SAIPEM MODERN SLAVERY STATEMENT 2019

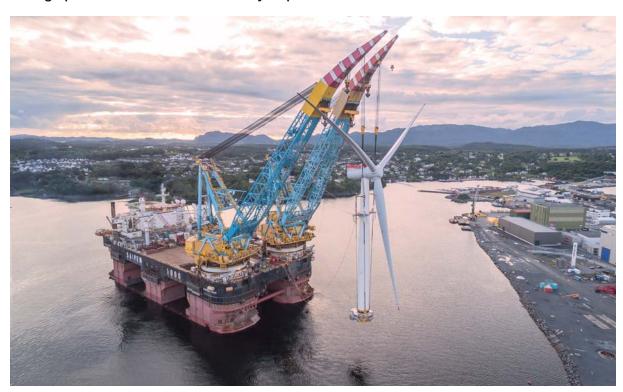




SAIPEM MODERN SLAVERY STATEMENT 2019

This statement describes the policies and the actions taken by the Saipem Group¹ in the last year to develop and implement measures and enhance the systems and processes already in place to ensure the respect for human and labour rights and prevent modern slavery and human trafficking in its business and supply chain.

This document is published in line with the UK Modern Slavery Act 2015. The reporting boundary corresponds to the one described in the Annual Report 2019 and Making change possible - 2019 Sustainability Report.



ABOUT SAIPEM

Saipem is a global solution provider in the energy and infrastructure sectors that is present in more than 70 countries and has 60 years of history. The Company has unique skills in managing complex projects, from conception to decommissioning, in extreme

environments, remote areas and deep waters. Saipem Group is organised in 5 operating areas and operates in all continents with 9 fabrication yards, a sea fleet of 44 vessels and an onshore drilling fleet of 85 units, of which 82 owned and 3 operated by Saipem.

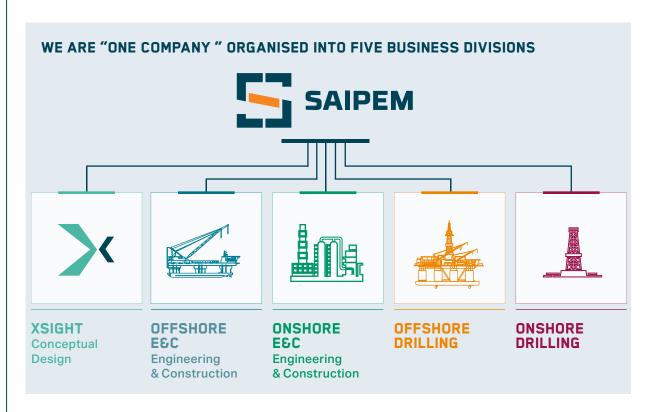
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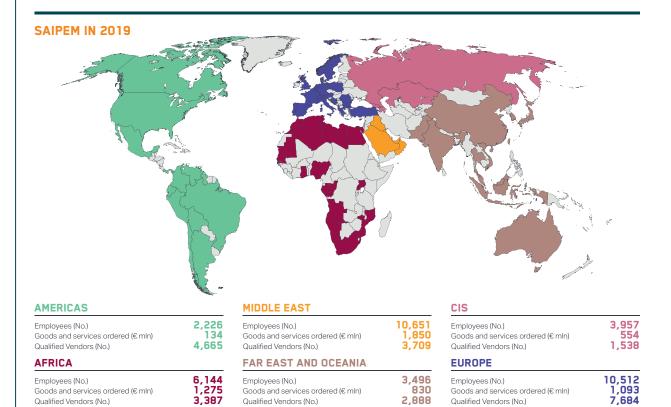


in DJSI World and Europe indices.











Qualified Vendors (No.)

3,387

Qualified Vendors (No.)

As a signatory of the UN Global Compact since 2016, 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 upholding our basic responsibilities to people and the planet, while also setting the stage for our long-term success.

2,888

Qualified Vendors (No.)

OUR POLICY AND COMMITMENT

Saipem operates within the reference framework of the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the ILO, the OECD Convention, and the UN Global Compact principles. Its regulatory system is based on, and is consistent with, the general framework, which comprises: legal provisions, the Articles of Association, the Corporate Governance Code, the CoSO Report, the Organisation, Management and Control Model (OM&C Model²), which includes the Code of Ethics and the internal control system over financial reporting.

Our Code of Ethics sets out the principles and commitments undertaken by the Saipem Group in order to adhere to ethical business practices and to comply with legal requirements. The Code of Ethics states the rejection of any form of discrimination, corruption, forced or child labour and the promotion of human rights. Particular attention is paid to the acknowledgement and safeguarding of the dignity, freedom and equality of human beings, the protection of labour and the freedom of trade union association.

health, safety, the environment and ecosystems, and preservation of natural resources and contribution to tackle climate change, in accordance with International Institutions and Conventions.

The Code of Ethics applies to all Saipem's population, as well as to third parties with which Saipem collaborates, to promote the establishment of long-lasting relations for the progressive improvement of performance while protecting and upholding the principles and contents of the Code.

Saipem's Policies "Sustainable Saipem", "Our People" and "Human Rights" reinforce the commitment to upholding internationally recognised human rights and to promoting this commitment in business activities carried out with partners or entrusted to contractors and subcontractors. Further, everywhere the company operates, Saipem strives to contribute to the creation of the socio-economic conditions required for the effective enjoyment of fundamental rights and promote the professional growth and well-being of our resources.

RISK ASSESSMENT

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

Saipem performed a thorough country-based risk assessment encompassing several labour rights-related indicators, including child and forced labour, freedom of assembly and expression, and human trafficking, which are provided by international organisations, international NGOs and trade unions' associations.

The risk assessment led to the countries in which Saipem and its suppliers operate being divided into four distinct categories related to the risk of abuse of human/labour rights, thus identifying high, medium, moderate and low risk countries.

Further, for each country where Saipem is operating, an in-depth analysis of legislation in force has been

carried out for four distinct labour rights domains (i.e. non-discrimination in employment and occupation, child labour, forced labour, freedom of association and collective bargaining).

For its supply chain, Saipem has identified a series of sustainability aspects as priority areas in the management of its vendors: the ethical nature of the vendor, their respect for human and labour rights, and the protection of its workers in terms of health and safety and the protection of the environment. All these aspects are integrated into the supply chain management system.

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

MANAGING OUR PEOPLE



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

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

OFFSHORE PERSONNEL

Saipem's attention to labour rights extends also to offshore personnel with full abidance to the principles and the rights recognised to Seafarers promoted

under the ILO Maritime Labour Convention of 2006 (MLC 2006). Seafarers also have the right to submit a grievance according to a structured process if a violation of their rights arises. To ensure each of them is aware of their rights, all people working on offshore vessels receive a copy of the related procedure and all the forms necessary for the complaint, together with a copy of their employment agreement. The captain and/or the Company examines any complaint, and any instance of harassment is managed in compliance with the Company's disciplinary procedures.

PERSONNEL HIRED THROUGH **EMPLOYMENT AGENCIES**

For certain specific contexts, and mainly to comply with domestic legislation, Saipem is supported by local employment agencies to recruit local

OUR PEOPLE IN NUMBERS

EMPLOYEES

PEOPLE HIRED THROUGH EMPLOYMENT AGENCIES

PEOPLE EMPLOYED LOCALLY

LOCAL MANAGERS

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

Source: Sustainability Report 2019, Consolidated Non-Financial Statement 2019.

2019 GPS ACTIVITIES IN FIGURES

MORE THAN 290

TRACKED CONTACTS WITH INTERNATIONAL PERSONNEL

MORE THAN **1,360**

MAN-HOURS SPENT IN ENHANCING A TRANSPARENT RECRUITMENT PROCESS WORLDWIDE

-600

EMPLOYEES FROM EMPLOYMENT AGENCIES INTERVIEWED (2016-2019)

Source: Sustainability Report 2019, Consolidated Non-Financial Statement 2019.

employees, especially skilled blue-collar workers. In the framework of its human and labour rights commitment, Saipem has a rigorous process in place for recruiting employment agencies, which are considered strategic partners in order to identify and properly manage highly skilled professionals. A monitoring system has been implemented to see how employment agencies manage sensitive processes such as recruitment practices, which involves audits at the vendor's premises and phone interviews with personnel. This is the case, in particular, with Global Petroprojects Services (GPS AG), a subsidiary of the Saipem Group, licensed for international recruitment and manpower supply since 1994 and as Seafarer's Recruitment and Placement Services agent in compliance with the ILO MLC 2006 since 2013. GPS AG is a human resource centre of excellence, which provides a complex spectrum of HR related services to Saipem worldwide, in addition to several other auxiliary services (monitoring of training needs and training arrangements, data inputting, support for bid estimations, etc.). It operates combining business peculiarities with the evolution of the market. For certain complex contexts, GPS AG is supported by local agencies to satisfy legal obligations connected mainly with domestic legislation.

GPS AG constantly monitors, directly and indirectly, how employment agencies manage recruitment and administration practices either through audits during the validation of a purchase document and/or assessments prior to the service provisions at the vendor's premises or by phone interviews to hear the thought of international personnel that are carried out during their off-duty period. Said feedback – which is collected during phone conversations in

English – can confirm that employment agencies meet Saipem's requirements.

In 2018, GPS AG launched a customised eLearning course for international workers to assess their perception of topics such as fighting corruption, social responsibility, integrity, ethical supply chain, health and safety, etc. GPS AG's aim is to continuously maintain a stable channel of communications with Subcontractors and International Employees to promote more and more the adoption of good practices in the area of overseas recruitment and enforce a fair and transparent recruitment process.

DIVERSITY AND EQUAL OPPORTUNITIES

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

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

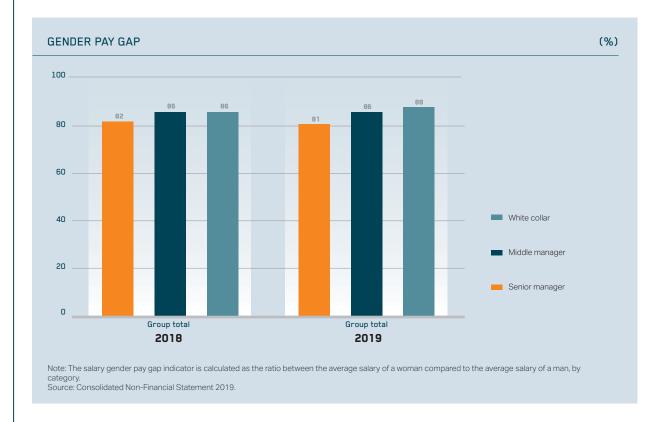
As defined in the Code of Ethics, in full compliance with applicable legal and contractual provisions, Saipem undertakes to offer equal opportunities to all its employees, making sure that each of them receives a fair statutory compensation exclusively based on merit and expertise, without discrimination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

Saipem defines its policies in full accordance with the skills and performance assessment and identifies compensation strategies through a local approach to reflect the specific nature of the labour market and the local labour law context.

The protection of specific groups of employees is safeguarded through the application of local laws and is reinforced by specific corporate policies that emphasise the importance of this issue. The goal is to ensure equal opportunities for all workers in an effort to deter the onset of prejudice, harassment and discrimination of any kind (e.g. related to sexual orientation, colour, nationality, ethnicity, culture, religion, age and disability) in full respect of human rights. Any behaviour constituting physical or moral violence or harassment is strictly forbidden without any exceptions.

In various business operations and in compliance with specific, local legislation, Saipem guarantees the inclusion of disabled or young personnel and compliance with pre-established ratios between local and expatriate personnel.

Based on specific local circumstances, Saipem guarantees for its employees, different types and modes of benefits that include supplementary pension funds, additional health funds, mobility support services and policies, initiatives in the field of welfare and family support policies, catering and training courses aimed at ensuring more effective



integration within the socio-cultural context of reference. These benefits, when envisaged and based on the country/society/local legislation in force, are applied to the whole specific reference population regardless of the type of contract (temporary/permanent), except for services where the time scale of performance delivery may not be compatible with the duration of the contract.

As regards gender diversity, the percentage of women holding managerial positions compared to the total number of women is 19% (in relation to the consolidated perimeter) and is in line with 2018. Saipem is equipped with precise guidelines to standardise pay policies and reduce the pay gap between men and women in all the local bases where it operates. The Company defines the compensation policy guidelines annually. In particular, Saipem constantly strives to affirm the "equal pay for equal work" principle and reduce the pay gap between men and women in all operating situations, even though, at a global level, the result of the gender pay gap indicator is also influenced by the specific manpower dynamics of the year. For the Senior Manager category, the indicator reaches 81% (for both the consolidated and Group perimeter); as regards Middle Managers, the 2019 indicator is 86% (for both the consolidated and Group perimeter); and as regards White-Collar workers, the value is 89% (88% for the Group perimeter). The Blue-Collar category experienced a significant positive variation, motivated also by the fact that the female population in this category (59 Blue Collar women for the full perimeter and 85 for the Group) is mainly employed in countries with higher wages than average.

Further, Saipem supports the work/family balance of its personnel through Company regulations and/or local policies which guarantee parental leave.

INDUSTRIAL RELATIONS

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

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

Saipem has a sound record of relations with trade union organisations in a variety of geographic locations across several segments of its business. Saipem promotes and encourages a constant open dialogue between employer and employees so that the interests of the parties can be best realised in consideration of the fact that a regular and effective communication flow between them appreciably reduces the probability of misunderstandings and conflicts arising in the workplace.

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

In terms of international industrial relations, in 2019 collective agreements were renewed in Peru for the personnel employed in Onshore Drilling, in Nigeria for Onshore E&C personnel, in Indonesia for Offshore

E&C personnel and in Mexico for Offshore Drilling and E&C personnel. Finally, in France, Saipem SA signed two agreements with trade unions relating respectively to the experimental introduction of the telework pilot project and for the recognition of an exceptional bonus, the so-called "Prime Macron", in conformity with the provisions of the laws in force. As regards industrial relations in Italy, in September an understanding was reached for the renewal of the Energy and Oil National Collective Labour Agreement (CCNL), valid for the three-year period 2019-2021. At a company level, the relationship with trade unions has remained constant and constructive, both with the National Secretariats and with the RSUs of the various offices.

Of more than 28,000 employees (more than 31,000, if we consider the Group total) monitored (the total includes full-time Italian employees, French employees irrespective of the country they work in and local employees for all the other countries), 12,508 (13,096 at Group level) are covered by collective bargaining agreements. The downward trend for the Group total can be attributed to the fact that a growing proportion of Saipem personnel work in countries where these types of agreements are not provided for. At the same time, there has been a reduction of personnel in areas where these types of agreements are widespread (Indonesia, Kazakhstan and Nigeria).

MANAGING OUR SUPPLY CHAIN



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

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

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

First of all Saipem's vendors are bound to comply with the principles that are an integral part of the Code of

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

QUALIFICATION

- Risk profiling
 Counterparty risk assessment
 Qualification questionnaire
 - > Audit

EXECUTION OF THE CONTRACT

- Contractual provisions and regulations
- Site inspections and auditsEvents and forums

FEEDBACK

> Feedback questionnaires

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

During the qualification process, the analysis of vendor information is the first step for knowing and understanding their capacities.

This phase involves gathering data and information, as well as the vendor's documentation, to evaluate:

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

The level of risk linked to sustainability issues is determined by the country of origin of each vendor and the industrial sector and/or criticality of the supply. Vendors identified with a high sustainability risk level are subject to more in-depth investigations. In particular, depending on the type of goods or services offered, vendors are subjected to a Counterparty Risk Assessment ("VERC"), that aims also to verify their ethical conduct in terms of anti-corruption, unlawful conduct and human rights, as well as any other aspect which could directly damage the reputation of the vendor, and indirectly damage Saipem's reputation.

The VERC is performed by analysing the key characteristics of the counterparty, with particular attention to economic-financial, ethical/reputational aspects and ownership.

The counterparty risk assessment may be performed at the start of the qualification activity and also during the contract award phase or during the performance of periodic inspections, where applicable.

Furthermore, depending on the level of risk of exposure to problems linked to human rights and/or HSE aspects, vendors are assessed by analysing the documents provided during qualification, to check compliance with Saipem's principles and the vendor's ability to manage these issues. Depending on the level of sustainability risk, the vendors subjected to qualification audits may also be assessed on specific sustainability aspects, including labour rights, health and safety and environmental protection.

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

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

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

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

€1.9 BLN

TOTAL GOODS AND SERVICES ORDERED

23,871

ACTIVE VENDORS

Source: Sustainability Report 2019.

+180

VENDOR QUALIFICATION QUESTIONNAIRES
ON LABOUR RIGHTS ANALYSED IN 2019

+1,500

VENDOR QUALIFICATION QUESTIONNAIRES
ON LABOUR RIGHTS ANALYSED SINCE 2013

Periodic training sessions with vendors are also organised to discuss HSE issues.

Vendor performance and compliance with contractual provisions are constantly monitored: all the Saipem functions involved in the various phases of the procurement chain management system are bound to provide feedback on the conduct of vendors, including on sustainability aspects, such as any incidents occurring during the execution of the work,

conformity with local HSE or labour legislation, or legal proceedings brought against them for serious breaches/offences, etc. The information is gathered by analysing documents and evidence collected during site inspections and audits.

The feedback received guarantees the assessment of the vendor's overall reliability and the possibility to terminate the contract or suspend the vendor's qualification.

TRAINING

During 2019, the training programme on human rights and the supply chain continued. It began in 2016 for internal Saipem functions involved in the procurement process, mainly Vendor Management and the Post Order Functions.

In 2019, 304 employees were trained, completing the coverage of the whole population of functions identified in the various divisions (for a total of 803 people). Training was delivered in e-learning mode to reach all the sites worldwide. The training instrument consists of three sections: firstly an introduction to international standards and Saipem's policies on the issue, a second section studying human and labour rights (discrimination, forced labour, child labour, salaries, working hours, disciplinary practices, freedom of association/collective bargaining and the protection of health and safety), and finally a section describing the actions that can be implemented and the role of employees on these issues. The training aims, in particular, to instruct employees who interact directly with vendors on the importance of reporting serious situations they may note during visits to vendors.

This training was part of the Company's sustainability objectives for 2019, which represented 15% of the management's short-term variable incentive plan. 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 2019 and focused on relevant current topics such as energy efficiency and GHG reduction in projects. The participants demonstrated a deep interest and committed to implementing a series of initiatives including energy efficiency initiatives such as LED light installation or diesel generator optimisation.

PARTICIPANTS AMONG SAIPEM AND SUBCONTRACTORS

Source: Sustainability Report 2019.



SECURITY PRACTICES

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

Before signing a contract, vendors of security goods and services are subjected to a due diligence to verify that there are no counter-indications connected with the violation of human rights. Saipem has introduced clauses regarding the respect for human rights in its contracts with these vendors since 2010, and failure to observe them leads to the Company withdrawing from the contract. As of today, the contractual clauses on human rights have been included in the "General terms and conditions" of contracts.

LOOKING AHEAD

Saipem is continuously committed to protecting and promoting human and labour rights in its business operations.

Overall, the following table describes the activities carried out and set for 2020 as part of the Saipem Sustainability Plan.

MATERIAL TOPIC

COMMITMENT

2019 RESULTS

Human Rights Respecting international best practices on the subject of human and labour rights, monitoring effective compliance.

- > Mapping of local agency personnel with key roles and interviews with 31 people to obtain feedback on recruitment practices and procedures.
- > Interviews with 11 international employees to continue to strengthen the adoption of good practices in foreign recruitment processes.

Responsible supply chain

Cooperating with our vendors to contribute to the development of their own business sustainability and to reduce/minimise sustainability risks within our supply chain.

- > Continuing with the social responsibility campaign in the supply chain: 182 vendors assessed during the qualification phase and 8 audits conducted.
- > Delivery of the internal human rights and supply chain programme to over 300 employees.
- > Development of a tool to estimate Saipem's carbon footprint throughout the supply chain.

REPORTING VIOLATIONS

Saipem's Code of Ethics provides the appropriate channels that allow an adequate information flow in order to investigate any report related to the violation of the Code.

The reporting management process ("whistleblowing") for managing stakeholder complaints is governed by a special Corporate Standard made available to all employees (through various means, among which the intranet and company notice boards) and external stakeholders, including vendors (published on the Company's website).

The term "report" refers to any information regarding possible violations, behaviour and practices that do not conform to the provisions in the Code of Ethics and/or which may cause damage or injury to Saipem SpA (even if only to its image) or any of its subsidiaries,

by Saipem SpA employees, directors, officers, audit companies and its subsidiaries and third parties in a business relationship with these companies. Saipem has prepared various widely disclosed channels of communication in order to facilitate sending reports, including, but not necessarily limited to, regular post, fax, yellow box, email, and communication tools on the intranet/internet sites of Saipem SpA and its subsidiaries. Any report is properly assessed by the Internal Audit Department to guarantee independent evaluation and action. Evidence of reports received and analysed is published every year in the Consolidated Non-Financial Statement, included in the Annual Report.

2019 RESULTS VS. 2019 OBJECTIVES

Define and implement a 3-year training and awareness programme at operational level in risk areas for Human and Labour rights.



> Developing an awareness raising tool on human rights in Saipem's activities.

2020 OBJECTIVES

> Testing a human rights risk assessment tool at project level.

Strengthen human rights awareness among company functions involved in stakeholder relation activities.



Extend the delivery of the internal human rights and supply chain programme to identified Procurement and Post Order functions.



- Continuing to support the improvement of the supply chain in terms of HSE standards and human and labour rights, also through partnerships with local business associations and institutions in the areas we operate in.
- > Identifying further areas/assets when a green procurement approach can be implemented.

This statement was approved by the Board of Directors of Saipem SpA on June 30, 2020.

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