



SAIPEM SUSTAINABILITY 2017



60 YEARS OF



1957

NEW FRONTIERS

Our mission is to implement challenging, safe and innovative projects, leveraging on the competence of our people and on the solidity, multiculturalism and integrity of our organisational model. With the ability to face and overcome the challenges posed by the evolution of the global scenarios, we must seize the opportunities to create economic and social value for all our stakeholders.



2017

SAIPEM OF TOMORROW

A conversation between Chairman P. A. Colombo and Prof. S. Pareglio*

EMERGING SCENARIOS

THE ROLE OF THE BOARD OF DIRECTORS IN THE APPLICATION OF A SUSTAINABLE BUSINESS MODEL

Prof. S. Pareglio

Chairman, upon the first reflection, I think we live in a world where 'sustainability', as an emerging theme, often confined to the environmental matrix alone, has become a strategic key for the business. 'Sustainability' for companies means playing a broader role within contemporary society. Above all, it means taking a closer look with respect to the future. How does Saipem fit into this dual perspective?



Chairman P. A. Colombo

Saipem has met the challenges, both social and otherwise, with a distinctive sustainable model where the term 'sustainable' is something real, that likewise impacts our activities and is integrated in our strategic decisions, innovation, relations with stakeholders, the know-how of our people and corporate culture. Over the years our business model has not been limited to only meeting the expectations of stakeholders, but has also been designed to prepare Saipem for the competitive arena of the coming decades. A long-term vision, essential for the sustainability of the business, together with the values of ethics, know-how and technology, allow us to fully create value in all the over 60 countries in which we operate.



Prof. S. Pareglio

Innovation and long-term vision are two concepts that are closely linked to a very current topic such as climate change. Increasing its 'climate resilience' is essential for Saipem, as for any other company, in order to manage any related risks and to seize the opportunities.

Chairman P. A. Colombo

Countering the impacts on our society deriving from the changes taking place at the climatic level is a challenge from which society as a whole and we, in our small way at Saipem, cannot escape. As a provider of engineering and

construction services, Saipem can make an important contribution in terms of technological innovation aimed at optimising the 'climate change' actions of Oil & Gas developments by the Oil Companies, and in the energy efficiency sector as well where there is still a lot of work to be done. These are the kind of initiatives that turn into a constant commitment for Saipem and into opportunities that open new market prospects and diversify its business perimeter. In order to provide cutting-edge and sustainable solutions, Saipem helps its clients meet the needs of a future with reduced carbon emissions, where fossil and non-fossil sources can continue to meet the growing primary energy needs. This commitment to sustainability at all levels is also reflected in the company's policies and governance principles.

Prof. S. Pareglio

Indeed, in large companies there is an increasing focus on the quality of governance, and in particular on the role of the Boards of Directors as an 'instrument' capable of guiding and promoting the sustainability of the business: a competent BoD is an essential prerequisite for understanding the risks and opportunities related to environmental issues. What, then, is your view on the role of the Board of Directors of Saipem, and more generally of governance, in addressing future challenges?

Chairman P. A. Colombo

Saipem is equipped with an advanced Corporate Governance system that over the years has adapted to the challenges and evolved along with them. The flexible and pioneering spirit, the propensity for innovation and the long-term strategic vision of the company are reflected in its governance, expressed mainly by the Board of Directors, and in the work of Top Management. Challenges such as climate change are thus integrated into the business strategy and in business and risk management models. These issues are subjects of discussion of the internal committees such as the Corporate Governance Committee and Scenarios and the Audit and Risk Committee. As members of the BoD, we have expressed our commitment by actively participating at various times in discussions on sustainability issues and, in particular, we organised two workshops in 2017 dedicated to analysing the evolution of global business scenarios and of some relevant sustainability issues.

(*) Stefano Pareglio, Università Cattolica del Sacro Cuore, Associate Professor of Microeconomics, Environmental and Energy Economics; Society and Sustainability Program Coordinator at Fondazione Eni Enrico Mattei.

A conversation between the CEO, S. Cao, and M. Drexler*

BETWEEN VISION AND MISSION

OUR FUTURE STRATEGY

M. Drexler

Mr. Cao, the world is seeing an accelerated pace of change, where a multitude of complex global scenarios with a high degree of uncertainty (technological innovation, demographics, global warming and an uneasy balance between economics and politics) impact business. How can a company like Saipem operate successfully in such an uncertain scenario?



S. Cao

We are living in a time of extremely rapid changes and it is of utmost importance for a Company like Saipem to explore these scenarios, be able to understand their main trends and anticipate certain Clients' needs. These actions can give our Company the power to understand a rapidly changing world and adapt accordingly. It is now clear that we are in the most severe crisis in the history of the Oil & Gas industry with a huge reduction in Oil Company investments, but at the same time we are experiencing positive trends such as the growth in the population of developing countries, thus increasing the global energy demand. In this context, by taking into account the depletion of existing wells and the future contribution of those under development, even in a scenario which pushes the weight of renewable energies to the maximum extent possible, there is very little chance that the primary energy supply side can balance the growing energy demand with reduced investments in new Oil & Gas developments.



This, as a consequence, should further drive an increase in the price of commodities, with oil, but mostly gas, remaining a cornerstone of the energy mix for the next 20 years. Saipem has been acting as if oil prices will stay low forever and has been taking this crisis as an opportunity to open new markets and boost innovation, pursuing new technological solutions based on complementary green technologies. We will offer our clients a new hybrid – fossil fuel renewable – approach to new developments. Saipem must therefore be the company that finds innovative and efficient solutions for making viable expensive and risky projects.

This is our vision: to be a leader in making the future of our markets sustainable.

M. Drexler

Then, in order to be able to propose new solutions, what opportunities are there for Saipem to play a role in this evolving world?

S. Cao

We had the opportunity recently during the celebration of our 60 Year Anniversary to listen to Prof. Parag Khanna's speech where he shared his vision, stating that 'companies like Saipem are the heroes in a way of building platforms of connectivity, the mega-infrastructures in transportation, energy and communication areas'. To ensure connectivity and the demands of the next generation in a more sustainable and globalised world, we can be sure that there will be more investments in infrastructures over the next 40 years than there has been in the last 4,000 years. There's no doubt we must be ready to seize this opportunity. In fact, only companies that have an innate sense of innovation in their DNA as Saipem does can behave like a 'technological engine' capable of transforming traditional approaches, methodologies and ways of operating to move and go beyond limits.

M. Drexler

If the multiple scenarios are changing so rapidly, it is clear that all business and managerial models must consequently adapt and change accordingly. An obvious concern then is will all the actors be able to succeed and embody the model of the concrete solution provider?

S. Cao

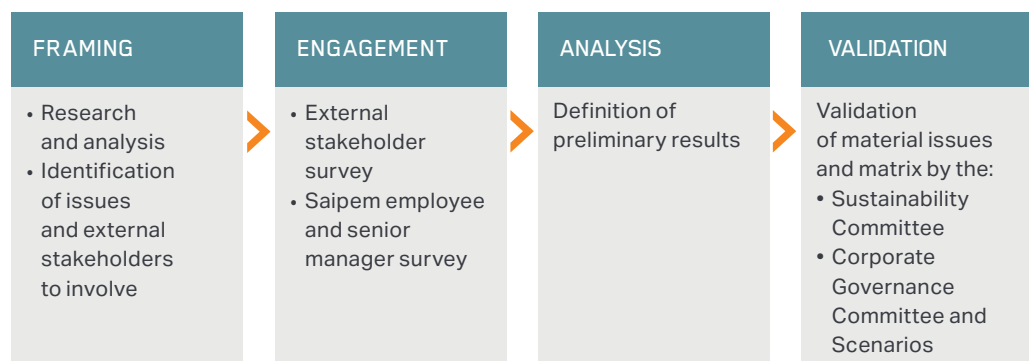
I'm sure that we must anticipate and in some way guide the market rather than be guided by it. Our mission is to implement challenging, safe and innovative projects, leveraging on the competence of our people and on the solidity, multiculturalism and integrity of our organisational model. With the ability to face and overcome the challenges posed by the evolution of these scenarios, we must seize the opportunities to create economic and social value for all our stakeholders. The next step is to fully integrate our unique sustainable business model within our organisation. It's a challenging task, indeed, especially from a cultural point of view, but I think we have the ability and the strength to accomplish this mission.

(*) Michael Drexler, World Economic Forum: Head of Financial and Infrastructure Systems, member of the Executive Committee.

MATERIALITY ASSESSMENT: IDENTIFYING SUSTAINABILITY PRIORITIES

A strong and focused materiality assessment is the cornerstone of a sustainability strategy that is consistent with the core business, meets stakeholder expectations and produces high-impact results both for Saipem and society. Materiality is about identifying the issues that are meaningful for Saipem and its stakeholders, and that are within its capacity to create long-term value to support the Company's strategy. Saipem plots the issues that are considered important for its long-term business success against those that pose risks or opportunities to the Company.

MATERIALITY ASSESSMENT PROCESS AT SAIPEM



SUSTAINABILITY PRIORITIES IDENTIFIED IN 2017



See pages 14-15.

2018 SUSTAINABILITY
GUIDELINES AND OBJECTIVES

2017 SUSTAINABILITY REPORT
CONTENT

MATERIALITY
ASSESSMENT
PROCESS

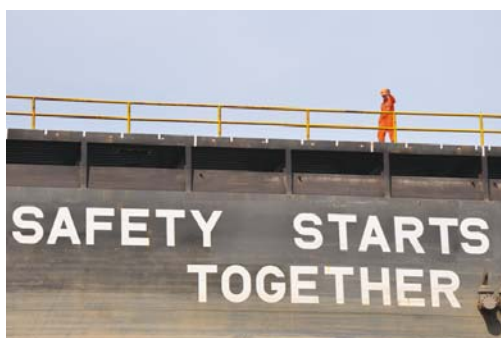
7TH EDITION

Total stakeholders
involved

~5,000

CONTENTS

'Saipem Sustainability 2017' provides an in-depth analysis of the most significant issues for business sustainability identified by way of the materiality analysis (see page 4 and pages 46-49). These topics, which meet Saipem stakeholder priorities and requests, happen to be the cornerstone of the Company's Sustainability strategy.



How does Saipem guarantee a safe environment to ensure people's safety during its operations?

The safety of its people, its partners, local communities, as well as integrity in its operations are fundamental and non-negotiable values for Saipem. Structured and effective management systems, training and awareness for people, and the continuous search for innovative solutions, together guarantee the safeguarding of people and assets during Saipem operations.

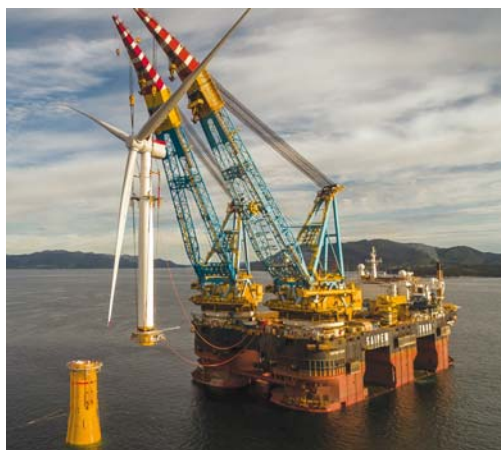
People safety	page 16
Safe operations, asset integrity and process safety	page 20



How is Saipem equipped to be a responsible and competitive business player in the long-term?

To be a competitive and responsible company, Saipem has always been committed to continuously developing innovative solutions and conducting business in accordance with the highest integrity standard. As a responsible employer, the Company respects international human and labour values and principles, and is committed to promoting positive behaviour even outside its own operative boundaries.

Anti-corruption and ethical business practices	page 22
Human and labour rights	page 24
Ethical supply chain	page 26
Technology and operational innovation	page 28



What solutions is Saipem adopting to minimise the environmental impact of its operations?

Through an effective Environmental management system the Company aims to minimise and keep any environmental impact arising from its activities under control. Saipem strives for continuous improvement for its environmental performances, i.e. by spreading environmental awareness or implementing best practices in terms of pollution prevention, energy and water saving, waste reutilisation promotion, etc.

Tackling climate change	page 32
Spill prevention and response	page 36
Water management and pollution	page 38
Waste generation and management	page 39
Environmental and social impact management	page 40



What is Saipem doing to build and maintain a talented and healthy workforce?

Saipem is aware that its people are a powerful resource, representing the Company's main asset. The Company has always been committed to building and maintaining a healthy organisation, employing talented people and investing in their growth and development. This approach is a cornerstone of Saipem's pursuit of long-term sustainable growth.

Training and development	page 42
Health and well-being	page 44

Methodology and reporting criteria	page 46
Annex I - GRI and UN Global Compact Content Index	page 49
Assurance statement	page 50

SAIPEM AT A GLANCE

Saipem is one of the world leaders in drilling services, as well as in the Engineering, Procurement, Construction and Installation (EPCI) of pipelines and complex onshore and offshore projects in the Oil & Gas market. The Company has distinctive competences in harsh environments, remote areas and deep water. Saipem provides a full range of services with turn-key EPC and EPCI contracts and has distinctive capabilities and unique assets with a high technological content. Saipem has been listed on the Milan Stock Exchange since 1984.

60 years

PRESENCE IN THE SECTOR

€8,999 mln

TOTAL SALES

€12,363 mln

TOTAL BACKLOG

67

COUNTRIES WHERE SAIPEM OPERATES

115

NATIONALITIES

35,918

EMPLOYEES

76%

LOCAL PERSONNEL

3,790

WOMEN

26,345

VENDORS

€31 mln

R&D EXPENDITURE

281.9 mln

WORKED MAN-HOURS

21.9

AVERAGE TRAINING MAN-HOURS
ATTENDED BY EMPLOYEES

€6.42 bln

TOTAL GOODS AND
SERVICES ORDERED

64%

OF GOODS AND SERVICES
ORDERED LOCALLY

0.14

LOST TIME INJURY
FREQUENCY RATE

1,300

SCOPE 1 GHG EMISSION
(KT CO₂ EQ)

+€8.3 bln

ECONOMIC VALUE GENERATED BY SAIPEM*

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

INCLUDED IN THE DOW JONES
SUSTAINABILITY WORLD
AND EUROPE INDICES



FTSE4Good

INCLUDED IN THE FTSE4GOOD
SERIES INDEX FOR THE 8TH YEAR
RUNNING



NEW SAIPEM DIVISION DEDICATED
TO HIGH ADDED VALUE ENGINEERING
SERVICES

(*) Calculated summing (i) total goods and services ordered, (ii) taxes paid and (iii) payroll.

SAIPEM'S COMMITMENT TO THE UNITED NATIONS GLOBAL COMPACT





Saipem has been an active player in the UN Global Compact since 2016 and continues to be committed to aligning its business strategy, day-to-day operations and organisational culture to this initiative and its principles.

We pledge to strengthen our efforts in 2018 in all our spheres of influence to protect human rights, respect international labour standards, safeguard the environment and fight corruption. Furthermore, a key aspect of our commitment is promoting the respect for these principles also along our supply chain by involving our business partners to contribute to advancing sustainable development together.

We are renewing our commitment in 2018 as tangible proof of our willingness to be recognised as a leader striving for constant progress while meeting the expectations of our stakeholders.

Stefano Cao, Saipem CEO

Saipem became a signatory to the United Nations Global Compact in 2016, the world's largest corporate sustainability initiative that calls on companies to align strategies and operations with its 10 universal principles on human rights, labour, environment and anti-corruption. Saipem draws inspiration from the Ten Principles to manage an ethical and sustainable business that creates value for its stakeholders.

AREA	PRINCIPLE	SAIPEM'S COMMITMENT
Human Rights 	1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. make sure that they are not complicit in human rights abuses.	Responsibility towards its people, as well as the attention the Company places on having an ethical and reliable supply chain. Contribution to value creation in the countries where Saipem operates as an element for supporting the cultural and socio-economic development of local communities.
Labour 	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. the elimination of all forms of forced and compulsory labour; 5. the effective abolition of child labour; and 6. the elimination of discrimination in respect of employment and occupation.	
Environment 	7. Businesses should support a precautionary approach to environmental challenges; 8. undertake initiatives to promote greater environmental responsibility; and 9. encourage the development and diffusion of environmentally friendly technologies.	Continuous technological development that also minimises environmental impacts and promotion of an 'environmentally friendly' culture among its stakeholders.
Anti-Corruption 	10. Businesses should work against corruption in all its forms, including extortion and bribery.	Equipped with an advanced Corporate Governance system and actively fighting corruption.

SAIPEM'S FOCUS ON SUSTAINABLE DEVELOPMENT GOALS

The UN Global Compact is also a call to contribute to achieving the 17 Sustainable Development Goals (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, Saipem has specifically focused on the ones that relate directly to its core business and its ability to create value in the areas where it operates.




ALEGRIA DO AMBRIZ


An agricultural development and economic empowerment project bearing fruits and vegetables

Alegria do Ambriz is a project conceived as a way of diversifying the local economy and limiting dependence on the Oil & Gas cycle. Developed in collaboration with the Municipality of Ambriz, a small town in the northern part of Angola where a Saipem fabrication yard is located, the project aims to strengthen agriculture so that it contributes to the income of the households of small-scale farmers. Since its official launch in 2015, the project has focused on increasing agricultural productivity by reinforcing farmers' skills and knowledge, reintroducing agricultural technologies and supporting and strengthening agricultural extension services. In 2017 an agricultural cooperative, self-managed by the beneficiaries, was set up to guarantee the long-term sustainability of the project.

Beneficiary families (around 150 people)	25
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On the occasion of the 2017 IPLOCA (International Pipeline & Offshore Contractors Association) Corporate Social Responsibility Award, Saipem was named a runner-up in recognition of the Alegria do Ambriz project.





WOMEN'S EMPOWERMENT IN CONGO: PROFESSIONAL TRAINING AND JOB PLACEMENT

With the ultimate objective of improving technical and social development and providing alternatives for community incomes, in 2017 Saipem and Boscongo (Saipem's local subsidiary in Congo) continued to carry out an initiative in partnership with two local NGOs to increase the employment level of women living with social issues within host communities and provide them with the opportunity to obtain a qualified job. The initiative consists of three phases:


- an 18-month professional training programme for unskilled women;
- professional job placement for skilled women (establishment of a cooperative of welders and the establishment of a sewing workshop);
- a second professional job placement consisting of an internship programme.

Women managing the sewing shop in 2017	4
Women selected for the internship programme in 2017	10

In addition, one woman was recruited in the Boscongo Asset department.



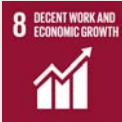
Further information on these SDGs can be found throughout the Report. Look for the SDG icons.



ERSAI SCHOLARSHIP PROGRAMME

Since 2009, Ersai (Saipem's local company in Kazakhstan) has successfully implemented its scholarship programme for school-leavers from low-income families in the village of Kuryk. The main purpose is to support students from needy families by financing their studies at one of the state universities of Kazakhstan in the specialisations required by the Company (i.e. welding engineers, electricians, mechanical engineers, ecologists, certification engineers, etc.). Ersai provides tuition payment for 5 years, a monthly allowance and transport costs. The annual selection of candidates takes place in two stages: a preliminary test and an interview.

Total students enrolled in the programme	+25
Graduate students working for Ersai	+10



MEASURING SAIPEM'S CONTRIBUTION TO SOCIO-ECONOMIC GROWTH

Creating job opportunities, developing skills and competences, and working with local suppliers and subcontractors are fundamental components of Saipem's contribution to a country's socio-economic development. To measure this contribution, Saipem has implemented a methodology aimed at quantifying the socio-economic externalities associated with Saipem's local content approach. The contribution is calculated as a multiplier effect, as well as an impact on the national GDP. Furthermore, the methodology assesses Saipem's contribution to local employment, as well as the long-term effect of its investment on the training of its local employees. The more recent application of the methodology to an

onshore pipeline construction project in Mexico has shown a significant contribution to society:

Saipem's project contribution to the Mexican GDP (avg.) **1.73 bln MXN**

Multiplier effect **1.72**

(Each peso spent by Saipem for the project resulted in an additional 0.72 pesos generated in the local economy)

Jobs associated with project execution **+7,000**

In a long-term perspective, the return on investment in training and skills development is quantified at around 7 million pesos over the next 5 years.

Additional examples of the quantification of Saipem's contribution to a country's socio-economic growth and externalities associated with its business activities can be found in the Sustainability section on the Saipem website.



BOOSTING ENTREPRENEURIAL POTENTIAL IN KAZAKHSTAN

Ersai, in partnership with the Eurasia Foundation of Central Asia (EFCA), has supported the 'Boosting Entrepreneurship Potential in Kuryk' programme since 2013. The project was designed to address the unemployment challenges in the Mangystau region. The first years of the project focused on developing business skills and opportunities for Kuryk inhabitants and holding craft workshops. In this first phase, among the numerous business ideas and plans, 8 business

projects (i.e. a taxi service, a quail farm and a beauty salon) were implemented also thanks to the provision of small loans. The second phase of the programme started in 2017 with the aim of increasing financial literacy at the local level to help people manage their household budgets.

Local people trained in household budget management **+200**

Grants to support existing and start-up businesses **+80**



Further information on these SDGs can be found throughout the Report. Look for the SDG icons.



NIGERIA: SAIPEM AND THE UNITED NATIONS GLOBAL COMPACT

Partnerships are very powerful in the Saipem framework of value creation. This is evident in the partnership established in Nigeria between Saipem and the Global Compact. In line with Saipem values and UN Global Compact principles, Saipem has been working with the UN Global Compact Network in Nigeria to promote the dissemination of a business ethics and integrity culture

through the launch of the 'Leading by Ethics Campaign'. As a matter of fact, Saipem launched it at the end of 2016 and during 2017 the Company carried out specific trainings as part of this campaign for its employees and vendors in Nigeria. Then, to strengthen its message and to reach more local stakeholders, Saipem, along with the UN Global Compact, organised a workshop that also involved local companies and NGOs. Partnering at the local level with such a prestigious global partner helped Saipem spread its message, values and principles, as well as contribute to advancing SDG 16.

Saipem Sustainability 2017 serves as the Company's UN Global Compact COP (Communication On Progress), reporting implementation of the Ten Principles and Saipem's contribution towards advancing the SDGs. Throughout the report, reference to and evidence of Saipem's commitment to both the Ten Principles and the Sustainable Development Goals are identified by distinct icons that represent each of the goals and principles.



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.

STAKEHOLDER ENGAGEMENT PROCESS

The identification and involvement of all bearers of legitimate interests are fundamental aspects of the Company's sustainability strategy. Pursuing a constant dialogue and sharing objectives with all stakeholders are the tools through which it is possible to create reciprocal value.

In 2017, Saipem published a new Management System Guideline (MSG) entitled 'Stakeholder Engagement', defining the principles at the basis of the engagement process with Saipem stakeholders, in line with the new organisational structure. This guideline also has the objective of facilitating the implementation of the Sustainability Model which guarantees that sustainable business development goals are met through a series of processes and relations with a view to strengthening value creation.

This general approach was developed to guarantee open and transparent relations with the parties involved, aimed at promoting positive and reciprocally advantageous interactions. This has also enabled Saipem to build successful relations with its stakeholders in many parts of the world over the years, thereby ensuring a lasting presence and effective implementation of its activities in the areas where the Company operates.

STAKEHOLDER ENGAGEMENT






STAKEHOLDER APPROACH

CLIENTS	<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.
EMPLOYEES	<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.
VENDORS	<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.
BUSINESS ASSOCIATIONS	<ul style="list-style-type: none"> • Active participation in and support for 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.).
LOCAL COMMUNITIES	<ul style="list-style-type: none"> • Contribution to progress in local communities in terms of social and economic development and improvement of 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 projects.
LOCAL ORGANISATIONS AND NGOs	<ul style="list-style-type: none"> • Regular publication of information, objectives and performance through Saipem 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 projects.
LOCAL AUTHORITIES AND GOVERNMENTS	<ul style="list-style-type: none"> • 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 projects.
FINANCIAL STAKEHOLDERS	<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 interface directly with the Company Secretary function.

STAKEHOLDER ENGAGEMENT IN 2017

Identifying stakeholders and understanding their needs and expectations is an essential step in defining an effective engagement strategy in every location where Saipem operates.

	ENGAGEMENT	FEEDBACK	KEY INTERESTS
<p>CLIENTS</p> 	<ul style="list-style-type: none"> • Clients asked for feedback at the end of the project using the 'Customer Satisfaction' tool (11 questionnaires). • 29 clients involved in Saipem's Materiality Assessment. • Clients involved in LiHS programme implementation in projects (i.e. TCO project). • Engagement on sustainability aspects with clients and potential clients. 	<p>Clients provided their feedback through the Customer Satisfaction questionnaires, providing positive feedback on Saipem's performance. In addition, the questionnaire for the materiality assessment was used to indicate the issues managed by Saipem that create more value for them (safety of people and operations, and the management of ethical business practices).</p>	<ul style="list-style-type: none"> • People safety; • Safe operations, asset integrity and process safety; • Human and labour rights; • Anti-corruption and ethical business practices; • Training and development.
<p>EMPLOYEES</p> 	<ul style="list-style-type: none"> • Implementation of the 4th Strategy LineUp, a cascade-type process to communicate strategic priorities and corporate goals to all Company employees. • Employee engagement initiatives such as <i>The Ceo meets our young people</i> (international version), <i>Building our future together</i> (to celebrate Saipem's 60th anniversary). • Engagement survey to investigate employee perception. • More than 200 employees involved with their families in <i>Family Safety Day</i> in Saudi Arabia. • Employees involved in environmental awareness initiatives. • More than 4,700 employees and senior managers involved in Saipem's Materiality Assessment. • Involvement of local employees in several countries in local development programmes. 	<p>The majority of employees show strong attention to sustainability themes and recognise their importance in Saipem's economic performance and future strategy. People safety and development and Innovation were the most important issues.</p>	<ul style="list-style-type: none"> • People safety; • Training and development; • Technology and operational innovation; • Safe operations, asset integrity and process safety; • Anti-corruption and ethical business practices.
<p>VENDORS</p> 	<ul style="list-style-type: none"> • Audits on social responsibility at vendor sites in China, India, Saudi Arabia, Nigeria and United Arab Emirates. • A Supplier Development Plan for local vendors in Saudi Arabia. • Nigerian suppliers involved in the Leading by Ethics Campaign launched by Saipem in Nigeria with the support of the UN Global Compact Local Network. • Training on Human Rights for employment agencies. • 65 suppliers and business partners involved in Saipem's Materiality Assessment. 	<p>The results of Saipem's Materiality Assessment highlighted the attention of the suppliers to issues of personnel development and protecting their safety, security of assets, business ethics and protection of human rights. Representatives from vendors believe Saipem contributes to creating value mainly by managing emergency preparedness and guaranteeing safety for people and operations.</p>	<ul style="list-style-type: none"> • People safety; • Safe operations, asset integrity and process safety; • Anti-corruption and ethical business practices; • Training and development; • Human and labour rights.

ENGAGEMENT

FEEDBACK

KEY INTERESTS

BUSINESS ASSOCIATIONS



- Active member of 89 business associations, including associations both at the international and local level and trade and industry associations.
- In particular, the parent company participates in 29 associations, including: ANIMP (Associazione Nazionale di Impiantistica Industriale - Italian Association of Industrial Plant engineering), Assomineraria, IADC (International Association of Drilling Contractors), IMCA (International Maritime Contractors Association), IPLOCA (International Pipeline & Offshore Contractors Association), UN Global Compact, and WEC (World Energy Council - Italy).
- Around €1 million in membership fees paid.
- 5 business association representatives involved in Saipem's Materiality Assessment.

Both global and local business associations engaged in Saipem's Materiality Assessment highlighted the attention to environmental protection issues, development and safety of people, importance of business integrity and support for the local community within Saipem's operations.

- Anti-corruption and ethical business practices;
- Community Investments;
- People safety;
- Training and development;
- Climate change prevention;
- GHG emissions;
- Waste generation.

LOCAL COMMUNITIES



- Public and one-to-one meetings held with the community of the village of Kuryk (Kazakhstan).
- Projects for cooperation with local communities implemented in Angola, Azerbaijan, Bolivia, Brazil, Congo, France, Indonesia, Kazakhstan, Nigeria, Peru, Russia. €1.28 mln invested in development projects for local communities.
- Cooperation in many countries with local schools and universities to encourage the development of human capital (i.e. internship, research projects, lectures at universities), the distribution of scholarships and the provision of training courses.
- 11 representatives from universities and other local institutions and associations involved in Saipem's Materiality Assessment.

Representatives from local communities believe Saipem contributes to creating local value mainly by focusing on people development and talent attraction and local development projects. Feedback obtained from the local communities is monitored and in some countries, such as Azerbaijan, Nigeria, Russia, the Company has also implemented grievance monitoring systems for local communities.

- Training and development;
- People safety;
- Health and well-being;
- Human and labour rights;
- Local social licence to operate;
- Community investments;
- Safe operations, asset integrity and process safety;
- Technology and operational innovation;
- Talent attraction and retention.

LOCAL ORGANISATIONS AND NGOs



- Several initiatives for communities developed through partnerships and cooperation with non-governmental organisations (i.e. Eurasia Foundation of Central Asia-EFCA in Kazakhstan for an educational programme; Junior Achievement Azerbaijan - JAA to reinforce the technical skills of university students; Actions de Solidarité Internationale - ASI for a women's empowerment initiative in Congo).
- Involvement of Nigerian NGOs in the Leading by Ethics Campaign launched by Saipem in Nigeria with the support of the UN Global Compact Local Network.
- 3 representatives of non-governmental organisations involved in Saipem's Materiality Assessment.

Non-governmental organisations can express interest in one or more specific topics on which they focus their attention and mission. In general, the issues that appeared most important to these stakeholders concerned environmental protection, respect for human rights and Saipem's support for local employment and procurement. Saipem contributes to creating local value mainly by managing waste generation and supporting local employment and procurement.

- Water management and pollution;
- Biodiversity;
- Waste generation;
- Human and labour rights;
- Local employment and procurement.

ENGAGEMENT

FEEDBACK

KEY INTERESTS

LOCAL AUTHORITIES AND GOVERNMENTS



- Institutional relations and proactive cooperation to implement joint local development programmes.
- Cooperation with health ministries, hospitals or local medical centres for awareness raising projects concerning diseases such as malaria or AIDS, for example in Angola, Congo, and Nigeria.
- 9 representatives of local authorities involved in Saipem's Materiality Assessment.
- No contributions, direct or indirect, in any form, were made in 2017 to political parties, movements, committees or political and trade union organisations, to their representatives and candidates, except those provided by specific legislation.

Observance of local laws and cooperation are priority requirements for local authorities and governments. The opportunity to cooperate proactively on matters that are important for the country is always considered constructive and beneficial to both parties. Representatives believe that Saipem contributes to creating value locally.

- Technology and operational innovation;
- People safety;
- Training and development;
- Emergency preparedness;
- Local employment.

FINANCIAL STAKEHOLDERS



- Organisation of 12 road show days and attendance at 6 international investor conferences.
- Organisation of the field trip 'Innovation and Technology Day' during which Saipem presented a selection of its main technologies and innovative tools ('Value creation through innovation' presentation).
- Active participation to the Italian Sustainability Day 2017 organised by Borsa Italiana and to several one-to-one meetings.
- 3 reverse-road show days hosted at Saipem's headquarter.
- Over 420 individuals, including portfolio managers and buy/sell side analysts, met.
- More than 1,200 people attended the four quarterly financial results conference calls and webcast.
- 13 financial stakeholders involved in Saipem's Materiality Assessment regarding sustainability key topics.

High interest in the Company's management practices, particularly in corporate governance, tax and transparency, internal control system, Anti-Corruption procedures, whistleblowing process and integrated risk management. Other topics considered highly significant concern the management of people safety and focus on innovation. Stakeholders who answered the questionnaire assessing materiality issues said that sustainability is already, or will soon become, a factor affecting investment decisions.

- Corporate Governance;
- Anti-corruption and ethical business practices;
- Technology and operational innovation;
- Tax and transparency;
- People safety.

DOW JONES SUSTAINABILITY INDEX

INCLUDED IN THE DOW JONES SUSTAINABILITY WORLD AND EUROPE INDEXES (DJSI), PLACING AMONG THE TOP COMPANIES OF THE 'ENERGY EQUIPMENT SERVICES' SECTOR.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

FTSE4GOOD SUSTAINABILITY INDEX

INCLUDED FOR THE EIGHTH YEAR RUNNING.



FTSE4Good

THOMSON REUTERS

INCLUDED IN TWO THOMSON REUTERS CLASSIFICATIONS: 2017 TOP 100 GLOBAL ENERGY LEADER AND 2017 TOP 25 OIL & GAS AND RELATED EQUIPMENT SERVICES HONOUREE.














COMMITMENT, RESULTS AND OBJECTIVES

ISSUES	COMMITMENTS	2017 RESULTS	2018 OBJECTIVES	UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)
People safety 	Reinforce safety processes and people competences, including those of vendors.	<ul style="list-style-type: none"> • Extension of the ISO 14001 and OHSAS 18001 certifications. • 10 years of LiHS, more than 17,000 activities carried out and around 200,000 people involved. • A value of 0.51 TRIFR recorded. 	<ul style="list-style-type: none"> • Pursuing continuous improvement: <ul style="list-style-type: none"> - promotion and development of a safety culture; - strengthening the HSE audit planning system. • Improvement of the Total Recordable Incident Frequency Rate (TRIFR). 	 
Safe operations, asset integrity and process safety 	Run safe operations for people and the environment and ensure integrity of assets.	<ul style="list-style-type: none"> • Development of a new Asset Integrity Management System. • Development and launch of the upgraded version of the Vessel HSE Case. • Definition of asset integrity KPIs for specific Divisions. 	<ul style="list-style-type: none"> • Extend the upgraded version of the Vessel HSE Case to five additional vessels. • Develop audit and inspection tools and an awareness tool for information cascading. 	  
Anti-Corruption and ethical business practices 	Run operations in compliance with ethical business best practices.	<ul style="list-style-type: none"> • Delivery of training on the OM&C Model, Code of Ethics and Anti-Corruption and refresher courses. • 79% of subsidiaries and 100% of JVs* covered by the OM&C Model, Code of Ethics and Anti-Corruption training. • Provision of training on human rights. 	<ul style="list-style-type: none"> • Continue to deliver periodic refresher training of employee awareness promotion. • Maintain an adequate system of internal control and risk management. • Periodically review the OM&C Model. • Reinforce transparency in communication and relations with stakeholders. 	
Human and labour rights 	Comply with international best practices on human and labour rights and monitor actual compliance.	<ul style="list-style-type: none"> • Subcontractor and employment agency representatives reached by HLR training. • Training programme on HLR delivered to more than 30 Saipem HR managers and coordinators. • 88% of vendors audited on HLR in high risk countries**. 	<ul style="list-style-type: none"> • Extend human and labour rights training to HR personnel, general and branch managers. • Implement the worker grievance procedure to Saipem Operating Companies. 	  
Ethical supply chain 	Promote a sustainable supply chain.	<ul style="list-style-type: none"> • Continuation of supply chain social responsibility campaign. • Delivery of the internal human rights and supply chain programme involving more than 100 employees. 	<p>Strengthen the supplier control system during the execution phase through training to functions that have direct contact with suppliers at their operational sites.</p>	  

(*) Saipem's subsidiaries and majority-owned JVs with Saipem personnel.

(**) 2017 objective was to audit 80% of vendors on HLR in high risk countries out of the total vendors audited in those countries.

ISSUES	COMMITMENTS	2017 RESULTS	2018 OBJECTIVES	UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)
Technology and operational innovation 	Align Saipem's business offer to business needs and the market scenario.	<ul style="list-style-type: none"> R&D expenditure was 31 million euro in 2017. 30 new patents filed in 2017 and around 2,350 patents in force. Overall innovation expenditure was over 55 million euro in 2017. 	<ul style="list-style-type: none"> Refine and implement the new technology vision. Maintain the high investment in technology innovation. 	  
Training and development 	Bring employee skills in line with business needs.	<ul style="list-style-type: none"> Deployment of the Leadership Model. Implementation of various initiatives and programmes to map, assess and develop personnel competence. 	<ul style="list-style-type: none"> Support the generational change. Launch and continue to implement training and development programmes. 	  
Health and well-being 	Guarantee a healthy workplace.	<ul style="list-style-type: none"> Continue promoting and consolidating a positive health culture among workers. Pre-Travel Counselling Programme extended to all Saipem personnel working or travelling abroad. 	<ul style="list-style-type: none"> Guarantee the highest standard in Saipem's Occupational Health System. Spread health awareness among Saipem people. 	  
Spill prevention and response 	Reduce environmental risks associated with the handling, storage and use of hazardous substances during operations.	<ul style="list-style-type: none"> Completion of the oil spill mapping for relevant offshore construction and drilling fleets. Oil and chemical mapping process extended to yards. Spill risk assessment performed at Arbatax yard (Italy). 	Extend the spill risk assessment to relevant Saipem operating sites.	 
Water management and pollution 	Adopt a strategy to reduce consumption of water and to promote its efficient use.	<ul style="list-style-type: none"> Implementation of multiple water reutilisation systems. Implementation of the Administration's required system of the BWM Convention on Ballast Water Treatment on Castorone. 	Promote water reutilisation at Saipem operating sites.	
Energy efficiency 	Optimise energy consumption and investigate clean technologies.	<ul style="list-style-type: none"> Energy assessments performed for some relevant vessels. Implementation of several energy saving initiatives. 	Implement a certified model that leads to the measurement, planning and reduction target of GHG emissions.	 



PEOPLE SAFETY

A real value at Saipem and a key part of its business model



The safety of all people involved in Saipem's operations is a priority objective which is constantly monitored and guaranteed in the management of the Company's activities by means of an integrated HSE management system.

Further details on Saipem's approach to safety can be found in the 'Consolidated Non-Financial Statements' of the Annual Report 2017.

2017 Highlights	UN GC Principles	Sustainable Development Goals
Percentage of Saipem Group's relevant entities covered by ISO 14001 and OHSAS 18001 certifications 100%		 
Internal HSE audits carried out at subsidiaries, projects, sites, vessels and subcontractors +100		

SAIPEM SAFETY MILESTONES: THE WE WANT ZERO AND LSR CAMPAIGNS

We Want Zero (WWZ) is a programme that, since its launch in 2014, has aimed to reduce fatal accidents within Saipem to zero. Implemented through workshops, the initiative was delivered upon request to several companies, sites and projects throughout 2017, seeing the involvement of subcontractor and client representatives. Innovative lateral thinking methodologies are used to identify chronic organisational safety problems in a given area or context. The problems identified are then clustered into organisational, technical and cultural areas and innovative and creative solutions are developed. The process has also been piloted to focus on engineering phases and quality. Another milestone in achieving zero accidents is the Saipem **Life Saving Rules (LSR)** campaign, the customised gold standard for safety compliance within Saipem's industry. Since its launch in late 2015, Saipem people, subcontractor and client personnel from 126 different projects and sites within the Saipem world have benefited from this campaign. In 2017, the development of a LSR management Walkabout Tool began. This tool allows managers to assess the level of implementation of each LSR, providing them with guidance and methods for sampling such as questioning, observation and activity simulation to gauge the gaps that may exist in competence, knowledge and practical application of each rule. A 3D online LSR learning and assessment tool will be released in 2018.

A TRANSFORMATIONAL JOURNEY OF THE SCHIEDAM TRAINING CENTRE

2017 marks the 5th consecutive year of Schiedam's Training Centre operations. This competence hub was set up in late 2012 in Schiedam, in the Netherlands, to capitalise on Saipem's versatile offshore crane simulator

and to coordinate several complex HSE training courses, such as working safely at height and in confined spaces. Having an internal training centre means that course contents are better tailored to Saipem's needs, learning materials are constantly aligned with operational procedures, and immediate open feedback is received on training suitability and effectiveness.

Following the first year of operations, a thorough management review identified the need to develop integrated competence programmes, in addition to standalone training courses. This led the Schiedam Training Centre to start its transformation from a traditional training facility to a '**competence hub and catalyser**'. Furthermore, it meant an increased responsibility for the full cycle-proactive collection and appraisal of training needs, engagement of internal and external knowledge owners, and project management of competence programmes.

As a matter of fact, in the 4 years that followed, the Schiedam Training Centre successfully set up and delivered a series of:

- *Young HSE technicians training programmes* to align knowledge and skills of newly hired HSE professionals, prior to their deployment on various Saipem projects;
- *Young Installation Engineers competence programmes*, which combine key engineering skills with important safety requirements for graduate installation engineers;
- *HSE Officer competence programmes*, providing experienced HSE officers with advanced skills in line with company needs, i.e. train-the-trainer and incident investigation;
- *Leading Tomorrow competence programmes*, customised bespoke workshops for Vessel Management Teams (VMT) and their front-line supervisors, aimed at improving efficiency and safety on Saipem construction vessels.

In parallel with training at the Schiedam facility, **over 4,000 Saipem employees** have attended Schiedam's training courses at various locations – vessels, projects, and fabrication yards. The Training Centre has also

SAFETY PERFORMANCE

Year	million man-hours	LTI Frequency Rate*	TRI Frequency Rate*
2015	234	0.31	1.08
2016	259	0.20	0.78
2017	282	0.14	0.51

Unfortunately, there were 3 fatalities involving subcontractor personnel in Brazil, Saudi Arabia and Singapore in 2017 due to the following causes: an explosion during depressurisation of a subsea system, a fall from height while a scaffold was being dismantled and a crane boom striking an individual during its installation. In-depth investigations were carried out to identify the proper actions (some of the most significant actions are related to an improvement or to reinforcing the competency of key personnel, such as 'working at height' training and simultaneous operations) that can minimise the possibility of such accidents being repeated. Saipem invests significant resources to train its personnel on HSE topics to increase their awareness of the risk of their work activities through ad-hoc campaigns and programmes and to strengthen its HSE Management System. It is Saipem's duty, as a responsible employer, to make every possible effort to avoid accidents at work. The results of Saipem's continuous efforts can be seen by comparing the previous year's leading indicators (TRI-Total Recordable Incidents and LTI-Lost Time Injury). As confirmation of the solidity of the system and its homogeneous implementation at all of Saipem's sites, a third party certification company extended the existing ISO 14001 and OHSAS 18001 Certificate to the entire Saipem Group at the end of the year. Results from activities carried out by the third party certification company are in line with internal audits performed at the Corporate, Division and Subsidiary levels showing a reduction in major non conformities and an increase in noteworthy efforts.

(*) LTIFR and TRIFR are calculated respectively as the number of LTI and TRI divided by worked man-hours, all multiplied by one million (these figures include injuries to both employees and contractors).

provided support to several locations worldwide in setting up their own local training centres in Angola, Indonesia, Kazakhstan and Nigeria.

In 2017 the **Schiedam Training Centre achieved third party accreditation of crane and lifting courses**. This certification proves Saipem's commitment to guaranteeing verifiable competence of personnel working on their projects. More courses are scheduled for accreditation in 2018.

Overall, the Schiedam Training Centre has proven to be a multi-stakeholder value-creating initiative:

- Saipem's clients benefit from improved efficiency and safety on their projects;
- shareholders get better operational results with less safety incidents, resulting in a better company image;
- employees enjoy the highest level of safety at work and job satisfaction and engagement are better due to visible investment in their competence;
- local training centres ensure local content development;
- the supply chain gets to learn best practices.

SAFETY AS A FAMILY HABIT

A new initiative, *Family Safety Day*, was launched in late 2017 in Saudi Arabia to convey a robust message regarding the importance of Health, Safety and Environment, engaging the families of personnel in the company's safety culture. The objective of the event was to promote safety leadership among all employees and their family members. Family members would then be inspired to persuade their loved ones to act safely in all areas of their lives every day. During the workshop, the 'The Safer the Better' film was presented to the audience, highlighting that in order to promote change, a clear Safety Vision is required and everyone needs to make safety a way of life.

Employees participating in the Family Safety Day in Saudi Arabia

+200

PROMOTING A SAFETY CULTURE IN ITALY

Italia Loves Sicurezza (ILS), a movement aimed at changing the way of communicating about health and

safety, through its ongoing activities, continued to spread an HSE culture with the objective of reducing work-related accidents.

During the World Day for Health and Safety at Work, over 300 events were organised in 135 cities in 6 countries around the world. Saipem contributed to the initiative by staging two performances of the play 'Il virus che ti salva la vita - The virus that will save your life', which were attended by 600 people. The second edition of the Safety Leadership Event took place in November 2017, the only experiential event in Italy dedicated to leadership and communication in the health and safety fields, organised by the LHS Foundation and ILS. 500 participants including managers and professionals from the main Italian companies took part in the event. The initiative aims to overcome the traditional methods of training and dissemination in the field of health and safety and to spread a new HSE culture in Italy, using unconventional communication tools that can leverage the emotional sphere.

HSE training man-hours delivered to employees and subcontractor personnel

1.70 mln



GROWING NEW LEADERS IN H&S

For the 2017-2018 school year, Saipem, through the LHS Foundation, has confirmed its commitment to spreading a culture of health and safety in schools in Milan (Italy) by offering the educational programme 'Growing New Leaders in Safety', aimed at sensitising children and middle schoolers to the fact that they can influence others to adopt healthier and safer behaviours. The LHS Foundation collaborates with the MUBA Children's Museum in Milan, Rossolevante, the Red Cross of Milan and LILT.

[Further information on the activities can be found online.](#)

10 YEARS OF LEADERSHIP IN HEALTH & SAFETY



Saipem launched a new research project in 2006 to develop a cultural change programme aimed at significantly reducing accidents, events considered unacceptable. As a result the LiHS (Leadership in Health & Safety) programme was launched in 2007. Ten years on, the Leadership in Health & Safety programme has been applied successfully not only at Saipem, but also at many other organisations, which have implemented it to initiate a safety cultural change within their company.

What are the key elements that have determined the success of this programme?

Surely one of them is the commitment and the willingness

of the **top management** to extend this programme at every level of the Company. Secondly it is **the quality** of the organisation of the workshops, the development of teaching and support **materials** and, above all, **the passion** of the trainers in sharing the contents of the programme. But more than anything else, was the idea of using **the language of cinema**, which at the time was a rather new way to involve people in a training course, that was the key factor that allowed participants to be involved in a touching experience with such a huge emotional impact, that could break down linguistic and cultural barriers.

Over 1,000 workshops were

conducted at Saipem between 2007 and 2017.

The last one held in September for Saipem's Top Management was of particular importance not only because it celebrated 10 years of LiHS, but also because it served to build the **new Saipem Health and Safety Vision** aimed at strengthening the safety culture within the new corporate organisation.

However it is also outside of Saipem that the LiHS programme can really make a difference and that is what the LHS Foundation (a non-profit organisation established in 2010) is trying to do: support companies that want to improve their safety performance by focusing on two key factors: leadership and culture.

THE NEW SAIPEM HEALTH & SAFETY VISION



OUR JOURNEY TO A SAFER AND BETTER FUTURE WHERE:



SAIPEM'S HEALTH & SAFETY VISION

RESPECT AND WELL-BEING OF PEOPLE COME FIRST
 Everyone embraces the same passion for life, safety and health regardless of position and hierarchy.
 Saipem is a community

KNOWLEDGE AND COMPETENCES ARE SHARED
 Everyone masters their job, cooperating to build a clean, efficient and safe working environment for all.
 Saipem is a safe workplace



TRUST AND COLLABORATION ARE VALUED
 Everyone works in harmony, is aware of hazards and communicates clearly and transparently.
 Saipem is a team

TECHNOLOGY AND INNOVATION ARE KEYS TO SUCCESS
 Everyone is proud of working for an extraordinary and safe company.
 Saipem is the future



THE SAFER, THE BETTER

...AND EVERYONE DEMONSTRATES THE COURAGE TO STOP AND INTERVENE, THE PRIORITY BEING ALWAYS PROTECTING THE HEALTH AND SAFETY OF COLLEAGUES.

2007-2017 MAIN HSE PROMOTION ACTIVITIES

	Phase 1 LiHS Workshop	Phase 2 Cascading Events	Phase 3 Five Stars Training	Phase 4 Leading Behaviours	Phase 5 Choose Life	We Want Zero	Life Saving Rules
Events	1,133	1,661	2,053	2,161	674	15	9,425
Participants/ participations*	15,109	55,129	22,664	68,253	11,371**	250	43,992**

(*) Saipem employees, clients and subcontractors.

(**) Number of participations.

TEN YEARS OF LIHS IN EGYPT

A series of workshops, organised by Saipem MISR (Saipem's subsidiary in Egypt) Management to celebrate 10 years of the LiHS programme, saw the participation of the Saipem 10000 crew.

During the workshops the new Saipem Health and Safety Vision was introduced and shared with participants and input was collected on issues and concerns which provides material for the next steps.

Workshops organised in Egypt

16

Attendees

+170

A TAILOR-MADE LIHS IN KAZAKHSTAN

'Leadership in Health and Safety' is a dynamic programme which, adapting to the needs and requirements of each operating reality, contributes to the consolidation of the safety culture in the workplace.

From this point of view, implementation of LiHS within the TCO project (contract for onshore fabrication modules between TengizchevrOil - TCO and the ERSAl Caspian Contractor Llc and DSME Kazakhstan Llp consortium) is

certainly an example of versatility and personalization of the programme both in terms of project and client needs, as well as with regard to dialogue and integration among the parties. The entire LiHS implementation process for TCO has seen the participation and continuous collaboration between the Client and Saipem.

Accepted as a replacement programme to the more widespread IIF (Incident and Injury Free), LiHS showed strengths, as well as improvement options that were addressed by developing specific tools.

In particular, the areas that required attention were:

- **REPORTING OF THE IN FIELD RESPONSE:** to monitor the impact of LiHS initiatives at project level and among the workforce, the Cultural Assessment Tool was created; it consists of a package of tools that makes it possible to understand the perceptions and attitudes towards safety. The tools developed include a Safety Climate questionnaire and a series of Safety Interviews.
- **CONTINUOUS MANAGEMENT INVOLVEMENT:** to create a process of shared responsibility and continuous involvement of all project management, the Site Safety Leadership Team (SSLT) was created; it is an integrated

team that involves both client and project representatives who meet monthly to analyse and integrate data from the Cultural Assessment Tool with accident indicators in order to direct possible initiatives or interventions aimed at improving culture and behaviours on site.

- **CONTINUOUS IMPROVEMENT:** a Lessons Learned system has been set up in which the implementation process of the new tools is periodically reviewed and all the changes and improvements introduced are recorded to make them more effective.

The Cultural Assessment Tool is proving to be a fundamental tool for providing data on the status of a safety culture at the sites involved in the projects.

SAFE OPERATIONS, ASSET INTEGRITY AND PROCESS SAFETY

Efficient asset management is a key element for business success



Safe operations require safe tools and a safe working technique. The role of asset integrity management has never been more crucial to the Oil & Gas industry. Since the industry is moving towards exploration into ultra-deep water, involving even more challenging operations, companies will be exposed to complexities in even more hazardous and extreme conditions.



Asset integrity refers to the prevention and control of events with low frequency and high/severe consequences on people, the environment, assets or project performance.

In 2017, in line with Asset Integrity Best Practices released by the IOGP, a **new Asset Integrity Management System** was developed for Saipem in order to control risks that could escalate to Major Accident Events (MAE). The model follows a typical Deming cycle and is based on four phases: Planning, Operation, Performance monitoring and Continual improvement. The heart of this model is the HSE Case (a process which identifies risks relevant to the activities carried out onboard and maps all key elements to ensure their control), traditionally developed for the offshore production and drilling units and in the last few years extended by Saipem to the Offshore construction fleet.

A guideline to an **'upgraded' version of the Vessel HSE Case** was developed in 2017 and launched for the Khankendi subsea construction vessel and then extended to further vessels (Saipem 7000 and Castorone).

The main output of the HSE Case is the mapping of Safety Critical Elements (SCE - Safety Critical Equipment, Tasks and Competencies) constituting barriers to the escalation of identified MAE scenarios. Each SCE is supposed to work according to specific requirements, called Performance Standards. International Marine standards, set by organisations such as the IMO and IMCA, allowed Saipem to set most of the Performance Standards related to 'classical' marine equipment. Specific Offshore Construction Operations and equipment are not covered well by these standards (e.g. pipe-lay equipment/operators). Saipem's standards and

criteria relevant to specific Offshore Assets & Operations have therefore been updated to reflect the principles of Saipem's Asset Integrity Model. A **specific safety critical competence library** has been developed and matched with the official Saipem competence library and training matrix.

In addition to classical Marine critical equipment, Non-marine safety critical equipment has also been flagged as a top category in the Saipem Computerised Maintenance Management System.

In 2017, new activities also concerning the Performance monitoring and Continual improvement phases were carried out.

A set of common **Asset Integrity KPIs** were selected and grouped into six families: Major Accident Events, Safety Case Development, Safety Critical Equipment, Safety Critical Competences, Safety Critical Procedure, Emergency Control.

This set will be tested in 2018 against the availability of information, the capability to provide a reliable picture and their sensitivity to changes.

Furthermore, in order to provide an adequate detail of information at various levels of the organisation (site, division or group level), a multi-layer dashboard was created in which KPIs are graphically represented, weighted and aggregated to provide an overall score. A comprehensive and strategic asset integrity management programme is recognised as an important tool for capturing the financial upside while meeting or exceeding corporate responsibilities to health, safety and environment, but sensible results can only be

FOCUS ON THE COMPETENCE ASSURANCE & ASSESSMENT PROGRAMME

As an output of the WWZ programme, competence resulted as one of the main points of concern. Therefore several initiatives were developed with one example being the Competence Assessment & Assurance (CA&A) programme. The programme leads to a series of benefits including a specific training and coaching strategy aimed at improving any identified weaknesses, an enhanced personnel development path, as well as local content development objectives.

CA&A: drilling update

In 2016, the CA&A programme was launched at the Saudi Arabian Saipem (SAS) Ltd drilling projects. In the last 4 years, the number of onshore rigs operating in Saudi Arabia almost doubled. This meant mobilising an important number of new local and international resources, brand new to Saipem and 'fresh' to the drilling industry. This led to preparing the implementation of the CA&A system, rolled out through a pilot project at SAS operations. There is a plan to extend the programme to offshore drilling vessels in 2018.

**Onshore rigs involved
in the campaign since its launch
in November 2016**

21

**Personnel assessed
since the campaign launch**

+550

CA&A: offshore update

In 2017, Saipem continued to train the VMT and to perform scheduled assessments. A new standard procedure was issued in alignment with the improvements collected by the vessels and the actors involved in the process. In the new document the internal certification process of the assessors was structured and officialised; the list of roles was updated on the basis of the new professional role system of Saipem and skills were further detailed. The project was implemented onboard the 7 vessels already involved in 2016 and launched onboard FDS, Khankendi and Castoro 10 (at the beginning of 2018).

**Vessels involved
in the campaign since its launch**

10

Assessors trained

105

Assessments completed

227

achieved in the long run through a cultural change, with the energy and the commitment of many stakeholders.

2018 OBJECTIVES AND FUTURE PLAN

Within the next year an awareness tool will be developed for Khankendi, S7000 and Castorone to allow the vessel management team to cascade information about barriers and relevant performance standard requirements to the crew.

Audit and inspection tools will be developed through a checklist to verify the compliance of Safety Critical Equipment, Competences and Procedures with their respective Performance Standards.

An Asset Integrity audit programme shall also be launched to provide top management with a first picture of the implementation of the AI Model key elements across the Company, enhance awareness and test the right settings of the Performance Standard.

FOCUS ON DIGITALISATION IN ASSET MANAGEMENT

New approaches based on virtual and augmented reality have been launched in collaboration with an O&G major for Maintenance & Asset Management and the development of a smart wearable device platform has been also investigated to improve safety conditions onboard. Some of the proofs of concepts have already been directly checked on site with interesting results: i.e., the track & trace of asset and materials for construction digitalisation, the potential for using flying drones and rovers at Saipem yards and the application of vision technology for specific activities on the Company's offshore fleet.

Moreover, Saipem and NTT DATA signed a cooperation agreement with a view to prototyping and

implementing new solutions in Saipem yards and on vessels. The cooperation concerns the application of technologies such as smart wearable devices, Internet of Things, cyber security, virtual and augmented reality. NTT DATA and the Saipem Innovation Factory jointly worked on the 'Digital Site' project at Saipem's Arbatax yard (Italy) where the use of innovative devices for the health and safety of workers, among which the NTT DATA's Hitoe smart shirt, was experimented. As a result, two co-development projects are being developed in the field of augmented and virtual reality solutions for onshore pipelines and on the application of algorithms for cognitive computing for the analysis of documents.

For further information on Saipem's commitment to innovation please refer to page 28.

ANTI-CORRUPTION AND ETHICAL BUSINESS PRACTICES



Business ethics is the only acceptable option

Saipem undertakes to maintain and strengthen its corporate governance system in line with international best practice standards that can withstand both the complex situations in which Saipem operates and the challenges it faces in the effort to foster sustainable development. It is the duty of all Saipem people to comply with the law, regulations, statutory provisions, self-regulatory codes and to embody ethical integrity and fairness; the company strives with alacrity and determination to ensure that these principles and values characterise the conduct of the whole organisation.

Further details on Saipem's fight against corruption, the OM&C Model* and whistleblowing can be found in the 'Consolidated Non-Financial Statements' of the Annual Report 2017.

2017 Highlights	UN GC Principles	Sustainable Development Goals
Training man-hours delivered on the OM&C Model*, Code of Ethics and Anti-Corruption 6,201		
(*) Organisation, Management and Control Model adopted by Saipem subsidiaries and Model 231 adopted by Saipem SpA.		

FIGHTING CORRUPTION

As a multinational organisation that conducts business in over 60 countries and jurisdictions around the world, Saipem and its personnel are subject to the laws of these countries, including any laws that ratify international conventions and prohibit the corruption of Public Officials and private parties. Furthermore, since Saipem SpA has its headquarters in Italy, both the Company and its personnel are subject to Italian law and, in particular, to the provisions of Legislative Decree No. 231/2001 and subsequent amendments, which regulates the administrative liability of legal entities deriving from offences, such as internal and international bribery, committed by their directors, employees or associates, in Italy or abroad, in the interest or to the advantage of said legal entities. Model 231 is an instrument aimed at preventing the offences specified by Legislative Decree No. 231/2001, adopted for the first time in 2004. The last update of Model 231 was approved by the Board of Directors on January 15, 2018 following a general review of Model 231 and a risk assessment of all crimes contemplated under Legislative Decree No. 231/2001 launched by the CEO on July 28, 2016. The aim

of the activity was to align Model 231 to the last updates of the legislative framework and best practices and to the relevant organisational changes that occurred, also taking into account that in 2016 Saipem SpA ceased to be under the control and co-ordination of Eni SpA.

As an official member of the UN Global Compact from whose Ten Principles it draws inspiration, Saipem's commitment also falls within its adherence to the 10th principle, which concerns the fight against corruption. In accordance with the principle of 'zero tolerance' for corruption expressed in the Code of Ethics, Saipem implemented the **Anti-Corruption Compliance Programme** to face other risks head-on which may be encountered by the Company in its business activities. The programme is a detailed system of rules and controls to prevent corruption-related crimes, characterised by its dynamism and constant attention to evolving national and international legislation and best practices. Saipem's Compliance Programme was introduced in accordance with applicable anti-corruption provisions in force and with international conventions (including the United Nations Convention Against Corruption, the Organisation for Economic Cooperation and

FOCUS ON CORPORATE GOVERNANCE

The integration of an advanced Corporate Governance system with a structured Risk Management System is a cornerstone for the management of a sustainable business. Integrity and transparency are the principles that inspire Saipem in defining its Corporate Governance system, a founding element of the Company's business model. Saipem's organisational structure is characterised by the presence of a Board of Directors (BoD), a pivotal body in the governance system, to which management of the Company is

exclusively entrusted. The Board of Statutory Auditors has supervisory functions, whereas external auditors are in charge of the legal auditing of accounts. Three committees with advisory and consulting functions have been set up within the BoD: the Audit and Risk Committee, the Compensation and Nomination Committee and the Corporate Governance Committee and Scenarios.

Information on the Internal Control and Risk Management System can be found in the Corporate Governance and Shareholding Structure Report 2017.

FOCUS ON WHISTLEBLOWING

All Saipem employees and stakeholders must report any violations (or alleged violations) of the OM&C Model. Saipem has a Corporate standard that describes the process of managing reports. The term 'report' refers to any information regarding possible violations, behaviours and practices not in line with the Code of Ethics and/or which may cause damage or injury to Saipem SpA (even if only to its reputation) or any of its subsidiaries. Whistleblowers are guaranteed against any form, direct or indirect, of retaliation, discrimination or penalisation, for reasons connected directly or indirectly to the

report, without prejudice to the legal obligations and the protection of the rights of the Company or of the people accused owing to wilful misconduct or gross negligence. Saipem has prepared various channels of communication in order to facilitate sending reports, including, but not necessarily limited to, regular post, fax numbers, e-mail, yellow box and communication tools on the Intranet/Internet sites of Saipem SpA and its subsidiaries. The Internal Audit function ensures that appropriate controls are carried out for facts that have been reported.

🔍 Further details can be found in the 'Consolidated Non-Financial Statements' of the Annual Report 2017.

Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the US Foreign Corrupt Practices Act and Italian Legislative Decree No. 231 of June 8, 2001). Subsequently, Saipem updated this Compliance Programme by approving the 'Anti-Corruption' Management System Guideline (MSG), with the objective of prohibiting any form of active or passive bribery involving not only Public Officials but also private parties. As part of the continuous improvement of the Anti-Corruption Compliance Programme, the 'Anti-Corruption' MSG, which must be fully applied and complied with, was updated in June 2015 on the basis of experience acquired by Saipem over the years and the need to represent an increasingly clear framework of reference to identify areas at risk of corruption, the tools the Company makes available to Saipem personnel and the rules of conduct with which Saipem personnel must comply in order to prevent and combat this risk. The 'Anti-Corruption' MSG provides a systematic framework to the long-established Anti-Corruption Regulations that Saipem has designed and implemented over time and is reviewed and approved by the Board of Directors of Saipem SpA. Its adoption and enforcement is mandatory for Saipem SpA and all its subsidiaries.

BUSINESS ETHICS TRAINING PROGRAMMES

Saipem personnel are regularly informed of and trained in the Company's Compliance and Governance systems, as well as in the importance of compliance with legislation and related procedures, so that they clearly understand the different duties, crimes, risks, the relevant personal and corporate responsibilities, and how to recognise which actions to implement in order to avoid committing any violations.

Given the criticality of these issues, a training matrix on Compliance and Governance topics has been defined. In particular, the matrix takes legal requirements and Company standards into consideration, as well as the jobs and responsibilities of the resources to whom the training is addressed.

With the goal of consolidating everyone's knowledge and awareness of Compliance and Governance and providing greater clarity and consistency with regard to the numerous training initiatives launched in recent years, the matrix is a comprehensive tool for planning, executing and monitoring Compliance and Governance training. Participation in mandatory training programmes is a

contractual obligation for Saipem personnel. The training matrix on Compliance and Governance topics is not a static tool. Rather, even after it was issued, its updating and development will continue with the design phase (where necessary) and the delivery of training initiatives to offer a vast, uniform and systematic training catalogue (including both classroom and e-learning courses). Within the framework of the matrix, Anti-Corruption themes play a central role by offering:

- courses on the 'Legal, contractual and insurance aspects of projects' for employees with a more advanced level of seniority and expertise, especially for personnel working in the Procurement and Project Management areas. These courses provide the tools needed to assess the impact of national and international regulations on contractual provisions and the precautions required to mitigate any associated risks;
- specific training sessions for at-risk personnel (employees who have contacts with public officials or who may enter into contracts with third parties on Saipem's behalf) working in the countries where Saipem operates;
- a specific e-learning module on the 'Internal Control System over Corporate Reporting' delivered to Saipem personnel in Italy and abroad.

In the framework of the OM&C Model, Code of Ethics and Anti-Corruption training, Saipem organised numerous training sessions in 2017.



DISSEMINATING A CULTURE OF BUSINESS INTEGRITY IN NIGERIA

Saipem has been working to disseminate a culture of business ethics and integrity in Nigeria by launching the **Leading by ethics campaign**. This initiative was initially addressed to 200 Saipem employees and then extended, together with the UN Global Compact, to involve 50 local Saipem vendors and local NGOs. As part of this campaign, attendees participated in the Leading by ethics training session and watched the Leading by ethics movie.

🔍 To watch the Leading by Ethics Movie click here.

HUMAN AND LABOUR RIGHTS

Saipem is a responsible employer promoting positive behaviour also outside its own operative boundaries



Saipem is committed to protecting and promoting labour rights in running its business, taking into account both internationally recognised labour standards (i.e. UN Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, ILO Conventions, the Ten Principles of the UN Global Compact) and local legislation in the countries in which Group companies operate.

Further details on Saipem's approach to human and labour rights can be found in the 'Consolidated Non-Financial Statements' of the Annual Report 2017.

2017 Highlights	UN GC Principles	Sustainable Development Goals
Percentage of employees covered by collective bargaining contracts 49%		
Human and labour rights training man-hours 229		

Following a human rights risk assessment, Saipem developed an **action plan on human and labour rights** in 2016. In the course of 2017 the Company put in place several initiatives related to engagement of stakeholders regarding the promotion and respect of internationally recognised human rights.

PROMOTING HUMAN AND LABOUR RIGHTS

In this respect, a comprehensive induction was delivered to **subcontractor and qualified employment agency representatives**, specifically addressed to HR personnel managing subcontractor resources and covered aspects related to international norms protecting human rights, as well as possible violations and resulting risks related to Saipem referent industry. Its training modules cover a wide range of themes including fighting corruption, social responsibility, integrity, ethical supply chain, health and safety, etc. Moreover, the induction offered a comprehensive review of Saipem's policies and regulations with which subcontractors are expected to comply in their business operations with the Company.

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

Furthermore, an additional training programme on human and labour rights focusing on local legislation and labour practices was delivered to **HR Managers and HR personnel** operating in 20 countries. The training programme will be further extended in 2018 to also include HR personnel and local top management.

HR Managers and coordinators reached by the human and labour rights training programme in 2017 **31**

Both training initiatives were delivered through an e-learning platform to facilitate access by the large number of targeted recipients. The training initiative also led to the set-up of an extensive database on legislation in each of the concerned countries specifically addressing forced labour, child labour, non-discrimination, freedom of association and collective bargaining. The collected material will support the concerned HR functions in framing and implementing the most appropriate line of action concerning issues related to human rights.

RECRUITING AND MANAGING INTERNATIONAL PERSONNEL WITH THE HIGHEST ETHICAL STANDARDS

Global Petroprojects Services (GPS AG) is a subsidiary of the Saipem Group founded in Switzerland in 1964 and licensed for recruitment even of non-resident manpower for international supply since 1994. GPS AG is a human resources centre of excellence which provides a complex spectrum of onshore, offshore, and maritime HR related services to Saipem worldwide.

For certain specific contexts GPS AG is supported by local agencies to satisfy legal obligations and manage specific logistic duties. In the framework of its human and labour rights commitment, Saipem has a rigorous process in place for selecting manpower suppliers and a structured engagement to promote fruitful cooperation.

GPS AG constantly monitors how employment agencies manage sensitive processes such as recruitment and administration practices. This is performed through audits at the vendor's premises and phone interviews with GPS AG's international personnel. Feedback collected demonstrated a good level of people's satisfaction and confirmed that employment agencies meet Saipem's requirements.

Employees from employment agencies interviewed (2016-2017) +300

HUMAN RIGHTS AT OPERATIONAL LEVEL: HOPE



The **HOPE (Human Operational Environment) Training Programme** has been implemented since 2014 to further develop and disseminate a human rights culture while promoting an on-the-ground approach. The objectives of the Saipem HOPE training workshop are to:

- Develop a better understanding of key human rights risks and issues for the business.
- Develop a better understanding of company responsibility with regard to respecting human rights that are relevant for the operational business environment.
- Reinforce Saipem's ability to fulfil stakeholder expectations and ensure the requirements related to human rights concerning both reputation and management aspects (such as security management) are met, specifically in multicultural and challenging conditions.
- Become familiar with the existing Saipem framework, resources and behaviours for managing potential human rights issues.
- Develop a deeper understanding of the local environment in which Saipem operates to ensure its holistic approach to community relations.
- Identify/share practical solutions to issues connected with local impacts from Saipem operations in specific areas.

The programme is specifically targeted at managers working at the operative level at sites and projects in functions such as Operations, Human Resources, HSE, Security and Community Relations. They are expected to familiarise themselves with relevant human rights concepts and to identify/share practical solutions to issues connected with Saipem operational impacts in specific areas and in the event of emerging human rights issues.

In 2017, the training session carried out in Angola specifically focused on the local context of the Kaombo FOS project. A total of 9 people from the project

FOCUS ON PLANNED CONVOCATION OF THE 1ST MEETING OF THE EUROPEAN WORKS COUNCIL

2017 led to the approval of the Agreement regulating Saipem's European Works Council following the election and summoning of the representatives to the Special Negotiating Body. The establishment of the European Works Council in representation of the employees of Group companies operating in the European Economic Area is in line with the reference European regulation, as well as with the efforts made by the Management to promote effective information sharing and consultation with the workforce. The first meeting of the newly established European Works Council will be held in 2018.

participated, including the Project Manager. Practical cases were analysed and discussed to identify adequate solutions and approaches to managing potential human rights aspects.

2014-2017 HOPE PROGRAMME KEY FIGURES

Sites/Projects where the HOPE programme was implemented 5

Participants +90



A TRANSPARENT COMMITMENT TO HUMAN AND LABOUR RIGHTS

According to the ILO, around 25 million people are estimated to be in forced labour. Saipem is committed ensuring respect for human and labour rights and preventing modern slavery and human trafficking in its business and supply chain. For this reason Saipem welcomes the requirements of the **UK Modern Slavery Act** and transparently describes its principles, policies, processes and actions to show that the Company has been working to respect and promote human rights.

The annual Saipem Modern Slavery Statement is available on the Saipem website.

ETHICAL SUPPLY CHAIN

Vendors are key players and a sustainable supply chain is a prerogative of Saipem's business and its success



Saipem is committed to keeping and developing long-lasting understanding and trust with the Company's vendors and business partners. The Saipem Ethical Supply Chain Management System consists of three different interrelated phases: vendor qualification; purchase document preparation and award; and vendor performance monitoring and feedback.

Further details on Saipem's approach to the Supply Chain management can be found in the 'Consolidated Non-Financial Statements' of the Annual Report 2017.

2017 Highlights	UN GC Principles	Sustainable Development Goals
Vendor qualification audits on labour rights 14	 	
Vendors qualified -7,000		

SELECTING RELIABLE AND ETHICAL VENDORS

A vendor risk assessment is in place during the vendor qualification phase to identify vendors based on ethical and sustainability risks depending on the country of operation and/or criticality of the commodity codes. From the human and labour rights (HLR) perspective, vendors operating in countries classified as high risk in these terms are analysed based on the information and documents they submit during the qualification phase (questionnaire). Similarly, for specific commodity codes considered as high risk for health and safety, a specific assessment is carried out to evaluate the Vendor's HSE management system.

Vendor qualification questionnaires on labour rights analysed in 2017 **-100**

Vendor qualification questionnaires on labour rights analysed since 2013 **+1,280**

Depending on the supplier criticality, the qualification process may require an assessment visit which consists of on-site verification of vendor activities, as well as of its technological, managerial, production, quality, HSE and logistics capabilities. Vendors operating in high risk countries may be subject to an assessment visit also including labour rights aspects. The audit scope focuses on child and forced labour, freedom of association and the right to collective bargaining, remuneration, working hours, discrimination, disciplinary practices, and health and safety.

As in previous years, results in 2017 of the audits on HLR showed no major issues in terms of sensitive areas such as child or forced labour, nevertheless main improvement

options were identified in health and safety management and working hours, while there were positive observations in terms of overall employee management, remuneration and workers' representation.

Percentage of vendors audited on HLR in high risk countries/total vendors audited in high risk countries **88%***

* 2017 objective: 80%.

SAIPEM TAKES A CHANCE ON ITS SAUDI VENDORS

Saipem has been awarded a contract for the Hawiyah Gas Plant Expansion Project located in the south-east of the Arabian Peninsula, which is part of the development plans to meet the country's energy needs. The scope of work includes, as part of the main activities, the construction of two natural gas treatment units, gas dispatch units and associated utility systems.

Saipem has extensive experience and knowledge of the Saudi context and broad knowledge of local suppliers and subcontractors. This experience allows Saipem to identify the strengths and weaknesses of each supplier in relation to their technical skills and competences and ability to meet deadlines and keep to a schedule during contract execution, adhere to quality assurance international standards, and align and comply with Health, Safety and Environmental standards and financial capabilities.

Leveraging on this information, Saipem will select a series of local vendors to be supported to improve their performance through a specific development plan. The development plan will include the following potential activities to be implemented during the execution phase of the project:

- training courses and/or seminars (on project management, quality assurance, international health and safety standards and procurement management);
- know-how transfer and on-the-job training through specialised monitoring activities;
- partnership opportunities and knowledge transfer with foreign specialised companies;
- support for foreign companies to set up activities/production in the country.

This activity will be aimed at two different types of local vendors:

- already existing Saudi companies which may improve their competitiveness at the national and international level;
- potential Saudi entrepreneurs or self-entrepreneurs who are interested in setting up new companies.

Saipem will work closely with its selected vendors to encourage long term creation of businesses in the Country. This facilitation process will include among others: invitation to the representatives of Saudi companies to visit a number of Italian specialised companies to exchange knowledge and create possible fruitful collaboration and organisation of a business event involving foreign and Saudi vendors for the purpose of creating contacts and relations among the companies.

PROMOTING DECENT WORK ALONG THE SUPPLY CHAIN

In line with Saipem's commitment not only to respecting but also to promoting human rights, since 2016 an **internal training programme on human rights and the supply chain** has been implemented for different functions involved in the supply chain control system, such as Vendor Management, Post Order and HSE. Training in 2017 focused on Post Order Function employees since, due to the nature of their job, they frequently visit and interact with suppliers.

The training programme includes a general introduction on human rights, focusing on international standards and principles and on Saipem's commitment to guaranteeing decent work to suppliers and subcontractors. A second part analyses relevant topics, based on the ILO Fundamental Conventions: discrimination, forced/compulsory labour, child labour, remuneration, working hours, disciplinary practices, freedom of association/collective bargaining and the protection of health and safety. Finally, training highlights the role each employee can play in order to report or provide feedback on serious situations when human rights are not respected that may be encountered at vendor sites. Between 2016 and 2017 training sessions involved all employees from the Post Order Function in Italy (San Donato Milanese, Fano and Marghera), Brazil, Kazakhstan, India, China, Mexico, Nigeria and Saudi Arabia.

FOCUS ON STRENGTHENING THE HSE COMPETENCE OF SUBCONTRACTORS

Cooperation and engagement in HSE-related issues contribute to fostering the win-win strategy Saipem has established with its subcontractors. For this reason, HSE training was delivered to subcontractors to help improve their knowledge and competencies in the field. A common commitment to HSE allows significant benefits to be obtained from all project activities in terms of results and levels of integration.

HSE training man-hours delivered to subcontractors compared to 2016 +54%

Additional employees of the Post Order Function will complete training in 2018.

TRAINING ON HUMAN RIGHTS AND THE SUPPLY CHAIN IN FIGURES SINCE 2016

Participants	+260
Training sessions	20
Training man-hours	+400
Countries involved	8



PROMOTING DECENT WORK

Saipem has set its principle for the protection and promotion of human rights at the highest level in the Saipem Code of Ethics and in the Sustainability Policy. In line with these, the **Human Rights and Supply Chain programme** reiterates Saipem's commitment to respecting human rights and to encouraging its suppliers and subcontractors to pursue decent work.

TECHNOLOGY AND OPERATIONAL INNOVATION

Innovation as a strategic leverage for Saipem



Due to changes in the global scenario on energy sources and increased exploitation costs, the Oil & Gas industry needs to focus on innovation in order to cope with near-future challenges. The new Innovation model at Saipem is the synthesis between the urgency to implement concrete solutions in the short term and the need to develop novel solutions reflecting the evolving macro-scenarios. Furthermore, the *digitalisation* option is being pursued extensively in both the outlined time-spans of innovation.

2017 Highlights	UN GC Principles	Sustainable Development Goals
People involved in R&D activities as full time equivalent 147		
Number of Joint Industry Projects since 2013 84		
Number of Technology Innovation Centres in 6 countries 8		

FACING TODAY'S CHALLENGES THROUGH INNOVATION

With regard to short term innovation Saipem's main targets are: (i) *Reducing costs and delivery times to market for O&G projects*, (ii) *Advancing further exploitation of Oil/Natural Gas*, (iii) *Pursuing diversification inside and outside the O&G market* and (iv) *Protecting the environment* ([Q detailed information on the development of innovative methodologies and solutions for the environmental protection can be found on page 36](#)).

(i) Reducing costs and delivery times to market

In terms of cost optimisation and process efficiency, the Company has adopted different strategies, for example:

Product innovation in the offshore business

Saipem is working on several innovative solutions that can be combined into new Subsea Field Architectures, making brownfield debottlenecking, stranded field exploitation

and even greenfield developments technically and economically viable. This is also true in deeper waters. Indeed, new technologies make it possible to move topside operations onto the seabed, heading towards the so-called *Subsea Processing*, *Long Tie-Back* solutions and *All Electric* fields, all resulting in an additional reduction in tubular and umbilical items installed subsea. A building block of those new architectures is the *Heat Traced Pipe-in-Pipe* technology for rigid J-Lay, for which Saipem completed the development and which extends the application of the most efficient active heating technology to larger diameter risers and flowlines, for even longer tie-back lines. In addition, Saipem is developing a new solution that consists in a subsea station that can heat up the fluid passing through the pipe locally, solving flow assurance problems during production; first tests on a prototype are under completion. The *Internal Plasma Welding* technology for carbon steel and clad sealines was successfully used on the Kashagan Pipeline Replacement Project in the Caspian

SAIPEM'S WAY OF COPING WITH SHORT AND MID-LONG TERM SCENARIOS

SHORT TERM	MID-LONG TERM
DRIVEN BY PROJECTS <ul style="list-style-type: none"> Increase efficiency Boost productivity Increase market coverage 	DRIVEN BY MACRO SCENARIOS <ul style="list-style-type: none"> Prepare for future challenges
DIGITAL TRANSFORMATION	
increase efficiency	offer new value propositions

A snapshot of sustainable innovations recently brought to the market are detailed below:

- For the Zohr project (Egypt), Saipem developed an extremely extended ROV (Remotely Operated Vehicle) tether (1.9 km) allowing touchdown monitoring during pipe laying with a ROV directly from the pipe layer, contributing, among others, to CO₂ emission reduction.
- For the Egina Project (Nigeria), a new method for prefabricating the Buoyancy Tank has been

implemented to reduce the risks of working in confined spaces.

- Increased operational safety during installation of FDS 2, the New Self Upending procedure for Buoyancy Tanks.
- New Saipem vessel Motion forecast systems linked to forecasting the weather increased pipe laying and topside module transportation safety (i.e. Shah Deniz and Ivar Aasen projects).

area. New and even faster welding and field joint coating techniques, as well as exotic and composite materials are under development to better withstand corrosion, fatigue, high pressure and high temperature applications. A step forward on this roadmap consists in using Plastic Lined Pipes in place of more expensive clad pipes; the new *Fusion Bonded Joint* technique enables the restoration of the continuity of the internal plastic liner during construction and installation of the water injection lines. Saipem is also active in developing solutions integrating the new disruptive *Thermoplastic Composite Pipe* products (jumpers, spools, flowlines and risers) in view of cost optimisation.

As an example, the *Zohr Accelerated Start-Up* project, successfully delivered offshore of Egypt, stands out for execution speed and quality of results provided. The achievements are also a result of the collaboration with a few industrial partners.

Examples of joint development milestones recently achieved in the subsea processing segment include:

- an agreement with Siemens aimed at qualifying and promoting an open standard Subsea Control System for Saipem’s Subsea Bus architecture based on Siemens’ Subsea DigiGrid;
- following the signing last year of a co-ownership and exclusive commercialisation agreement with Total and Veolia for the SPRINGS™ (Subsea Process and INjection Gear for Seawater) subsea water treatment technology, Saipem is now carrying out the activities for the industrialisation of the technology. SPRINGS™ is based on a nanofiltration-based sulphates removal unit from water designed for subsea use, thus allowing for an increase in the economics of oil recovery.

Process innovation through digitalisation

Digitalisation is the implementation and integration of digital technologies, connectivity and intelligence in

a wide range of devices and work processes enabling the collection and analysis of data in near-real time to improve performance. For EPC firms, the digitalisation focus is on management (project execution, new facilities design and optimisation of operations) and construction information modelling.

In this respect, in 2016, Saipem launched a new idea incubator and prototyping lab, *The Innovation Factory*, aimed at testing solutions to address the challenges of the sector through the adoption of new technologies and methodologies by changing the way Saipem works. Its key pillars are strategic themes defined by top management, a leaner approach, fast-prototyping, digital enablement, cross-industry open-innovation, enhancement of internal innovative thinkers, and constant collaboration with external stakeholders (universities, R&D centres, start-ups, etc.).

A new digital collaborative and data-centric methodology for the entire project life-cycle management (xDIM™) was conceived to unlock the hidden value of company data. Its implementation comes through an integrated and multidimensional interface platform that stores and exchanges data and information with a Project Common Data Environment, and unifies it in different dimensions, based on the different activities and operations performed by all departments involved along the full life-cycle of the plant.

 *For further information on digitalisation and asset management please refer to page 21.*

(ii) Advancing further exploitation of Oil/Natural Gas

Although renewables are projected to grow quickly, gas and oil will still cover very important percentages of the energy demand in future decades and new solutions will be needed to make their production more sustainable,

SAIPEM’S STRATEGIES FOR COPING WITH BOTH SCENARIOS

TECHNOLOGY DEVELOPMENT

FIND INNOVATIVE SOLUTIONS TO IMPROVE OPERATIONAL PERFORMANCE AND REDUCE THE ENVIRONMENTAL IMPACT OF SAIPEM’S ACTIVITIES.

TRANSFORMATIVE INNOVATION

INNOVATE THE WAY SAIPEM OPERATES TO BOOST PRODUCTIVITY AND CHASE NEW VALUE PROPOSITIONS.

TECHNOLOGY INTELLIGENCE

SCOUT DISRUPTIVE TECHNOLOGIES, CHASE NEW VALUE PROPOSITIONS AND DISCOVER ADJACENT GROWTH OPPORTUNITIES.

as witnessed by Saipem's innovation efforts in Gas Monetisation and Heavy Oils upgrading.

As regards Natural Gas, efforts in the LNG (Liquefied Natural Gas) field are ongoing:

- the Company is working to define a proprietary small scale liquefaction and re-gasification of Natural Gas. This small scale product for LNG shows good promise for becoming a flexible tool to support sustainable mobility in the near future;
- with regard to Floating LNG, the Tandem Offloading floating system has been fully qualified together with Trelleborg, while the Moss Maritime subsidiary recently achieved pioneering experiences in the market of conversion of LNG Carriers to FLNG (Floating Liquefied Natural Gas) units and FSRU (Floating Storage Re-gasification Units).

A comprehensive programme dedicated to onshore pipelines is ongoing to improve and optimise several different aspects of the design and construction procedure (i.e. the adoption of geo-grids).

Implementation is continuing to keep the proprietary *Snamprogetti™ Urea* fertilizer production technology at the highest level of competitiveness. Ongoing activities include:

- improving resistance to corrosion and cost reduction through the development of novel construction materials (significant results achieved in the definition of an innovative alloy material);
- decreasing energy consumption and reducing the

environmental impact (*Urea Zero Emission*) through highly innovative solutions under development.

With respect to Oil, attention is particularly focused on the total conversion of the 'bottom of the barrel', both through gasification and full hydrotreatment via slurry technologies. In this area, in cooperation with the related technology licensors, Saipem boasts extensive know-how and very well-recognised industrial experience.

(iii) Pursuing diversification inside and outside the O&G market

Saipem innovation efforts are focused on *Renewables* to cope with a less carbon intensive scenario and on *Life of Field* technologies in the O&G business.

[Further information on Saipem's commitment to tackling climate change can be found on page 32.](#)

Renewables

Technology innovation in the onshore renewables field is mostly dedicated to concentrated solar, bio-refineries and geothermal.

In offshore renewables, Saipem has successfully installed the **first floating Wind Farm in the world, the Hywind Scotland Project for Statoil**, that required an innovative solution to lift, handle and install the gigantic, fully assembled, 6 MW wind turbine generators on floating spars anchored to the seabed. Several new solutions



Lee Sutterby, The Hywind Scotland Project, Norway

in the Offshore Floating Wind segment are currently under development, together with a novel concept for an *Offshore Floating Solar Park*, developed by Saipem's Norwegian subsidiary, Moss Maritime.

Life of Field technologies and Decommissioning

In this framework Saipem is aiming at vertical integration extending its scope from URF to subsea processing through the full life cycle of the field including decommissioning. The increased scope of work of seabed equipment and operations is leading subsea fields to a higher complexity and the consequent need to inspect, monitor, maintain and repair subsea facilities, to which Saipem innovative solutions can contribute. Subsea remote operation and intervention technologies are key to the success of installation and life of field services.

Saipem can count on all the subsea intervention technologies developed, like the Innovator ROV, the SiRCoS sealine repair system, the ultra-deep and ultra-shallow trenching systems and other subsea engineered systems.

Two newly launched *Innovator 2.0™* Heavy Work Class ROVs are currently operating onboard Normand Maximus, capable of deploying ROVs also in very harsh sea conditions.

Saipem's leading edge in subsea robotics is represented by the new *Hydrone* concept. Hydrone is a subsea platform composed of an advanced AUV (Autonomous Underwater Vehicle, Hydrone-S), a resident hybrid ROV/AUV (Hydrone-R) and a work class, temporary resident ROV (Hydrone-W). An accelerated development and industrialisation programme is in progress with the assessment and testing of the most advanced technologies as the subsea communication network, control automation, power management, remote manipulation, etc.

FACING MID-LONG TERM CHALLENGES THROUGH INNOVATION

The main targets, generally expected outside the 4-year plan, are (i) *guaranteeing full exploitation of Oil & Gas resources in future decades*, and (ii) *overall reduction of CO₂ emissions* (Q [more detailed information on the development of innovative solutions for the GHG emission reduction can be found on page 35](#)).

With reference to digitalisation, it is expected that the adoption of these kind of technologies will favour the rise of new value propositions both in the EPCI business model and in new service models.

(i) Guaranteeing full exploitation of Oil & Gas resources in future decades

In the field of Oil & Gas production, subsea processing shall concur in reducing costs by moving surface

operations and equipment to the seabed. Significant results have been achieved in terms of a full scale subsea factory, heading to the Subsea-to-Shore solution:

- Saipem completed a further phase of the joint development project with major oil companies on proprietary *Spoolsep* technology for the gravity separation of produced water from oil (under development);
- a study is currently underway with Petrobras on its Dense Phase CO₂ Separation *Hi-Sep™* technology. Otherwise, Natural Gas is the ideal source for driving the energy transition to a less carbon intensive energy production.

Several technology scouting options are under scrutiny to fully exploit the Gas resource in the long term: specific efforts are being made in the area of valorising Stranded/Associated/Flared Gas resources through a package of solutions that vary from new innovations in the LNG field, to compact (and possibly floating) GTL (Gas To Liquids) processes.

2015-2017 SAIPEM'S INNOVATION EFFORT

TECHNOLOGY INNOVATIONS

Accounted within the R&D budget, it includes activities with a higher innovative content and medium term target.

TECHNOLOGY APPLICATIONS

Activities developed in commercial or investment projects (i.e. offshore fleet).

€138 mln



EXTERNAL COLLABORATIVE EFFORTS

Increased effort in 'technology scouting' is planned to explore the breadth of opportunities offered by cross-industry cooperation. Creating alliances to be receptive to crossover technologies from aerospace and defence, automotive, IT, telecoms and biomedical, etc., is a key step.

Saipem has always displayed a cooperative attitude, leveraging on a broad network of technology suppliers, universities, research centres, university spin-offs, start-ups, commercial partners.

TACKLING CLIMATE CHANGE

Saipem is aware that climate change may have a significant impact on its business operations, both directly and indirectly. Saipem can play an active role in the changing global energy scenarios by taking climate change risks and opportunities into consideration.

2017 Highlights	UN GC Principles	Sustainable Development Goals
Tonnes of CO ₂ saving* due to energy efficiency initiatives +2,800		 
Organisation of the Saipem Sustainability Vision workshop on the evolution of global business scenarios and of some relevant sustainability issues, such as climate change, addressed to the Board of Directors		
(*) Measured.		

CLIMATE CHANGE RISKS AND OPPORTUNITIES

In the framework of Saipem's industry, the World Bank's announcement regarding the end of its financial support for upstream oil and gas within the next two years in response to the growing threat posed by climate change is an important signal of the impact of climate change on business¹.

The global effort to limit climate change is reflected in the gradual change in the world's energy mix that the Company has been taking into consideration in order to predict and properly adapt to the consequent socio-economic and technological evolution of its reference markets.

For a company, climate change related risks arise from climate variables and from a chain of consequences that may directly and indirectly affect the capacity to carry out its activities.

On the other hand, Saipem, aware of related opportunities and risks, can play an active role in these changing scenarios. **Saipem is committed to providing cutting-edge and sustainable solutions, helping to meet the demands of a lower-carbon future through its portfolio choices and by working to reduce the carbon footprint of its services and solutions.**

THE RISK MANAGEMENT PROCESS

The process of risk identification and assessment is implemented both at company level (i.e. Group and subsidiaries) and at project level. Once the risk assessment is completed, the CEO of the Group and

the Managing Director (or equivalent figure) of the subsidiary present the relevant results to their Board of Directors. Risk assessment is regularly updated on a six-month basis through workshops conducted with the management team. At project level, risk management is implemented by the Project Manager (both in the commercial and the execution phase) to identify and face any risks and opportunities. The identification process determines and records the risks or opportunities identified that might affect the project.

THE PARIS AGREEMENT

As evidence of the growing recognition of the risks represented by climate change, 195 governments signed the Paris Agreement in 2015, committing themselves to strengthening the global response to the threat of climate change by 'holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and to pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels'².

This commitment represents a step change for all of humanity and a challenge for all actors, including international organisations, governments, individual citizens and corporate organisations.

(1) World Bank Group Announcements at One Planet Summit, December 12, 2017.

(2) United Nations Framework Convention on Climate Change, 'The Paris Agreement', December 2015.

The main climate-related issues representing risks and opportunities assessed are presented below:

Risk	Opportunity
Extreme natural events	Broadening of client and project portfolios (i.e. wind farm)
Evolution of environmental laws and regulations (i.e. introduction of carbon pricing)	New market opportunities for low emission services and green technologies (i.e. renewables, carbon capture)

CLIMATE CHANGE GOVERNANCE

Saipem's commitment to climate change prevention is reflected in its governance, principles and policies. The Board of Directors has always been proactive in climate issues and recently these were integrated into the company business strategy. Furthermore, climate issues are topics of discussion in internal committees such as the Corporate Governance Committee and Scenarios, the Audit and Risk Committee and the Sustainability Committee. One example of the BoD's interest in such topics is the workshop organised in November 2017 on macro trends presented to its members with the purpose of discussing

and analysing business scenarios with a particular focus on sustainability and climate change prevention. It resulted in a new vision and mission for Saipem.

SAIPEM'S RESPONSE TO CLIMATE CHANGE-RELATED SCENARIOS

To guarantee a sustainable business in the long term, providing increasingly more efficient and innovative solutions and contributing to the climate change mitigation global action, Saipem's strategy is focused on developing energy efficiency solutions, initiatives and innovative technologies to reduce CO₂ emissions and renewables.

ENERGY EFFICIENCY

Saipem is constantly committed to the containment of GHG emissions



[Further details on Saipem's approach to energy efficiency can be found in the 'Consolidated Non-Financial Statements' of the Annual Report 2017.](#)

ENERGY EFFICIENCY FOR OFFSHORE VESSELS AND RIGS

Ship Energy Efficiency Management Plan

In 2017, a Corporate-level Template was created to align Ship Energy Efficiency Management Plans (SEEMP) on Saipem vessels. The objective is to define KPIs suitable for measuring vessel energy performance and the minimum technical and management requirements.

Energy efficiency assessments on vessels

Energy assessments were performed for several relevant vessels to quantify the environmental benefits of systems already implemented on board and to further evaluate related interventions. In particular, Saipem 7000 and Castorone were subject to an in-depth study carried out with the Politecnico di Milano. Studies have defined:

- best practices such as the definition of ecospeed (tests conducted to define the optimal speed for a vessel to cover a route with the lowest fuel consumption); tests to build the specific consumption curve (SFOC - specific fuel oil consumption) of diesel generators on board;
- feasibility studies and an estimation of the environmental and economic advantages of a list of initiatives, including, for example, the identification of the most appropriate LED systems for Offshore operations subject to extreme marine conditions;

implementation of heat recovery systems from fumes or other heat sources; implementation of VFD (variable frequency drive) systems on cooling water pumps; implementation of automatic systems that can choose the most suitable of the two available fan speeds to avoid waste; and the hybridization of a vessel with energy storage systems.

Furthermore, the environmental benefit of a heat recovery system already implemented on board of Castorone was evaluated for the first time, and a saving of 2,123 tonnes of marine diesel oil and of 6,593 tonnes of CO₂ emission per year was estimated. An investment plan will be defined in 2018 for interventions scheduled by management.

Route optimisation

Saipem continued to implement an initiative for route optimisation of its offshore and drilling vessels through the use of route optimisation software. The best route is detected each day by taking weather conditions and marine currents into consideration. In this regard, in 2017 software was applied to the FDS 2 vessel and to the Scarabeo 9 drilling rig, saving 51 tonnes of marine diesel oil and 157 tonnes of CO₂ emissions.

Route optimisation became a regular and good practice within Saipem's organisation and it should be evaluated and implemented for long routes. Indeed, the Oil & Gas industry has changed radically over the last few years and

FOCUS ON GREEN PARTNERSHIP BETWEEN SAIPEM AND SNAM

Snam and Saipem signed a Memorandum of Understanding in November 2017 to evaluate cooperation opportunities across the entire gas infrastructure value chain. The collaboration aims, amongst other things, to assess projects, initiatives and clients of common interest in gas transportation, storage and LNG, with a specific focus in the areas of infrastructure design, engineering and construction. The two companies will also cooperate to promote green technology solutions improving sustainability in the gas infrastructure sector. This will enable Snam and Saipem, along with its new business division XSight, to integrate their best practices and knowledge, thus reinforcing their positioning as reference partners in the global gas market.

current contracts are very often characterised by short term activities and the need for frequent long relocations. Within this context, route optimisation can be considered an efficient solution for reducing CO₂ emissions.

Innovative upgrades onboard Castorone

Modernisation and upgrading in 2016 of the switchboard and of the entire electrical system on board the Castorone were carried out. This led to improvements in the reliability of the vessel in dynamic position operations, in terms of asset integrity system strengthening, and a reduction in diesel consumption. The main improvements included reductions in: generator maintenance and therefore in the waste generated, fuel and oil consumption, noise and emissions into the atmosphere.

TOTAL SAVINGS IN 2017 tonnes of marine diesel

237

tonnes of CO₂

737

ENERGY EFFICIENCY FOR FABRICATION YARDS

A continuous effort in the Kuryk yard

In 2017, ERSAI built a new part of the Training Centre in the Kuryk yard using selected construction materials

and building technologies in order to achieve the highest energy efficiency.

EXPECTED SAVINGS

New building reduction
of energy consumption per m²
compared to the old one

-38%

Moreover, the lighting system of the yard was improved by implementing lighting automation and replacing old lamps with LED light (1,513 LED lamps installed).

EXPECTED SAVINGS

MWh of electric energy

4,334

Tonnes of CO₂

1,998

Quantifying the effectiveness of yard energy efficiency measures

In 2017, Saipem initiated a campaign to measure the energy efficiency of initiatives implemented throughout 2016 around its yards in order to validate the savings obtained in terms of energy consumption and CO₂ emissions. At the Karimun yard, after the implementation of measures such as a diesel generator power management improvement, replacement of damaged piping for compressed air lines, reduction of standby power for welding machines, etc., the savings were:

tonnes of diesel/year

522

tonnes of CO₂/year

1,650

Moreover, the savings connected with the use of around 50 solar panels in the yard were also estimated:

tonnes of diesel/year

59

tonnes of CO₂/year

188

TOTAL ENERGY CONSUMPTION

Year	Energy consumption/revenues*	Total energy consumption (ktoe)
2015	44.7	514.0
2016	41.3	411.7
2017	49.0	440.6

(*) Tonnes of oil equivalent produced per €1 million in revenue.

Energy consumption in 2017 increased by 7% compared to 2016, in line with the increase in operating activities. The projects that have contributed most to the increase in energy consumption include: Zohr (Egypt) which involved Castorone, Saipem 10000 and Normand Maximus, Hydrodesulfuring gas plant of Minatitlan Refinery Plant (Mexico), Tangguh LNG expansion (Indonesia), SCPX Pipeline (Azerbaijan), Jazan Integrated Gasification Combined Cycle and EPC Khurais (Saudi Arabia).

FOCUS ON TARGETING PROGRESSIVE DECARBONISATION OF ENERGY

Technologies are key for reducing the CO₂ fingerprint and gaining a competitive advantage. For this reason Saipem is pursuing several and diversified actions:

- In the renewable field, attention is focused on emerging technologies such as new marine, advanced wind farms and the use of hydrogen as a clean energy carrier produced by water with renewable energy.
- The application of novel hybrid approaches based on adoption of green technologies applied to the development of Oil & Gas operations.
- Energy storage technologies, both at small-mid and larger scale to better manage power consumption and to bring energy more easily to remote and confined areas.

- A technology portfolio to deal either with purification of Natural Gas from reservoirs with high content of CO₂ or capture of CO₂ from combustion flue gas in power generation and industrial processes. In particular, Saipem can master the whole Carbon Capture & Storage (CCS) chain thanks to its solid background in process technology, pipeline fluid transportation over long distances and onshore and offshore drilling. As a matter of fact, Saipem was selected in a Norwegian CCS project for the CO₂ transportation phase. Furthermore, CO₂ re-utilisation options are being intensely pursued as a first step of industrial exploitation of this kind of technologies.
- The development of circular solutions to sustainably treat waste or residual feedstocks with their consequent valorisation to energy and/or valuable products.

The same measurement was applied for the Intermare yard (in Italy) and SCNL yard (in Nigeria) in order to assess the real savings obtained following the implementation of a series of energy efficiency solutions.

SAVINGS AT ARBATAX AND SCNL YARDS

**MWh of electric energy
(Arbatax yard)** **165**

**tonnes of diesel
(SCNL yard)** **205**

**tonnes of CO₂ emission
(Arbatax and SCNL yards)** **719**

The results will be shared as best practices within the Group and will constitute a solid base for the investigation of further possibilities for reducing Saipem's environmental footprint.

ENERGY EFFICIENCY FOR ITALIAN OFFICES

In 2017, thanks to a few initiatives such as pull printing, which ensures the sustainable management of printers, the Jojob car sharing service and reduced summer work hours for offices, the following savings have been estimated:



7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION

CUTTING EDGE GREEN TECHNOLOGIES

In terms of new technologies based on a green design approach, the Moss Eco™ includes the development of a peculiar hybrid concept for application mostly to new or re-adapted drilling rigs. Other innovative solutions for reduced energy consumption are under scrutiny after the successful development, with the Politecnico di Milano, of a novel process scheme for the re-gasification of LNG.

tonnes of CO₂ emissions **94**

MWh of electric energy **197**

REPORTING EMISSION PERFORMANCE

Saipem developed an emission calculation methodology which was third-party certified. Saipem sites report GHG emissions and energy consumption on a quarterly basis. In 2018, the emission methodology will be updated to also include Scope 3 emissions for the first time.

TOTAL GHG EMISSIONS

Year	GHG emissions/revenues*	Scope 1 emissions**	Scope 2 emissions**
2015	134.5	1,504.2	43.0
2016	124.5	1,203.4	38.9
2017	144.4	1,299.7	37.5

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

(**) kt CO₂ eq.

SPILL PREVENTION AND RESPONSE

Prevention is by far the most important and efficient weapon to avoid polluting the environment



Spills are one of the most critical environmental aspects for the Oil & Gas industry; for this reason Saipem carries out its operational activities with the goal of avoiding the risk of spills, or, should an accident occur, implementing measures and actions to prevent further environmental deterioration as a result of accidents.

Further details on Saipem's approach to minimising environmental impacts can be found in the 'Consolidated Non-Financial Statements' of the Annual Report 2017.

2017 Highlights	UN GC Principles	Sustainable Development Goals
Spill drills performed 314		
Oil and chemical mapping performed on vessels, rigs and at yards 29		

OIL SPILL RISK MAPPING AND RISK ASSESSMENT

Saipem confirmed its commitment to preventing oil spills in 2017 through the implementation of the following rigorous and consistent methods:

1. Oil and Chemical mapping;
2. Spill risk assessment;
3. Implementation of prevention and mitigation measures.

In this respect, Saipem continued to jointly perform oil and chemical mapping and spill risk assessment activities for offshore construction and the drilling fleet. Specifically, Saipem completed the above activities in 2017 for Castorone with regard to the offshore construction fleet, as well as for Scarabeo 9, Saipem 12000 and TAD with regard to the offshore drilling fleet. Moreover, the Saipem Offshore Division extended the oil and chemical mapping process to yards in order to include operational activities that are not carried out offshore. In addition, spill risk assessments will be completed for the Arbatax Fabrication Yard and FDS by the early 2018. Therefore, Saipem has once again demonstrated its past and future dedication to continuously assessing the environmental performance of its offshore and drilling fleets in terms of oil spill prevention and response.

Training man-hours delivered on spill management issues

+13,000

APPLYING TECHNOLOGY TO PROTECT THE ENVIRONMENT

Saipem has a very important tradition in the field of Oil Spill Response, offering a comprehensive service and related training activities.

The continuous development of innovative methodologies and solutions for oil spill response preparedness has recently resulted in the delivery of the Offset Installation Equipment (OIE) for the Subsea Well Response Project (SWRP), a non-profit joint initiative of a few major O&G companies (OSRL - Oil Spill Response Ltd consortium), aimed at developing solutions to respond quickly and efficiently to future subsea well-control incidents. In this framework, OSRL assigned a contract to Saipem for the engineering, procurement, fabrication and testing of the OIE, a tool designed to install a capping stack on a blowout well without requiring direct vertical access. This will allow support vessels to stay outside the unsafe zone while installing short-term remediation of environmental disasters.



PREVENTING ENVIRONMENTAL DISASTERS

Saipem has realised **the most technologically advanced structure** in Trieste (Italy) **to transport and install a capping system on an underwater oil well under eruption.**

The system, a quite sophisticated remotely controlled piece of machinery, is also capable of operating under extreme conditions, such as those of a subsea blowout in intermediate water depths.

More in general, an extensive and unified endeavour in the field of oil spill monitoring and intervention, involving all Saipem offshore, onshore and drilling businesses, is currently underway:

- *Early Warning Integrated System (EWIS)*: Saipem is developing a feasibility project with a qualified aerospace Italian partner, ALTEC SpA. This system will be an innovative data collection and decisional support platform for a very early and effective response to oil spills. It is well-known that the best way to minimise environmental damage in the event of an incident is to take proper action in the shortest possible time. EWIS will collect, integrate and process data from different sources (satellite, aerial, radars, fixed observational structures, etc.) related to the detection,

movement and degradation of oil slicks. All data will be processed and displayed in GIS configuration map screens ready for users to define the best oil recovery strategies.

- *Intervention Tool for cleaning Oil Spills*: the current response service generally relies on technologies that are mainly based on contaminated water containment, oil particles breaking-up by use of chemicals and shipment of the recovered oil to shore for dedicated treatment. In this field, Saipem is in the initial phase of development of a proprietary solution aimed at providing worldwide availability of modular and containerised 'plug and play' units for easy transport and lifting/installation onto offshore vessels.

SPILL NUMBER AND VOLUME

Year	Spill number	Spill volume (m ³)
2015	38	2.2
2016	30	4.3
2017	26	6.2

The total number of spills was down in 2017 compared to the previous year. Nonetheless, there were three major spills:

- The first spill consisted of water-based mud contaminated with debris from the cementing activities (2,500 litres) of an onshore drilling rig in Chile due to the obstruction of a discharge line to the debris well. Activities were interrupted and cleaning was promptly started. Checks, cleaning and testing of the circulation and discharge pipes were carried out.
- The second was an oily substance spill (about 1,000 litres) during the activities related to filling a diesel fuel tank in Saudi Arabia. The Spill Response Team was mobilised immediately after it was notified of the emergency. The contaminated sand was collected, removed and placed in the drilling debris pit and the area around the daily diesel fuel tank was restored.
- The third was an oil spill (1,000 litres) that occurred during lifting operations of a small gasoil tank from a supply vessel to the WHP3 platform at the Boscongo (Congo) yard. An investigation was conducted and changes were introduced in the execution of similar procedures in order to minimise risks.

WATER MANAGEMENT AND POLLUTION

Preservation of natural resources and proactive water saving and reuse are key objectives for Saipem



One of Saipem's commitments expressed in the HSE Policy is the protection of natural resources, primarily water. Saipem is aware that carrying out operational activities impact 'water stressed areas', where the adoption of a strategy to reduce consumption and to promote the efficient use of the resource is considered a priority.

Further details on Saipem's approach to water management and pollution can be found in the 'Consolidated Non-Financial Statements' of the Annual Report 2017.

2017 Highlights	UN GC Principles	Sustainable Development Goals
Total withdrawal of water (mIn m ³) 7.7		
Percentage of water withdrawal in water stressed area 37%		
Recycled water (mIn m ³) 1.2		

WATER REUSE

Saipem onshore fabrication yards and projects are often located in remote locations where water is an ever more precious resource, and therefore multiple water reutilisation systems are implemented.

In Kuryk water is collected from the Caspian Sea and sent to the water desalination plant, which is able to fully provide the yard with a fresh water capacity equal to 1,000 m³ per day.

Fresh water is then used partially to produce potable water and partially as service water which, after utilisation for different purposes, is conveyed to the wastewater treatment plant where it is treated and discharged into the evaporation pond, from which it is then taken for reuse as, for example, in dust depression and irrigation. This structure seeks to achieve a 'zero discharge policy' which means 100% reuse of treated water without any discharge at all into the Caspian Sea. Furthermore, through irrigation, it contributes to developing a proper green area with significant improvements to the yard territory.

BALLAST WATER REGULATION COMPLIANCE

The International Convention for the Control and Management of Ship Ballast Water and Sediments (BWM Convention) entered into force on September 8, 2017 with two main requirements:

- D1 = Ballast Water Exchange (95% volumetric exchange) or pumping through three times the volume of each tank.
- D2 = Ballast Water Treatment systems approved by the Administration that treat ballast water.

Saipem committed to meeting the requirements in

2017 in the most efficient way possible in order to merge technological innovation with environmental protection requirements. During the last year and in line with Saipem's plan, Castorone has implemented the Administration's required system (D2) to properly manage ballast water as per the IMO Convention. Saipem's plan will be duplicated and regularly updated in the near future so as to cover the entire fleet. Saipem committed to meeting the requirements in 2017 in the most efficient way possible in order to merge technological innovation with environmental protection requirements.



WATER CONSERVATION AND REUSE PRACTICES

All the Saipem camps in Saudi Arabia are equipped with treatment plants that are capable of treating domestic sewage. Treated water is then used for purposes such as dust suppression and in plantation and horticulture at camps and site offices.

The amount of sewage water reused in all the camps was more than 560,000 m³ in 2017, with a considerable savings in fresh water purchase.

FOCUS ON WASTE GENERATION AND MANAGEMENT

Q Further details on Saipem's approach to waste generation and management can be found in the 'Consolidated Non-Financial Statements' of the Annual Report 2017.

Waste management is one of the most significant environmental aspects for Saipem, whose principles are listed according to a priority order that is followed in waste prevention and management activities: reducing, reusing, recycling, recovering (e.g. energy recovery), and disposing. In 2017 Saipem implemented various activities following this approach.

WASTE REDUCTION IN THE SSAGS PROJECT

The SSAGS (Southern Swamp Associated Gas Solution) Project (Nigeria) implemented two main environmental activities in 2017 to promote the reduction of both food and carton waste.

The reduction of food waste was based on actions that consisted of food waste reduction campaigns, optimisation of food preparation and menus, a reduction in portion sizes served at the mess halls, and use of a food waste disposal unit (food waste is ground and discharged into the sewage treatment plant).

The project's success in cutting down the amount of food waste resulted in a reduction of 30 tonnes per month and a saving in terms of waste disposal costs avoided.

The reduction in carton waste was based on two actions: the substitution of portable water packages from carton to polythene and reduced exposure of cartons to rain fall. The project reached a carton/paper waste reduction equal to 29%.

The total saving could be quantified as the equivalent cost of 2,180 kg of disposal per month.

WASTE VALORISATION IN THE AEGEAN REFINERY

The Aegean Refinery (Turkey) is a good example of the implementation of an efficient waste management and monetisation system that can properly manage construction waste produced. In order to do so, a preliminary investigation of the context was undertaken so as to define any gaps, criticalities or potential strengths of the local waste market. The system is the result of good cooperation

between Saipem and the service of a local waste management company. All phases of the waste life cycle, i.e. production, transportation, storage and recycling, are continuously monitored, controlled and recorded.

At the time being, the waste monetisation system for the Aegean Refinery has produced more than \$1,700,000 in earnings and managed more than 2,600 tonnes of steel waste and 700 tonnes of residual waste cables.

ENVIRONMENTAL AWARENESS INITIATIVES FOR EMPLOYEES

Saipem people come together every 5th of June to celebrate International World Environment Day, the United Nations' biggest annual event to promote global awareness and positive environmental action. The theme for 2017 was 'Connecting People to Nature', in which Saipem took part in developing appropriate campaigns at its projects and sites. Furthermore, during the annual 'Saipem Ingresso Libero' ('Saipem Open Day') initiative, when Saipem doors open to employees' families, educational workshops for children on water protection, use and waste were given. The aim was to convey environmental sensitivity to employees' children, encouraging responsible behaviour from an early age.



ENVIRONMENTAL AND SOCIAL IMPACT MANAGEMENT

The proper management of significant environmental and social aspects and of the impacts deriving from them is increasingly becoming a hallmark of Saipem activities and projects in challenging contexts.

ENVIRONMENTAL IMPACTS

In 2017, Saipem achieved an important milestone when its ISO 14001:2015 certificate was extended thus demonstrating the integration of environmental management in all Saipem realities. Previously each company had its own certification.

As a result of the wealth of experience it has acquired over many years, Saipem has developed an awareness of the environmental impacts it can potentially generate and is scrupulous in managing its activities to mitigate them.

ENVIRONMENTAL ASPECTS	SPILL CONTINGENCIES	ENERGY CONSUMPTION	WATER WITHDRAWAL/ DISCHARGE	AIR/DUST EMISSIONS	WASTE PRODUCTION	NOISE & VIBRATION GENERATION
MAIN ENVIRONMENTAL IMPACTS	Soil, groundwater and water pollution. Degradation and loss of natural habitats and ecosystems. Flora/fauna disturbance. Biodiversity depletion. Damage to public safety.	GHG emissions. Global warming. All other direct and indirect impacts connected with energy generation and transportation (e.g. air and water pollution, damage to public health, wildlife and habitat loss, water use, land use).	Water/ groundwater pollution. Degradation and loss of aquatic habitats and ecosystems. Flora/fauna disturbance. Biodiversity depletion. Overuse and depletion of water table. Damage to public safety.	Air pollution. Degradation and loss of natural habitats and ecosystems. Flora/fauna disturbance. Biodiversity depletion. Damage to public safety.	Soil overuse. Decreased landfill space. Modification of landscape. Damage to public safety. All other direct and indirect impacts connected with improper waste management (e.g. in the air, water, groundwater, soil, habitats, ecosystems, biodiversity).	Human/wildlife disturbance. Degradation and reduction of natural habitats and ecosystems. Biodiversity depletion. Damage to public safety.
POTENTIAL MITIGATION MEASURES	Spill management hierarchy: <ul style="list-style-type: none"> • prevention, • preparedness, • response. Suitable storage areas for oils and chemicals. Hazardous substances inventory. Spill mapping and Risk Assessment. Spill kit availability. Use of environmentally friendly substances. Training and drills.	Energy saving and efficiency practices. Use of renewable sources. Energy assessments on critical assets. Periodic maintenance and replacement of equipment and machines. Use of less pollutant fuels.	Water reuse and saving practices. Efficient treatment plants. Periodic maintenance.	Periodic maintenance and replacement of equipment and machines. Dust control programmes. Exhaust abatement systems. Use of less pollutant fuels. Energy saving and efficiency practices.	Waste management hierarchy: <ul style="list-style-type: none"> • reuse, • reduce, • recycle. Waste valorisation practices. Recycling programmes. Suitable waste storage areas. Efficient waste management equipment. Training of waste management personnel.	Periodic maintenance and replacement of equipment and machines. Enclosing noise sources. Noise barriers/ screens. Proper planning of noisy activities. Use of quieter working methods/ technologies.

SOCIAL IMPACTS

Saipem uses social-economic impact evaluations and studies supplied by its clients or, if necessary, produced in-house. The operations in which Saipem has direct responsibility for the impacts generated at local level concern the fabrication yards or proprietary logistic bases. In these cases, Saipem identifies and assesses the potential effects of its activities and actions in order to

ensure that they are managed appropriately, as well as any specific activities and projects aimed at developing the local socio-economic context. Typically, the instrument used is a Socio-Economic Impact Assessment (SIA) or the ESIA (Environmental Social Impact Assessment). As a result of this study, Saipem collaborates with the stakeholders involved in order to prepare an Action Plan which defines the actions necessary for managing the impacts on local communities.

SOCIAL ASPECTS	CULTURE & LIFESTYLE	DEMOGRAPHIC	WELFARE & SOCIAL INFRASTRUCTURES	ECONOMIC IMPACT
MAIN SOCIAL IMPACTS	Erosion of traditional values and customs. Increase in social problems. Discrimination and marginalisation of indigenous people. Increase in dependency. Risk of conflict.	Immigration due to the attractiveness of the geographical area of the site. Emigration/relocation due to the traditional use of natural resources competing or conflicting with project activities.	Effect on local facilities and public health. Effect on traffic and road safety. Nature and access to social infrastructures.	Increase in direct and indirect employment. Increase in wage levels. Increase in prices of goods and inflation rate. Purchasing of local supplies and boost in general local economy. Short and long term changes in economic structure.
POTENTIAL MITIGATION MEASURES	Cultural Heritage protection plan. Proper selection of security providers. Drug and alcohol testing of the workforce. Cultural awareness sessions and human rights training programmes for employees.	Transparent recruitment strategy. Management of local expectations.	Health promotion initiatives. Safe driving awareness sessions.	Transparent recruitment and sourcing strategy.
TOOLS	Stakeholder consultation, community grievance mechanism and community relations plan			

THE PROCESS

ANALYSIS OF THE CONTEXT	IDENTIFICATION AND ASSESSMENT OF POTENTIAL IMPACT	IDENTIFICATION AND IMPLEMENTATION OF MITIGATION MEASURES
Analysis of the socio-political, cultural and economic conditions of the area interested by the project.	The identification and the following evaluation of impacts shall consider effects occurring during the entire life of the project. The impacts can be classified as <ul style="list-style-type: none"> • direct impacts: that are a direct result of project activities. • indirect impacts: that result from other developments or activities that would only occur as a result of the Project. 	The purpose of adopting mitigation measures is to remove, minimise and/or compensate residual adverse effects to a reasonably feasible extent. Mitigation measures could consist of the integration of proposed actions into the design of the project, changing or adding technical or managerial aspects. Mitigation actions could include activities to be implemented both within the project site and in neighbourhood areas.

STAKEHOLDER ENGAGEMENT PROCESS

TRAINING AND DEVELOPMENT

Human capital and its development are key elements for ensuring lasting competitive success



Saipem believes that the secret to its success lies in its people: skills and know-how are the key assets and as such are duly monitored and developed through continuous analysis and the definition of a specially-focused investment plan.

Further details on management of Saipem people can be found in the 'Consolidated Non-Financial Statements' of the Annual Report 2017.

2017 Highlights	UN GC Principles	Sustainable Development Goals
Training man-hours (including employees and subcontractors) +1.9 mln		
Employee performance evaluations -10,000		

Saipem offers a reliable work environment that guarantees equal opportunities for all on the basis of merit and without discrimination. People development represents a key lever in the Company's business strategy: learning programmes ensure the development of professional know-how and behavioural competences.

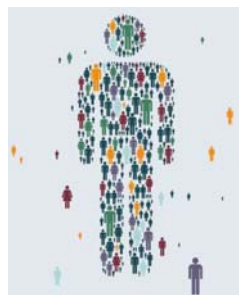
ATTENTION TO KNOW-HOW

The **K-map campaign**, launched in 2014, is aimed at monitoring, assessing and tracing critical skills that Saipem people have gained in significant contexts and projects.

LEADERSHIP MODEL AND SKILL MANAGEMENT

The Leadership Model, inspired by six principles – People, Integrity, Vision, Decision-making, Knowledge, Communication – identifies the behavioural skills and the aspects that make up leadership in Saipem. The model takes into account both the diversity of the organisational levels and the peculiarities of managerial and technical-professional careers, and on the other hand, directs people's growth.

The Leadership Model is the basis of all human resources management processes for:



Resources mapped for the K-map campaign

-14,700

Developing talents

Succession planning is a strategic process that allows the identification and development of talent in the medium to long term and minimises the risk of losing key skills. In fact, the process identifies a shortlist of talented internal resources who, due to their expertise and managerial skills, are suitable candidates to cover strategic positions, and maps the areas on which to perform risk mitigation actions (i.e., mobility actions, growth towards more complex roles and training actions).

EVALUATING LEADERSHIP POTENTIAL	DEFINING IDEAL MANAGER PROFILES	TRAINING	PROMOTING AND ENCOURAGING ETHICAL MANAGERIAL BEHAVIOURS
Facilitating the planning of careers and development paths, allowing better visibility of the internal competences and their potential, and the enhancement of individual skills.	On the basis of which the managerial appraisal allows for identifying areas of strength and improvement and possible career paths of young developing managerial resources.	Since 2017 the planning of training paths differentiated for specific company populations was launched.	Training courses, developed in collaboration with the Politecnico di Milano and dedicated to the Managing Director and Senior Manager of the Group's operating companies, have been implemented since 2017.

**Key positions analysed
for succession planning**

29

**Succession planning
identified**

112

Evaluating and rewarding performance

Saipem bases the Group's remuneration policies on the principles of equity, merit and local approach and hence defines its policies in full keeping with the results of the performance and skills assessment.

Furthermore, remuneration strategies are defined through a local approach that intercepts the specificities of the labour market and labour law. Saipem also affirms its commitment to the principle of 'equal pay for equal work', having monitored the gender pay gap for years throughout all its workplaces where it operates.

NURTURING KNOW-HOW

To improve the **integration between the world of work and the education system**, Saipem has cooperated, through the Programma Sinergia, with three Italian technical institutes (Enrico Fermi High School in Lecce, Alessandro Volta High School in Lodi and the Science High School of the Amatrice comprehensive school) to develop curricular and extra-curricular training courses and summer camps for in-depth study. A partnership was created through the Elis Consortium for secondary vocational training with GSE to implement the Territorial Laboratory initiative, dedicated to energy efficiency and providing intensive training for a week with the aim of enhancing both individual skills and the potential for working on a team. The initiative also took on a form of social solidarity since the Amatrice institute is located in one of the territories hit by the earthquake in the summer of 2016.

Saipem has in place a continuous recruitment process for **company internships** for young undergraduates and new graduates, especially in technical and economics fields. The aim of the internship is twofold: facilitate young people in their professional choices, and facilitate the personnel selection and recruitment process through on-the-job training. Furthermore, internships are an effective tool for tapping into the potential for innovation, creativity and motivation of young people and contributing to cultural integration and exchanges between the professional and educational world.

A VISION FOR THE FUTURE: STRATEGIC PARTNERSHIPS IN SAUDI ARABIA

Hands-on-Training programme

In November, Saipem and Saudi Aramco initiated the one-year *Hands-on-Training programme* in order to train 32 Saudi Safety officers on Saipem's rigs. Prior to being

FOCUS ON HUMAN RESOURCES DEVELOPMENT COMMITTEE

The Human Resources Development Committee was established in January 2018 in order to guarantee the consistency of Saipem's managerial population in order to meet current and future business needs, in line with the context and the company Leadership Model. The Committee is responsible among others for guiding the definition of the Saipem Managerial Model and methods for identifying and developing talents, and for monitoring the pool of young talents, promoting career paths and cross-functional/ interdivisional mobility plans.

mobilised to the rigs, the trainees underwent a safety and knowledge induction at Saipem's drilling base in Dammam, Saudi Arabia.

The trainees develop a well-rounded understanding of the rig environment, how it operates, what each role entails and what is expected of them while adhering to a safety culture and standards in order to ensure and maintain an environment that benefits all whilst mitigating risks as much as possible.

Saudi Arabian Drilling Academy

The SADA (Saudi Arabian Drilling Academy) programme is a vision for the future, which arose from Saudi Arabia's need to develop a youthful local talent base and provide young Saudis with all the skills required to work in the O&G industry. The 18-month programme provides practical and academic schooling and is the first of its kind in the world resulting from the partnership between Saudi Arabian Saipem and Saudi Aramco.



'TALENTISSIMO', AN INNOVATIVE WAY OF TRAINING

Since 2015, the *Talentissimo programme* in Angola has aimed to develop students' technical competences and employability, by closing the gap between university and industrial standards and increasing Saipem's talent attraction. In 2017, 8 students from two local universities participated in a 3-month internship programme to work on structural and subsea structure design under the guidance of Saipem engineers. Over 170 students have participated in the programme since its launch.

HEALTH AND WELL-BEING

A reinforced commitment to spreading a positive health culture and increasing awareness at all Saipem worksites



With specific attention focused on health prevention, protection and promotion, the Company makes an effort to inform employees of all the health risks, improving their general health culture.

Further details on Saipem's approach to health management can be found in the 'Consolidated Non-Financial Statements' of the Annual Report 2017.

2017 Highlights	UN GC Principles	Sustainable Development Goals
<p>Non-immune employees who attended Malaria Awareness Sessions +7,000</p> <hr/> <p>Years since Saipem was awarded the Workplace Health Promotion programme 4</p>		

HEALTH PROMOTION AND DISEASE PREVENTION

There is growing evidence suggesting an unprecedented growth in non-communicable diseases (NCD) in recent decades. To protect the health and well-being of its employees, Saipem has implemented various health promotion and disease prevention programmes at its premises. The purpose is to make employees aware of the main health risks and, consequently, help them to address those risks.

Cardiovascular Disease Prevention (CVDP) Programme

Cardiovascular diseases remain the leading cause of morbidity and mortality, globally and in Saipem. They are preventable and perhaps reversible largely through the modification of risk factors (i.e. elevated blood pressure, cigarette smoking, physical inactivity, etc.), addressed systematically through the CVDP programme.

Sites involved in the CVDP programme **109**

Employees screened **+17,000**

Employees identified with an elevated cardiovascular risk were accepted in the Risk factor surveillance programme and adequate medical support was provided. In this regard, in order to provide assistance at remote sites, Saipem has implemented the Telecardiology programme since 2007.

Sites covered **56**

Electrocardiograms transmitted **+3,000**

Promoting a healthy lifestyle

Saipem has implemented various programmes to promote a healthy lifestyle among its people:

- **Weight control and obesity prevention programme.** This prevention programme uses Body Mass Index (BMI) and waist circumference of the entire workforce. Overweight and obese employees are then identified and provided with weight reduction guidelines. The programme includes two seminars rolled out across Saipem sites and training for Saipem doctors.

Participants in the seminars **+3,600**

- **Stop smoking programme.** The 'Don't Take My Breath Away' campaign consists of 4 phases that include lectures, activities and counselling delivered in 2-hour workshops. The programme is highly interactive, allowing smokers to 'experiment' smoking from different perspectives, and is based on a trans-theoretical model of behavioural change.

Worksites where the programme was implemented in the 2015-2017 period **17**

- **Healthy diet.** The H-factor/Healthy Food Programme promotes a healthy food environment, a diversified, balanced and healthy diet respecting the diverse eating behaviours, cultural backgrounds, customs and traditions of employees.

Sites covered **8**

HEALTH AWARENESS AND PROMOTION IN THE WORKPLACE

For the fourth year running, Saipem has taken part in the Workplace Health Promotion (WHP) programme as result of the joint efforts of employers, workers and local institutions. Its aim is to improve health and well-being in the workplace by adopting best practices in the field of health promotion: Saipem was awarded for reaching the programme's goals by the regional government of Lombardy. The programme is founded on the principles of promoting health in the workplace by encouraging organisational changes that ensure an environment open to the conscious adoption and dissemination of healthy lifestyles, contributing to the prevention of the NCDs. To prevent workplace risks, the dissemination of the Pre-Travel Counselling programme for all personnel assigned abroad is now available electronically in e-learning format, in line with changes and updates from more recent international health bulletins. To develop a culture of self-consciousness among employee and their families, in 2017 Saipem celebrated WHO International Health Days, which include World Health Day, World Malaria Day, World AIDS Day, World Anti-Obesity Day, World Cancer Day, etc.

HEALTH HIGHLIGHTS

Employees trained in the Pre-travel Counselling programme since 2008 **-12,000**

Vaccinations **3,837**

Employees subjected to medical fitness examinations **31,835**

SAIPEM'S STOP MALARIA CAMPAIGN

Nearly half of the world's population is at risk of contracting malaria and the WHO African Region continues to carry a disproportionately large share of the global malaria burden. Currently, the African region is home to 90% of malaria cases and 91% of malaria deaths worldwide¹. Strongly committed to fighting it, Saipem has implemented a Malaria Control Programme to monitor Saipem worksites and their workforce, and Malaria prevention initiatives in Angola, Congo and Nigeria, addressed both to local communities and the Saipem workforce. From the commencement of the Malaria Control Programme, Saipem made impressive progress in reducing the stewardable malaria cases on its worksites located in malaria endemic areas:

- 18 malaria cases were recorded, falling by 72% since 2010;



- the Overall Malaria Cases Rate fell by 83% between 2010 (0.24) and 2017 (0.04);
- malaria related fatality remains zero.

Worksites monitored within the Malaria Control Programme in 7 countries

32

Malaria campaign in Africa

In Angola, Congo and Nigeria Saipem keeps up its commitment to carrying out malaria prevention initiatives such as training courses for diagnosing and treatment of malaria cases for local laboratory technicians and nurses, prevention and awareness campaigns and activities for local communities, the supply of medical and outdoor equipment, the implementation of indoor residual spraying campaigns, etc.

Local houses in which the indoor residual spraying was performed in Angola

+1,100

Malaria inductions organised for the non-immune personnel assigned in Congo

+60



MALARIA PREVENTION IN ANGOLA

As part of the Memorandum of Understanding (MoU) signed in 2016 with the Ambriz Health Direction, in 2017 a 10-day training programme in properly diagnosing malaria through laboratory analysis for 20 laboratory technicians and a 3-day advance training course in the management and treatment of malaria cases for 26 nurses were carried out. Both training sessions were conducted at the Petromar Training Centre in Ambriz. A supervising team will be created to monitor the activities of the trainees.

(1) World Health Organisation (fact sheet updated in November 2017).

METHODOLOGY AND REPORTING CRITERIA

REPORTING PRINCIPLES

'Saipem Sustainability' provides complete and detailed information about the matters of greatest interest to the Company's stakeholders. The document is prepared in accordance with the Global Reporting Initiative (GRI) guideline version G4 'In Accordance' with the Core option¹.

The following principles have been used to identify the contents of the document: materiality, stakeholder inclusiveness, sustainability context and completeness. To guarantee the quality of the information contained in the report, the principles of balance, comparability, accuracy, timeliness, clarity and reliability were followed, again as per GRI guidelines. Disclosure on management approach is described in the 2017 'Consolidated Non-Financial Statements' and in the Management Report of the Annual Report 2017.

The report is published annually and is approved by the Sustainability Committee, the Corporate Governance Committee and Scenarios and the Board of Directors. It is distributed at the Shareholders' Meeting convened to approve the Annual Report.

MATERIALITY ANALYSIS

In order to define the sustainability themes considered most significant, both within the Company and in relation to stakeholders, a materiality analysis was once again carried out in 2017, hence for the seventh year running.

The first step entailed identifying the significant aspects which are considered in the analysis in order to pinpoint those that are material. Identification is based on the sustainability context and on the analysis of the stakeholders involved. In order to simplify analysis and comparison of results, the 28 topics identified were broken down into 6 macro categories: (i) Environmental Sustainability, (ii) Business Conduct and Operations, (iii) Safe Operations, (iv) People Management, (v) Human Rights, Diversity and Well-being and (vi) Local Presence and Support.

FINAL LONG LIST OF ISSUES

TOPIC

Environmental Sustainability	Climate change prevention, GHG emissions, Energy efficiency, Water management and pollution, Biodiversity and impact on ecosystems, Waste generation, Spill prevention and response, Renewables.
Business Conduct and Operations	Anti-Corruption and ethical business practices, Public policy engagement, Tax and Transparency, Corporate governance, Technology and operational innovation.
Safe operations	People safety, Safe operations, asset integrity and process safety, Emergency preparedness.
People Management	Training and development, Talent attraction and retention.
Human Rights, Diversity and Well-being	Global diversity and inclusion, Gender equality, Health and well-being, Human and labour rights, Ethical supply chain, Security practices.
Local Presence and Support	Local social licence to operate, Local employment and procurement, Community investments, Charity, donations and volunteering.

The level of external interest was defined by interviewing and surveying a representative mix of external stakeholders, in terms of types of organisation (29 clients, 16 local community/NGO representatives, 65 business partners and vendors, 5 business association representatives, 13 financial stakeholders, 9 insurance partners and 7 government and regulator representatives) and geographic focus (8% international, 38% from Europe, 19% from CIS and the Middle East area, 15% from Africa, 10% from the Americas, and 10% from the Asia-Pacific area).

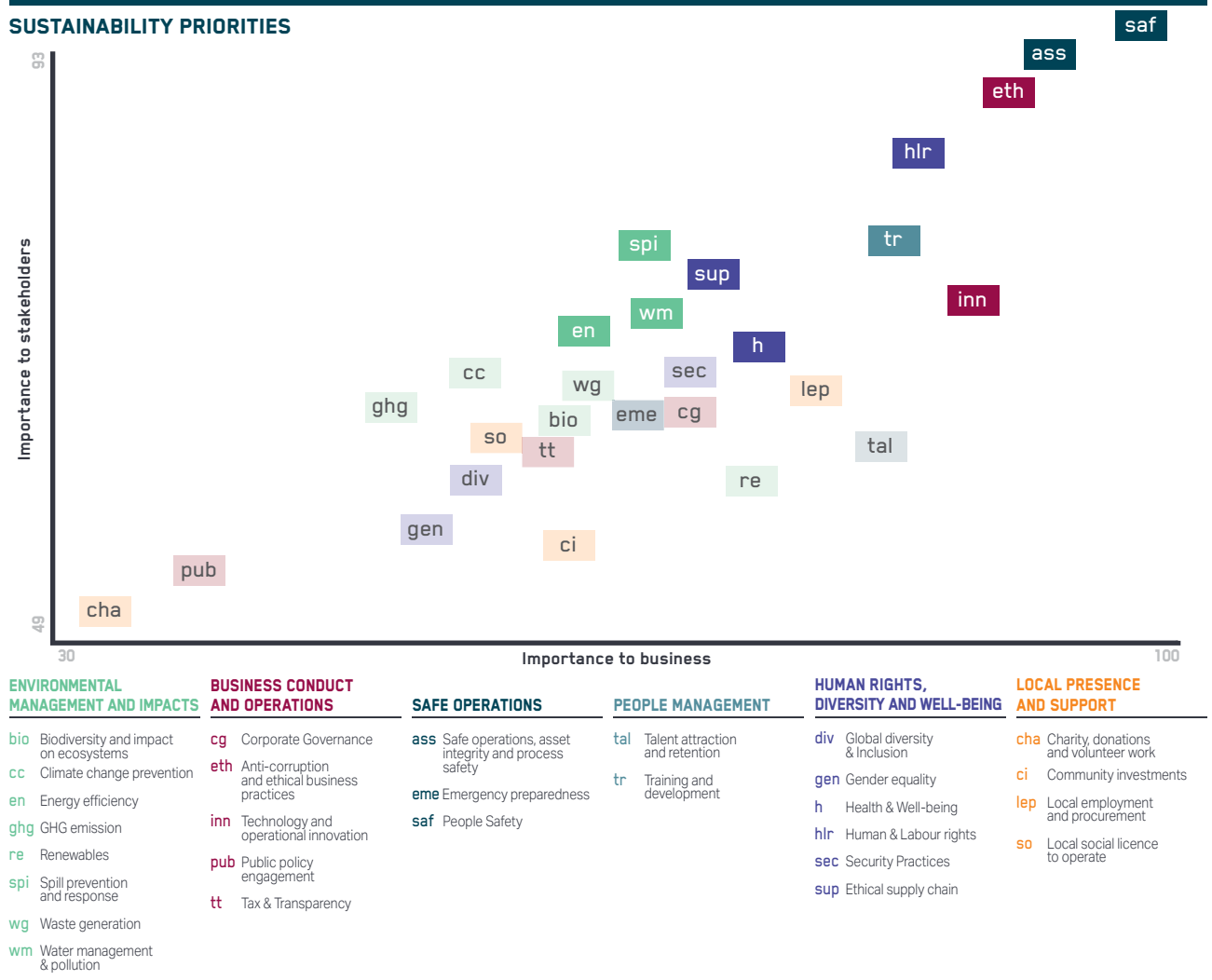
The results were integrated with the outcomes of the surveys delivered to Saipem's employees which involved more than 4,500 people respectively. In order to define the level of internal significance, an additional survey was sent to all Saipem senior managers. Almost 170 senior managers contributed identifying sustainability priorities for the long-term success of the Company. The materiality analysis results were approved by the Sustainability Committee in late 2017.

(1) Core option: for each identified material aspect, the organisation should disclose the Generic Disclosure Management Approach (DMA) and at least one Indicator.

MATERIALITY ANALYSIS RESULTS AND REPORT CONTENT

The most significant themes form the basis of this document and provide qualitative and quantitative information on the Company's sustainability performance. They are present in the upper right area of the matrix.

SUSTAINABILITY PRIORITIES



They are: (1) people safety; (2) safe operations, asset integrity and process safety; (3) anti-corruption and ethical business practices; (4) human and labour rights; (5) training and development; (6) technology and operational innovation; (7) spill prevention and response; (8) ethical supply chain; (9) water management and pollution; (10) health and well-being; and (11) energy efficiency.

The vertical axis of the matrix represents the 'Importance to stakeholders,' and the horizontal axis represents the 'Importance to business'. The GRI G4 guidelines recommend that reporters define the vertical axis as 'Influence on Stakeholder Assessments and Decisions', which corresponds substantially with the above mentioned definition ('Importance to stakeholders'). The GRI also recommends that reporters define the horizontal axis as 'Significant Economic, Environmental, and Social Impacts'. After internal consideration, it was decided to retain the 'Importance to business' definition for the horizontal axis in order to focus on Saipem's overall sustainability strategy, rather than on simply identifying impacts.

Selection of the activities and programmes to be reported in detail in relation to the themes identified as 'material' was carried out with due regard for the sustainability context in which Saipem operates.

Greater weight was assigned to those 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 ISSUES	CORRESPONDING GRI G4 ASPECTS
1) People safety	Occupational Health and Safety
2) Safe operations, asset integrity and process safety	Occupational Health and Safety
3) Anti-corruption and ethical business practices	Anti-Corruption, Labour Practices Grievance Mechanism, Human rights Grievance Mechanism
4) Human and labour rights	Employment, Freedom of Association and Collective Bargaining, Child Labour, Forced and Compulsory Labour, Non-discrimination, Diversity and equal opportunities
5) Training and development	Training and education
6) Technology and operational innovation	n.a.
7) Spill prevention and response	Effluents and waste
8) Ethical supply chain	Supplier Assessment for Labour Practices, Supplier Human Rights Assessment
9) Water management and pollution	Water
10) Health and well-being	n.a.
11) Energy efficiency	Energy, Emissions

INTERNAL BOUNDARY

The above issues are material for all divisions. As far as the financial data is concerned, in line with the drafting of the financial statements, the reference perimeter corresponds to the area of consolidation (please refer to the 'Principles of consolidation' section in the Annual Report). 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. With regard to 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.

EXTERNAL BOUNDARY

For some material issues, the impact of Saipem activities occurs beyond the organisation boundaries. In the 'External boundaries' column the stakeholder categories impacted by Saipem operations are specified for each material issue. The limitations that arose that refer to the boundaries of each material issue were also reported (when needed) in the table below under the 'Limitations' column.

MATERIAL ISSUES	EXTERNAL BOUNDARIES	LIMITATIONS
1) People safety	Vendors and subcontractors	Partial for vendors
2) Safe operations, asset integrity and process safety	Vendors and subcontractors	Partial for vendors
3) Anti-Corruption and ethical business practices	Business partners, vendors and subcontractors	-
4) Human and labour rights	-	-
5) Training and development	Subcontractors (HSE training)	-
6) Technology and operational innovation	-	-
7) Spill prevention and response	Vendors and subcontractors	Vendors
8) Ethical supply chain	Vendors and subcontractors	Partial for vendors
9) Water management and pollution	Vendors and subcontractors	Vendors
10) Health and well-being	A group of local communities	-
11) Energy efficiency	Vendors and subcontractors	Vendors

With regard to the material issues for which reporting has not been extended to the external scope limitations, Saipem will assess the feasibility of increasing the reporting boundary.

ASSURANCE STATEMENT

To assure the reliability of the information provided and to improve the reporting process, 'Saipem Sustainability 2017' is subject to limited assurance by Ernst & Young SpA.

ANNEX I

The Annex I is attached to 'Saipem Sustainability 2017' and can be found at the following link:

Annex I

GRI and UN Global Compact Content Index

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

ASSURANCE STATEMENT



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Independent auditors' report on the "Saipem Sustainability 2017"

To the Board of Directors of
Saipem S.p.A.

We have carried out a limited assurance engagement of the document "Saipem Sustainability 2017" (hereinafter "Saipem Sustainability") of Saipem S.p.A. and its subsidiaries (hereinafter "Saipem Group") as of December 31, 2017.

Directors' responsibility on Saipem Sustainability

The Directors are responsible for the preparation of the Saipem Sustainability in accordance with the "G4 Sustainability Reporting Guidelines", issued in 2013 by GRI - Global Reporting Initiative (hereinafter "G4 Sustainability Reporting Guidelines"), that are detailed in the paragraph "Methodology and Reporting Criteria" of the Saipem Sustainability, as well as for that part of internal control that they consider necessary in order to allow the preparation of a sustainability report that is free from material misstatements, even caused by frauds or not-intentional behaviors or events. The Directors are also responsible for defining the Saipem Group's commitments regarding the sustainability performance and for the reporting of the results achieved, as well as for the identification of the stakeholders and of the significant matters to report.

Auditors' responsibility

It is our responsibility the preparation of this report on the basis of the procedures carried out. Our work has been conducted in accordance with the criteria established by the principle "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 for the engagements that consist in a limited assurance.

This principle requires the respect with the independence and other ethical requirements in compliance with professional standards and applicable legal and regulatory requirements and the maintenance of a comprehensive system of quality control ISQC (Italy) n. 1 as well as the planning and the execution of our work in order to obtain a limited assurance that the Saipem Sustainability is free from material misstatements. These procedures included inquiries, primarily with company's personnel responsible for the preparation of the information included in the Saipem Sustainability, documents analysis, recalculations and in other procedures in order to obtain evidences considered appropriate.

The procedures performed on the Saipem Sustainability were related to the compliance with the principles for defining report content and quality, as articulated in the G4 Sustainability Reporting Guidelines, and are summarized below:

- a. Comparison of the economic and financial data and information included in the Saipem Sustainability with those included in the Saipem Group's consolidated financial statements as of December 31, 2017 on which we issued our audit report, pursuant to art. 14 and 16 of Legislative Decree dated January 27, 2010, on April 5, 2018;

EY S.p.A.
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- b. Analysis, through interviews, of the governance system and management process of the issues related to sustainable development regarding Saipem Group's strategy and operations;
- c. Analysis of the process relating to the definition of material aspects included in the Saipem Sustainability, with reference to the criteria applied to identify priorities for the different stakeholders' categories and to the internal validation of the process outcomes;
- d. Analysis of the operation of the processes that support the generation, recording and management of the quantitative data reported in the Saipem Sustainability. In particular, we have carried out the following procedures:
 - interviews and discussions with personnel of the Management of Saipem S.p.A. to obtain an understanding about the information, accounting and reporting system in use for the preparation of the Saipem Sustainability, as well as about the internal control processes and procedures supporting the collection, aggregation, data processing and transmission of data and information to the department responsible for preparation of the Saipem Sustainability;
 - on-site verifications at Saipem Norge AS and Scarabeo 8 (Norway), Internmare Fabrication Yard (Italy) and Landfall Facility Construction Project (Russia);
 - analysis on a sample basis of the documentation supporting the compilation of the Saipem Sustainability, in order to confirm the processes in use, their adequacy and the operation of the internal control for the correct processing of data and information in relation to the objectives described in the Saipem Sustainability;
- e. Analysis of the compliance and internal consistency of the qualitative information included in the Saipem Sustainability to the guidelines identified in the paragraph "Directors' responsibility on Saipem Sustainability" of the present report;
- f. Analysis of the process relating to the stakeholders engagement, with reference to the procedures applied, through review of minutes or any other existing documentation relating to the main topics emerged from discussions with them;
- g. Obtaining of the representation letter, signed by the legal representative of Saipem S.p.A., relating to the compliance of the Saipem Sustainability with the guidelines indicated in the paragraph "Directors' responsibility on Saipem Sustainability", as well as to the reliability and completeness of the information and data presented in the Saipem Sustainability.

No procedures have been performed on data and information reported in the paragraph "Saipem's focus on sustainable development goals", within the section "Measuring Saipem's contribution to socio-economic growth" of the "Saipem Sustainability 2017".

Our engagement is less in scope than a reasonable assurance engagement in accordance with ISAE 3000 Revised and, as consequence, we may not have become aware of all the significant events and circumstances which we could have identified had we performed a reasonable assurance engagement.

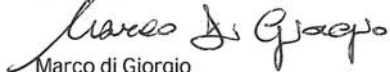


Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the "Saipem Sustainability 2017" of Saipem Group as of December 31, 2017 is not in compliance, in all material aspects, with the G4 Sustainability Reporting Guidelines, as stated in the paragraph "Methodology and Reporting Criteria" of the Saipem Sustainability.

Milan, April 5, 2018

EY S.p.A.


Marco di Giorgio
(Partner)

Headquarters: San Donato Milanese (Milan), Italy
Via Martiri di Cefalonia, 67
Branches: Cortemaggiore (PC), Italy
Via Enrico Mattei, 20



Società per Azioni

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

Tax identification and Milan Companies' Register

No. 00825790157

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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