

ANNEX I

APPROACH TO SUSTAINABILITY



Mission

We approach each challenge with innovative, reliable and secure solutions to meet the needs of our clients. Through multicultural working groups we are able to provide sustainable development for our company and for the communities in which we operate.

Values

Innovation; health, safety and environment; multiculturalism; passion; integrity.

Countries in which Saipem operates

EUROPE

Austria, Belgium, Bulgaria, Croatia, Cyprus, Denmark, France, Italy, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Principality of Monaco, Romania, Spain, Sweden, Switzerland, Turkey, United Kingdom

AMERICAS

Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Ecuador, Mexico, Panama, Peru, Suriname, United States, Venezuela

CIS

Azerbaijan, Georgia, Kazakhstan, Russia, Turkmenistan, Ukraine

AFRICA

Algeria, Angola, Congo, Egypt, Gabon, Ghana, Ivory Coast, Libya, Morocco, Mozambique, Namibia, Nigeria, Uganda

MIDDLE EAST

Iraq, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates

FAR EAST AND OCEANIA

Australia, China, India, Indonesia, Malaysia, Singapore, South Korea, Taiwan, Thailand

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The Disclosure on management approach is provided below concerning the sustainability issues considered material, in compliance with the requirements laid down in Guideline GRI G4.

Conducting operations transparently and ethically

Saipem conducts its business with loyalty, fairness, transparency, integrity and in full observance of laws and regulations. On March 22, 2004, the Saipem SpA Board of Directors first approved the Organisation, Management and Control Model 'Model 231 (includes the Code of Ethics)' which implements Legislative Decree No. 231 of 2001.

Subsequently, following legislative interventions to the field of application of Legislative Decree No. 231 of 2001, updates to Model 231 were approved that took into account not only regulatory developments but also changes to Saipem SpA's corporate organisation.

The main purpose of the Compliance Committee is to check the effectiveness of Model 231 of Saipem SpA and to be the Guarantor of the Saipem's Code of Ethics. The complete list of the tasks of the Compliance Committee can be found in the dedicated section on the website.

All Saipem employees and stakeholders must report any violation (or alleged violation) of 'Model 231 (Code of Ethics included)'.

Any such report can be made by contacting a superior and/or the Compliance Committee.

Saipem has various channels of communication, including, by way of example, postal addresses, fax numbers, e-mail addresses, yellow box, communication tools on intranet/internet sites belonging to Saipem SpA and its subsidiaries.

The reporting parties in good faith are duly protected against any form of retaliation, discrimination or penalisation and their identities are kept confidential, without prejudice to the legal obligations and the protection of the Company's rights or those of persons accused wrongfully or in bad faith. The Internal Audit function ensures that all necessary investigations are carried out on the reported facts, by means of one or more of the following activities, ensuring that these operations are carried out as quickly as possible and in observance of completeness and accuracy of the preliminary investigations. The preliminary investigations include the following phases: (a) preliminary check; (b) assessment; (c) audit; and (d) corrective

actions monitoring. Further details can be found in the 'Model 231 (includes the Code of Ethics)', the 'Anti-Corruption' Management System Guideline, and the 'Whistleblowing reports received (including anonymously) by Saipem and by its subsidiaries in Italy and abroad' procedure.

Reference must be made to the 'Annual Report 2016', the 'Corporate Governance and Shareholding Structure Report 2016' and to 'Saipem Sustainability 2016' with regard to the goals and performance for the year.

Fighting corruption

Saipem actively takes part in the fight against corruption by expressly prohibiting, in its Code of Ethics 'practices of corruption, unlawful favours, collusive behaviours, direct or indirect solicitations for personal benefits and career gains for oneself or for others'. Saipem undertakes to observe the United Nations Convention against Corruption, the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions and the Business Principles for Countering Bribery developed by Transparency International.

Furthermore, since Saipem SpA has its headquarters in Italy, both the Company and its personnel are subject to Italian law and, in particular, to the provisions of Legislative Decree No. 231/2001, which regulates the administrative liability of legal entities deriving from offences, such as internal and international bribery, committed by their directors, employees or associates, in Italy or abroad, in the interest or to the advantage of said legal entities. As an official member of the UN Global Compact from whose Ten Principles it draws inspiration, Saipem's commitment also falls within its adherence to the 10th principle, which concerns the fight against corruption. In accordance with the principle of 'zero tolerance' for corruption expressed in the Code of Ethics, Saipem implemented the Anti-Corruption Compliance Programme to face other risks head-on which may be encountered by the Company in its business activities.

The programme is a detailed system of rules and controls to prevent corruption-related crimes, characterised by its dynamism and constant attention to evolving national and international legislation and best practices. Saipem's Compliance Programme was introduced in accordance with applicable Anti-Corruption provisions in force and with

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

Saipem personnel are regularly informed of and trained in the Company's Compliance and Governance systems, as well as in the importance of compliance with legislation and related procedures, so that they clearly understand the different crimes, risks and relevant personal and corporate responsibilities, and the actions to implement in order to avoid being penalised for violating them.

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

With the goal of consolidating everyone's knowledge and awareness of Compliance and Governance and providing greater clarity and consistency as regards the numerous training initiatives launched over the last years, the

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

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

Reference must be made to the 'Annual Report 2016', the 'Corporate Governance and Shareholding Structure Report 2016' and to 'Saipem Sustainability 2016' with regard to the goals and performance for the year.

An ethical supply chain

Saipem is committed to keeping and developing long-lasting understanding and trust with the companies which work for and with Saipem.

The Saipem Ethical Supply Chain Management System consists of different interrelated phases which can be summarised as following:

1. Vendor qualification;
2. Purchase Document preparation and award;
3. Vendor performance monitoring and feedback.

As part of the entire procurement cycle, the vendor qualification process aims to evaluate third party technical/organisational capability, ethical practices, and economic and financial reliability to enable vendor acceptance within the Saipem Group. Taking into account specific drivers such as the types of services provided, vendors must undergo document verification on the following:

- Health & Safety;
- Human Rights (child labour, forced or compulsory labour, freedom of association and the right to collective bargaining, discrimination, working hours and remuneration);
- Compliance & Anti-Corruption (Code of Ethics).

For the identified commodity codes, vendors are subjected to a counterparty risk evaluation process which entails the analysis of economic, financial, technical, HSE, and organisational capabilities, in addition to the assessment of Anti-Corruption and reputational risks for Saipem.

The above evaluation aims to identify and prevent potential risks for Saipem. Protecting Saipem's reputation is guaranteed through in-depth relevant controls, but not limited to, anti-corruption, involvement in any type of penal offences or terrorism activities by the vendor, its control chain structure, top management and the Board of Directors. Depending on the supplier's criticality, the qualification process may require an assessment visit which consists of an on-site verification of the vendor's activities.

For specific geographic areas, selected as a result of a human rights risk assessment, vendor qualification should be submitted after the positive outcome of the social responsibility compliance evaluation.

With the ultimate objective of assessing the alignment of suppliers with human and labour rights standards and Saipem's principles and following up on the project started in 2011, Saipem organised its sixth audit campaign in 2016 for selected vendor operating sites. The audits sought to collect information on the performance of suppliers with regard to major social responsibility issues such as child and forced labour, freedom of association and the right to collective bargaining, remuneration, working hours, discrimination and disciplinary practices, and health and safety.

Saipem is committed to conducting relations with vendors in accordance with the highest standards of ethics, complying with all applicable legislation and the Code of Ethics and safeguarding Saipem's image and that of its affiliates in the market. Environmental, social and governance factors and requirements are dealt with in Saipem's General Terms and Conditions for purchase documents.

As per Saipem standard templates, vendors shall declare receipt and acknowledgement of the contents of the 'Sustainability Policy' whereby Saipem is committed to acting as a sustainable Company and to contributing to long term growth and value creation through the effective involvement of all legitimate 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, when dealing with Saipem SpA, are requested to accept Model 231 which includes the Saipem Code of Ethics. In the same way, when dealing with Saipem SpA affiliates, vendors are requested to accept the Organisation, Management and Control Model (OM&C Model) and the Code of Ethics.

For specific activities, services and materials, when the value of the supply is above a predetermined amount, the specific vendor is subject to a counterparty risk evaluation (the same process is also performed during the vendor qualification phase). When necessary, the Anti-Corruption Legal Department is also involved.

Vendor Monitoring and feedback Vendor performance is continuously monitored and Saipem's relevant functions are asked to provide feedback regarding the performances of vendors in terms of labour 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).

Technological innovation and development

Technological innovation is essential for the Company's success because it makes it possible to anticipate the future needs of the Oil & Gas industry, while at the same time providing clients with the most advanced solutions available, making the most of new and challenging opportunities, achieving ever-better operational performance and reducing the environmental impact of construction activities.

Saipem has a long tradition in innovation mostly driven by frontier operations; however, a step-change impulse and a new innovation strategy is now necessary, both in scope and intensity, to cope with the current market scenario.

In this frame, Saipem has recently decided to renew its own technology innovation strategy according to three main pillars, as a step-change impulse is necessary both in scope and intensity:

- Technology Development (i.e. applied to tools and technologies for commercial project execution, or to integrated systems with a high technological content);
- Process Innovation: to change processes and how Saipem works, being even more open to the 'ecosystem' and also taking advantage of digitalisation technologies;
- Technology Intelligence: to scout new technologies within and out of the Oil & Gas industry to identify disruptive emerging technologies, as opportunities with a high impact on our business and possibly the object of a selective M&A strategy.

As regards technology innovation capabilities, a specific corporate function is tasked with strategically addressing and controlling innovation initiatives however, as Saipem's Technology Innovation is strongly focused on Projects and Services execution, several centres, close to engineering hubs and operations, are responsible for executing most of the activities in different locations. Saipem actively cooperates with several external entities both within and outside the Oil & Gas industry. The openness to collaborating with other industries allows Saipem to be receptive to crossover technologies. As a result, 'Technology Scouting' efforts have increased. In this general frame, Saipem has always displayed a collaborative attitude, leveraging on a broad network of technology suppliers, Universities, Research Centres, University spin-offs, start-ups, commercial partners, as shown by the number of collaborations and Joint Industry Projects (JIPs) between oil majors and field service providers or contractors. Further information can be found in the 'Research & Technology Development' section on the Saipem website. Reference must be made to the 'Annual Report 2016' and 'Saipem Sustainability 2016' with regard to the year's performance goals.

Protecting the environment and minimising environmental impacts

Saipem is aware that all its activities, from the planning and design stages through to construction and operation, may potentially affect the environment.

This is why Saipem takes all necessary measures to ensure environmental protection during the execution of work, both for activities managed directly by its own personnel and using its own means and those operations over which it applies operational control. Saipem believes it is extremely important to correctly manage significant environmental aspects and the impacts deriving thereof, a process which it describes

in detail in specific corporate documents. Moreover, Saipem pays maximum attention to the continuous improvement of its environmental performance and to minimising impacts caused by its operations. To achieve this, Saipem has adopted an Environmental Management System certified in accordance with international standard ISO 14001, a tool for keeping the environmental impacts of its activities under control, as well as to systematically strive for continuous improvement.

The Company also invests in research and development programmes for the creation of technologies that minimise environmental impacts and organises specific initiatives to promote environmental awareness and the dissemination of best practices.

Further information can be found in the 'Environment' section on the Saipem website. Reference must be made to the 'Annual Report 2016', 'Sustainability Statements 2016' and 'Saipem Sustainability 2016' with regard to the performance for the year.

Spill prevention and response actions

Spills are one of the most critical environmental issues for the sector in which Saipem operates.

In line with its HSE Policy and Corporate Standards, Saipem adopted a pollution prevention approach as a guiding principle for all of its activities, using its best efforts to prevent and take all reasonable precautions to avoid pollution or contamination of the land, air or water. Given the results of risk analysis on Saipem operations, spill prevention and preparedness are a top priority for Saipem. Saipem performs its operational activities in order to avoid the risk of a spill or, whenever a contingency occurs, to implement measures and actions to prevent its escalation.

Saipem's strategy to prevent and manage spills is based on the following cornerstones:

- 1) Prevention: action has been taken to harmonise and improve processes and the operational control of those sites and vessels most at risk.
- 2) Training and preparedness: specific training packages are delivered on spill prevention and periodically spill drills are organised which are designed to strengthen emergency management skills.
- 3) Emergency response: all Saipem sites have the necessary equipment for tackling any emergency which may arise.
- 4) Reporting: the data concerning spills and 'near misses' are monitored and subsequently analysed to assess the causes and prevent recurrence.

Saipem is strongly committed to improving 'Prevention' and 'Preparedness', being aware that even under the best conditions,

emergency response and recovery may only be partially effective. This means that prevention is by far the most important area to take into account as well as it being more cost effective.

Further information on Saipem's approach, the objectives and the performance for the year can be found in the 'Sustainability Statements 2016' and 'Saipem Sustainability 2016' documents.

Climate change and energy efficiency

Saipem is constantly committed to the containment of greenhouse gas emissions resulting from its activities. Growing attention to climate change issues represents not only a commitment for Saipem but also an opportunity.

Saipem's approach to energy efficiency (and consequently emissions) has become increasingly more structured over the years. Saipem has developed a method for estimating emissions for each specific source of emissions. This method was reviewed and certified in 2011 and is still in force. All Saipem projects and sites monitor energy consumption and air emission data on a quarterly basis. Such data is published annually in the sustainability documents.

Since 2013, energy assessments have been carried out in line with standard ISO 50000:2001 on a number of offices, vessels, work sites and drilling vessels. The choice of assets to be analysed is made in accordance with the following criteria: criticality in terms of consumption, the level of control, the real possibility of intervention, the need for regulatory compliance. These assessments are the first step towards identifying those areas where it is possible to improve energy efficiency. In fact, possible areas of improvement have been identified and for each one a feasibility study has been carried out with the results submitted to management for identification of an action plan.

Over the years, Saipem has implemented a number of initiatives aimed at increasing the energy efficiency of its operations, for example the optimisation of the shipping routes for its vessels. It has also structured several training tools to increase knowledge and raise awareness on environmental issues, such as, for example, adherence to international campaigns, the organisation of events and the drafting and dissemination of newsletters. Since 2009, Saipem has been answering the 'Carbon Disclosure Project' questionnaire relative to the Company's approach to climate change.

Reference must be made to the 'Annual Report 2016', 'Sustainability Statements 2016' and 'Saipem Sustainability 2016' with regard to the goals and performance for the year.

Saipem's people

Saipem believes that human capital is a key element for lasting competitive success. This is why it is vital to ensure adequate protection of labour, the continuous development of skills and competencies, the creation of a work environment that offers equal opportunities for all on the basis of merit and without discrimination, while at the same time guaranteeing respect for and adaptation to the characteristics of individual situations. Industrial relations are handled with due regard for the specific local socio-cultural contexts, as well as for the labour laws in force in the country of operation.

Sustainable work practices

Saipem is committed to respecting and promoting labour rights while running its business. Saipem takes into account both internationally recognized labour standards and the local legislation in the countries in which Group companies operate. With specific reference to the management of employment relations worldwide, Saipem is bound to the principles of the UN Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, as well as the formal commitment taken by Saipem's CEO to promote and abide by the tenets set forth in the UN Global Compact.

In so doing, due attention is given to the core 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 reference to the latter, Saipem has a sound record of relations with trade union organizations in a variety of geographic locations and covering several segments of its business. Saipem's attention to labour rights extends also to offshore personnel with full abidance to the principles and the rights recognized to Seafarers promoted under the ILO Maritime Labour Convention of 2006. On an organizational level, the approach pursued for the management of this specific topic follows a three tier model involving competent HR functions both at local, regional, and Corporate level.

The management of potential conflicts with trade union organizations is preferably pursued by relying on grievance procedures agreed with the union counterpart in the industrial instruments negotiated from time to time. A great deal of effort has been placed in the past two years in 1) consolidating relations with our referent unions at local level, and 2) strengthening

existing provisions in the industrial instruments already in force. In the maritime sector, in 2013 Saipem also obtained the Maritime Labour Certification for its fleet in compliance with the Maritime Labour Convention 2006 (MLC, 2006). Saipem guarantees its employees, based on specific local circumstances, different types and modes of benefits that may primarily concern: supplementary pension funds, additional health funds, mobility support services and policies, initiatives in the field of welfare and family support policies, catering and training courses aimed at ensuring more effective integration within the socio-cultural context of reference. These benefits, when envisaged, today are applied to the whole 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 Company monitors the observance of local laws and work practices also for agency personnel. Saipem undertakes to offer, in full compliance with applicable legal and contractual provisions, equal opportunities to all its employees, making sure that each of them receives fair statutory and wage treatment exclusively based on merit and expertise, without discrimination of any kind.

The Company undertakes to:

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

Reference must be made to the 'Annual Report 2016', 'Sustainability Statements 2016' and 'Saipem Sustainability 2016' with regard to the goals and performance for the year.

Training and development

Skills and know-how are considered a key asset and as such are duly monitored and protected through continuous analysis and the definition of an ad-hoc investment plan. In a challenging and competitive industry, where professionalism, reliability and expertise are milestones for operations, human capital and its development are indeed key elements for lasting competitive success.

Beyond offering a reliable and stimulating working environment that guarantees equal opportunities for all on the basis of merit and

without discrimination, training and development represent key levers in the Company's business strategy itself.

Learning programs are promoted to strengthen the know-how and behavioural competencies. To get the highest level of professional qualification, Saipem people are constantly engaged in different activities such as: promotion of a deeply embedded culture of health and safety; development of induction plans and training programmes in particular for young and talented resources; development of specific on-the-job training programmes aimed at enhancing key technical competencies, in addition to traditional training initiatives. Saipem structured several development programmes for selected employees. Moreover, in order to minimize risk and to develop talents in the medium-long term, Saipem has developed a structured succession planning process.

Reference must be made to the 'Annual Report 2016', 'Sustainability Statements 2016' and 'Saipem Sustainability 2016' with regard to the goals and performance for the year.

Diversity and gender equality

The safeguarding of specific categories of workers is protected through the application of local regulations and reinforced by specific corporate policies. The aim is to ensure equal opportunities for all different types of workers with the intent of deterring the onset of any kind of possible prejudice, harassment and discrimination (e.g. relating to sexual orientation, colour, race, nationality, ethnicity, culture, religion, age and disability) in full observance of Human Rights. In different operating contexts, said protection is particularly reflected in the scope of specific regulations which include, for example, obligations to hire personnel with disabilities, young persons or observe a set ratio between local and expatriate personnel.

Saipem monitors the number of managerial positions filled by women and data on remuneration by gender. Saipem promotes the work/family balance of its personnel through regulations and/or local policies that guarantee parental leave. In all environments, maternity/paternity leave is regulated and only differs in timing and type of leave from work. This is accompanied by possibilities of leave for breastfeeding, child or family member illness, and raising a child.

Reference must be made to the 'Sustainability Statements 2016' and 'Saipem Sustainability 2016' with regard to the goals and performance for the year.

Occupational health and health promotion

One of the fundamental values of Saipem is safeguarding and managing employee health during the performance of their work. This goal is pursued in accordance with regulations on the protection of privacy and with national and international laws relative to the protection of health and prevention of diseases. Its implementation implies that the plan for each work site is focused mainly on preventive measures and considers all the activities whose execution constitutes a health risk due to operational hygienic, climatic and existing logistic conditions. The Health Prevention Plan includes, but is not limited to: Health Risk Assessment, Medical Fitness examination, Vaccination and Chemoprophylaxis, Hygiene and Medical Surveillance, Health Prevention Programmes and Health Promotion and Training Activities. Operations performed in the Oil & Gas industry require moving a great number of people from one part of the world to the other and operations may be carried out in remote and extremely remote locations in countries and areas that are unknown to employees. Therefore, it is the Company's duty to ensure the best possible medical assistance to employees working in extreme environments; organization of periodic and specific medical examinations and subsequent issuance of valid Medical Fitness Certificates; pre-travel training of assigned employees. This is arranged to prevent workplace risks from infectious diseases due to the effect of climatic, environmental and psychosocial factors related to expatriation. The implementation of Saipem health management systems is one essential approach to fulfilling our Health Mission.

Saipem developed a continuously evolving health care system that adapts to the work environment, blends with existing local medical practices, and builds a dynamic Health Management System, ensuring its work force the best quality of health surveillance and medical services.

Health programmes focus on health promotion, protection and disease prevention, in pursuit of development, innovation, research and recognition of all the conditions that may effectively create and influence the health and wellbeing of employees for the benefit of personal welfare and satisfaction, as well as for achieving high and efficient work performances.

A structured process has been put in place and a well-defined chain of responsibility has been defined in order to promptly manage any medical emergencies.

Following the WHO (World Health Organization - Beijing declaration) on 'Global Strategy on Occupational Health for All' (1994), as well as

the European Legislation and 2000/54/EC on the protection of workers from risks related to exposure to biological agents at work, and its application in Italy by Legislative Decree No. 81/2008 and its modifications (called 'Testo Unico' for Health and Safety in Workplace) Saipem SpA has developed a Health Management System in accordance with internationally agreed principles in compliance with local laws. This approach provides the strength, flexibility and appropriate basis for the development of a sustainable health culture in the company.

Reference must be made to the 'Sustainability Statements 2016' and 'Saipem Sustainability 2016' with regard to the goals and performance for the year.

Safety of personnel and operations

Striving for integrity in operations, meant as protection, during the execution of Saipem's activities, of people, partners, corporate assets and the environment, is a top priority and a value shared among all its people.

Safe operations, asset integrity and process safety

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, set 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, environment, asset or project performance.

A dedicated team has been formed to develop an Asset Integrity Management System Model in line with the following Best Industrial Practices: ISO 55001:2014 'Asset management'; PAS BS 55-1:2008 'Specification for the optimized management of physical Assets'; OGP Report 415 'Asset Integrity- the key to managing major accident risks' and other reference standards. The Asset Integrity Model follows the typical Deming cycle: Planning, Implementation and Operations, Control and Corrective Actions and Management Review.

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. The Company promotes among its partners conduct which is in line with its standards of integrity in operations.

People's Safety

Safety for all Saipem personnel is a priority objective which is constantly monitored and guaranteed in the management of its activities by means of an integrated HSE management system. In fact, Saipem has an Integrated Health, Safety and Environment Management System compliant with international standards and the strictest legislation in force. Many of the operating companies of the Saipem Group are certified in accordance with the schemes provided by ISO 14001 and OHSAS 18001. This makes it possible to guarantee a structured management of health, safety and the environment through: organisational procedures, operating instructions, health protocols and training all aimed at continuous improvement in HSE performance.

Safety is managed by means of specific activities, broken down as follows:

- the identification of hazards and the assessment of risks associated with the safety of personnel, suppliers and other individuals involved in company activities, as well as risks to corporate assets;
- the assessment of risks caused by interference between activities when work is contracted out to suppliers operating on Saipem premises or worksites;
- personnel training;
- the development of appropriate preventive measures to protect assets and people, keeping them constantly effective over time;
- operational controls of activities for purposes linked to safety;
- the reporting, recording, analysis and investigation of accidents, injuries and near misses;
- relations with local authorities;
- follow-ups and checks on the effectiveness of the prevention and protection measures implemented;
- safety performance consolidation and analysis.

The Company, in accordance with structured processes, carries out various types of internal HSE audits on: HSE management system, HSE regulation conformity, technical audits and audits on processes inherent to safety. These audits are also carried out on subcontractors. HSE training is an essential and necessary process for guaranteeing HSE expertise and contributing to a reduction in injuries, occupational diseases and environmental accidents. Depending on the professional role covered, Saipem provides a specific HSE training plan.

Over the years the Company has launched numerous awareness campaigns aimed at the widespread dissemination of a safety culture. In 2010, Saipem created the Leadership in Health and Safety (LHS) Foundation, which takes its name from the cultural change programme developed and successfully implemented by Saipem since 2007, with the

aim of encouraging at all company levels, leadership focused on safeguarding the company's key values: occupational health and safety. Reference must be made to the 'Annual Report 2016', 'Sustainability Statements 2016' and 'Saipem Sustainability 2016' with regard to the goals and performance for the year.

Creating local value

Saipem is an international contractor operating in the Oil & Gas sector. The Company operates in over 60 countries, often remaining there for medium- or long-term periods, even in difficult and 'borderline' contexts. In such contexts, Saipem has always strived to minimise any adverse impacts on the territory and contribute to maximising positive impacts through the implementation of strategies aimed at sustainable local development.

Relations with the local context

Wherever it operates, Saipem plays an active role in the community, contributing to the social and economic life of the territory, also but not only in terms of local employment and the creation of value. Saipem's local presence principally assumes two different forms: a long-term presence, where the Company owns construction sites or other operational structures; and a short- to medium-term presence, where Saipem executes a specific project. Saipem's involvement and the dialogue with local stakeholders therefore depend on the type of presence the Company.

In those contexts, where Saipem has a long-term presence, the Company carries out specific assessments designed to analyse the potential effects of their 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). Following these assessments, which also include mapping of the main stakeholders involved, Saipem draws up an action plan aimed at managing the impacts generated on local communities and stakeholder involvement. To support this process, Saipem has implemented specific tools for analysing the local context and for the identification and analysis of the main stakeholders for the purpose of defining intervention plans.

In operational projects, Saipem supports the client's activities, in line with the requests and indications provided by the same, in order to define an action plan for the creation of local value for the specific project.

The Company, in some important operational realities, has implemented grievance

management systems designed to ensure effective communication with communities. Reference must be made to the 'Annual Report 2016', 'Sustainability Statements 2016' and 'Saipem Sustainability 2016' with regard to the goals and performance for the year.

Creating local employment and supporting local economies

For Saipem promoting Local Content means both purchasing goods and services from local suppliers and the creation of employment at the local level. In this way Saipem contributes to creating development opportunities for the people and companies in the communities where it operates. This approach allows Saipem to develop and maintain a continuous relationship with local communities, clients and suppliers making it

possible to obtain benefits also in terms of reductions in overall project costs and the overall risk profile associated with operational activities.

Another aspect is the ever-increasing diversity of its employees – a pool of young talent from a multitude of countries whose professionalism grows with that of Saipem in the various projects in which they are involved, either in their own countries or abroad.

Saipem has internally developed a model (SELCE, 'Saipem Externalities Local Content Evaluation' Model) to quantify the value of its presence in the local territory in terms of economic, employment and growth of human capital.

Reference must be made to the 'Annual Report 2016', 'Sustainability Statements 2016' and 'Saipem Sustainability 2016' with regard to the goals and performance for the year.

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saipem Società per Azioni
Share Capital €2,191,384,693 fully paid up
Tax identification number and Milan Companies' Register
No. 00825790157

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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)

Also available on Saipem's website:
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