

# TAX STRATEGY

## OUR PRINCIPLES

- Saipem S.p.A. and controlled subsidiaries (hereinafter Saipem or Group) pursue a Group Tax Strategy inspired by honesty, integrity, fairness and transparency in managing all tax activities, in line with the principles set out in the Code of Ethics and in the Sustainability Policy and through the commitment to respect the duties required by the Code of Conduct provided by Article 5, Paragraph 2-*bis*, Legislative Decree 5<sup>th</sup> August 2015, n. 128.
- Saipem is committed to ensure compliance with the spirit and the letter of tax laws and regulations in all the countries where the Group operates. It takes decisions on tax matters in accordance with national and international best practices and in line with its strategic objectives and its risk appetite.
- Saipem considers taxes as a business cost to be managed in full compliance with the law in order to ensure the protection of the Group's corporate assets and to create sustainable value for shareholders in the medium-long term.
- Saipem undertakes to operate with transparency and good faith in its relations with the Tax Authorities, ensuring a complete and accurate flows of tax information.
- Inspired by the principle of the tone at the top, Saipem identifies and manages tax positions that are to be taken, in the off chance that they may be uncertain or controversial, through appropriate decision-making escalation processes.
- The Board of Directors of Saipem S.p.A. approves the Group Tax Strategy and guarantees its application at all organizational levels and throughout the entire Group. Moreover, Saipem is committed to propose the adoption of these principles to the joint ventures that it is part of.

## OUR GUIDELINES

- Compliance is pursued through the continuous monitoring of regulatory and fiscal changes, the payment of the right amount of tax in the right place at the right time, the disclosure of all relevant facts and circumstances to the national and international Tax Authorities and claims for reliefs and incentives where available.
- Saipem provides investors with information to evaluate the adequacy of its Tax Strategy and risk processes in financial and non-financial reporting.
- Saipem applies the principles and recommendations concerning tax matters established by the OECD, particularly with respect to the Transfer Pricing Guidelines. All Saipem intra-group transactions are governed by the Group's Transfer Pricing policies which are deemed to ensure compliance with the "arm's length principle", so to align transfer pricing outcome with value creation.

- In order to protect the interests of the Group and its shareholders, Saipem supports, also through legal proceedings, solid and reasonable interpretations, even when not agreed by the Tax Authorities (the so-called “Agree to Disagree”). In line with this approach, all significant tax audits must be subject to risk assessment to analyse and determine the choice of any potential compromise positions on audit and the method thereof versus litigation and other dispute resolution procedures (i.e. *Mutual Agreement Procedures*). In its own interest and in the interest of its shareholders, Saipem sustains - also in the event of any tax dispute - its reasonable and strong technical position in case of any interpretation differences with the competent Tax Authorities.
- In structuring its commercial activities, Saipem will consider, among other factors, the tax laws of the countries where the operations are carried out with a view to maximizing value on a sustainable basis for its stakeholders, including Government, shareholders, employees and the community in which it operates, also at local level. The Company recognizes that the tax revenues are one of the main sources of contribution to the economic and social development of any country.
- Saipem aims at reducing tax and reputational risks to a minimum and, for such purpose, specific controls are performed to ensure the correctness, the accuracy and the timeliness of the settlement and payment of taxes in the context of transparent compliance aimed at preventing potential disputes. Therefore, Saipem ordinarily evaluates the access to tax practices, wherever established and regulated by the local tax legislation, such as Advanced Pricing Agreements and rulings to obtain in advance clarifications on specific tax treatments.
- In order to eliminate cases of double taxation, Saipem applies the provisions of the International Conventions for the elimination of double taxation, in accordance with the interpretative guidance of the OECD and of the United Nations, as the case may be. To the same purpose, Saipem encourages the use of instruments provided for by domestic legislations to remove jurisdictional and economic double taxation, such as tax consolidations and fiscally transparent structures.
- Saipem promotes professional diligence in managing all tax activities and processes and ensures the adequacy of the relative procedures. For such purpose, Saipem provides all employees involved in tax compliance activities with suitable technical training and professional refresher courses.
- In order to protect Saipem’s reputation and broader goals, Saipem does not carry out transactions that are aimed at obtaining an undue tax advantage and do not respond to business reasons and to commercial and economic substance.
- Saipem does not use artificial corporate schemes or structures for reasons of tax convenience and, except in cases of verifiable operational requirements, does not establish or locate the residence of its controlled subsidiaries in countries that do not adopt the international standards governing exchanges of tax information or included in the EU list of non-cooperative jurisdictions for tax purposes. Where Saipem obtains control of such companies as a result of acquisitions, in the absence of material disadvantages, it works towards liquidating or relocating the registered offices.

The Group Tax Strategy is consistent with the Group Sustainability Policy and contributes, together with the Tax Control Framework of which it is an integral part, to satisfying the requirements of transparency and completeness for Group sustainability reporting.

## **APPROACH TO DEALING WITH THE TAX AUTHORITIES**

In any event, Saipem guarantees the utmost transparency of accounting data and the underlying documents for the competent national Tax Authorities in connection with operations located in the foregoing countries.

The relationships between the people involved in the tax process, as well as the external collaborators whose actions may be referred to Saipem, and the authorities shall be inspired by honesty, integrity, respects, fairness, transparency and traceability.

In order to consolidate transparency in relation to the tax authorities, Saipem promotes adhesion to co-operative compliance regimes for the companies that possess the requirements according to the domestic legislation.

The Company forbids to give, induce or favor false statements to the authorities.

In carrying out all audit-related activities of tax authorities, the tax department involved shall guarantee the utmost collaboration with the competent tax authority within the scope of the powers attributed to that authority under applicable tax law.

## **TAX GOVERNANCE**

Saipem is aware that a good process for identifying, measuring, managing and monitoring the main risk areas, including ESG risks, contributes to ensuring that any company of the Group is run in a sound and correct manner, consistent with the strategic objectives.

Saipem Tax Governance Model adopts the principles and the guidelines contained in this Tax Strategy in order to ensure that:

- The Tax Function is involved in the preliminary assessment of the tax impact of all strategic and operational business transactions;
- The Top Management is informed about the tax consequences of the above transactions, guaranteeing that any decision taken in tax matters is consistent with the Group's tax strategy;
- The Group does not envisage incentive mechanisms that could unintentionally lead the management to pursue aggressive actions to reduce the tax burden.

In order to ensure a correct tax management process, the Group has developed, starting from Saipem SpA and Servizi Energia Italia SpA (an Italian subsidiary) and with the intention of extending it progressively to the other relevant entities, its own Tax Control Framework (TCF), as part of its Internal Control and Risk Management System. The TCF ensures that Saipem SpA and Servizi Energia Italia SpA are in control of their tax compliance obligations and does not incur any unexpected material tax charges. It also allows the identification of potential tax disputes and controversies at an early stage, helping to minimize the contingent tax position of Saipem SpA and Servizi Energia Italia SpA.

The Tax Control Framework is also an instrument for the prevention of tax offences which can lead to liability for companies pursuant to Legislative Decree no. 231/2001 and related reputational risks. In this context, the TCF integrates the controls provided by the organizational and management Model.

The operation of the Tax Control Framework is defined in specific Guidelines and detailed in suitable operating procedures.

Saipem, with the aim of ensuring the implementation of effective mitigation measures and guaranteeing the management of taxation, is committed to adopt the most appropriate technology.

Board of Directors of Saipem S.p.A. is responsible for the assessment of the adequacy and effectiveness of the Internal Control and Risk Management System.

## **TAX CONDUCT**

Employees and the management of Saipem, at all levels, included persons involved in the tax process, shall adopt the highest ethical standards in their interactions with counterparties, in compliance with the Saipem Code of Ethics and are also required to comply with what is established in this Tax Strategy and in the Guidelines concerning the operation of the Tax Control Framework.

The non-compliance with these principles could lead to legal actions and the adoption of provisions against the recipients in accordance with Saipem Code of Ethics.

Accordingly, they shall take steps to avoid all situations and actions that could create a conflict with the interests of the company or that could prejudice their ability to make impartial decisions in the best interest of the company and in full compliance with the principles and content of the Organization, Management and Control Model (including the Code of Ethics) or, more generally, to perform their functions and duties properly.

Any situation that could constitute or give rise to a conflict of interest must be handled as provided for in the Code of Ethics.

Saipem has put in place a solid and effective whistleblowing system for discouraging, detecting, investigating and reporting any illegal behaviour in the Company.

## **AMENDMENTS, VALIDITY AND PUBLICATION**

The Saipem Global Tax Strategy enters into force on the date of its approval by the Board of Directors and is published on the Saipem website ([www.saipem.com](http://www.saipem.com)). Companies controlled by Saipem - both Italian and foreign - are required to implement it, ensuring its knowledge and application.

The Board of Directors of Saipem is also entitled to make any formal changes or additions to the text, due to new internal organizational rules and/or new regulatory provisions.