

SAIPEM'S COMMITMENT TO THE UNITED NATIONS GLOBAL COMPACT

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

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

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

Stefano Cao, Saipem CEO

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

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

SAIPEM'S FOCUS ON SUSTAINABLE DEVELOPMENT GOALS

The UN Global Compact is also a call to contribute to achieving the 17 Sustainable Development Goals (SDGs), societal goals at the heart of the 2030 Agenda for Sustainable Development adopted in 2015 and aimed at ending extreme poverty, fighting inequality and injustice, and protecting the planet by 2030. In working towards these goals, Saipem has specifically focused on the ones that relate directly to its core business and its ability to create value in the areas where it operates.




ALEGRIA DO AMBRIZ

An agricultural development and economic empowerment project bearing fruits and vegetables

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

Beneficiary families (around 150 people)

25

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





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

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

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

Women managing the sewing shop in 2017

4

Women selected for the internship programme in 2017

10

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



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



ERSAI SCHOLARSHIP PROGRAMME

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

Total students enrolled in the programme

+25

Graduate students working for Ersai

+10



MEASURING SAIPEM'S CONTRIBUTION TO SOCIO-ECONOMIC GROWTH

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

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

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

Multiplier effect **1.72**

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

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

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

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



BOOSTING ENTREPRENEURIAL POTENTIAL IN KAZAKHSTAN

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

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

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

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



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



NIGERIA: SAIPEM AND THE UNITED NATIONS GLOBAL COMPACT

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

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

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



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

We welcome feedback on its contents.