

CONSOLIDATED NON-FINANCIAL STATEMENTS

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

Extract of the Directors' Report
of the Annual Report 2017



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The 'Consolidated Non-Financial Statements' is the document that reports on the progress of the management of non-financial aspects and describes the Group's policies, its activities, the main results and impacts generated over the year, in terms of indicators and trend analyses.

Methodology, principles and reporting criteria

The 'Consolidated Non-Financial Statements' is drawn up in accordance with Italian Legislative Decree No. 254/2016 and the provisions of the 'Sustainability Reporting Guidelines' of the Global Reporting Initiative (GRI) - G4 version 'in accordance' with the Core option (see the 'GRI Content Index'). The Core option requires that the 'General Standard Disclosures' (34 compulsory indicators), the description of the management approach and at least one 'Specific Standard Disclosures' indicator is shown for each material aspect (refer to the 'Table of correspondence with the GRI aspects'). The 'Consolidated Non-Financial Statements' refers to the 'Directors' Report' and the 'Corporate Governance and Shareholding Structure Report' with regard to the content treated in detail in the above-mentioned documents and in turn it contains information that fulfils the obligations referred to in the first and second subparagraphs of Article 2428 of the Italian Civil Code, limited to the analysis of non-financial information.

In addition to the provisions outlined by legislation, the content of the document has been defined, as established by the provisions of the GRI G4 Guidelines, taking into consideration the principles of materiality, stakeholder inclusiveness, sustainability context, transparency and completeness. The principles of balance, comparability, accuracy, timeliness, clarity and reliability have been followed to guarantee the quality of the information contained in the document. This document constitutes the 'Consolidated Non-Financial Statements' of the Saipem Group as required by Italian Legislative Decree No. 254/2016.

Refer to the 'Risk management' section in the 'Directors' Report' for a description of the risks identified for the five areas of the decree and the topics defined as material.

The performance indicators, selected on the basis of the topics identified (see the 'Materiality analysis and content definition' section), have been collected on an annual basis. The information and quantitative data collection process has been organised in order to guarantee comparability over the data and analysis of the trends over a three-

year period, to allow for the proper interpretation of the information and a full overview for all the stakeholders interested in the evolution of Saipem's performance.

Materiality analysis and content definition

As provided by the GRI G4 Guidelines, Saipem implements a materiality analysis process every year. This is aimed at identifying the sustainability aspects of its business that could substantially influence the assessments and decisions of its stakeholders and are considered significant for the Company itself. The analysis is carried out with the involvement of both the main internal and external stakeholders. The different process phases are described below. **Identification of the relevant themes for the industry:** this first phase is based on an analysis of the sustainability context of Saipem's business, company stakeholders, including competitors, sustainability rating agencies and the means of communication. The stakeholders' level of interest was defined through interviews or questionnaires. Clients, NGOs, representatives of local communities, business partners, business associations, investors, authority representatives, vendors and employees were all involved. The second phase is **the identification of the priority themes for the Group**, which is carried out by consulting the senior managers, this too by means of a survey.

The respondents identified the most important topics, assessing them in accordance with the responsibility principle (topics that must be managed by Saipem as a responsible company) and the value created (economic, social, cultural, reputational, environmental, etc.) for Saipem itself, in favour of its stakeholders, and for civil society as a whole.

The overall importance of each theme is determined by the nexus of internal and external significance in accordance with the parameters described. Thus, the material topics are those considered relevant by both Saipem and the stakeholders. The final results of the materiality analysis were validated by the Sustainability Committee, chaired by the CEO and consisting of the top management,

and shared with the Corporate Governance Committee and Scenarios. The materiality matrix quadrant, in which the material topics are included, is represented below. This analysis shows that pollutant emissions

are not material due to the peculiarities of the Group's business. With regard to the reporting boundary, refer to the paragraph 'Reporting boundary' of this Statement.

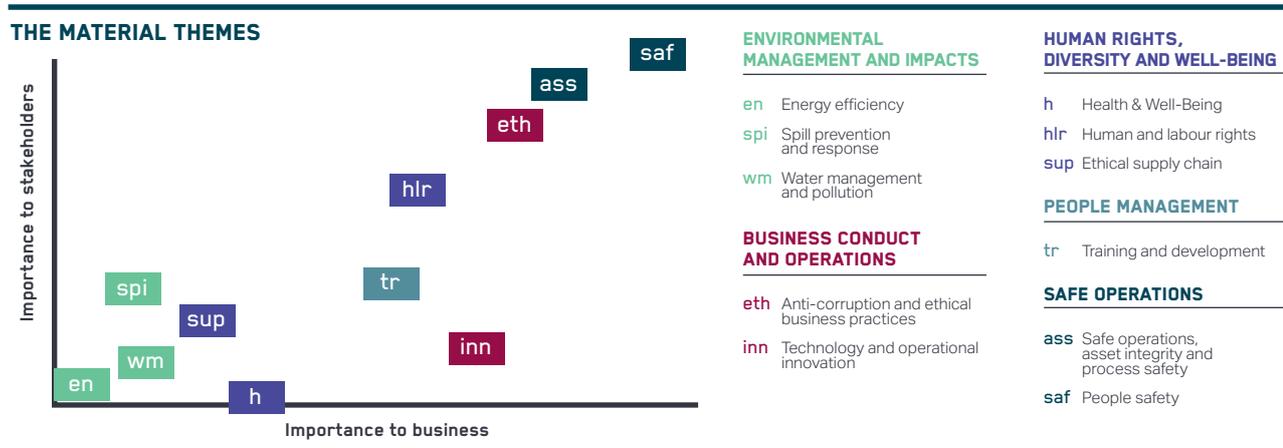


TABLE OF CORRESPONDENCE WITH THE GRI ASPECTS

Topics required by Italian Legislative Decree No. 254/2016	Topics arising from the Materiality Analysis	Correspondence with GRI aspects
1) Environmental aspects	Energy efficiency, Water management and pollution, Spill prevention and response, Technology and operational innovation.	Energy, Emissions, Water, Effluents and waste.
2) Social aspects	Ethical supply chain.	Market presence, Supplier Assessment for Labour Practices, Supplier Human Rights assessment.
3) Fighting corruption	Anti-corruption and ethical business practices.	Anti-corruption.
4) Protecting Human Rights	Human and labour rights.	Child labour, Forced or compulsory labour, Non-discrimination, Labour practices grievance mechanism, Human rights grievance mechanism.
5) Personnel management	Training and development, People Safety, Health and well-being, Safe operations, asset integrity and process safety.	Employment, Training and education, Diversity and equal opportunities, Occupational Health and safety, Freedom of association and collective bargaining.

Company management and organisation model

Saipem completed redefining its industrial and organisational structure in 2017. The aim was to achieve performance improvement objectives and company governance processes, guaranteeing the Company a competitive advantage in better seizing the opportunities offered by the reference markets. The divisional configuration, formalised on May 1, 2017, includes:

- an operational Corporate structure with group-level steering and control that is responsible for managing critical or relevant issues and aspects of corporate governance;
- five divisions: Onshore E&C, Offshore E&C, Onshore Drilling, Offshore Drilling and XSIGHT, with full responsibility over business results globally and with all the decision-making, management and operational powers that are necessary for the pursuit of the targets set.

In order to allow full operability to the adopted model, in accordance with the company compliance and governance standards:

- the entire Saipem system of powers and proxies was redefined, granting proper powers to the division managers and different categories in the organisational structure;
- each division started a total review process for its own operational and work process models – with the purpose of pursuing the overall optimisation objectives and seizing the specific opportunities in the individual business.

In this context it was necessary to reorganise the process and architecture map of the entire regulatory system with the dual objective of: (i) formalising the changes introduced with regard to the new organisational model and (ii) aligning the system with the new steering and control role attributed to Corporate and with the worldwide operational and coordination role ensured by each division.

Organisation, Management and Control Model of Saipem SpA - 'Model 231 (includes the Code of Ethics)'

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

Later, through specific projects **Model 231** was updated to reflect changes in the legislation and in the company organisation of Saipem SpA.

In particular, subsequent updates of Model 231 have taken into account the following:

- changes in Saipem SpA's company organisation;
- trends in case law and legal theory;
- observations related to the application of Model 231, including any experience from criminal proceedings;
- procedures of Italian and foreign companies with regard to these models;
- the results of supervisory activities and the findings of internal audit activities;
- changes in legislation and in Confindustria's Guidelines.

Finally, also after the removal of the management and coordination of Eni SpA on January 22, 2016, the CEO, on July 28, 2016, initiated the programme to implement the innovations for a review of the structure of Model 231 and the Code of Ethics, which is an integral and substantial part of Model 231, and a general Risk Assessment regarding the crimes set out by Italian Legislative Decree No. 231/2001.

The purpose was to review Model 231 and the document 'Sensitive activities and specific control standards for the Model 231 of Saipem SpA' renamed (in line with best practices) 'Special Section of Model 231 - Sensitive activities and specific control standards' with the purpose of aligning them with:

- the regulatory updates;
- the organisational changes that have taken place;
- trends in case law and legal theory;
- best practices.

This review led the Board of Directors of Saipem SpA to approve the new 'Model 231 (includes the Code of Ethics)' and the document 'Special Section of Model 231 - Sensitive Activities and specific Control Standards' of Saipem SpA on January 15, 2018.

After the various timely updates made over the years, Model 231 of Saipem SpA has also been updated, inter alia, in accordance with the following regulations:

- Italian Legislative Decree No. 24 of March 4, 2014, which intervened in the context of the trafficking of human beings and the protection of the victims amending Article 600 of the Italian Penal Code (reduction to

or maintenance in a state of slavery or servitude) and Article 601 of the Italian Penal Code (trafficking of persons);

- Italian Legislative Decree No. 39 of March 4, 2014, which introduced the crime of 'grooming minors' into the crimes set out in Italian Legislative Decree No. 231/2001;
- Law No. 68 of May 22, 2015, 'Provisions related to crimes against the environment' (so-called 'Ecoreati', 'Eco-crimes Act'), which introduces new cases of environmental crime;
- Law No. 167 of November 20, 2017, 'Provisions for fulfilling the obligations arising from Italy being part of the European Union - European Law 2017'. The provision aims to bring domestic regulations in line with EU regulations, also intervening on the liability of legal entities. In regulating the fight 'against some forms and expression of xenophobic racism by means of criminal law', the new Article 25-*terdecies*, 'Racism and Xenophobia' provides for this as a crime within Italian Legislative Decree No. 231/2001;
- Law No. 179 of November 30, 2017 on 'Provisions for the protection of those reporting crimes or irregularities that they may have become aware of in the context of their public or private employment'.

Corporate Governance

Saipem adopts a system of Corporate Governance that is based on the general and special regulations applicable to the Articles of Association, the Code of Ethics, the recommendations contained in the Self-Regulation Code of the Italian Stock Exchange and the best practices on the subject.

Saipem's system of Corporate Governance is founded on the central role of the Board of Directors, and on the transparency and the effectiveness of the internal audit system. For a more detailed description of the governance of the aspects required by Italian Legislative Decree No. 254/2016, refer to the 'Corporate Governance and Shareholding Structure Report', in particular the section 'Governance of Sustainability' and the sections regarding the Board of Directors, internal committees and risk management. The above-mentioned document is present in the Corporate Governance section of the Company's website.

Relations with stakeholders

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 means through which it is possible to create reciprocal value.

The approach developed by Saipem over time is designed to ensure open and transparent relations with the parties involved and promote positive and mutually advantageous interactions.

In 2017, Saipem published the **'Stakeholder Engagement' Management System Guideline (MSG)** defining the principles and responsibilities at the basis of Saipem's stakeholder engagement process, in line with the new organisational structure.

This guideline is an important tool designed to implement the Sustainability Model which ensures that sustainable development goals are met through a series of transversal company processes, strengthening value creation, ensuring a stable presence in the territories and the effective implementation of Saipem's operational activities.

The main issues that have arisen over the year from the stakeholder engagement process consist of the topics considered material.

The priorities among these are: people safety and safe operations, asset integrity and process safety, anti-corruption and ethical

business practices, and human and labour rights. In order to meet the stakeholders' expectations on these issues in terms of transparency and the definition of the concrete commitments, Saipem provides detailed reporting in this statement and in the 'Saipem Sustainability 2017' document.

STAKEHOLDER ENGAGEMENT



Stakeholder approach

Financial stakeholders	<ul style="list-style-type: none"> - Continuous dialogue with the financial community. - Commitment to ensuring the utmost transparency and fair access to confidential information. - Periodic publication of information through press releases and presentations. - Periodic meetings with institutional investors and financial analysts. - Individual shareholders can interface directly with the Company Secretary.
Clients	<ul style="list-style-type: none"> - Constant reporting and frequent meetings on operating projects. - Meetings organised with clients and 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"> - Commitment to recruiting and retaining talented personnel and promoting their development, motivation and skills. - Guarantee a safe, healthy work environment and stable relations with the trade unions to ensure an open dialogue based on cooperation.
Local Authorities and Governments	<ul style="list-style-type: none"> - Customised engagement with local governments and authorities. - Institutional and official relations with authorities, as well as collaboration with public bodies to launch initiatives in favour of local development projects.
Local communities	<ul style="list-style-type: none"> - Contribution to progress in local communities in terms of social and economic development and improvement in living conditions. Each operating company or project has a specific approach that takes the Company's role and the specific context into account. - Active involvement of local communities in the implementation of local development projects.
Local organisations and NGOs	<ul style="list-style-type: none"> - Regular publication of information, objectives and results through Saipem's institutional channels. - Identification of organisations with proven experience and integrity with which to establish short and medium-term relations in order to facilitate the implementation of specific projects.
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 from technical, financial and organisational capabilities. - Proactive commitment in HSE initiatives such as environmental awareness campaigns or LiHS (Leadership in Health and Safety) programmes.
Business association	<ul style="list-style-type: none"> - Active participation 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.).

Protecting the environment and minimising environmental impacts

Saipem is aware that all its activities, from the planning and design stages to construction and operation, may potentially have an impact on the environment.

As described in the HSE Policy of Saipem SpA, the Company is committed to preventing

any potential impacts caused by its activities and to using energy and other natural resources efficiently.

Saipem adopts all the necessary measures to ensure environmental protection when carrying out its activities to minimise and correctly manage the significant environmental aspects and impacts that may arise, both from activities managed directly by Saipem personnel using its own vessels, and

also from Saipem operational projects managed by third parties (clients, subcontractors, etc.). Moreover, Saipem pays the utmost attention to the constant improvement of its environmental performance. In order to ensure these results, Saipem has implemented an **Environmental Management System certified in accordance with the ISO 14001 international standard**. In 2017, Saipem extended the certification in accordance with this standard covering all the Group's relevant entities.

Furthermore, the Company invests in **research and development programmes** to create technologies that minimise the environmental impact of its operations, and to provide a service to the reference sector, and organises specific initiatives designed to promote environmental awareness and the dissemination of best practices, also involving external parties as their potential targets. Further information can be found in the 'Research and development' section of the 'Directors' Report' and in 'Saipem Sustainability 2017'.

Spill prevention and response

Spills are one of the most significant environmental issues for the sector in which Saipem operates. Spill prevention and response actions are an absolute priority for the Company. Saipem operates by **minimising the risk of spills** and adopts advanced equipment and procedures to

implement **actions that reduce and manage emergencies**. Saipem's strategy for managing potential accidental spills is based on the following hierarchy of actions:

- *Prevention*: actions have been implemented to harmonise and improve processes and operational control of those sites and vessels which are most at risk.
- *Training and preparedness*: specific training packages are delivered on spill prevention, and spill drills are periodically organised, that are designed to strengthen emergency management skills. The drills are carried out both on land and at sea, involving, if necessary, clients or third parties designated for emergency response activities.
- *Emergency response*: all Saipem sites have the necessary equipment for tackling any emergencies which may occur and specific Spill Response Teams have been set up. The sites implement a spill management plan which identifies the accident scenarios and response procedures and can also include the intervention of designated third parties.
- *Reporting*: the data concerning spills and 'near misses' (events linked to operating activities that could have caused environmental damage) are monitored and subsequently analysed to assess the causes and prevent any recurrences.

Further information on the actions taken by Saipem to reduce the risk of spills can be found in the 'Spill prevention and response' section of 'Saipem Sustainability 2017'.

		2015		2016		2017	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Number of spills							
Total	(No.)	38	38	30	28	26	23
Chemical spills	(No.)	4	4	5	3	8	8
Oil spills	(No.)	34	34	25	25	18	15
Spill volumes							
Total	(m ³)	2.18	2.10	4.26	3.01	6.21	6.07
Chemical spills	(m ³)	0.06	0.04	0.71	0.18	3.58	3.58
Oil spills	(m ³)	2.12	2.06	3.54	2.83	2.63	2.49

The total number of spills decreased in 2017 if compared to the previous year. Nevertheless, there were three significant 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. Checks, cleaning and testing of the circulation and discharge pipes were carried out and actions were taken to improve the maintenance management on the system;
- the second was an oily substances spill

- (around 1,000 litres) during activities related to filling a diesel fuel tank in Saudi Arabia. The Spill Response Team was immediately mobilised after notification of the emergency. The contaminated sand was collected and removed; technical prevention measures were taken on the site;
- 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 yard (Congo). Modifications in the execution of similar procedures were introduced after the accident in order to minimise risks.

Energy efficiency and GHG emissions

Saipem's approach to energy efficiency (and consequently to greenhouse gas emissions) has become increasingly more structured over the years.

Energy assessments, in line with the ISO 50000:2011 standard, have been carried out over the years on selected assets: significant office buildings, vessels, construction yards and drilling vessels. The choice of assets to be assessed is made in accordance with the following criteria: level of criticality in terms of consumption, level of control, feasibility of intervention, and need for regulatory compliance. These assessments laid the foundation for identifying the areas where **energy efficiency can be increased**.

A technical-economic feasibility study of the solutions identified was carried out and submitted to management for the definition of an action plan.

Further information on the initiatives that Saipem has implemented over the years with the purpose of increasing energy efficiency in its operations can be found in the 'Tackling climate change' section of 'Saipem Sustainability 2017'.

Saipem has developed a methodology to estimate emissions for each specific emission source. This methodology was reviewed and validated by a third party. Activities to review emissions factors used for energy consumption from fuel (direct emissions) were started in 2017.

The calculation methodology will also be extended in 2018 to greenhouse gas emissions from electricity and transportation (indirect emissions). All Saipem projects and sites monitor its energy consumption data on a quarterly basis which is then used to calculate GHG emissions. An in-depth analysis dedicated to Saipem's approach on climate change can be found in the 'Tackling

climate change' section of 'Saipem Sustainability 2017'.

Energy consumption increased by 11% in 2017 against 2016 (7% considering the Group perimeter), in line with an increase in activities at significant operating projects. The projects contributing the most to the increase in energy consumption are: Zohr (Egypt), which involved many vessels in the fleet, including Castorone, Saipem 10000 and Normand Maximus; the SCPX Pipeline project (Azerbaijan); Jazan Integrated Gasification Combined Cycle and EPC Khurais (Saudi Arabia); the Hydrodesulfuring gas plant project at the Minatitlan Refinery Plant (Mexico) and Tangguh LNG Expansion (Indonesia).

These last two projects and the Normand Maximus vessel saw the most significant increase in energy consumption compared to the previous year.

The increase in the consumption of gasoline is mainly due to the execution of two onshore projects: the EPC Khurais project (Saudi Arabia), because of the greater use of vehicles, and the Southern Swamp Associated Gas Solutions project (Nigeria), due to the consumption of the PMS (Pavement Management System) for overland transport. The increase in the use of Diesel Marine Oil is mainly due to the use of the Normand Maximus vessel and the start-up of the new onshore Tangguh LNG Expansion project in 2017, as typically occurs in the first operational phases. The increase in the use of electricity from renewable sources is due to the full operating efficiency reached by the San Vitale logistics base (Ravenna, Italy) in 2017 in producing a constant quantity of renewable electricity throughout the year.

Moreover, an 11% increase in self-produced renewable resources was also recorded in Fano (Italy). This latter increase can be attributed to the contingent meteorological conditions over the year.

		2015		2016		2017	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Energy consumption	(ktoe)	514.0	498.3	411.7	393.8	440.6	430.8
Total direct consumption of energy, of which:	(ktoe)	488.2	472.8	388.1	370.5	419.3	409.5
- Natural Gas	(ktoe)	1.5	1.5	1.4	1.4	1.1	1.1
- Heavy Fuel Oil (HFO)	(ktoe)	-	-	-	-	1.0	1.0
- Intermediate Fuel Oil (IFO)	(ktoe)	21.0	21.0	7.5	7.5	12.8	12.8
- Light Fuel Oil (LFO)	(ktoe)	28.7	28.7	1.4	1.3	4.5	4.5
- Diesel	(ktoe)	290.6	275.3	256.6	238.9	246.6	236.9
- Diesel Marine Oil	(ktoe)	139.7	139.7	111.8	111.8	141.8	141.8
- Gasoline	(ktoe)	6.8	6.7	9.5	9.5	11.5	11.4
Indirect energy consumption							
Electricity	(MWh)	112,094.5	110,580.2	102,343.4	101,083.6	92,309.9	92,307.7
Renewable energy							
Electricity produced from renewable sources	(MWh)	309.9	309.9	305.0	305.0	352.4	352.3
Emissions							
Total emissions (Scope 1)	(kt CO ₂ eq)	1,504.2	1,466.3	1,203.4	1,177.2	1,299.7	1,269.3

Water management

One of Saipem's commitments expressed in the HSE Policy comprises the protection of natural resources. Considering the geographical location of the Company's important operating activities, water is a significant aspect. In fact, Saipem is aware that it carries out important operating activities in water stressed areas, where the implementation of a strategy to **reduce consumption and use the resource**

efficiently is considered a priority. The re-use of water, after suitable treatment, is a key activity for minimising water consumption. The commitment to responsible management of water resources is transmitted to all company levels through the issue of annual Group HSE plans, which are then implemented by the divisions and operating companies. Further details on the initiatives and strategies in the use of water resources can be found in the 'Water management and pollution' section of 'Saipem Sustainability 2017'.

Water consumption

		2015		2016		2017	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Total water withdrawal, of which:	(10 ³ m ³)	5,226.4	4,989.8	6,972.9	6,807.3	7,690.4	7,546.0
- fresh water from public network/third party	(10 ³ m ³)	2,614.9	2,581.1	3,054.5	2,983.6	1,375.1	1,317.5
- groundwater	(10 ³ m ³)	1,571.6	1,413.6	2,571.9	2,499.6	5,441.2	5,368.1
- surface water	(10 ³ m ³)	152.8	138.7	69.5	69.5	188.3	188.3
- sea water	(10 ³ m ³)	887.0	856.5	1,276.9	1,254.5	685.8	672.1
Recycled and re-used water							
Re-used water	(10 ³ m ³)	309.9	297.7	308.4	308.5	1,179.8	1,179.2
	(%)	6	6	4	4	15	16

The increase in water consumption in 2017 is determined by the needs triggered mainly by select onshore projects, amongst which: Southern Swamp Associated Gas Solutions Project (Nigeria), SCPX Pipeline (Azerbaijan and Georgia) due to hydrotesting activities, EPC Khurais Project (Saudi Arabia), the gas storage project at Cornegliano Laudense Natural Gas Storage Plant (Italy) and the Tangguh LNG Expansion project (Indonesia), which determined a consistent increase in groundwater consumption for the civil works

phase. The percentage of re-used water increased very significantly compared to 2016 thanks to its use for street cleaning and irrigation (necessary activities at sites in some geographical areas). The main projects that have determined this increase are Jazan Integrated Gasification Combined Cycle and SHY 1 - Pipeline (both in Saudi Arabia). The discharged water has increased proportional to the increase in consumed water.

Waste water discharges

	(10 ³ m ³)	2015		2016		2017	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Total waste water produced, of which:		3,746.3	3,615.0	4,858.9	4,745.8	5,657.0	5,536.7
- water discharged into sewers		569.4	539.2	427.7	485.4	642.8	642.8
- water discharged into bodies of surface water		1,182.2	1,182.2	2,556.3	2,504.6	3,605.4	3,605.4
- water discharged into the sea		1,064.6	964.4	1,142.7	1,023.6	515.4	395.1
- water discharged to other destinations		930.1	929.3	732.2	732.2	893.4	893.4

Waste management

The Company implements a responsible waste management system that is specific for the type of operating activities. Waste management is tackled by applying a hierarchy of operations mainly aimed at **minimising the waste produced** through the use of appropriate procedures or technologies, **re-using it as material, and recycling it** after the most appropriate treatment. Priority is given to hazardous waste in the

context of action aimed at minimising waste generation. The Company promotes and implements measures, also through the research and development of new materials, which allow hazardous materials to be replaced with non-harmful alternatives. Saipem ensures appropriate waste management through waste management procedures/plans at both operating company level and individual project and site level. In following this approach, Saipem implemented numerous activities in 2017: some examples are shown in the 'Waste

generation and management' section of 'Saipem Sustainability 2017'.

The important reduction in waste generation that took place over the year is mainly due to the progress of the South Stream WP 5.1 project (Russia) which saw a peak in waste production in 2016 because the excavated land, as required by local legislation, was put down as non-hazardous waste disposed of in landfill sites. Moreover, 2017 saw the conclusion of the project to dispose of and recycle the Costa Concordia cruise ship, which also contributed to the reduction in

waste production. The project to dismantle and recycle the cruise ship was completed after 3 years of work. This project, in partnership with San Giorgio del Porto, was an important example of **green ship recycling**. With regard to hazardous waste, its increase is mainly due to select onshore projects.

The quantity of hazardous waste includes muds from the waste water treatment plant (Jazan Integrated Gasification Combined Cycle and EPC Khurais projects, Saudi Arabia) and waste oil (from the Rabigh II project, Saudi Arabia).

	2015		2016		2017	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
(kt)						
Total weight of waste produced, of which:	508.5	472.2	907.6	902.0	431.3	426.0
- hazardous waste disposed of in landfill sites	31.9	31.8	36.1 ^(*)	36.0	61.2	61.1
- hazardous waste incinerated	2.8	2.7	1.6	1.5	2.3	2.3
- hazardous waste recycled	5.0	4.8	18.7	18.3	6.9	6.9
- non-hazardous waste disposed of in landfill sites	285.8	282.4	140.0 ^(*)	135.6	172.4	168.6
- non-hazardous waste incinerated	6.4	5.8	3.0	3.0	3.6	2.6
- non-hazardous waste recycled	176.5	144.7	708.1	707.4	185.0	184.6

(*) This data has been modified against the previous year after a recalculation.

Social aspects

The Company operates in over 60 culturally and geographically different countries often in contexts characterised by difficult situations and border issues.

Saipem has established a lasting relationship of **mutual cooperation with local stakeholders**, particularly in the countries where it has a long term presence. Some significant examples are the collaborate efforts forged with various universities and schools, representatives of local institutions, non-governmental organisations present where Saipem operates and local organisations promoting development and health programmes.

Besides what is shown in this document, Saipem provides a detailed description of the stakeholder engagement actions in the section of 'Saipem Sustainability 2017' on 'Stakeholder engagement in 2017'. Saipem is always committed to minimising any negative impacts at the local level and contributing to maximising positive impacts through the implementation of **strategies that support local sustainable development**. The overall risk profile (including social) for every project is identified, analysed and monitored from the commercial phase. Listening to and addressing local stakeholder grievances, also through structured engagement processes, is an important tool. The Company has drawn up a criteria (**Guidance on Grievance Management**) that regulates the system that collects and manages grievances from local communities in the operating realities where it is considered necessary. This has proven to

be especially useful for managing negative impacts.

Different countries (e.g. Nigeria, Azerbaijan, Italy, Russia) and some of the more significant operating realities (e.g. Tangguh LNG Expansion) have implemented such grievance management systems with the purpose of ensuring effective communication with the communities.

Relations with the local context

Saipem is committed to establishing relations with its local stakeholders based on correctness and transparency in order to pursue **concrete shared objectives for sustainable development**. This is also achieved by strengthening mutual trust, seeking dialogue and promoting the right conditions in order to establish lasting cooperation in the countries where the Company operates (see 'Sustainability Policy').

Everywhere Saipem is present, it plays an active role, contributing as well to social and economic aspects and not only in terms of local employment and value creation. Saipem's local presence takes two forms: long-term presence where the Company owns fabrication yards or other operating structures; and short/mid-term presence where Saipem is involved in a specific project. Saipem's involvement and dialogue with local stakeholders therefore depends on the type of presence in each particular area .

Where Saipem has a long-term presence, the Company carries out specific assessments

designed to analyse the potential effects of its activities on the local socio-economic context, also through the use of tools such as the Socio-Economic Impact Assessment (SIA) or the ESIA (Environmental Social Impact Assessment). Based on the results of these assessments, Saipem prepares an action plan which defines the necessary actions to manage the impacts on local communities and the stakeholder engagement. To support this process, Saipem has implemented specific tools to analyse the local context and to identify and analyse the main stakeholders in order to define specific intervention plans. In operating projects, Saipem supports the client's activities, in line with their requests and indications in order to define an action plan for the creation of local value for the specific project.

Local presence

For Saipem, local presence means **acquiring goods and services from local suppliers,**

Local employment

	2015		2016		2017	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
(%)						
Local employees	80	78	80	78	76	74
Local (*) managers	44	43	45	44	46	45

(*) Local manager means the total of the middle and senior managers. An employee is considered local if he/she works in the country where he/she was hired.

In 2017, local personnel was attested to be 74% (76% in the total Group perimeter), a figure that saw a decrease against the previous year mainly due to the decline in or conclusion of the operating activities in projects where personnel was mainly local. The percentage, despite the slight reduction, remains very high and concretely demonstrates Saipem's constant commitment to creating value in the areas where it operates employing local personnel and strengthening their managerial and technical competence and skills through training and on-the-job experiences. The percentage of local managers is calculated excluding the data of France and Italy; the inclusion of these countries would result in a percentage of 76% of local managers.

Supply chain

Saipem has more than 26,000 first-tier vendors, of which around 7,000 qualified in the year. From a numerical point of view, the main geographical areas where the Company's vendors operate are Europe and the Americas. In 2017, the geographical areas in which Saipem ordered the most significant amount of goods and services are Europe, the Middle East, South-East Asia and Oceania.

creating employment at local level and developing the know-how of local personnel, increasing employment opportunities, **and of suppliers,** while strengthening their technological and managerial skill. In this way Saipem contributes to creating development opportunities for people and companies in the communities where it operates. Saipem's presence is also characterised by a commitment to developing and maintaining a continuous relationship with local communities, clients and local suppliers making it possible to obtain benefits also in terms of reduction in overall project costs and in the overall risk profile associated with operating activities.

Saipem has internally developed a model (**SELCE, 'Saipem Externalities Local Content Evaluation'**) to quantify the value of its local presence in economic, employment and human capital development terms. The SELCE model was validated in its application to the Italian context in 2015 by Nomisma Energia.

Saipem selects partners who share the same values and makes them active participants in the risk prevention process (ref. 'Our partners in the value chain' Policy). Saipem is committed to maintaining the trust put in the companies that work with and for Saipem and to improving mutual collaboration. With regard to this commitment, it shall be highlighted that more than 4,600 vendors have collaborated with Saipem for more than 10 years.

Management of an ethical supply chain

The management of an ethical supply chain comprises several interrelated phases which can be summarised as follows: (i) vendor qualification, (ii) contractual phase, (iii) vendor monitoring and feedback.

(i) Vendor qualification

A vendor risk assessment is carried out during the vendor qualification phase to identify vendors based on ethical and sustainability risks depending on the country of operation and/or level of criticality of the products/services.

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. Moreover, for specific commodity codes, vendors undergo a counterparty risk assessment process. This includes analysis of its capabilities in economic, financial and organisational terms, as well as a risk assessment with regard to corruption and reputation of Saipem. This is ensured through in-depth checks, which include compliance with the anti-corruption guidelines, involvement of the vendor in any type of criminal offence or terrorist activity, the structure of its control chain, the management and Board of Directors/owner. Depending on the vendor criticality, the qualification process may require an assessment visit which consists of on-site verification, as well as of its technical, managerial, production, quality, HSE and logistics capabilities. If operating in high risk countries, the vendor 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, working hours, discrimination, disciplinary practices, and health and safety.

(ii) Contractual phase

Saipem is committed to conducting relations with vendors in accordance with the highest ethical standards, in compliance with all the applicable laws and the Code of Ethics (in which human and labour rights are fundamental concepts), safeguarding its own

reputation and that of its subsidiaries. Environmental, social and governance requirements are dealt with in Saipem's general terms and conditions. Vendors shall declare receipt and acknowledgment of contents of the 'Sustainability Policy' whereby Saipem undertakes to act as a sustainable Company and contribute to the long-term growth and value creation through the effective involvement of all stakeholders. Each party declares that its activities under the purchase order shall, in no event, imply unacceptable risks to people or the environment, and undertakes to manage and mitigate these risks in its everyday operating activities. Moreover, vendors working with Saipem SpA are required to accept Model 231 which includes the Saipem Code of Ethics. Similarly, when dealing with Saipem SpA affiliates, vendors are required to accept the Organisational, Management and Control Model (OM&C Model) and the Code of Ethics. When the value of the supply for specific activities, services and materials exceeds a predetermined amount, the specific vendor is subject to a counterparty risk assessment (the same process is also carried out during the vendor qualification phase).

(iii) Vendor monitoring and feedback

Vendor performance is continuously monitored and Saipem's relevant functions are also asked to **provide feedback regarding respect for workers' rights and the protection of health and safety** (e.g. occurrence of accidents/injuries during work execution, compliance with applicable HSE legislation and contractual specifications, existence of legal proceedings for serious violations/offences).

		2015	2016	2017
Active vendors	(No.)	32,931	29,959	26,345
Qualified vendors	(No.)	10,844	6,571	6,918
Vendors qualified in the year operating in countries classified as high risk for human and labour rights	(%)	-	60	59
New vendors assessed on labour rights	(No.)	367	106	94
Vendors qualified for activities considered at HSE risk	(%)	-	6	4
Vendors assessed on HSE aspects and qualified	(No.)	163	385	278
Qualification audits, of which:	(No.)	-	46	62
- on human and labour rights	(No.)	13	6	14
- on HSE	(No.)	-	5	3
Employees trained in sustainable supply chains	(No.)	-	147	115

It must be stated that numbers in the table are representative both for the Group total and the Group consolidated perimeters, because a qualified vendor at corporate level can potentially work with all Group realities.

Saipem people

As described in the 'Our People' Policy on the management of human capital, 'people are an essential and key factor for the very existence of the organisation, and the company can achieve its objectives only through the commitment and expertise of its employees'.

The professional knowledge of employees is a key factor for ensuring sustainable growth and represents an asset to be safeguarded, valued and developed. Developing a knowledge-sharing culture is a primary means to consolidating the wealth of acquired knowledge and experience.

		2015		2016		2017	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Total employees at year end	(No.)	46,346	42,408	40,305	36,859	35,918	32,058
Employee categories							
Senior Manager	(No.)	417	411	399	396	398	393
Manager	(No.)	4,972	4,836	4,276	4,149	4,190	4,089
White Collar	(No.)	21,549	19,837	18,496	16,721	16,642	14,971
Blue Collar	(No.)	19,408	17,324	17,134	15,593	14,688	12,605
Employee categories							
Americas	(No.)	8,226	8,226	3,083	3,083	1,849	1,849
CIS	(No.)	4,550	4,129	3,169	2,925	2,743	2,481
Europe	(No.)	10,553	9,987	9,962	9,249	10,283	9,621
Middle East	(No.)	8,779	7,549	9,219	8,177	11,472	9,571
North Africa	(No.)	710	691	1,268	1,261	669	669
West Africa and the rest of Africa	(No.)	7,310	5,608	6,637	5,197	5,589	4,554
Far East	(No.)	6,218	6,218	6,967	6,967	3,313	3,313
Type of contract							
Employees with full-time contracts	(No.)	46,073	42,137	40,060	36,615	35,686	31,826
Employees with a key professional role	(No.)	17,840	-	14,991	14,161	14,177	13,154
Employees recruited through an employment agency	(No.)	4,489	2,996	5,643	4,403	5,829	4,111
Turnover							
Voluntary turnover of employees with key professional role	(%)	6.4	-	8.3	-	6.6	6.2
Total turnover	(%)	-	-	40	-	35	36

Workforce trend

The reduction in the workforce in 2017 is due to the conclusion of some projects and to a decrease in operating activities in Indonesia, Azerbaijan, Mexico, Nigeria and Brazil. In the specific case of Brazil, the decline was determined by the rationalisation of personnel at Guarujá yard. The overall trend is determined by the reduction in or conclusion of operating activities in the following projects respectively: EPCI Kaombo, Sha Deniz 2, El Elcino, and Southern Swamp Associated Gas Solution.

The voluntary turnover of personnel with a key professional role is down on the 2016 figure, testimony to the Company's commitment to safeguard the critical skills and know-how for the business.

The overall turnover rate in 2017 was 36% (35% for the total Group perimeter), a value that must be put into context with (a) the extremely dynamic situation in the Oil & Gas market, which has led, following a significant industry-wide investment shrinkage, to a considerable reduction in operating activities and with (b) the nature of Saipem's business which, being a contractor, works through large scale projects that have variable durations (from a few months to years). Taking into account these peculiarities, the quali-quantitative amount of Saipem's human capital is therefore subject to a natural fluctuation connected with the different operating phases of projects and the cyclical

nature of clients' investment. This entails a considerable increase in the workforce in a given area at a given time and an equal reduction in the workforce towards the end of the project. The total turnover is calculated as the ratio between annual exits and the average resources in the year.

Skills development

Saipem identifies the growth of its people, and more particularly the identification, evaluation and development of the skills considered critical for the business, as a driver for the company's success.

In this sense and in the framework of focusing constant attention on enhancing the specific technical/professional and behavioural skills of each professional family, Saipem has consolidated a **skill evaluation process for monitoring the skill and expertise levels of its resources** and identifying possible areas of intervention. These processes are functional both for a more targeted analysis of the company training requirements and a precise definition of the training initiatives for the skill development.

In fact, Saipem ascribes great importance to the training of its people, a tool for improving and developing professional and behavioural skills. The Company annually defines training programmes capable of guaranteeing the development of know-how and skills for all workers, with particular

attention to the technical/professional aspects, which are useful for project management, and the knowledge of legislative requirements, compliance and corporate governance.

Great attention is also dedicated to the development and consolidation of a common asset of know-how and skills, transversal to the different contexts in which the Company operates and connected to the company values and culture. In fact, Saipem promotes

training initiatives aimed at developing behavioural and managerial skills in line with the **Group Leadership model**.

With the objective of continuously investing in the young generations, Saipem likewise invests in the creation of specialist skills and the transfer of know-how through training programmes and on-the-job training, targeted at young students from schools and universities with which the Company starts up long-term partnerships.

	2015		2016		2017	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
(hours)						
Training						
Total hours of training, of which:	1,594,281 (*)	1,551,411	1,570,894 (*)	1,542,514	1,930,709	1,908,702
- HSE	1,165,952 (*)	1,124,376	1,324,853 (*)	1,297,778	1,699,674	1,677,713
- managerial potential and skills	36,390	36,268	24,446	24,385	15,090	15,090
- IT and languages	54,226	53,986	20,969	20,830	17,979	17,979
- professional technical skills	337,713	336,781	200,626	199,521	197,966	197,920

(*) The data has been recalculated following honing of the reporting methodology.

In 2017, the total number of training hours provided was higher than the previous year particularly with regard to the training hours delivered to Saipem subcontractors.

Employee training hours were slightly down compared to the previous year, in line with the considerable decrease in the workforce that took place over the year.

In quantitative terms, HSE training was the most significant among the training initiatives organised over the year. An average of 16.8 hours of training were provided for employees over 2017 (15.5 considering the total Group perimeter), an improvement if compared to 2016. Out of a total of 1.7 million hours of training, more than 1.1 million were provided to subcontractors.

On average, each employee attended 24 hours of training (21.9 at Group level), an improvement if compared to the 21.8 hours (20.5 at Group level) delivered in 2016.

Industrial relations

The global context in which Saipem operates, characterised by the management of diversity means that the management of industrial relations requires the utmost care and attention. Over the years Saipem has developed an industrial relations model aimed at ensuring the harmonisation and optimal management of relations with trade unions, employers' associations, institutions and public bodies in line with company policies. Whenever a major organisational change is introduced, it is common practice for the Saipem Group to communicate the development to the trade union representatives. In Italy, due to a specific provision in the collective bargaining agreement, meetings with the unions are regularly convened to illustrate and explain any changes.

		2015		2016		2017	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Employees covered by collective bargaining agreements	(%)	59	60	58	60	49	62
Strike hours	(No.)	35,018	33,568	65,196	55,961	1,143	1,143

Out of over 22,000 employees (more than 29,000 if we consider the total Group perimeter monitored (the total includes full-time Italian employees, French employees irrespective of the country they work in and local employees for all the other countries), 13,694 workers (14,693 at Group level) are covered by collective bargaining agreements. The downward trend for the total Group perimeter can be attributed to the fact that a growing proportion of Saipem personnel

works in countries where there are no provisions for these types of agreements. At the same time, there has been a reduction in personnel in areas where these types of agreements are widespread (Mexico, Brazil, Indonesia and Canada). With regard to the commitment to strengthen the dialogue with the social partner, an agreement was signed in July 2017 to establish the **European Works Council (EWC)**, composed of 22 delegates

representing Group companies operating in the European Economic Area.

The procedures for designating the national delegates were thus completed in anticipation of the first meeting of the EWC to be organised in the first months of 2018.

Over 2017 **International Industrial Relations** were characterised by the renewal of a set of collective agreements in different operating entities. New collective agreements in joint ventures in Angola were signed in the first half of the year, with the introduction, among other things, of a health care system for employees and their families.

Collective agreements were also renewed for personnel employed by Saipem Services Mexico and at the Karimun yard in Indonesia and for the drilling personnel employed in Peru. Furthermore, the renewal of the collective agreement for the workers employed by Ersai (Kazakhstan) is consistent with the amendment of labour legislation enacted in the meantime in the country. In France, the Regional Department of Enterprise, Competition, Consumer Affairs, Labour and Employment (DIRECCTE) approved the contents of the Plan de Sauvegarde de l'Emploi (PSE) in December, whose procedures were launched by Saipem in May. Finally, consultations were initiated with trade union organisations in Norway for the recourse to social security buffers in order to manage staff turnover from the offshore drilling rig Scarabeo 5 to Scarabeo 8.

In 2017, a common understanding was reached for the renewal of the 2016-2018 Energy and Oil National Collective Labour Agreement in **Italy**. Furthermore, the Company kept the trade unions constantly informed of the ongoing reorganisation process, even through a series of meetings, to present the rationale behind the new organisational model and the size of each of the 5 divisions.

For the Onshore Drilling division, the ordinary lay-off scheme was completed in September, which involved around 50 employees as of September 2016. Therefore, targeted training courses have been launched for the workers concerned.

Several meetings have taken place between the Company and regional and local union representatives regarding yard workloads at the Arbatax fabrication yard.

Finally, in the maritime sector, the renewal of the supplemental industry enterprise agreement was signed with the trade unions. In 2017, there was a single strike event in Nigeria, due to the conclusion of a project and the resulting unemployment of personnel.

Diversity and equal opportunities

Saipem is committed to creating a work environment in which diversity and personal

and cultural views are considered to be resources and sources of mutual enrichment, as well as key factors for business sustainability. This commitment is an essential point of the 'Our people' Policy.

As set out in the Code of Ethics, in full compliance with the legal and contractual regulations on the subject, **Saipem is committed to offering equal opportunities at work to all its workers**, acting so that everyone may enjoy equal opportunities and compensation, based solely on the criteria of merit and competence without discrimination of any kind. The functions responsible for managing people must:

- adopt, in any situation, criteria of merit and competence (and anyhow strictly professional) in all decisions concerning human resources;
- always select, hire, train, compensate and manage human resources without discrimination of any kind;
- create a working environment where personal features or beliefs do not give rise to discrimination and which ensures the serenity of all Saipem people.

More specifically, the Group's **compensation policies** are based on the principle of fairness, merit and local approach. In fact, Saipem defines its policies in full accordance with the skills and performance assessment and identifies compensation strategies through a local approach that intercepts the specific nature of the labour market and the local labour law context.

Saipem is also committed to promoting programmes to guarantee **generational turnover**, in order to ensure business continuity and critical skills and promote change. On the one hand, these initiatives provide development opportunities for young people and, on the other hand, enhance senior resources and their know-how. Generational turnover is achieved at Saipem by supporting the motivation of the most expert resources to foster tutoring and the transfer of knowledge, as well as creating the organisational and managerial conditions to allow young people to obtain full empowerment.

Saipem guarantees its employees, depending on the specific local circumstances, different types of benefit allocation methods that may concern: forms of complementary pension schemes; supplementary health insurance coverage; mobility support services and policies; welfare initiatives and policies to support families; catering (company canteen, lunch tickets); and training courses aimed at ensuring more effective integration within the reference socio-cultural context. As of today these benefits, where applicable, based on the country/company/local legislation in force, are applied to the entire specific reference population regardless of the type of contract (temporary/permanent), except for those

particular services where the time scale of performance delivery may not be compatible with the duration of the contract.

The **protection of specific categories of workers** is safeguarded through the application of local regulations and strengthened by specific company policies, which highlight the importance of this issue. The goal is to ensure equal opportunities for all types of workers in an effort to deter the

onset of prejudice, harassment and discrimination of any kind (e.g. related to sexual orientation, colour, nationality, ethnicity, culture, religion, age and disability) fully respecting human rights. Specific regulations in different operating companies also provide for the obligation of a minimum inclusion of disabled or young personnel, or compliance with a certain proportion between local and expatriate personnel.

(No.)	2015		2016		2017	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Women in the workforce						
Women employed, by geographical area:	5,257	5,012	4,251	4,010	3,790	3,560
Americas	985	985	495	485	348	348
CIS	546	538	478	462	461	442
Europe	2,441	2,345	2,198	2,100	2,101	1,983
Middle East	168	166	129	123	120	115
North Africa	45	45	30	30	33	33
West Africa and the rest of Africa	479	340	250	249	312	224
Far East	593	593	560	560	415	415
Women in leadership						
Women Senior Managers	22	22	23	23	23	23
Women Managers	704	694	600	591	612	606
Age ranges						
Employees under 30 years	7,595	4,257	5,809	4,225	4,330	3,724
of which women	1,097	653	735	540	494	427
Employees between 30 and 50 years	31,436	29,754	28,418	26,353	25,673	22,919
of which women	3,529	3,615	2,961	2,876	2,744	2,601
Employees over 50 years	7,315	8,397	6,078	6,281	5,915	5,415
of which women	631	744	555	594	552	532
Multiculturalism						
Number of nationalities represented in the employee population	128	126	120	115	115	115

As regards **gender diversity**, the percentage of women holding managerial positions with respect to the total number of women increased from 15% in 2016 to 18% in 2017. Saipem is equipped with precise guidelines to standardise compensation policies and reduce the pay gap between men and women in all the local realities where it operates. Saipem supports the **work/family balance** of its personnel through company regulations and/or local policies, which guarantee parental leave. These leaves differ only in time and method of abstaining from work. The growth in the average number of days of leave taken should be highlighted even if there was an overall reduction in the number of beneficiaries. In 2017, Saipem had 639 employees (695 if we refer to the total Group perimeter), 422 men (456 considering the total Group perimeter) and 217 women (239 considering the total Group perimeter), who made use of parental leave for a total of more than 36,000 days (42,000 referring to the total Group perimeter). At the same time, the return to work from parental leave by 538 employees (588 at Group level) was noted in the same

period, 420 men (454 at Group total level) and 118 women (134 at total Group level), with an 84% return rate from parental leave (85% at total Group level), marking a slight increase against the previous year.

Health

As described in the 'The integrity in our operations' Policy, **Saipem considers the safeguard of health a fundamental requisite and promotes the psychophysical well-being of its people.** This is a fundamental condition of the modus operandi of Saipem which is committed to being a leader in safeguarding health, as well as safety and the environment (further details can be found in the HSE Policy of Saipem SpA). The Company pursues this commitment in compliance with the provisions on the protection of privacy and national and international laws on the safeguard of health and the prevention of diseases. Its implementation implies that the programme, for each work site, concentrates

mainly on preventive measures and considers all the activities whose performance could represent a health risk.

Activities implemented include, for example, an assessment of the health risks, check-ups for the issue of fitness certificates, vaccinations and chemoprophylaxis, health information, monitoring of the hygiene/sanitary conditions, programmes for the prevention of diseases and activities to promote health and physical activity. Saipem's operating activities require the movement of a considerable number of people, even to remote locations and contexts, sometimes unknown to the workers. For this reason the Company ensures workers the best possible medical assistance wherever they work, organises regular specific medical examinations and consequently prepares medical fitness certificates, as well as delivers training programmes to assigned personnel before undertaking any travel or being assigned abroad. This is to prevent risks of contracting diseases due to the effect of the climate, environmental and psychosocial factors linked to the place of destination. The Company is equipped with structured processes and a chain of well-defined responsibilities to promptly manage any medical emergency whatsoever.

Saipem has developed a continually evolving health management system, which is adapted to the work environments, integrates the most recent epidemiological studies and is designed to ensure the best health monitoring and medical services.

This system observes the principles recognised at international level and by local laws, the WHO (World Health Organization) Beijing Declaration, 'Global Strategy on Occupational Health for All' (1994), European legislation and directive 2000/54/EC on the

protection of workers from risks related to exposure to biological agents at work, its application in Italy through Legislative Decree No. 81/2008 as amended (called the 'Law on Occupational Health and Safety').

This approach ensures effectiveness, flexibility and adequate bases for the development of a long-term health culture also in the countries where the Company operates.

The management system requires that the risks linked to the health of personnel are identified and assessed (taking into consideration the frequency and potential impact), after which suitable preventive and mitigation measures are identified and implemented. Risk monitoring is periodically performed.

The general principles for the safeguard of health are based on the analysis of the activities carried out in the work environment and take into consideration the risks that those activities have on both the people involved in the operations in different capacities and the local community. The analyses carried out are specific for each duty and destination. They include the identification of the activities and operating conditions in relation to normal, abnormal and emergency running conditions; the analysis of the possible contact routes for the risk agents and their combined action and a clear association of the hazards to the duties in relation to the specific nature of the identified activities. The results of the analyses allow the personnel to be suitably equipped with proper preventive measures and duly monitored. The occupational disease rate is calculated as the number of occupational diseases reported divided by the hours worked by Saipem personnel, all multiplied by a million.

		2015		2016		2017	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Occupational diseases	(No.)	26	26	9	9	5	4
Occupational disease rate	(ratio)	0.23	0.25	0.08	0.08	0.05	0.04

Safety

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

This commitment is also clearly described in the 'HSE' Policy of Saipem SpA and 'The integrity in our operations' Policy.

The safety of people is constantly monitored and guaranteed in the management of its activities through an integrated health, safety and environment management system, which meets the international standards and current legislation. **In 2017, the OHSAS 18001 and ISO 14001 certifications of Saipem SpA was extended to the most significant business entities** in the Group, guaranteeing

a uniform and systematic approach in the management of the processes.

Saipem defines a safety objectives plan every year at corporate, division and operating company level, which is approved by the CEO, division manager and managing directors respectively.

The incentive plans for the senior managers for the areas under their responsibility is linked to the achievement of these objectives. These objectives include the:

- identification of the hazards and periodic assessment of the risks associated with the safety of personnel, vendors and other subjects involved in Company activities, as well as risks for the company assets;

- assessment of the risks caused by the interference between the activities contracted to vendors operating on Saipem's vessels or at their sites;
- training of personnel. The HSE training process can be broken down into several phases: updating the HSE training protocol (which identifies the training needs based on professional roles), definition and standardisation of the courses on a dedicated platform, provision of the courses, monitoring and reporting on the training activities;
- adoption of adequate preventive and protective measures to guarantee the integrity and efficiency of the assets and the health and safety of people;
- follow-up and control activities on the effectiveness of the prevention and the protective measures implemented;
- reporting, registration, analysis and investigation activities for accidents and near misses;
- consolidation and analysis of safety performance.

The Company carries out HSE internal audits on: HSE management system, compliance with the HSE legislative provisions and audits on the processes regarding safety.

These audits (over 100 in 2017) involved operating companies, operational sites (including the fleet) and subcontractors.

The Company has launched several awareness campaigns over the years with the purpose of spreading a deeper and more entrenched safety culture. The **Leadership in Health and Safety (LiHS) programme**

stands out among these. This was launched in 2007 with the purpose of promoting the development of leadership abilities and cultural change regarding safety. The purpose of the programme is to strengthen Saipem's health and safety culture, disseminating safe behaviours throughout the Company and focusing on the development of leadership at all levels. Saipem created the Leadership in Health and Safety (LHS) Foundation in 2010 from the internal success of this programme. The Foundation supports companies and organisations in promoting a safety culture by implementing the LiHS programme.

The Foundation is active in the non-profit sector and operates by organising training workshops in schools, shows and cultural events to achieve zero accidents, triggering virtuous behaviour in terms of safety.

The Foundation also sponsors research in collaboration with some of the main Italian universities to enrich and enhance the culture of health and safety.

At Saipem, the health and safety culture of workers is guaranteed and supported by the external regulatory environment, mainly characterised by laws and agreements at national and company level, and by an internal environment characterised by specific policies on health and safety that set particularly stringent criteria compared to the local contexts, which today still have regulatory systems in the process of development. Moreover, not all countries in which Saipem operates have trade unions at both national and local levels. Where specific agreements are in place, they can be broken down into three main lines:

- the establishment of workers' representatives for health and safety (composition and number);
- specific training for safety officers (those appointed by Saipem and workers' representatives) and the distribution of information on safety issues to all employees with particular reference to health and safety at work courses, firefighting courses, first aid courses and mandatory specialist courses for 'Special Operations' (Onshore-Offshore);
- regular meetings between the company and workers' representatives.

In Italy, workplace health, safety and the environment issues are governed by specific contractual provisions and the National Collective Labour Agreement. In particular, the collective agreement provides for the appointment of corporate representatives of the workers for their protection in the areas of health, safety and environment (RLSA).

The appointment is made by election and the number of representatives is established by law and the collective bargaining agreement. There are a total of 19 RLSA at the Saipem Italian offices. A specific trade union agreement signed by Saipem and the trade unions defines the competences of the RLSA and their full authority to carry out their activities even over workers assigned temporarily to activities at yards and work-sites other than those of origin.

It should also be noted the presence of institutes in foreign countries, where participation is shared between management and the workforce for the management of initiatives and programmes regarding health and safety in accordance with the reference regulations in different national situations.

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

		2015		2016		2017	
		Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Man-hours worked	(millions of hours)	234.4	213.2	258.6	222.5	281.9	220.8
Fatal accident	(No.)	2	2	1	1	3	3
Lost Time Injuries (LTI)	(No.)	70	61	51	40	37	34
Man-hours worked	(No.)	4,439	4,065	3,106	1,705	1,857	1,380
Severity Rate	(ratio)	0.02	0.02	0.01	0.01	0.01	0.01
Total Recordable Incident (TRI)	(No.)	253	215	201	139	144	113
Absenteeism rate	(%)	4.6	4.8	4.9	4.2	4.1	4.7
Fatal Accident Frequency Rate (FTLFR)	(ratio)	0.85	0.94	0.38	0.45	1.06	1.36
LTI Frequency Rate (LTIFR)	(ratio)	0.31	0.30	0.20	0.18	0.14	0.17
TRI Frequency Rate (TRIFR)	(ratio)	1.08	1.01	0.78	0.62	0.51	0.51

All the safety statistics also include performances by subcontractors, with the exception of the absenteeism rate. Unfortunately, there were 3 fatal accidents in 2017 involving subcontractor personnel in Brazil, Saudi Arabia and Singapore 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 conducted to identify the causes of these accidents and the appropriate action to reduce the possibility of such accidents from being repeated: some of the most significant actions concern improving or reinforcing the competency of key resources in areas such as 'working at height' training and simultaneous operations. Saipem invests significant resources to train its personnel on HSE topics through campaigns and specific programmes, in order to increase the awareness of the risk of its own activities, and in strengthening its own HSE management system. It is Saipem's duty, as a responsible employer, to do everything possible to prevent accidents at work. The results of Saipem's continuous efforts are documented by the trends in the main indicators (TRI - Total Recordable Incidents and LTI Lost Time Injury). The TRI Frequency Rate (TRIFR) for 2017 is 0.51, data that confirms the improvement trend compared to 0.62 for 2016 (0.78 if we consider the total Group perimeter) and 1.01 for 2015 (1.08 with the total Group perimeter). Confirming the solidity of the system and its homogenous implementation, the results of the activities carried out by a third-party certification company (in order to obtain extensions for the OHSAS 18001 and ISO 14001 certifications), in line with the results of the internal audits carried out at corporate level, have shown a decrease in non-conformities and an increase in its areas of strength.

The total absenteeism hours for Saipem personnel in 2017 were about 1.8 million, with an equivalent absenteeism rate of 4.7% (4.1% if all Saipem Group companies were

considered), a value that is overall satisfactory. The total absenteeism hours are mainly determined by absences from illness, paid and unpaid leave provided for by local regulations. The absenteeism rate is in line with the previous year's rate. The total absenteeism hours have also declined in considering the overall decrease in the workforce.

An explanation of the methodology for calculating the main indicators is shown below:

- the man-hours worked are the total number of hours worked by employees of Saipem and contractors working at the operating sites;
- lost days of work translate into the total number of calendar days in which the injured person was not able to do their job as a result of an LTI. The calculation for the lost days starts from the second day after an accident until the day when the person is capable of returning to work. The calculation does not include fatal accidents;
- FTLFR, LTIFR and TRIFR are calculated as the number of fatal accidents, LTI and TRI, divided by the hours worked, all multiplied by one million. These ratios include injuries both to employees of the Company and of contractors;
- the Severity Rate is calculated as days of work lost divided by the hours worked, multiplied by one thousand;
- the employee absenteeism rate is calculated as the ratio between the total hours of absence and the theoretical total annual hours to be worked. The theoretical annual hours of work are calculated proportionately to the total work force at December 31. The total hours of absence do not include parental leave and estimated holiday hours.

Asset integrity

Saipem strongly pursues the effective implementation of its asset integrity management system as an outcome of good design, construction and operating practices

adopting the integrated management of barriers to reduce the risks associated with Major Accident Events (MAE). Asset integrity refers to the prevention and control of the events with low frequency and high/severe consequences on people, the environment, assets or project performance. A dedicated team has been set up to develop an asset integrity management system model in line with the best Industrial practices. The asset integrity model follows a typical deming cycle: planning, operations, performance monitoring and continual improvement. Saipem undertakes to prevent risks to improve the integrity of its operations. For this purpose, it adopts a proactive approach in the mitigation of risks as an integral part of its management and business activities. Further information can be found in the 'Safe operations, asset integrity and process safety' section of 'Saipem Sustainability 2017'.

Fighting corruption

Saipem has always conducted its business with loyalty, fairness, transparency, integrity and in full observance of laws and regulations. In this context, corruption is an intolerable impediment to the efficiency of business and fair competition.

Amongst its various initiatives, Saipem has implemented the '**Anti-corruption Compliance Programme**', a detailed system of rules and controls aimed at preventing corruption in line with best international practices and the principle of '**zero tolerance**' expressed in the Code of Ethics.

In particular, the Saipem Code of Ethics (last updated on January 15, 2018) establishes that 'bribes, illegitimate favours, collusion, requests for personal or career benefits for oneself or others, either directly or through third parties, are prohibited without any exception'.

The Saipem 'Anti-Corruption Compliance Programme' is characterised by its dynamism and constant attention to the evolving national and international regulatory framework and best practices.

Over the years, and in view of continuous improvement, the 'Anti-Corruption

Compliance Programme' has been constantly updated in line with the applicable provisions in force (including, inter alia, the United Nations Convention Against Corruption, the Organisation for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, Italian Legislative Decree No. 231 of June 8, 2001, the US Foreign Corrupt Practices Act and the UK Bribery Act).

More specifically, the Board of Directors of Saipem SpA approved the 'Anti-Corruption Management System Guideline' (Anti-Corruption MSG) on April 23, 2012. This repealed and replaced the previous Anti-Corruption Compliance Guidelines in order to optimise the compliance system in force. All the detailed anti-corruption procedures for specific risk areas were then updated (inter alia, the procedures for joint venture agreements, sponsorships, gifts, non-profit initiatives, vendors and consultants, relations with public administration and merger & acquisition transactions). Saipem then issued the latest update of the 'Anti-Corruption Management System Guideline' in 2015. This represented an improvement in the regulatory context of the 'Anti-Corruption Compliance Programme' and the Saipem Corporate Governance systems regarding anti-corruption.

The above-mentioned MSG was examined and approved by the Board of Directors of Saipem SpA and it is mandatory for Saipem SpA and all its subsidiaries to adopt and implement it.

All Saipem people are responsible for complying with the anti-corruption regulations: for this reason all the documents are accessible through the website and the Company intranet portal. In this context, managers hold a role of primary importance and they are called upon to promote compliance with anti-corruption procedures by their colleagues.

Aware that the primary element for developing an effective strategy to combat the phenomenon of corruption lies in developing a thorough understanding of the tools for its prevention, Saipem regards these training initiatives and awareness activities considerably important.

(No.)	2015		2016		2017	
	Group total	Group consolidated	Group total	Group consolidated	Group total	Group consolidated
Employees trained on issues of compliance, governance, ethics and anti-corruption	-	-	2,813	2,802	1,962	1,954
Hours (*) of training on issues of compliance, governance, ethics and anti-corruption	4,264	3,884	6,713	6,664	6,201	6,178

(*) The number of training hours has been calculated by multiplying the average number of hours by the average duration of the courses.

Moreover, the Saipem Internal Audit function shall independently review and assess the

internal control system in order to verify compliance with the requirements of the

Anti-Corruption MSG, on the basis of its own annual audit programme approved by the Board of Directors of Saipem SpA. Any violation, suspected or known, of anti-corruption laws or anti-corruption procedures must be immediately reported through the channels indicated in the 'Whistleblowing reports received by Saipem and by its subsidiaries' procedure, which is available on the Company website and the intranet portal. Disciplinary measures are provided for Saipem people violating the anti-corruption regulations and omitting to report violations they are aware of. Saipem expects all of its Business Partners to comply with all applicable laws, including Anti-Corruption laws, in connection with Saipem's business, and to undertake to comply with the reference principles of the Anti-Corruption MSG.

Human rights

Saipem is committed to protecting and promoting human and labour rights when conducting its business, taking into consideration both the work standards recognised at international level and the local legislation in the countries where Group companies operate. This commitment is part of Saipem's modus operandi and is also made clear in the 'Our People' Policy. With reference to the management of relations with personnel worldwide, **Saipem adheres to the principles of the UN Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises.** Moreover, Saipem's CEO is formally committed to promoting and abiding by the **principles set forth in the UN Global Compact**, to which Saipem adheres, including principles 1, 2, 3, 4, 5 and 6 (regarding labour rights and the promotion of the socio-economic development in the territories). In so doing, due attention is given to the fundamental **International Labour Organisation (ILO) conventions** encompassing the protection against forced and child labour, the promotion of non-discrimination on employment and occupation, as well as freedom of association and collective bargaining. Especially with regard to the latter, Saipem has a sound record of relations with trade union organisations in a variety of geographic locations and covering several segments of its business. Further details can be found in the 'Industrial relations' section. Saipem promotes and encourages a constant open dialogue between employer and employees so that the interests of the parties can be best realised in consideration of the fact that a regular and effective communication flow between the two parties

appreciably reduces the probability of misunderstandings and conflict arising at the workplace. Therefore, Saipem takes steps to ensure that there is a widespread and shared system between all the workers in Italy and around the world which permits an easy and effective resolution of any conflicts linked to issues that have implications of an administrative nature. It is for this purpose that a procedural tool has been drawn up. It defines the methods for resolving conflicts, the schedules, the people involved in the process and knowledge of the outcomes for the workers. Saipem's attention to labour rights extends also to offshore personnel with full abidance to the principles and the rights recognised to seafarers promoted under the **ILO Maritime Labour Convention of 2006 (MLC 2006)**. Seafarers also have the right to submit a complaint according to a structured process if a violation of their rights arises. In order to guarantee that each person is aware of their rights, all people working on offshore vessels receive a copy of the related procedure and all the forms necessary for the complaint, together with a copy of their employment agreement. The captain and/or the Company examines any complaint, and any instance of harassment is managed in compliance with the Company's disciplinary procedures. Finally, based on commitments made by the Group in the context of the Global Compact, Saipem has completed a human rights training and awareness programme for HR personnel operating in 20 countries. At the same time, a similar initiative was targeted at subcontractors to seek a shared and more effective approach to promoting and respecting human rights.

Security practices

In the management of security activities, Saipem gives utmost importance to respecting human rights. Saipem is committed to adopting preventive measures aimed at minimising the need for response by public/private security forces in the case of any threats to the safety of its people and the integrity of its assets. The Company manages relations with local security forces in order to ensure a shared commitment to human rights, as well as the adoption of rules of engagement that limit the use of force. Before signing a contract, vendors of security goods and services are subjected to a due diligence to verify that there are no counter-indications connected with the violation of human rights. Saipem has introduced **clauses regarding the respect for human rights** in its contracts with these vendors since 2010, and failure to

observe them leads to the withdrawal of the Company from the contract. As of today, the contractual clauses on human rights have been included in the 'General terms and conditions' of contracts.

For new projects in which Saipem is responsible for security, the Company carries out a **Security Risk Assessment** on the country in question before initiating a tender process. If it decides to go ahead with issuing a call for bids, Saipem prepares the **Project Security Execution Plan** in which the security risk connected with the operating activities and the context is analysed, including human rights violation issues. The actions required to manage and reduce these to a minimum are decided based on the risks identified.

In November 2017, a session (the fourth) of the **HOPE programme** (Human OPERational Environment, training programme on human rights and work practices) targeted at project personnel in Angola was delivered.

Further information can be found in the 'Human and labour rights' section of 'Saipem Sustainability 2017'.

Reporting suspected violations

A fundamental part of Saipem's structured system for managing stakeholder complaints is the reporting management process ('**whistleblowing**'), governed by a special Corporate Standard made available to all employees (through various means, among which the intranet and company notice boards) and external stakeholders (published on the Company's website).

The term 'report' refers to any information regarding possible violations, behaviour 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, by employees, members of company bodies, Saipem SpA and its subsidiaries' audit companies and third parties in a business relationship with these companies, in one or more of the following areas: internal control system, accounting, internal controls on accounts, audits, frauds, administrative responsibilities under Legislative Decree No. 231/2001, and others (such as violations of the Code of Ethics, mobbing, security, and so on). Saipem has prepared various channels of communication in order to facilitate the sending of reports, including, but not necessarily limited to, regular post, fax numbers, yellow boxes, e-mail, and communication tools on the intranet/internet sites of Saipem SpA and its subsidiaries. The Internal Audit function ensures that all appropriate controls are in place for any facts that have been reported, through one or more of the following activities, guaranteeing that: (i) these are carried out in the shortest time possible and respecting the completeness and accuracy of the investigation; (ii) the utmost confidentiality with methods suitable for protecting the person reporting. The investigation comprises the following stages: (a) preliminary check; (b) assessment; (c) audit; (d) monitoring of corrective actions. The Internal Audit prepares a quarterly report on reports received that, following examination by the Saipem Board of Statutory Auditors, is transmitted to the relevant people for suitable assessment.

(No.)	2015	2016 ^(*)	2017
Number of files			
Total, of which:	78	125	118
- founded or partially founded	20	28	20
- unfounded	58	97	67
- open	-	4	31

(*) The count for closed files includes 4 closed files concerning the system of internal controls and risk management and re-opened and closed also for other matters concerned.

Details of some file categories are provided below:

(No.)	2015	2016	2017
Files on cases of discrimination			
Total, of which:	11	19	12
- founded or partially founded	2	2	2
- unfounded	9	17	4
- open	-	-	6
Files on workers' rights			
Total, of which:	15	30	26
- founded or partially founded	5	6	3
- unfounded	10	23	9
- open	-	1	14
Files on violations of the rights of local communities			
Total, of which:	2	2	3
- founded or partially founded	-	-	-
- unfounded	2	2	2
- open	-	-	1

The data is updated as of December 31, 2017.

The following files were opened in 2017: 12 files on issues of discrimination, of which 6 are still open and 6 closed; 26 files on issues of worker's rights, of which 14 still open and the remaining 12 closed; 3 files on issues of local community, of which 1 still open and 2 closed. All 41 files were transmitted to the competent company bodies (Board of Statutory Auditors of Saipem SpA, Compliance Committee of Saipem SpA and the Compliance Committees of the companies involved in the reports). With regard to the issues of **discrimination**, with reference to the closed cases, the competent company bodies decided to close 3 on the basis of investigations carried out, considering that there were no violations of the Code of Ethics with reference to the facts reported. A violation was confirmed in 2 cases and in 1 case corrective actions were identified even though there were no violations. The corrective actions consisted of the following: the dismissal of an employee, the issue of a warning letter and sensitivity training to improve employee behaviour. It should also be noted that 7 discrimination cases were closed in 2017; they were still open at the time of the last reporting. Of the 7 files closed, 6 were unfounded and 1 was partially founded. With regard to this last case, corrective actions were carried out on the perpetrators of the behaviour, which consisted of a verbal warning, and planning of a specific training session on leadership development. With regard to the issues of **workers' rights**, with reference to the closed cases, in 7 cases the competent company bodies decided upon closure deeming that there were no cases of violation of the Code of Ethics with

reference to the facts reported, whilst violation was confirmed in 1 case and 2 cases were partially confirmed and in 2 cases, though without violation, corrective actions were taken. The actions were the following: the dismissal of an employee, the monitoring of the future behaviour of another employee by management, the implementation of an awareness course on the subject of sexual harassment and interviews with employees on the identified issues. It should also be noted that 9 workers' rights cases were closed in 2017; they were still open at the time of the last reporting. 6 files were unfounded, 2 were founded and in 1 case, though there was no violation, corrective action was highlighted consisting of the dismissal of the perpetrator of the behaviour, carrying out sensitivity training on the topic of sexual harassment, creating work groups to identify improvement points with reference to the management workloads and interpersonal relations and the planning of specific meetings in order to understand and improve the relationship dynamics in the workplace.

As regards issues on the **relations with local communities**, with reference to the two closed cases, the competent company bodies decided to dismiss them on the basis of the investigations carried out that deemed that there was no violation of the Code of Ethics with reference to the facts reported. No corrective actions were implemented. 1 case dealing with issues regarding the local communities from 2016 was closed in 2017. This file was unfounded and no corrective actions were identified with regard to this outcome.

Reporting boundary

The 'Consolidated Non-Financial Statements' contains the information and performance indicators for **Saipem SpA** and the **fully consolidated subsidiaries** in the 'Annual Report', as prescribed by Italian Legislative Decree No. 254/2016.

Any changes in the reporting boundary from the previous year are described in the 'Principles of consolidation' section of the 'Annual Report'.

In some contexts, described below, there are deviations on the consolidation boundary previously defined, in any case guaranteeing the criterion of significant impact: i.e. the information necessary to ensure understanding of the Group's activities, its

operations, its results and the impact produced by it are always and in any case ensured.

In fact, for some material issues, the impact of Saipem's activities goes beyond the boundary of the organisation (see table below).

In line with international reporting best practices and to guarantee comparability of the performances against the information published in other company documents, the indicators are also reported with a more extended reporting boundary than that required by Italian Legislative Decree No. 254/2016, including non-consolidated companies and joint operations, joint ventures or associates, over which Saipem controls operations¹. These indicators are marked by the wording 'Group total'.

Reporting area	Differences in the consolidation boundary
Safety	It also includes the data for subcontractors operating on Saipem and partner sites in activities where Saipem is responsible for HSE management.
Environment	It also includes the data for subcontractors operating on Saipem and partner sites in activities where Saipem is responsible for HSE management. Furthermore, the significance limits for the inclusion of operating sites in the boundary (no. of people on site or, in the case of offices not belonging to Saipem, the type of lease contract) are also included.
Relations with local stakeholders	The companies that do not have significant operating activities are excluded.

The 'External boundary' column specifies the categories of stakeholders impacted by Saipem's operations, for every material topic.

Any limitations affecting the boundary of every material theme are also shown in the 'Limitations' column.

Material topic	External boundary	Limitations
People safety	Vendors and subcontractors	Partial, for vendors
Safe operations, asset integrity and process safety	Vendors and subcontractors	Partial, for vendors
Anti-corruption and ethical business practices	Business partners, vendors and subcontractors	-
Human and labour rights	-	-
Technology and operational innovation	-	-
Training and development	Subcontractors (HSE training)	-
Spill prevention and response	Vendors and subcontractors	Vendors
Ethical supply chain	Vendors and subcontractors	Partial, for vendors
Water management and pollution	Vendors and subcontractors	Vendors
Health and well-being	Some local communities	-
Energy efficiency	Vendors and subcontractors	Vendors

Limited assurance

Reporting is subject to limited assurance by an independent company (hereinafter 'the auditor'), the auditor of the annual report. The auditor certifies, in the context of the statutory audit, that the 'Consolidated Non-Financial Statements' have been approved by the Board of Directors. The auditor also expresses, with an appropriate report, the certification that,

based on the work carried out, no elements have come to its attention to make it think that the 'Consolidated Non-Financial Statements' have not been prepared, in all significant aspects, in compliance with the provisions of Articles 3 and 4 of Italian Legislative Decree No. 254/2016 and the GRI G4 Guidelines. The Saipem SpA Board of Directors approved the 'Consolidated Non-Financial Statements' on March 5, 2018.

(1) The 'Group total' perimeter includes, in relation to the environmental, health and safety aspects (including HSE training), the following companies: SAGIO - Companhia Angolana de Gestão de Instalação Offshore Ltda, Petromar Lda, STAR Co Ltd. The perimeter concerning personnel and human rights has been extended to include the following companies: Petromar Lda, STAR Co Ltd, Charville Lda, Saipar Drilling Co BV, TSIGI Mühendislik İnşaat Ltd Şirketi, ASG Scarl, CEPAV (Consorzio Eni per l'Alta Velocità) Due, KWANDA Suporte Logístico Lda. Regarding the aspects related to anti-corruption, the extension of the perimeter concerns the following companies: Petromar Lda, TSIGI Mühendislik İnşaat Ltd Şirketi, Saipem Taqa Al Rushaid Fabricators Co Ltd.

GRI Content Index

'In accordance' - Core option

Legend of the documents

DNF17: Consolidated Non-Financial Statements

RF17: Annual Report 2017

CG17: Corporate Governance and Shareholding Structure Report 2017

GENERAL STANDARD DISCLOSURES	
General Standard Disclosures	Page No. or link
Strategy and analysis	
G4-1	'Letter to the shareholders', pages 2-3 (RF17).
Organisation profile	
G4-3	Cover (RF17).
G4-4	'Directors' Report', pages 20-35 (RF17).
G4-5	Inside back cover (RF17).
G4-6	Inside cover (RF17).
G4-7	Table 'Shareholding structure', page 58 (CG17).
G4-8	'Directors' Report', pages 20-35 (RF17).
G4-9	'Saipem people', pages 82-83 (DNF17); 'Letter to the shareholders', pages 2-3 (RF17); 'Financial and economic results', page 36 (RF17).
G4-10	'Saipem people', pages 82-83 (DNF17).
G4-11	'Saipem people', pages 84-85 (DNF17).
G4-12	'Social aspects', pages 81-82 (DNF17).
G4-13	'Company management and organisation model', pages 74-75 (DNF17); 'Social aspects', pages 81-82 (DNF17); 'Shareholder structure of the Saipem Group', pages 5-7 (RF17); 'Consolidation principles', pages 109-112 (RF17).
G4-14	'Directors' Report', pages 58-67 (RF17).
G4-15	'Fighting corruption', pages 90-91 (DNF17).
G4-16	Saipem is an active member of 89 business associations at the national and international level. The parent company is a member of 29 associations, among which ANIMP, IADC, IMCA, IPLOCA, UN Global Compact and WEC.
Identification of the material aspects and boundary	
G4-17	'Reporting methodologies, principles and criteria', pages 73-74 (DNF17); 'Reporting boundary', page 94 (DNF17); 'Shareholder structure of the Saipem Group', pages 5-7 (RF17); 'Scope of consolidation at December 31, 2017', pages 130-134 (RF17).
G4-18	
G4-19	
G4-20	
G4-21	
G4-22	
G4-23	
Stakeholder engagement	
G4-24	'Reporting methodologies, principles and criteria', pages 73-74 (DNF17); 'Company management and organisation model', pages 75-76 (DNF17).
G4-25	
G4-26	
G4-27	
Document profile	
G4-28	Cover (RF17).
G4-29	Italian Legislative Decree No. 254/2016 came in effect as of the 2017 reporting year. This document is therefore the first 'Consolidated Non-Financial Statements'. Nevertheless, the Company has been reporting on sustainability performance by publishing specific documents each year since 2006.
G4-30	'Reporting methodologies, principles and criteria', pages 73-74 (DNF17).
G4-31	Inside back cover (RF17).
G4-32	'GRI Content Index', pages 95-97 (DNF17).
G4-33	'Limited assurance', page 94 (DNF17).
Governance	
G4-34	'Board of Directors', pages 16-28 (CG17); 'Board Committees', pages 30-35 (CG17); 'Structure of the Board of Directors and its Committees', page 59 (CG17).
Ethics and integrity	
G4-56	'Company management and organisation model', page 75 (DNF17).

SPECIFIC STANDARD DISCLOSURES		
Specific Standard	Page No. or link	Omission (i)
Economics		
Market presence		
G4-DMA G4-EC6	'Social aspects', page 81 (DNF17).	
Environment		
Energy		
G4-DMA	'Protecting the environment and minimising environmental impacts', page 78 (DNF17).	
G4-EN3	'Protecting the environment and minimising environmental impacts', page 78 (DNF17).	The total energy consumption in 2017 was equivalent to 18,435 TJ. The percentage of electricity consumed by the Group that was produced by renewable sources depends on the energy mix of the different countries.
Water		
G4-DMA	'Protecting the environment and minimising environmental impacts', page 79 (DNF17).	
G4-EN8	'Protecting the environment and minimising environmental impacts', page 79 (DNF17).	
Emissions		
G4-DMA	'Protecting the environment and minimising environmental impacts', page 78 (DNF17).	
G4-EN15	'Protecting the environment and minimising environmental impacts', page 78 (DNF17).	
Effluents and waste		
G4-DMA	'Protecting the environment and minimising environmental impacts', pages 77 -80 (DNF17).	
G4-EN22	'Protecting the environment and minimising environmental impacts', page 79 (DNF17).	The data on water quality (including treatment water) is not available as it was not systematically reported.
G4-EN23	'Protecting the environment and minimising environmental impacts', pages 79-80 (DNF17).	
G4-EN24	'Protecting the environment and minimising environmental impacts', page 77 (DNF17).	
Social		
Work practices		
Employment		
G4-DMA	'Saipem people', pages 82-83, 85-89 (DNF17).	
G4-LA2	'Saipem people', pages 85-89 (DNF17).	
Workplace Health and Safety		
G4-DMA	'Saipem people', pages 87-89 (DNF17).	
G4-LA6	'Saipem people', pages 87-89 (DNF17).	Project data, and thus geographical area data, is monitored monthly. Considering that Saipem works in more than 60 countries, it is considered more significant to provide aggregate data. Saipem does not monitor safety data by gender. The data on employees and subcontractors operating at the Group sites are shown in aggregate form so as to provide an overview of safety management.
Training and education		
G4-DMA	'Saipem people', pages 83-84 (DNF17).	
G4-LA9	'Saipem people', pages 83-84 (DNF17).	Training hours are not shown by gender and category because the IT systems used for reporting do not allow for differentiating the data at this time.
Diversity and equal opportunity		
G4-DMA	'Saipem people', pages 85-86 (DNF17).	
G4-LA12	'Saipem people', pages 85-86 (DNF17).	The Board of Directors is composed of 9 members, of which 3 women. The age of the directors is not considered material. The data for the breakdown of the workforce by gender and age is expressed in an absolute value and not as a percentage.

SPECIFIC STANDARD DISCLOSURES		
Specific Standard	Page No. or link	Omission (i)
Assessment of vendors on work practices		
G4-DMA	'Social aspects', pages 81-82 (DNF17).	The data on vendors is collected by means of a qualification questionnaire and then analysed.
G4-LA14	'Social aspects', pages 81-82 (DNF17).	New vendors who are assessed on labour rights are reported in absolute value because the percentage does not provide significant information to quantify the verification effort carried out by Saipem.
Reports on workers' rights		
G4-DMA	'Respect for human rights', pages 91-93 (DNF17).	
G4-LA16	'Respect for human rights', pages 92-93 (DNF17).	
Human rights		
Non-discrimination		
G4-DMA	'Saipem people', pages 85-86 (DNF17); 'Respect for human rights', pages 91-93 (DNF17).	
G4-HR3	'Respect for human rights', pages 92-93 (DNF17).	
Freedom of association and collective bargaining		
G4-DMA	'Social aspects', pages 81-82 (DNF17).	
G4-HR4	'Social aspects', page 82 (DNF17).	
Child labour		
G4-DMA	'Social aspects', pages 81-82 (DNF17).	
G4-HR5	'Social aspects', page 82 (DNF17).	
Forced and compulsory labour		
G4-DMA	'Social aspects', pages 81-82 (DNF17).	
G4-HR6	'Social aspects', page 82 (DNF17).	
Assessment of vendors on human rights issues		
G4-DMA	'Social aspects', pages 81-82 (DNF17).	The data on vendors is collected by means of a qualification questionnaire and then analysed.
G4-HR10	'Social aspects', page 82 (DNF17).	The percentage of new vendors assessed on human rights issues is not considered significant. Saipem assesses vendors who provide goods and services representing more significant commodity codes operating in countries considered critical.
Human rights reports		
G4-DMA	'Respect for human rights', pages 92-93 (DNF17).	
G4-HR12	'Respect for human rights', pages 92-93 (DNF17).	
Society		
Anti-corruption		
G4-DMA	'Fighting corruption', pages 90-91 (DNF17).	
G4-SO4	'Social aspects', pages 81-82 (DNF17); 'Fighting corruption', pages 90-91 (DNF17); 'Anti-corruption procedures', pages 44-45 (CG17); 'Board of Directors induction', page 21 (CG17).	The Saipem Code of Ethics (which makes Saipem's repudiation of any sort of discrimination and corruption clear) is provided to every new employee (at the time of signing the contract) and communicated to governance committee members and business partners. As regards the members of the governance committees, the Company has prepared and implemented a 'Board Induction' programme since May 2015. It was also delivered in 2017. With particular concern to employees, such training specifically targets personnel considered at-risk. This is the reason why the percentage of covered employees is not shown as it is not significant. Moreover, information on the split by employee category and geographical area is not reported.
G4-SO5	'Legal proceedings', pages 164-173 (RF17).	

INDEPENDENT AUDITORS' REPORT

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

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Publications
Relazione finanziaria annuale (in Italian)
Annual Report (in English)

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

Saipem Sustainability (in English)

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