

METHODOLOGY AND REPORTING CRITERIA

REPORTING PRINCIPLES

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

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

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

MATERIALITY ANALYSIS

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

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

FINAL LONG LIST OF ISSUES

TOPIC

Environmental Sustainability

Climate change prevention, GHG emissions, Energy efficiency, Water management and pollution, Biodiversity and impact on ecosystems, Waste generation, Spill prevention and response, Renewables.

Business Conduct and Operations

Anti-Corruption and ethical business practices, Public policy engagement, Tax and Transparency, Corporate governance, Technology and operational innovation.

Safe operations

People safety, Safe operations, asset integrity and process safety, Emergency preparedness.

People Management

Training and development, Talent attraction and retention.

Human Rights, Diversity and Well-being

Global diversity and inclusion, Gender equality, Health and well-being, Human and labour rights, Ethical supply chain, Security practices.

Local Presence and Support

Local social licence to operate, Local employment and procurement, Community investments, Charity, donations and volunteering.

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

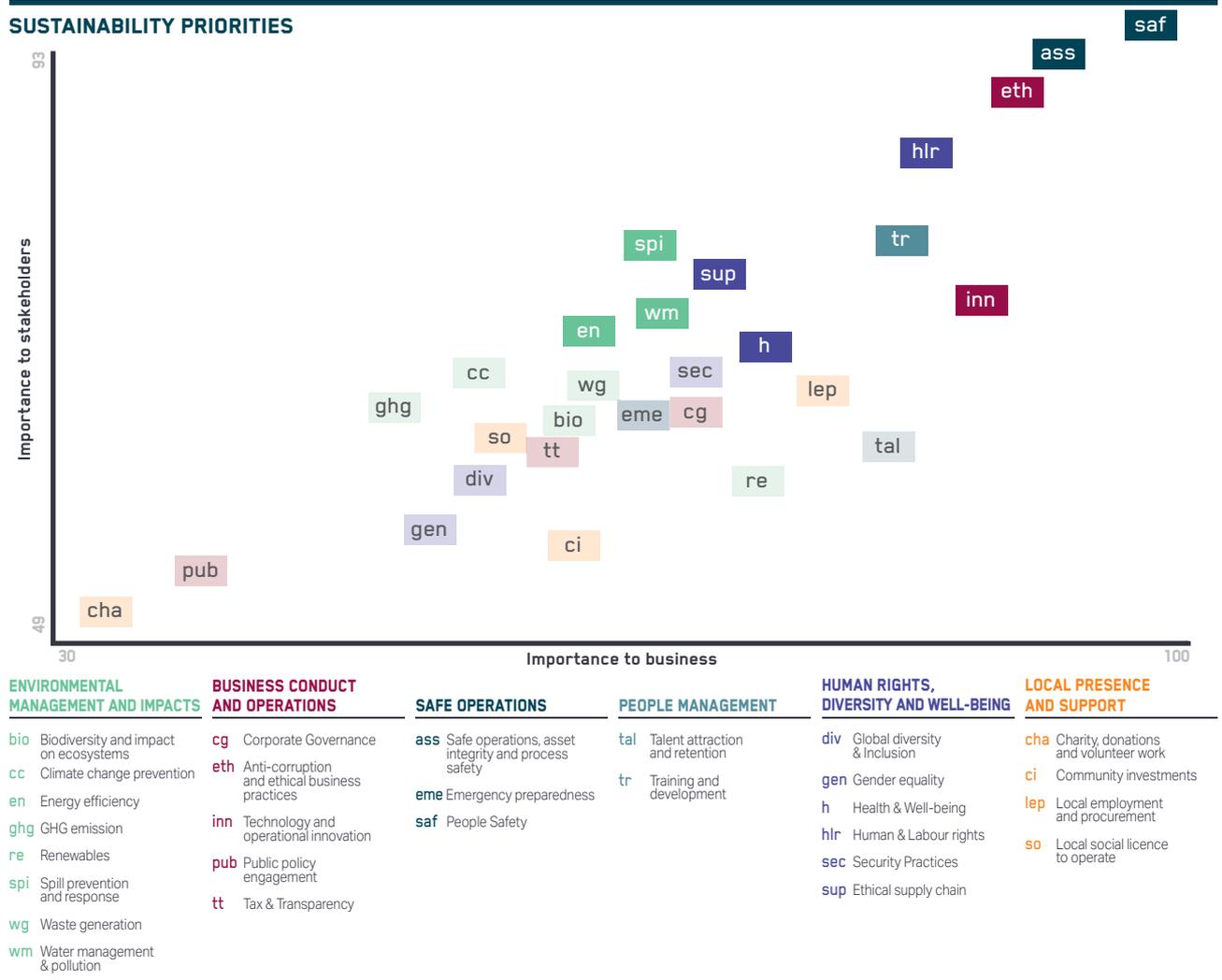
The results were integrated with the outcomes of the surveys delivered to Saipem's employees which involved more than 4,500 people respectively. In order to define the level of internal significance, an additional survey was sent to all Saipem senior managers. Almost 170 senior managers contributed identifying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

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

MATERIALITY ANALYSIS RESULTS AND REPORT CONTENT

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

SUSTAINABILITY PRIORITIES



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

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

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

Greater weight was assigned to those issues and geographic areas in which the Company has a more significant impact. Where possible, project performance indicators reported were contextualised with reference to detailed information on local conditions.

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

INTERNAL BOUNDARY

The above issues are material for all divisions. As far as the financial data is concerned, in line with the drafting of the financial statements, the reference perimeter corresponds to the area of consolidation (please refer to the 'Principles of consolidation' section in the Annual Report). Alongside financial performance, sustainability reporting also describes social and environmental performances and hence includes numerous topics for which perimeters differing from those used in financial reporting are applied. For HSE data, the reporting perimeter includes all activities in which Saipem is responsible for setting HSE standards and for ensuring and overseeing their application. With regard to other thematic areas, Saipem reports 100% of operations in which Saipem SpA or one of its subsidiaries exercises operational control. Companies included in the reporting boundary are listed in the 'Saipem Group Structure' in the Annual Report.

EXTERNAL BOUNDARY

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

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

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

ASSURANCE STATEMENT

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

ANNEX I

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

Annex I

GRI and UN Global Compact Content Index

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