material topics that arose from the materiality assessment (Ethics and compliance, Transparency) were addressed in the 2019 Consolidated Non-Financial Statement only.



MATERIALITY MATRIX



The vertical axis of the matrix represents the “Importance to stakeholders”, and the horizontal axis represents the “Importance to business”. Selection of the activities and programmes to be reported in detail in the Sustainability Report in relation to the topics identified as “material” was carried out with regard for the sustainability context in

which Saipem operates. Greater weight was assigned to the issues and geographic areas in which the Company has a more significant impact. Where possible, project performance indicators reported were contextualised with reference to detailed information on local conditions.

Material topics	Corresponding GRI Standards Aspects
1) Climate change prevention and air quality	GRI 305: Emissions 2016
2) <i>Ethics and compliance</i> *	GRI 205: Anti-corruption 2016
3) Innovation and digitalisation	n.a.
4) Energy efficiency	GRI 302: Energy 2016
5) Wellbeing, health and safety	GRI 403: Occupational Health and Safety 2018
6) Human rights	GRI 406: Non-discrimination 2018 GRI 407: Freedom of Association and Collective Bargaining GRI 408: Child Labour 2016 GRI 409: Forced or Compulsory Labour 2016 GRI 410: Security Practices 2016
7) Spill prevention and response	GRI 306: Effluents and Waste 2016
8) Talent and development	GRI 401: Employment 2016 GRI 404: Training and Education 2016 GRI 405: Diversity and equal opportunity 2016 GRI 412: Human Rights Assessment 2016
9) Long-term value creation	GRI 201: Economic performance 2016 GRI 202: Market presence 2016 GRI 203: Indirect Economic Impacts 2016 GRI 204: Procurement Practices 2016 GRI 413: Local Community 2016 GRI 414: Supplier Social Assessment 2016
10) <i>Transparency</i> *	GRI 415: Public Policy 2016
11) Responsible supply chain	GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016

(*) These two material topics that arose from the materiality assessment (Ethics and compliance, Transparency) were addressed in the 2019 Consolidated Non-Financial Statement only.

INTERNAL BOUNDARY

The above topics are material for all business units. As regards financial data, in line with the drafting of the financial statements, the reference perimeter corresponds to the area of consolidation. Alongside financial performance, sustainability reporting also describes social and environmental performances and hence includes numerous topics for which perimeters differing from those used in financial reporting are applied. For HSE data, the

reporting perimeter includes all activities in which Saipem is responsible for setting HSE standards and for ensuring and overseeing their application. As regards other thematic areas, Saipem reports 100% of operations in which Saipem SpA or one of its subsidiaries exercises operational control. Companies included in the reporting boundary are listed in the "Saipem Group Structure" in the Annual Report.



Further details are available in the Annual Report.

EXTERNAL BOUNDARY

For some material topics, the impact of Saipem activities occurs beyond organisation boundaries. In the "External boundaries" column the stakeholder

categories impacted by Saipem operations are specified for each material issue. The limitations that arose which refer to the boundaries of each material issue were also reported (when needed) in the table below under the "Limitations" column.

Material topics	External boundaries	Limitations
1) Climate change prevention and air quality	Vendors and subcontractors	Vendors
2) <i>Ethics and compliance</i> *	Business partners, vendors and subcontractors	-
3) Innovation and digitalisation	-	-
4) Energy efficiency	Vendors and subcontractors	Vendors
5) Wellbeing, health and safety	Vendors, subcontractors and a group of local communities	Partial for vendors
6) Human rights	-	-
7) Spill prevention and response	Vendors and subcontractors	Vendors
8) Talent and development	Subcontractors (for HSE training)	-
9) Long-term value creation	Vendors and subcontractors	The models for calculating the value generated were applied to some operating situations.
10) <i>Transparency</i> *	-	-
11) Responsible supply chain	Vendors and subcontractors	Partial for vendors

(*) These two material topics that arose from the materiality assessment (Ethics and compliance, Transparency) were addressed in the 2019 Consolidated Non-Financial Statement only.

With regard to the material topics for which reporting has not been extended to the external scope (GRI Standards - limitations), Saipem will assess the feasibility of increasing the reporting boundary. More details are described in the GRI and UN Global Compact Content Index.

ASSURANCE STATEMENT

To ensure the reliability of the information provided and to improve the reporting process, "Making change possible - Sustainability Report 2019" is subject to limited assurance by KPMG SpA.

ANNEX

The GRI and UN Global Compact Content Index Annex is attached to "Making change possible - Sustainability Report 2019" and can be found here



Annex I can be also found in the Sustainability Documents section on the Saipem website

ASSURANCE STATEMENT



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Independent auditors' report on the sustainability report

*To the board of directors of
Saipem S.p.A.*

We have been engaged to perform a limited assurance engagement on the 2019 Sustainability report (the "sustainability report") of the Saipem Group (the "group") excluding the "How can we quantify the effect we have on local communities?" section thereof.

Directors' responsibility for the sustainability report

The directors of Saipem S.p.A. are responsible for the preparation of a sustainability report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), as described in the "Methodology and Reporting Criteria" section of the sustainability report.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

They are also responsible for defining the objectives of Saipem S.p.A. (the "parent") regarding its sustainability performance and the identification of the stakeholders and the significant aspects to report.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Ancona Aosta Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

Società per azioni
Capitale sociale
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20124 Milano MI ITALIA



Saipem Group
Independent auditors' report
31 December 2019

Auditors' responsibilities

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the sustainability report with the requirements of the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the sustainability report is free from material misstatement.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the sustainability report are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

- 1 Assessing the reasons for preparing both the consolidated non-financial statement required by articles 3, 4 and 7 of Legislative decree no. 254/2016 and the sustainability report and the elements differentiating the two documents.
- 2 Analysing the reporting of material aspects process, specifically how these aspects are identified and prioritised for each stakeholder category and how the process outcome is validated internally.
- 3 Comparing the financial disclosures presented in the sustainability report with those included in the group's consolidated financial statements.
- 4 Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the sustainability report.

Specifically, we held interviews and discussions with the parent's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the sustainability report.

Furthermore, with respect to significant information, considering the group's business and characteristics, we carried out the following procedures:

- at group level,
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the sustainability report,
 - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;



Saipem Group
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31 December 2019

- we visited the Al Zour (Kuwait), Saipem 7000 (port of Eemshaven) and San Donato Milanese (Italy) sites, which we have selected on the basis of their business contribution to the key performance indicators at Group level and location, to meet their management and obtain documentary evidence, on a sample basis, supporting the correct application of the procedures and methods used to calculate the indicators.

Our procedures did not cover the information set out in the "How can we quantify the effect we have on local communities?" section of the sustainability report.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2019 Sustainability report of the Saipem Group has not been prepared, in all material respects, in accordance with the requirements of the GRI Standards, as described in the "Methodology and Reporting Criteria" section of the sustainability report.

Other matters

Additional information

In the "How can we quantify the effect we have on local communities?" section of the sustainability report, the directors provided data and information on the Saipem Externalities Local Content Evaluation (SELCE) model and REVALUE measurement model, to quantify the comprehensive economic value generated in the local economies by group activities, which supplements the information required by the GRI Standards.

Our conclusion does not extend to such data and information.

Comparative figures

Other auditors performed a limited assurance engagement on the group's 2018 and 2017 sustainability reports and expressed an unqualified conclusion thereon on 3 April 2019 and 5 April 2018, respectively.

Milan, 6 April 2020

KPMG S.p.A.

Cristina Quarleri
Director of Audit

MORE ON SAIPEM

Our new website saipem.com offers news, information and stories about the sustainability of our business in terms of commitments, projects and challenges. You can access all the HSE and Sustainability Reports we have published since 2000, which are also available as downloads.

It also includes our annual Consolidated Non-Financial Statement (Italian Legislative Decree No. 254/2016), Annual Reports, Interim and Quarterly Financial Reports, Corporate Governance and Shareholding Structure Reports, Remuneration Reports, Policies and the Code of Ethics.

Take a look at our documents and tools for more information on the sustainable value we create:

SECOND SAIPEM REPORT ON CLIMATE BASED ON TCFD RECOMMENDATIONS



THE SAIPEM'S GROUP COMMITMENT, POLICIES AND ACTIONS, IN LINE WITH THE UK MODERN SLAVERY ACT



INTERACTIVE TOOL TO EXPLORE THE TRENDS IN MORE THAN 100 KPIs OF OUR SUSTAINABLE BUSINESS



INTERACTIVE VERSION OF MAKING CHANGE POSSIBLE - SUSTAINABILITY REPORT 2019

LET'S KEEP IN TOUCH



Headquarters: San Donato Milanese (Milan), Italy
Via Martiri di Cefalonia, 67



Società per Azioni

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

Tax identification and Milan, Monza-Brianza, Lodi

Companies' Register No. 00825790157

Feedback

What you think of the Saipem Sustainability Report matters to us. As we are constantly striving to improve our reporting, we would very much welcome your feedback. We will also be pleased to answer any questions you may have.

You can submit your comments by email to:

sustainability@saipem.com.

Special thanks to all those who contributed to the drafting of this report.

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Most of the pictures included in this report are the work of Saipem colleagues who participated in the in-house Sustainability Photographic Award.



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