

Sustainability Statements - Sustainability Performance 2015

Sustainability Performance

'Sustainability Performance 2015' illustrates the Company's main results over the year, using indicators and trend analysis. The document is drawn up in accordance with the principles of the 'Sustainability Reporting Guidelines' of the Global Reporting Initiatives (GRI) - version -G4.

'Sustainability Performance 2015' is a supplement to 'Saipem Sustainability 2015', in that it provides a more detailed analysis of the performance, both from a qualitative point of view and from a quantitative one. The document is organised in paragraphs as specified in the Index. The disclosure about the Approach to Sustainability Sustainability (DMA) and the GRI Content Index is provided in Annexes I and II of 'Saipem Sustainability 2015', respectively. Both documents are also available online in the documents section of the website.

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Methodology, criteria and reporting principles

The Group's sustainability indicators and, more in general, its sustainability performance have been included in the Annual Report since 2011. This document is complementary to 'Saipem Sustainability'. The documents deal with themes that are important for Saipem and the stakeholders to whom it is addressed, and describe the measures and initiatives adopted to achieve the targets

set. This document and 'Saipem Sustainability' are an integral part of Saipem's sustainability reporting and communication system. This system consists of a series of tools designed to convey information on sustainability performance to all stakeholders in an exhaustive and efficient way. All the documents referred to are available at www.saipem.com.

Communication tools	Financial stakeholders	Clients	Internal stakeholders	Local stakeholders
Saipem Sustainability				
Sustainability Statements				
Country and Project Reports				
Annual Report				
Report on the Company's Governance and shareholding structure and Remuneration Report				
Annual leaflets and newsletters				
Saipem website				

Principles of reporting

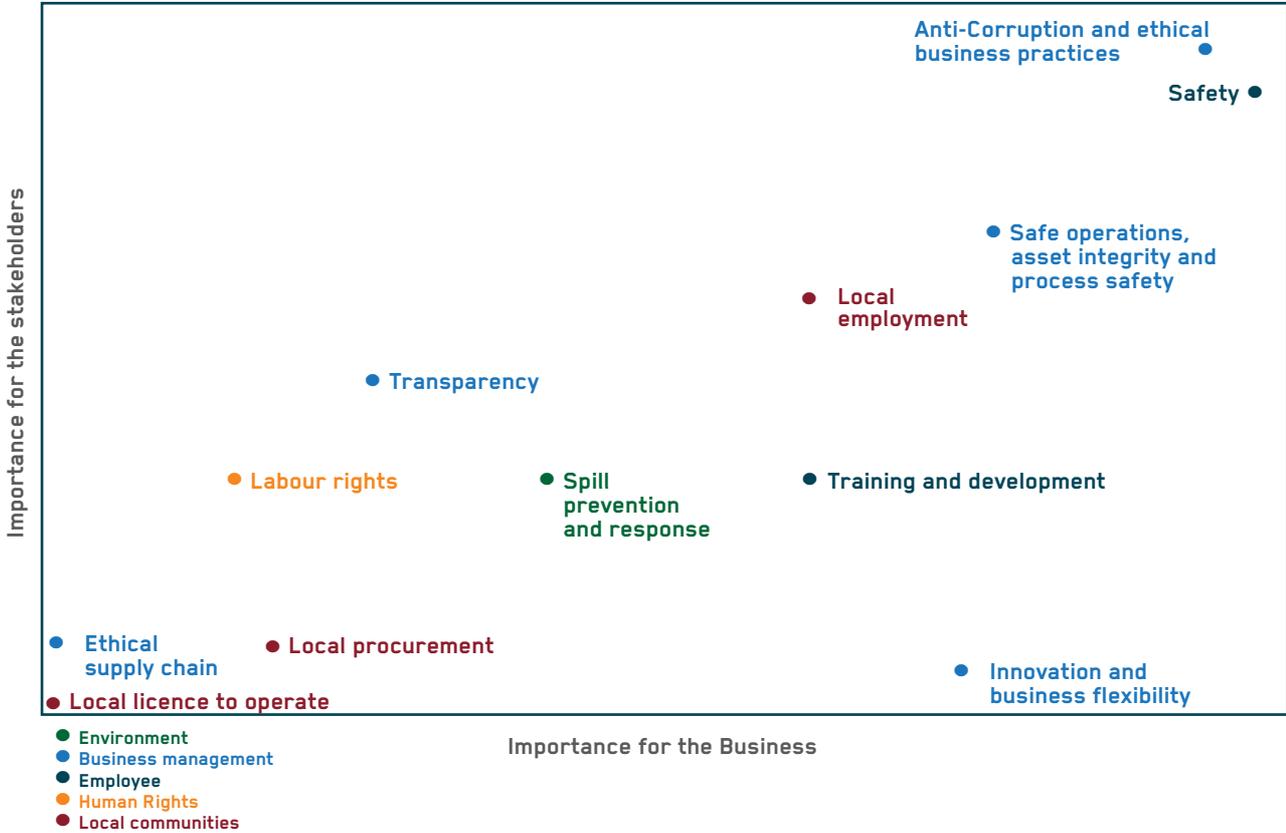
This document has been prepared by making reference to principles of balance, comparability, accuracy, timeliness, reliability and clarity (principles to define the quality of reporting), as defined in the Global Reporting Initiative - GRI in the 'G4 Sustainability Reporting Guidelines'. To define the content of the document the principles of materiality, stakeholder inclusiveness, sustainability context and completeness were followed, again as per the GRI guidelines. The performance indicators, chosen on the basis of themes considered to be material, have been gathered on an annual basis; reporting frequency is also annual. The information and quantitative data collection process has been organised in such a way as to guarantee comparability of the data and analysis of the trends in the three-year period, in order to enable correct interpretation of the information and a full overview for all the stakeholders interested in the evolution of Saipem's performance.

Definition of the content

A materiality analysis was carried out again in 2015 in order to define the sustainability themes considered most significant, both within the Company and for stakeholders. First of all, significant themes were identified and those considered material were then selected. This process is based on sustainability

context and the analysis of the stakeholders involved. In order to simplify analysis and comparison of the results, the 31 themes identified were broken down into 5 macro categories. The Company defined the level of external interest through interviews or questionnaires, on a balanced sample of stakeholders, clients, NGOs, representatives of local communities, business partners, business associations, investors, representatives of the authorities and, for the first time, vendors and employees, were involved. The level of internal significance was assessed by a panel of Saipem managers, selected in such a way as to form a balanced representation of the Company's functions and areas of competence. The panel identified the most important sustainability issues, in terms of risks and opportunities, for the long-term success of the Company. The importance of each theme is determined by the nexus of internal and external significance. The final results of the materiality analysis were validated by the Sustainability Committee in December 2015. The upper right quadrant of the following page shows the materiality matrix. This document illustrates the indicators associated with material themes and those associated with themes that are in any case considered important, to ensure coherence with the previous years. More details are provided in the 'Methodology and Reporting Criteria' section of 'Saipem Sustainability 2015'.

The material themes



Reporting boundary

This document contains information and a description of the performance indicators of Saipem SpA and all of the Group’s direct or indirect subsidiaries. In line with the GRI G4 Guidelines, the material themes are associated with the corresponding GRI G4 aspects. Moreover, the boundary within which these themes have an internal or external impact is specified. Eventual limits to the scope are indicated.

Any changes to the internal reporting boundary are described in the methodological note in the Annual Report 2015.

More information about the external reporting scope and any limits is provided in the ‘Methodology and Reporting Criteria’ section of ‘Saipem Sustainability 2015’.

Limited audit

Reporting is subject to limited controls by the same, sole external auditor used for the Annual Report, in which this section is included, and for the document ‘Saipem Sustainability 2015’.

Sustainability indicators

This section has been drawn up in accordance with the principles of the GRI G4 standard and is organised in paragraphs, each of which deals with a different theme.

Saipem people

Employment

		2013	2014	2015
Total employees at year end, of which:	(No.)	52,157	54,637	46,346
- Senior Manager	(No.)	431	421	417
- Manager	(No.)	4,954	5,012	4,972
- White Collar	(No.)	22,849	23,907	21,549
- Blue Collar	(No.)	23,923	25,297	19,408
Female employees	(No.)	5,701	5,832	5,257
Employees in non-European countries	(No.)	41,793	43,334	35,793
Employees with full-time contracts	(No.)	51,903	54,350	46,073
Employees with a stable work contract	(No.)	18,662	19,774	17,840
Employees recruited through an agency	(No.)	-	-	4,489
Termination of employment of key resources	(No.)	4,581	4,518	5,533
Voluntary resignation of key resources	(No.)	-	1,570	1,211
Voluntary turnover of key resources	(ratio)	-	8.01	6.38

In 2015, there was a reduction in the work force of 15%, in line with the estimates communicated to the financial community.

This was mainly due to the conclusion of some projects and to the reduction in operations in Canada, Mexico, the United Arab Emirates and South America. The number of female employees decreased by 10% (575), thus less than the reduction in the total work force, while male employees decreased by 7,716 (16%).

Employees who play what is considered a key professional role now account for 38% of the workforce, the same as in 2014. It is noted that a stable employment contract is considered such, irrespective of the country and contractual form, when the resource holds a key role for the business.

The voluntary turnover rate of key resources for the business was 6.38% in 2015, a reduction of 1.63 percentage points compared to 2014. If the company's voluntary turnover rate is taken separately, where the employment trend is less affected by projects (such as Saipem SpA and Saipem SA), the turnover is 4.78%, 1.71 percentage points less than 2014. It is noted that the turnover rate was calculated as a ratio between the number of voluntary annual contract terminations and the average of key resources in the year.

Saipem uses personnel provided by employment agencies in some geographic areas and for some projects; at the end of 2015, 4,489 people were employed in this way.

Saipem provides its employees with a range of benefits and methods for allocating them, bearing in mind local conditions. These include: complementary pension plans, supplementary healthcare funds, mobility support services and policies, welfare initiatives and family support policies, catering (lunch tickets) and training courses aimed at ensuring more effective integration within the social-cultural context in question.

The benefits, where applicable, have been offered to the entirety of the specific target population to date, regardless of contract type (temporary/permanent), except for those specific services that may be incompatible in terms of the timing of the service with the duration of the contract itself.

Development of skills

Saipem bases its business success on a strong technical skills in both its assets and its employees. Continuous training and skills development are key elements in the management and development of people.

		2013	2014	2015
Training				
Total hours of training, of which:	(hours)	2,354,493	2,615,706	1,638,098
- HSE	(hours)	1,508,601	1,445,829	1,209,769
- managerial potential and skills	(hours)	77,017	48,425	36,390
- IT and languages	(hours)	120,841	100,106	54,226
- professional technical skills	(hours)	648,034	1,021,346	337,713
Skills assessment				
Skills assessment, of which:	(No.)	3,118	3,495	4,897
- managerial skills	(No.)	22	32	18
- assessment of potential	(No.)	257	247	7
- technical skills	(No.)	2,640	3,135	4,789
- assessment of potential for experts	(No.)	199	81	83
Performance evaluation				
Evaluation of the performance to which employees are subject, of which:	(No.) (%)	22,411 43	28,787 53	18,446 40
- Senior Managers	(No.)	406	426	398
- Managers	(No.)	1,905	5,359	2,734
- White Collars	(No.)	10,945	15,968	9,406
- Blue Collars	(No.)	9,155	7,034	5,908

In 2015, the total number of hours of training dropped significantly compared to 2014 (-37%). This was due mainly to a reduction in the total work force. This had a significant impact on the number of hours of technical training.

HSE training which, even although dropping in absolute terms by around 16%, in any case remains at a significant level. In 2015, a total of 5.16 hours of HSE training was provided per 1,000 hours worked, while in 2014 this number was 5.44. The coefficient for 2015 was however in line with the trend in recent years (in 2013 the number was 5.06 hours of HSE training per 1,000 hours worked). Of the total 1,209,769 hours of HSE training, 487,844 were provided to subcontractors. Of the remaining 721,925 hours of HSE training aimed at employees, 282,372 regarded specific training related to the professional role held by each employee in the company. On average each employee took part in 25 hours of training (37 in 2014), of which 16 on HSE themes (the same as in 2014).

In 2015, Saipem drew up and disseminated a Responsible Leadership model which is adaptable to all company levels. The model is designed to promote the development of managers who are capable of taking decisions that reconcile the need for integrity with business needs with a view to creating long-term value for the company. The new model has made it necessary to perform an analysis aimed at reviewing the development, training, selection and skills management processes and methodologies in order to consolidate coherence between the Business Strategy and the People Strategy to improve, simplify and make the tools currently used more effective. Considering the transition period, evaluation of potential and managerial skills were limited to cases of promotion and significant organisational repositioning. Potential assessments (including those for experts), were conducted in Angola, Brazil, France, Italy, Luxembourg, the Netherlands, Nigeria, Portugal and the United States.

The number of assessments of technical skills increased in 2015 due to the continuation of the K-Map initiative, part of the wider-ranging K-Factor project; this project has the aim of mapping and monitoring the skills of the resources with special focus on roles considered critical for the business. The pilot project in 2014 was the forerunner of a wider-ranging mapping and monitoring activity in which an increasing number of roles and resources with an ever greater international dimension were involved. Therefore, during 2015, 133 professional roles were mapped; about 4,600 resources were involved in the Skill Evaluation and CV update process. The information gathered was entered in a summary dashboard able to re-process and represent it in different forms, enabling easy analysis in qualitative and quantitative terms of the skills owned by the people and the type of experience gained in the various projects. The project will continue throughout 2016 and will cover additional 172 professional roles.

More information on the training and development of people can be found in the document 'Saipem Sustainability 2015.'

Industrial Relations

Given the global nature of the environment in which Saipem operates today, which encompasses a wide range of socio-economic, political, industrial and legislative situations and conditions, the management of industrial relations requires maximum care and attention. The Company's industrial relations model has thus for many years now focused on 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 expected, it is the practice of the Saipem Group to communicate the development to the trade union representative. In Italy, due to a specific provision for collective bargaining, meetings with the unions are regularly convened to enable illustration of/exposure to the change in place.

		2013	2014	2015
Employees covered by collective bargaining	(%)	50	53	59
Strikes hours	(No.)	61,477	54,456	35,018

Of more than 39,200 employees 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), 23,255 are covered by collective bargaining agreements. It is important to bear in mind that Saipem also operates in Countries where there are no provisions for these types of agreement.

In 2015, various industrial tools were renewed both in the form of collective bargaining agreements (e.g. Canada, China, Brazil, Nigeria and Peru) or supplementary agreements (e.g. China, France and Nigeria in the form of Project Labour Agreements) and, in some cases, drawn up ex novo as in the case of PT Saipem Indonesia Karimun Branch.

In cases of divergence between local and international standards, the Company seeks solutions that facilitate behaviour based on international standards whilst considering the local principles.

During 2015, the total number of hours of strikes for the Saipem Group decreased compared to 2014. There were strikes in Italy and Nigeria. Almost all the hours of strikes refer to Nigeria, consisting of 9 events of collective abstention from work. The strikes regarded issues related to the trade unions leaders themselves and others linked to everyday working activities. With reference to Italy, in the month of March there was a strike by the metal-working sector involving one trade union organisation while in November the collective abstention from work regarded all the offices and sites within the framework of a national strike at Eni Group level for reasons linked to the parent company's industrial plan, which included the disposal of the Saipem shareholding.

More information can be found in the 'Human resources and health' section of the Directors' Report in the 'Annual Report 2015'.

Diversity and Equal Opportunities

Gender diversity

		2013	2014	2015
Female presence				
Female employment	(No.)	5,701	5,832	5,257
Female Senior Managers	(No.)	19	20	22
Female Managers	(No.)	653	684	704
Compensation				
Ratio of basic salary of women to men, by employee category:				
- Senior Managers	(%)	89	91	91
- Managers	(%)	91	87	82
- White Collars	(%)	92	94	92
- Blue Collars	(%)	116	138	45

Age diversity

(No.)	2013	2014	2015
Age groups			
Employees under 30 years of age	9,820	10,480	7,595
of which women	1,405	1,408	1,097
Employees aged between 30 and 50	33,524	35,264	31,436
of which women	3,628	3,822	3,529
Employees over 50 years of age	8,813	8,893	7,315
of which women	668	668	631

Cultural diversity

(No.)	2013	2014	2015
Multiculturalism			
Number of nationalities represented in the employee population	126	131	128

The protection of the minority of employees is safeguarded through the application of local laws, and is reinforced by specific corporate policies that emphasise the importance of this issue. The goal is to ensure equal opportunities for all types of worker 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) in full respect of human rights. In the various environments in which Saipem operates, this protection is reflected in the context of specific regulations that provide for minimum employment obligations of disabled staff, young staff or in relation to certain proportions between local and expatriate staff, for example.

As regards gender diversity, the percentage of women who hold a managerial position compared to the total number of women rose from 12% in 2014 to 13%. Women in managerial positions increased in absolute terms (726 in 2015 compared to 704 in 2014) and in percentage (14% in 2015 compared to 13% in 2014) compared to the total number of female employees.

The gender pay gap indicator is calculated as the ratio between the average salary of a woman compared to the average salary of a man by category. Saipem is constantly committed to defining policy guidelines aimed at reducing pay inequality between men and women, even although in some cases the significant variations of manpower in countries with high average pay, the effect of exchange rates in countries with a low rate of inflation and high devaluation of the currency (e.g. Venezuela) have impacted the indicator on a global level. The increase in the male/female pay difference for the Blue Collars compared to 2014 was due to the fact that the women Blue Collar employees were much fewer and therefore even a minimum variation in the number of staff can lead to significant variations in the indicator.

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 abstention from work. This is accompanied by possibilities of leave for breastfeeding, child or family member illness, and raising a child (flexible and part-time working hours and telecommuting). The possibility of adoption-related leave is also worth a mention. In 2015, Saipem had 1,093 employees (of the 43,313 monitored), 473 men and 620 women on maternity/paternity leave for a total of 60,590 days; at the same time, it is noted that in the same period 654 employees, 405 men and 249 women returned to work from maternity/paternity leave.

Local presence

Saipem is present in many regions, working with a decentralised structure in order to respond better to local needs and sustainability aspects. Wherever it works, Saipem plays an active role in the community, providing a contribution to the social and economic life of the territory, in terms of local employment and creation of value.

In line with the clients' requests and indications, in the management of its projects Saipem uses the social-economic impact evaluations and studies supplied by the clients themselves or produced in-house, if necessary. The operations in which Saipem has direct responsibility for the impacts generated at local level regard the fabrication yards or proprietary logistic bases. In these cases, Saipem identifies and assesses the potential effects of its activities and actions in order to ensure they are managed appropriately, as well as any specific activities and projects aimed at developing the local socio-economic context. The typical tool used is a Socio-Economic Impact Assessment (EIA) or the ESIA (Environmental Social Impact Assessment). As a result of this study, Saipem collaborates with the stakeholders involved in order to prepare an Action Plan which defines the necessary actions to manage the impacts generated on the local communities.

With a view to mitigating impacts on local populations and areas, Saipem has implemented specific analysis tools to identify areas of intervention and lines of action. As regards relations with local areas, Saipem has a process in place for identifying the main stakeholders, as well as the means for involving them in order to create constructive and ongoing dialogue.

Saipem is present in the territory mainly in two ways: 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 its dialogue with the local stakeholders therefore depend on the type of presence the Company has in the territory.

(€ million)	2013	2014	2015
Expenses for initiatives targeting local communities	2.066	1.992	2.863

In 2015, Saipem made a commitment, through its operating companies, to consolidate relations with local stakeholders, both through direct involvement and studies and analyses aimed at understanding the needs of the area and planning interventions. The increased expense in 2015 is in line with the expense of 2014; the difference is due to the extension of the reporting scope and the improved accuracy of the calculation of the data. Of these €2.863 million, more than €1.7 million were allocated to operating projects. Amounts that will be refunded by the clients are excluded from this total.

In 2015, focus continued to be placed on training, social-economic development and promotion of the Local Content (which together account for more than 80% of the expense).

Saipem has adopted a tool for assessing the positive effects of externalities generated on local areas by its strategy of maximising Local Content. Known as 'Saipem Externalities Local Content Evaluation' (SELCE), the model takes into account the indirect positive effects on the supply chain and the induced effects generated on society. In 2015, the model was applied for Canada and the Ichthys project in Australia. Moreover, Saipem has prepared a study, in collaboration with Nomisma Energia, to quantify the value generated by the Company in Italy.

During 2015, Saipem was not involved in major conflicts with local communities and indigenous populations.

Further information and details on the initiatives implemented in the local communities and the SELCE model are available in the document 'Saipem Sustainability 2015'.

Local Content

One of the pillars of Saipem's sustainability strategy is to maximise Local Content, both in terms of local procurement and local personnel. Saipem helps create growth opportunities for people and businesses in the communities in which it operates.

Local procurement

(%)	2013	2014	2015
Project-based orders placed with local vendors, of which in:	54	56	68
- Americas	73	63	77
- CIS	72	40	70
- Europe	45	97	91
- Middle East	44	74	68
- North Africa	38	32	46
- South and Central Africa	36	27	51
- Oceania and rest of Asia	69	67	86

In 2015, out of a total of €8.27 billion of orders, from which €1.71 billion must be excluded (of which 58% is allocated to investments in company assets and staff expenses and the remaining part cannot be allocated geographically), €4.43 billion was ordered from local vendors. An order is only considered local when the supplier is from the same State as the project for which the order is made.

In 2015, total orders decreased significantly compared to 2014 (-24%), in line with the activities carried out in the year. Despite the overall reduction in procurement, the quota of local procurement was more or less stable compared to 2014 (€4.56 billion in 2015 compared to €4.43 billion in 2014). There was a significant re-allocation of local and global procurement among the various geographic areas, however at a consolidated level there was a marked increase in the quota of local procurement compared to 2014 (56% in 2014 compared to 68% in 2015).

In the Americas, even though there was a reduction in total procurement in the area, the percentage of local procurement compared to the total of the area increased compared to 2014. One of the most important projects that contributed to this result mentioned above was certainly the Lakach project where the umbilical cables were procured from local vendors. Another project which contributed to this result was Petrobras Cabiúnas Gas in which the construction services, hydrostatic tests and chartering activities were entrusted to vendors operating in the area.

The CIS area registered a significant increase in local procurement compared to 2014. A significant contribution was given by the Shah Deniz 2 project in which the barge and vessel chartering activities were carried out using local vendors. Another project which had a significant impact was the installation of pipelines in Kazakhstan for North Caspian Operating Co, where local vendors were employed for the excavation, dredging and chartering activities.

In Europe in 2015, the procured volume was almost half that of the previous year. In this scenario the percentage of local procurement was still very high (91%) albeit slightly lower than that of 2014 (97%).

In 2015, there was a decrease in the percentage of local procurement also in the Middle East. The projects which contributed to the increase in the global procurement included the Jazan project package in which Saipem was involved in the design and construction of the gasification and soot/ash removal unit, the acid gas removal and the hydrogen recovery units. Within the context of this project the recovery boilers, compressors and gas separation systems were procured from operators operating outside the area, with a significant increase in the percentage of global procurement compared to local procurement.

North Africa holds a quota of procurement which is insignificant compared to the total procurement. However, a marked increase in local procurement can be noted; from 32% in 2014 to 46% in 2015. An important contribution towards achieving this result was provided by the Burullus project, in which the equipment construction activities for the umbilical cables and flowlines were carried out by vendors operating in the area.

In South-East Asia and Oceania the increase in the percentage of local procurement in 2015 was mainly due to the marked reduction in procured global volumes compared to the previous year. In particular, there was a significant reduction in the global procurement in the Ichthys and Jangkrik FPU projects. The first project, which included the installation of the sealine between Ichthys and Darwin, had a large quota of global procurement in 2014 due to the transport by sea entrusted to Norwegian ship owners. These activities, being completed at the end of 2014, did not have any impact on the global procurement of 2015. In 2015, Jangkrik FPU contributed a reduced quota of global procurement as the purchase of centrifugal compressors for the project was made in 2014 from European vendors.

Local employment

(%)	2013	2014	2015
Local employees	77	79	80
Local managers (*)	43	43	44

(*) Manager refers to the total of the middle and senior managers.

The number of local staff amounted to 37,191 (80%) in 2015 compared to 43,126 (79%) in 2014 and 40,379 (77%) in 2013, while the percentage of local managers grew by 44%.

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 75% of local managers. The method used demonstrates transparently and faithfully the constant commitment of Saipem in promoting Local Content, as at managerial position level.

Further details on initiatives implemented in 2015 are available in the document 'Saipem Sustainability 2015', in the 'Directors' Report' section of the 'Annual Report 2015', and in the 'Sustainability' section of the Company website.

Workplace Health and Safety

In Saipem, the culture of health and safety of workers is guaranteed and backed by the external regulatory environment, mainly characterised by laws and agreements at national and Company level, and by the internal environment characterised by specific policies on health and safety that define particularly stringent criteria when compared to the local contexts, which today are characterised by the presence of a regulatory system still in the process of development.

Not all countries in which Saipem operates have trade unions at both national and local level. Where specific agreements are in place, they can be broken down into three main lines pursued by the Company and shared with the trade unions:

- setting up workers' H&S committees (composition and number);
- specific training for safety officers (responsible Company figures and employee representatives) and grassroots information on safety matters to all employees, with particular reference to courses on Health and Safety at Work, Fire Fighting, First Aid, and mandatory 'Special Operations' (Onshore-Offshore);
- regular meetings between the company and workers' representatives.

In Italy, workplace health, safety and environment are regulated by specific contract clauses and by the National Labour Contract. 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 the environment (RLSA). The appointment is made by election and the number of representatives is provided for by law and the Collective Agreement. A specific trade union agreement signed by Saipem and the Trade Union Organisations (OO.SS) defines the duties of the RLSA and their full authority to carry out their activities also for workers assigned temporarily to activities at yards and work-sites other than those of origin.

Saipem launched the LiHS (Leadership in Health and Safety) programme in 2007 with a view to promoting the health and safety of its employees. This programme comprises various stages which, through workshops that involve all the company levels, set the aim of triggering cultural change in people so that they are more attentive and aware of health and safety issues. The numbers for the last three years are given below.

	2013	2014	2015
LiHS Programme			
Phase 1			
Workshops held	113	122	119
Number of participants in workshops held in phase 1	1,405	1,617	1,493
Phase 2			
Number of 'cascading events'	90	179	230
Number of participants in 'cascading events'	2,993	6,449	6,867
Phase 3			
Number of 'Five Stars training' sessions	124	384	361
Number of participants in 'Five Stars training' sessions	1,347	4,111	4,092
Phase 4			
Number of 'Leading Behaviour Cascading events'	167	119	247
Number of participants in 'Leading Behaviour Cascading events'	5,930	4,060	7,040
Phase 5			
'Choose Life campaign'	87	333	215
Number of participants in the 'Choose Life' campaign	2,448	5,570	2,682

LiHS data is updated on a periodic basis, not always in line with the calendar year. Changes can occur from one year to the next.

Further information on the LiHS programme can be found in the document 'Saipem Sustainability 2015'.

Safety performance

		2013	2014	2015
Man-hours worked	(millions of hours)	298.05	265.81	234.38
Fatal accidents	(No.)	6	1	2
Lost Time Injuries	(No.)	71	73	70
Severity Rate	(ratio)	0.01	0.01	0.02
Lost workdays	(No.)	3,611	3,696	4,439
Total Recordable Incidents	(No.)	344	289	253
Rate of absenteeism	(%)	2.20	4.00	4.60
LTI Frequency Rate	(ratio)	0.26	0.28	0.31
TRI Frequency Rate	(ratio)	1.15	1.09	1.08
Tool Box Talks	(No.)	925,017	891,256	796,723
Safety hazard observation cards	(No.)	701,329	908,340	710,817
HSE meetings	(No.)	45,376	41,136	25,338
Job Safety Analysis	(No.)	239,455	256,345	263,833
HSE inspections	(No.)	301,820	285,118	222,598

The calculation methodology used for the main indicators is outlined as follows:

- the man-hours worked are the total number of hours worked by employees of Saipem and contractors working on 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 of days lost starts from the second day after the accident and counts up to the day on which the person is able to return to work;
- LTIFR and TRIFR are calculated as the number of 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 lost days are calculated by summing the total of the calendar days lost for incidents for the reference year. The Severity Rate is calculated as working days lost divided by hours worked, multiplied by thousands of hours worked;
- the rate of absenteeism 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 number of staff at December 31, 2015. The total hours of absence do not include parental leave and estimated holiday hours.

In 2015, 263,833 Job Safety Analyses were performed (procedure used to detail the activities of a process, map the risks related to the activities and identify risk mitigation actions), an increase of 3% compared to 2014. This increase is particularly significant because the number of hours worked were 12% less than in 2014. This bears witness to the growing attention and more widespread application of this procedure.

As regards the other proactive indicators (HSE meetings, Tool Box Talks, Safety Inspections, Safety Hazard observation cards), there was a gradual decrease compared to 2014 due to the reduction in the operating activities and consequently of the hours worked.

The rate of absenteeism is in line with that of 2014. The slight increase was caused mainly by the fact that the rate is calculated as the total hours of absenteeism in the year (considering also those employees no longer in service at the end of the year) divided by the number of employees at the end of the year, which, as described in the specific paragraph, decreased by 15% compared to 2014.

Other projects implemented to promote safety at the workplace are described in the document 'Saipem Sustainability 2015'.

Health promotion

Saipem considers the health and wellbeing of its employees to be of unquestionable value. It is constantly working to strengthen its Health Management System. The system is designed to be fully functional also in the most remote and frontier areas, so as to guarantee the same level of quality at all of Saipem's offices and worksites. The system has the following objectives:

- guarantee all workers ideal physical and mental health and therefore better and safer work performance through strict health control programmes;
- ensure rapid and appropriate response in medical emergencies;
- develop and implement informative and prevention programmes and initiatives to help identify and control potential health risks present in the work environment;
- provide support to directors in drawing up policies and in adopting key decisions regarding the health of the workers.

(No.)	2013	2014	2015
Vaccines administered to employees and subcontractors	7,607	9,010	6,945
Medical staff	545	587	551
Medical consultations	90,923	107,890	124,224
Medical fitness examination	42,519	47,048	44,939
Occupational illnesses reported	10	13	26
Cases of repatriation	159	178	147
Choose Life Workshops	87	315	215

In 2015, 44,939 medical fitness examinations were performed, a decrease of 4.5% compared to 2014. The reason for this decrease was the reduction in the workforce, above all in the second half of the year. In line with sector standards, since January 2015, the validity of the medical fitness examination has been extended to 2 years. In 2015, 6,945 vaccinations were administered (mainly against Hepatitis A and B, Tetanus, Typhus, Flu and Yellow Fever). The medical department performed 124,224 consultations and follow-up examinations, 15% up on 2014. Prophylaxis measures and follow-up examinations remain the main activities with 38,746 consultations.

The Company organises a number of health promotion initiatives and programmes for its employees, such as:

- **Programmes for the prevention of cardiovascular diseases.** More than one fifth of the cases of repatriation in 2015 were related to cardiovascular disease.
 - The 'Cardiovascular Disease Prevention Programme' (CVDP) is based on the promotion of a healthy lifestyle and on risk assessment through overall monitoring of the state of health of the employees. Employees considered to be at risk of circulatory disease are included in the 'Risk Factor Follow-up' (RFF). In 2015, 134 sites were involved in this programme. More than 18,000 employees were controlled and those considered to be at risk were included in the RFF programme.
 - In 2007, Saipem launched the Telecardiology programme with the aim of providing assistance at remote sites. In 2015, 60 sites were covered and a total of 3,611 ECG (electrocardiograms) were transmitted; of these, 87 were dealt with as potential cardiac emergencies and therefore swiftly analysed by specialists. The other ECGs performed support the CVDP programme in the global monitoring of the circulatory risk of the employees.
- **Malaria prevention programmes.** Since Saipem operates in a number of countries considered at risk of Malaria, 'Malaria Awareness Lectures' are organised for employees. At year-end 2015, 100% (6,258) of non-immune employees operating in those zones had taken the course.
- **'Pre-Travel Counselling'.** The health information project, regulated by Italian law and the Company's corporate standard, implemented in Italy in 2008, is aimed at workers travelling abroad. The aim of the project is to provide information about specific risks in the destination country: biological, climatic and travelling risks. Following detailed evaluation of the epidemiological situation of the country, vaccinations may be recommended along with the behaviour to adopt. Since the programme was launched, 6,478 employees have been trained on the risks associated with the country of destination.
- **Programmes for the promotion of a healthy lifestyle.**
 - The 'Healthy Food' programme is implemented with the collaboration of the catering companies that work for Saipem and with the support of the Company's medical department. In 2015, the programme was implemented at 44 operating sites.

- The 'Choose Life' programme revolves around a two-hour workshop, in which the short 'Choose Life' film is shown with the aim of improving health culture. In 2015, 2,682 people took part in the programme.
 - 31 doctors were specifically trained for the 'Stop Smoking' programme.
- **The 'Workplace Health Promotion' (WHP) programme.** Validated by the regional government of Lombardy, which Saipem SpA signed up for (for its Italian sites) in 2014. This programme is the result of the joint efforts of employers, workers and local institutions. The aim is to improve health and well-being at the workplace. It consists of a programme to adopt best practices in the field of health promotion. The three-year WHP programme introduces the development of activities in 6 thematic areas: promotion of a correct diet, anti-smoking campaigns, promotion of physical activity, road safety and sustainable mobility, alcohol and addictions, personal and social well-being and work/family balance. In 2015, for the second year running, Saipem was awarded for reaching the programme's goals.
- Further information on Saipem's approach to promoting health for its employees and the local communities can be found in the document 'Saipem Sustainability 2015'.

Business ethics

Saipem is committed to operating within the law, regulations, statutory provisions, codes of conduct and in observance with the Codes of Ethics. The Universal Declaration of Human Rights adopted by the United Nations, the Fundamental Conventions of the ILO (International Labour Organisation), the OECD Guidelines for Multinational Enterprises and the principles of the UN Global Compact are fundamental principles on which Saipem bases its Code of Ethics and conducts its operations.

Compliance with the law, regulations, statutory provisions, codes of conduct, ethical integrity and fairness, is a constant commitment and duty of all the Saipem People. It characterises the conduct of Saipem's entire organisation in fact.

Saipem's business and corporate activities have to be carried out in a transparent, honest and fair way, in good faith, and in full compliance with competition protection rules.

Anti-Corruption

In order to reduce the risk of exposure to sources of corruption, Saipem has issued further Anti-Corruption regulatory instruments relating to various topics and particularly sensitive areas. These internal procedures are subject to constant checks to ensure they are updated when and where necessary. The most important updated/issued procedures in 2015 were:

- the 'Anti-Corruption' Management System Guideline;
- the standard procedures 'Reports (including anonymous one) received by Saipem and its subsidiaries in Italy and abroad', 'Relations with the Public Administration and management of inspections and requests by Authorities'.

Saipem SpA's Model 231 was updated in order to include the crimes introduced with Legislative Decree No. 231/2001, Law No. 190 dated November 6, 2012 (Provisions for the Prevention and Suppression of Corruption and Illegality in Public Administration), with Legislative Decree No. 109 of July 16, 2012 (Implementation of Directive 2009/52/EC which introduces minimum standards on sanctions and measures against employers of illegally staying third-country nationals) and with Law No. 172 of October 1, 2012 which ratified the 'Lanzarote Convention'. The Anti-Corruption procedures and the Saipem Model provide specific corrective actions and disciplinary sanctions in the event of violation of the rules and procedures in the field. In addition, specific contractual clauses provide for the possibility of terminating existing contracts in the event that, among others, commercial partners, intermediaries and subcontractors act in breach of such laws/procedures. Based on the nature of any possible violations, the corrective actions that are deemed necessary and most appropriate are implemented.

Saipem organises training courses, both via e-learning and workshops on themes such as Anti-Corruption, the Saipem Code of Ethics, Model 231 and other issues to raise awareness of these issues among employees in an effort to prevent cases of non-compliance with the law. The number of training hours has been calculated by multiplying the average number of hours by the average duration of course.

(No.)	2013	2014	2015
Employees trained on issues of compliance, governance, ethics and Anti-Corruption	1,351	1,353	1,929
Hours of training carried out on issues of compliance, governance, ethics and Anti-Corruption	3,273	3,218	4,264

Training was held in the classroom or remotely at numerous locations including: Croatia, Indonesia, Romania, Sharjah and Abu Dhabi (UAE), Kuwait, Qatar, Switzerland, Peru, Bolivia, Ecuador, Chile and Mozambique.

Further details on measures to prevent corruption are available in the document 'Saipem Sustainability 2015' and in the 'Corporate Governance and Shareholding Structure Report 2015'.

Transparency

Saipem does not make contributions, whether direct or indirect, in any form, to political parties, movements, committees and political organisations and unions, their representatives and candidates, except those provided for by specific regulations. In 2015, Saipem did not receive any significant fine and/or monetary sanction for non-compliance with laws and regulations (including laws and regulations regarding the environment). During 2015, Saipem was not involved in legal cases regarding unfair competition, anti-trust, monopolistic practices and relative judgements.

On July 11, 2013, the Court of Milan ordered Saipem SpA (as the legal entity incorporating Snamprogetti SpA) to pay a fine of €600,000 and further ordered the confiscation of the deposit of €24.5 million in relation to the charge of international corruption in Nigeria. At the end of the hearing of February 19, 2015, the Court of Appeal of Milan confirmed the decision of the Court of Milan. Saipem filed an appeal against the decision of the Court of Appeal with the Italian Court of Cassation. Saipem's involvement in the investigation into the activity of the TSKJ Consortium in Nigeria during the period 1994-2004 is due solely to the fact that in 2006 Saipem SpA acquired Snamprogetti SpA, the parent company of Snamprogetti Netherlands BV, which holds a 25% stake in the TSKJ Consortium. On July 3, 2015, Saipem filed an appeal against the decision of the Court of Appeal with the Italian Court of Cassation. The hearing to discuss the appeal with the Court of Cassation is set for February 12, 2016.

The decisions of the Court of Milan, the Milan Court of Appeal and the Court of Cassation have no financial impact on Saipem since Eni SpA, at the time of the sale of Snamprogetti SpA to Saipem, undertook to indemnify Saipem for costs and losses sustained in connection with the TSKJ matter.

During 2014, the Brazilian ANP (National Agency of Petroleum, Natural Gas and Biofuels) inflicted an administrative penalty upon Petrobras for an amount of 7.8 million real regarding alleged violations of ANP Resolution No. 43/2007 (Management System for Operational Safety (SGSO)), identified during an inspection on board FPSO Cidade de Vitória, of which Saipem has been the operator since 2012. ANP challenges Petrobras with non-compliance with the safety operating scheme regarding oil and natural gas drilling and production installations.

Petrobras lodged an appeal against the penalty and the Judge has suspended its execution. Saipem do Brasil is an interested party in the outcome of the proceedings in that it is contractually bound to indemnify Petrobras for any fine/penalty, the latter is obliged to reimburse also for negligence attributable to the execution of the scope of work of Saipem do Brasil. The judgement is still pending.

With Resolution of June 18, 2014, Italian stock market regulator Consob fined Saipem SpA €80,000 for having allegedly delayed the profit warning it issued on January 29, 2013. On July 28, 2014, Saipem lodged an appeal with the Court of Appeal in Milan. This was rejected by the Court of Appeal in Milan on December 11, 2014. The Company intends to appeal against the Court of Appeal's decision with the Italian Court of Cassation. On April 28, 2015, Saipem received notice of legal proceedings before the Court of Milan by 64 investors claiming compensation for damages of approximately €174 million allegedly incurred following the purchase of Saipem shares in the period between February 13, 2012 and June 14, 2013. Saipem SpA appeared in court, fully disputing the adverse party's requests, challenging their admissibility and, in any case, their lack of grounds. The case is still in its initial stage, as the hearing for the first appearance of the parties was held in November 2015.

In addition, in relation to the alleged delays in market disclosure, in the course of 2015 the Company received a number of out-of-court claims, as well as requests for mediation. The requests for which a mediation was sought but not successfully obtained amount to approximately €193 million overall. Saipem SpA has replied to the out-of-court claims and the mediation, denying all liability. At present, the out-of-court claims and/or mediation have not been subject to legal action.

Further details are available in the 'Legal proceedings' section of the 'Annual Report 2015'.

A sustainable supply chain

All vendors involved in procurement activities with Saipem must read and accept Model 231 in full, including the Saipem Code of Ethics which draws its inspiration from the Universal Declaration of Human Rights of the United Nations, the Fundamental Principles of the International Labour Organisation (ILO) and OECD guidelines for multinational enterprises. This model is included as a document in all standard contracts with Saipem. In the qualification phase, the vendor fills out the Vendor Declaration in which it makes a commitment to act in strict accordance with the principles defined in the Saipem Code of Ethics and to respect Human Rights in accordance with Saipem's Sustainability Policy. It also undertakes to fulfil the requirements in accordance with the national law in force on salary, social security contributions and insurance obligations in relation to its personnel.

In addition, in 2011, Saipem integrated its own process for evaluating vendors with the aim of assessing the social responsibility of its supply chain. The current vendor qualification system has been supplemented with requirements for complying with social and labour rights, in line with the 'Fundamental Principles and Rights at Works' of the International Labour Organisation (ILO) and SA8000 standard. To achieve this, there was a particular focus on child and forced labour, freedom of association and right to collective bargaining, remuneration, working hours, discrimination, disciplinary procedures and health and safety.

(No.)	2013	2014	2015
Number of audits conducted	24	25	13
Countries in which the audits were conducted	5	2	4

Thirteen audits were conducted in 2015, of which 4 on new vendors (India, China, Saudi Arabia and Bahrain) and 9 follow-up audits on vendors in China and India. Overall, since the beginning of the campaign in 2011, 98 audits have been carried out.

The qualification questionnaires of 367 vendors were also analysed in detail. The questionnaires were selected according to the class of goods and nations with potential risk, with further details and additional documentation being requested where necessary.

Based on the level of HSE criticality, the qualification questionnaire includes HSE issues for around 14% of the classes of goods. In 2015, 548 qualification processes subject to HSE evaluation were closed. In 2015, more than 9,000 vendors were qualified.

Further information can be found in the 'Approach to Sustainability' section in the document 'Saipem Sustainability 2015' and in the Code of Ethics.

Security practices

In the management of Security, Saipem gives utmost importance to respecting Human Rights. Bearing witness to this, in 2010 Saipem introduced clauses concerning respect for Human Rights into its contracts with the external security companies. Any non-compliance represents due grounds for cancellation of the contract. Until now, the contractual clauses on Human Rights have been included in the 'General terms and conditions' and therefore in all contracts.

For all new operational projects in which Saipem is responsible for Security, a Security Risk Assessment on the country in question is made prior to any offers being tendered. If a decision is made to proceed with the offer, a Security Project Execution Plan is also prepared. The Security risk related to the operating activities and context is analysed, including any issues of Human Rights violations. The actions required to manage and reduce these to a minimum are decided upon based on the risks identified.

In December 2015, training on Human Rights and work practices was offered to the personnel in Angola. In 2016, the Company will extend this training also to other Company sites. Further information is available in the document 'Saipem Sustainability 2015'.

Reporting suspected violations

Saipem has a Corporate standard that describes the process of managing reports.

The term 'report' refers to any information regarding possible violations, behaviour and practices that do not conform to the provisions in the Code of Ethics and/or which may cause damage or injury to Saipem SpA (even if only to its image) or any of its subsidiaries, on the part of Saipem SpA employees, directors, officers, audit companies and its subsidiaries and third parties in a business relationship with these companies, in one or more of the following areas: the internal control system, accounting, internal accounting controls, auditing, fraud, 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, e-mail, and communication tools on the intranet/internet sites of Saipem SpA and its subsidiaries.

The Internal Audit function ensures that appropriate controls are made for facts that have been reported, through one or more of the following activities, guaranteeing that such phases are carried out in the shortest time possible and respecting the completeness and accuracy of the inspection activities. The inspection comprises the following stages: (a) preliminary check; (b) assessment; (c) audit; (d) monitoring of corrective actions.

Internal Audit draws up a quarterly report on reports received which, following examination by the Saipem Board of Statutory Auditors, is transmitted to the following people/functions in Saipem SpA: the Chairman, the Chief Executive Officer (CEO), the external auditors, the members of the Whistleblowing Committee and the manager of the Planning, Administration and Control Function, the members of the Whistleblowing Team, the Anti-Corruption Unit and Legal Compliance and, for reports within their remit, the Compliance Committee, the Chief Operating Officer or the managers of the functions that report directly to the CEO, the Top Management of each subsidiary involved and their respective control bodies.

(No.)	2013	2014	2015
Number of files			
Of which:	58	67	78
- founded or partially founded	10	16	10
- unfounded	47	48	41
- open	1	3	27

The data for the three-year period is updated as of December 31, 2015.

Details of some categories of file are provided below:

(No.)	2013	2014	2015
Files on cases of discrimination			
Of which:	4	5	11
- founded or partially founded	2	-	-
- unfounded	2	4	5
- open	-	1	6
Files in relation to workers' rights			
Of which:	17	19	15
- founded or partially founded	2	1	1
- unfounded	15	16	8
- open	-	2	6
Files regarding violations of the rights of local communities			
Of which:	-	-	2
- founded or partially founded	-	-	-
- unfounded	-	-	1
- open	-	-	1

The data is updated as of December 31, 2015.

In 2015, 11 files were opened in relation to reports of discrimination, of which 6 remain active and 5 have been closed. In 2015, 2 files were opened in relation to reports of violations of the rights of local communities, of which 1 remains active.

In all these cases the files were transmitted to the Compliance Committees of the companies involved in the reports and, with reference to files closed in the year, the competent Compliance Committees or the Board of Statutory Auditors of Saipem SpA, on the basis of the audits performed, resolved on their closure, deciding that cases of violation of the Code of Ethics did not exist in the cases reported. No corrective actions were implemented.

As regards reports concerning questions of human rights/workers' rights, in 2015, 15 files were opened of which 6 remain active while the remaining 9 have been closed. In 8 cases, the competent Compliance Committee or the Board of Statutory Auditors of Saipem SpA, on the basis of the audits performed, resolved on their closure, deciding that cases of violation of the Code of Ethics did not exist in the cases reported. One report was deemed founded and corrective actions were implemented. These consisted in formal written notices to the employees involved in the behaviours reported.

Environment

Saipem's main commitment to the environment, as set forth in the HSE Policy, is to minimise the impacts on the environment caused by its operations and to pursue continuous improvement in environmental performance.

In the light of this commitment, the environmental strategies are oriented towards the reduction of any type of impact and the conservation of natural resources. A key element in these strategies is the promotion of widespread environmental awareness and the adoption of best practices in all of Saipem's sites and projects. This also includes pollution prevention activities that contribute to saving energy and water, and that encourage the re-use or recycling of waste.

In 2015, the procedure 'Operational control of environmental aspects' was issued. It defines the minimum requirements at Group level regarding the most significant environmental aspects, even if there are no local regulations on the issue.

Saipem's top management strongly encourages continuous improvement of environmental performance in the operative phases. Saipem reaffirms its commitment to reducing environmental damage, pollution and, more in general, any negative effects on the environment through Research and Development programmes, environmental monitoring activities and a wide range of measures aimed at mitigating risks.

Energy and Emissions

		2013	2014	2015
Energy consumption	(ktoe)	622.6	564.3	514.0
Total direct consumption of energy, of which:	(ktoe)	594.8	536.5	488.2
- Natural Gas	(ktoe)	1.0	0.9	1.5
- Heavy Fuel Oil (HFO)	(ktoe)	-	0.004	-
- Intermediate Fuel Oil (IFO)	(ktoe)	28.3	12.7	21.0
- Light Fuel Oil (LFO)	(ktoe)	32.4	43.2	28.7
- Diesel	(ktoe)	368.2	321.3	290.6
- Diesel Marine Oil	(ktoe)	158.8	152.3	139.7
- Gasoline	(ktoe)	6.1	6.1	6.8
Indirect energy consumption				
Electricity consumed	(GWh)	121.2	119.9	112.1
Renewable energy				
Electricity produced from renewable sources	(MWh)	266.3 ⁽¹⁾	310.8	309.9
Total direct and indirect greenhouse gas emissions				
Direct GHG emissions	(kt CO ₂ eq)	1,538.7	1,420.1	1,504.2 ⁽²⁾
Indirect GHG emissions (scope 2)	(kt CO ₂ eq)	54.0	49.1	43.0
Other significant emissions				
SO ₂ emissions	(kt)	4.4	4.2	5.1 ⁽²⁾
NO _x emissions	(kt)	25.8	24.3	26.5 ⁽²⁾
CO emissions	(kt)	11.1	10.6	12.0 ⁽²⁾
PM emissions	(kt)	0.7	0.6	0.6 ⁽²⁾
NMVOc emissions	(kt)	1.0	0.9	1.0 ⁽²⁾

(1) This energy is produced by photovoltaics in Italy and Portugal. A photovoltaic system, consisting of 100 modules and occupying a total area of 165 m², was installed on the roof of the offices of Madeira in 2013. The energy produced is introduced into the network and is not used at the Saipem offices. It is important to note that the production levels of this type of energy are strongly influenced by weather conditions.

(2) The methodology to calculate direct GHG emissions and other significant emissions was modified in 2015.

Energy consumption in 2015 was 514 ktoe compared to 564.3 ktoe in 2014. The overall reduction was mainly due to the decrease in operating activities. Some onshore projects were concluded in 2015 (Gladstone LNG Pipeline, Etihad Rail Project and Shah Gas Development Plant); moreover, some vessels (offshore drilling rigs were not operative) were undergoing maintenance (Saipem 7000, Castoro Sei, Saipem 3000, Saipem FDS, Saipem 12000, Scarabeo 5 and Scarabeo 7).

The consumption of Intermediate Fuel Oil almost doubled compared to 2014. The use of this fuel is directly linked to the Castorone. In 2015, this vessel used only Intermediate Fuel Oil while in 2014 it had used both Intermediate Fuel Oil and Light Fuel Oil. The fuel use depends on the vessel's area of operation. Specifically, in 2015, the Castorone worked almost all year on the Ichthys project in Australia.

The consumption of Gasoline was up by 11% due to the increase in the Southern Swamp Associated Gas Solutions Project activities, in Nigeria.

Saipem has developed a number of initiatives to increase energy efficiency. The strategy consists of two main parts: the analysis of the assets and the implementation of technical solutions together with training and awareness-raising initiatives.

In 2015, in accordance with the legislative decree which implements the European Directive concerning energy efficiency (2012/27/EU), Saipem reviewed and re-issued 3 energy assessments on the following Italian assets according to clustering consumption and types of activities carried out: 3rd and 4th office buildings (the main Italian offices) and the Arbatax Yard (Sardinia, Italy), identifying the main improvement areas.

During the reporting year an energy assessment was also performed in the Karimun Yard (Indonesia), identifying important areas of improvement, some of which can be achieved only with some management interventions.

Following the application of some improvement areas identified in the 2014 energy assessment at the Edmonton Yard (Canada), energy savings of around 300,000 kWh (corresponding to around 50,000 Canadian dollars) were obtained.

Another action aimed at minimising energy consumption was the building of the new office at the Ravenna logistics base. The office was designed with an energy saving system, and resulted in a reduction in consumption from the approximately 40,000 kWh per month of the previous office to approximately 25,000 kWh per month. Estimated savings in one year are more than 150,000 kWh (a saving of around 90 t of CO₂).

The energy saving is due to the following systems adopted in the new office: thermal insulation of walls and windows, installation of a more efficient air conditioning system, and a photocell system to switch on the lights in the toilets only when people enter. A photovoltaic system comprising 56 modules was installed on the roof (16.8 kW peak in total). The system can produce 17,757.2 kWh of electricity per year (9 t of CO₂ saved per year).

In 2015 the route optimisation project, started in 2012, continued. Route optimisation consists of identifying the optimal route for the voyage, through satellite evaluation performed with specially designed software, in order to reduce navigation time and, consequently, fuel consumption. The best route

is detected each day, taking into consideration the weather conditions and currents. Analysis of the weather conditions is provided 4 times a day and on the basis of this information the Captain is able to choose the best route in order to minimise fuel consumption.

In 2015, around 105 tons of fuel were saved (S3000, FDS and S355), this avoiding around 328 t of CO₂.

More information on these issues can be found in the 'Directors' Report' of the 'Annual Report 2015' and in 'Saipem Sustainability 2015'.

Water

		2013	2014	2015
Total withdrawal of water, of which:	(10 ³ m ³)	8,740.1	6,318.6	5,226.4
- fresh water/from waterworks	(10 ³ m ³)	5,683.4	3,968.9	2,614.9
- groundwater	(10 ³ m ³)	1,997.8	1,132.7	1,571.6
- surface water	(10 ³ m ³)	218.4	116.7	152.8
- sea water	(10 ³ m ³)	840.4	1,100.3	887.0
Recycled and reused water				
Reused and/or recycled water	(10 ³ m ³)	1,788.2	1,326.1	309.9
	(%)	20	21	6

Saipem promotes the implementation of initiatives to achieve water savings both at project level and on operational sites.

Water consumption decreased by 17% in 2015 due to the reduction in operative activities. In particular, some large onshore projects were concluded (Gladstone LNG Pipeline, Etihad Rail Project and Shah Gas Development Plant); moreover, some vessels (offshore drilling rigs were not operative) were undergoing maintenance work (Saipem 7000, Castoro Sei, Saipem 3000, Saipem FDS, Saipem 12000, Scarabeo 5 and Scarabeo 7).

Initiatives to encourage re-use of treated waste water are considered particularly important. The reduction in the amount of re-used water is due to the completion of the Shah Gas Development Plant project which re-used large volumes of water for irrigation and dust abatement.

In an effort to identify areas subject to a high water risk, Saipem carries out a two-step assessment. In the first, once all operational sites (yards and logistical bases) have been identified, Saipem uses the following instruments to assess the water risk: Global Water Tool, Aqueduct and Maplecroft. The second step involves assessing the water withdrawal, use, discharge and the systems present. In this way, the critical areas in which improvement projects will be implemented are identified.

An example of this approach is the preparation of a Water Risk Assessment for the Zohr Gas Treatment Plant project (Egypt). The Assessment, which analysed the availability of water and estimated the consumptions of water at site level led to the identification of risks concerning the scarcity of water in the project construction phase. Actions to manage and mitigate this risk were then evaluated.

Moreover, if requested by local laws, contractual clauses or any specific needs, Saipem also draws up Water Management Plans and Water Assessments.

Biodiversity

The conservation of biodiversity and ecosystems is a fundamental element of the approach taken by Saipem to manage interactions of its activities with the surrounding environment, paying particular attention to the presence of:

- protected areas or other areas which are important for the conservation of biodiversity;
- endangered species;
- ecosystem services which are socially and ecologically fundamental, such as water. Saipem promotes efficient use and consumption of water, particularly in areas affected by high levels of water stress.

On all of its operations, Saipem implements all requirements and control measures needed to ensure the safeguarding of biodiversity and the integrity of ecosystems. Relevant requirements are established by applicable laws and regulations, and, where Saipem is the contractor, by the contract documents (EIA, contract, client procedures, etc.) to which Saipem has agreed.

Where Saipem is the client, e.g. for the construction of new office buildings or permanent sites, specific studies must be prepared to assess the impact of the new works on biodiversity and local ecosystems and define suitable control and mitigation measures.

Bearing witness to the Company's commitment to technological development and to creating business solutions that contribute to reducing the environmental impact, especially in sensitive areas from the point of view of biodiversity, Saipem was rewarded in 2014 for the GNLG project (Australia). Saipem Australia, along with Thiess and Santos GLNG Gas Transmission Pipeline, received a prize, announced by the 'Queensland Government Department of Environmental and Heritage Protection and by Queensland University of Technology (QUT)', in the category 'Innovation in Sustainability Technologies'. In 2015, the Company set up a series of activities to protect biodiversity in Azerbaijan regarding the SCPX project, and in Brazil in the Guarujá Yard.

Further information is available in the document 'Saipem Sustainability 2015'.

Discharges

(10 ³ m ³)	2013	2014	2015
Total waste water produced, of which:	5,319.4	4,015.7	3,746.3
- water discharged into the sewer systems	616.1	482.6	569.4
- water discharged into bodies of surface water	1,543.7	1,007.2	1,182.2
- water discharged into the sea	750.7	950.9	1,064.6
- water discharged to other destinations	2,408.9	1,575.0	930.1

The decrease in the volume of waste water is due to the reduction in water consumption.

Waste

(kt)	2013	2014	2015
Total weight of waste produced, of which:	387.4	453.6	508.5
- hazardous waste disposed of in landfill sites	50.9	32.1	31.9
- incinerated hazardous waste	3.4	3.5	2.8
- recycled hazardous waste	7.8	9.3	5.0
- non-hazardous waste disposed of in landfill sites	282.8	192.4	285.8
- incinerated non-hazardous waste	6.0	3.6	6.4
- recycled non-hazardous waste	36.5	212.7	176.5

The increase in non-hazardous waste production was due also to the activities carried out within the Landfill Facility Construction project (Russia) in the second half of the year; the project reached a stage where it was necessary to remove a large amount of soil to level the ground. Within the project this type of waste will continue to be produced in 2016.

Saipem is committed to minimising the production of waste, and hazardous waste in particular, and to promoting the best practices already implemented on the operating sites (e.g. recycling of some materials, waste monetisation). Saipem is developing a new technology to minimise the quantity of waste and the environmental impact in the event of an accidental spill. Another best practice is represented by management of the dismantling and recycling of the Costa Concordia (approximately 65,000 tonnes of metal) carried out in a Joint Venture with San Giorgio del Porto, as described in the document 'Saipem Sustainability 2015'.

Spills

		2013	2014	2015
Number of spills				
Total	(No.)	77	50	38
Spills of chemical substances	(No.)	21	14	4
Spills of oily substances	(No.)	56	36	34
Volume of spills				
Total	(m ³)	67.20	21.60	2.18
Spills of chemical substances	(m ³)	62.70	17.40	0.06
Spills of oily substances	(m ³)	4.50	4.20	2.12

In 2015, there was a marked reduction in the number, but above all in the volume, of spills. This demonstrates Saipem's constant commitment to the prevention of these types of events. All incidents are reported and investigated appropriately in order to establish the causes and identify corrective actions to prevent such events from happening in the future. Each quarter, environmental bulletins and reports are disseminated throughout the Group in order to share the 'lessons learned'. It should be noted that 2013 saw the reporting methodology revised, and only spills above 10 litres are now in fact monitored.

Further information on the Company's approach to spill prevention is available in the document 'Saipem Sustainability 2015'.

Additional information

Economic performance

(€ million)	2013	2014	2015
Employee payroll and benefits	2,270	2,408	2,222
Research and development costs	14	11	14
Dividend distribution	375	45	17
Operating expenses	9,400	10,399	9,723
Net sales from operations	11,841	12,873	11,507
Income taxes	106	118	127
Seniority bonus schemes	5,871	6,786	4,427

Saipem Group companies implement and manage the supplementary pension plans based on the legal and social system of the state in which the Company operates. Despite the fact that laws in some countries such as the United States and the United Kingdom do not require that the employer pay into employee pension funds, Saipem has decided to support the employee's supplementary pension plan with its own contribution.

Product Responsibility

As a contractor, Saipem operates in accordance with the client's requests and in compliance with international regulations at all times, and the contractual responsibility for the product remains with the client.

Saipem supplies products that do not require labelling, and in each case the references for the technical and quality standards are the contractual conditions imposed by the client. Therefore, the client is responsible for the product, Saipem only for its manufacture. Saipem promotes the protection of health and safety of all personnel engaged in its operational activities and of the host communities. The Company has implemented management procedures and specific processes for the management of particularly complex systems, where the highest risks are operational and safety-related (see the document 'Saipem Sustainability 2015').

Customer Satisfaction

Analysing and quantifying the perception of the client and how Saipem's work is perceived is a fundamental factor in the approach for continuous improvement. Saipem believes that constant monitoring of client satisfaction is vital to achieving the best results. The client satisfaction process is based on a questionnaire administered via the web that asks for client feedback on many topics, both managerial and technical, from engineering to procurement and construction. Specific sections are devoted to project management, quality, HSE and sustainability. These sections are designed to evaluate Saipem's capacity in its relations with the local communities and the promotion of Local Content. In 2015, Saipem received 91 questionnaires from clients of onshore, offshore and drilling projects. The main results are as follows:

		2013	2014	2015
Customer Satisfaction questionnaires received	(No.)	71	104	191
Average client satisfaction score (on a scale of 1 to 10)		7.75	8.14	8.27
Average client satisfaction score on issues of Sustainability (*) (on a score ranging from 1 to 10)		7.52	7.63	8.34

(*) It should be noted that 68 questionnaires were taken into consideration when calculating the average client satisfaction score on sustainability theme.

Membership of associations

Saipem participates in numerous initiatives and associations that have as their main objective the sharing of best practices within their specific business sectors. The Saipem Group takes part in a total of 80 associations. In particular, the parent company is a member of 27 associations, including: ANIMP (Associazione Nazionale di Impiantistica Industriale - Italian Association of Industrial Plant engineering), Assomineraria, IADC (International Association of Drilling Contractors), IMCA (International Maritime Contractors Association), IPLOCA (International Pipeline & Offshore Contractors Association), and WEC (World Energy Council: Italian National Committee of the World Energy Council). Many other companies in the Group are members of associations such as, for example, Saipem SA (GEP - French professional organisation for companies who work in the petroleum industry), Ersai (Ship owners and Marine Industry Ventures Association), Petrex (SNIMPE - Sociedad Nacional de Minería Petróleo y Energía) and Saipem do Brasil (IBP - Instituto Brasileiro de Petróleo, Gás e Biocombustíveis).

Assurance Statement



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Independent auditors' report on the "Sustainability Statements - Sustainability Performance 2015 " (Translation from the original Italian text)

To the Shareholders of
Saipem S.p.A.

We have carried out a limited assurance engagement of the "Sustainability Statements - Sustainability Performance 2015" (hereinafter "Sustainability Statements"), the addendum to the "Annual Report 2015" of Saipem S.p.A. and its subsidiaries (hereinafter "Saipem Group") as of December 31, 2015.

Management's responsibility on Sustainability Statements

The Management is responsible for the preparation of the Sustainability Statements in accordance with the reporting principles detailed in the paragraph "Methodology, criteria and reporting principles" of the Sustainability Statements, as well as for that part of internal control that they consider necessary in order to allow the preparation of a Sustainability Statements that is free from material misstatements, even caused by frauds or not-intentional behaviors or events. The Management is also responsible for defining the Saipem Group's commitments regarding the sustainability performance and for the reporting of the achieved results, as well as for the identification of the stakeholders and of the significant matters to report.

Auditors' responsibility

It is our responsibility the preparation of this report on the basis of the procedures carried out. Our work has been conducted in accordance with the criteria established by the principle "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board for the engagements that consist in a limited assurance. This principle requires the respect of relevant ethical principles, including those related to independence, as well as the planning and the execution of our work in order to obtain a limited assurance that the Sustainability Statements is free from material misstatements. These procedures included inquiries, primarily with company's personnel responsible for the preparation of the information included in the Sustainability Statements, documents analysis, recalculations and in other procedures in order to obtain evidences considered appropriate.

The procedures performed are summarized below:

- a. Comparison of the economic and financial data and information included in the Sustainability Statements with those included in the Saipem Group's consolidated financial statements as of December 31, 2015 on which we issued our audit report, pursuant to art. 14 and 16 of Legislative Decree dated January 27, 2010, on April 6, 2016;

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- b. Analysis, through interviews, of the governance system and management process of the issues related to sustainable development regarding Saipem Group's strategy and operations;
- c. Analysis of the process relating to the definition of material aspects included in the Sustainability Statements, with reference to the identification modalities in terms of their priority for the different stakeholders' categories and to the internal validation of the process outcome;
- d. Analysis of the operation of the processes that support the generation, recording and management of the quantitative data reported in the Sustainability Statements. In particular, we have carried out the following procedures:
 - interviews and discussions with personnel of the Management of Saipem S.p.A. to obtain an understanding about the information, accounting and reporting system in use for the preparation of the Sustainability Statements, as well as about the internal control processes and procedures supporting the collection, aggregation, data processing and transmission of data and information to the department responsible for preparation of the Sustainability Statements;
 - on-site verifications at Saipem Contracting Netherlands Azerbaijan Branch (Baku, Azerbaijan) and at Sharjah Branch (Sharjah, United Arab Emirates);
 - analysis on a sample basis of the documentation supporting the compilation of the Sustainability Statements, in order to confirm the processes in use, their adequacy and the operation of the internal control for the correct reliability of data and information in relation to the objectives described in the Sustainability Statements;
- e. Analysis of the compliance and internal consistency of the qualitative information included in the Sustainability Statements to the principles identified in paragraph "Management's responsibility on Sustainability Statements" of the present report;
- f. Analysis of the process relating to the stakeholders engagement, with reference to the procedures applied, through the review of summary minutes or any other existing documentation relating to the main topics emerged from discussions with them;
- g. Obtaining of the representation letter, signed by the legal representative of Saipem S.p.A., relating to the compliance of the Sustainability Statements with the principles indicated in paragraph "Management's responsibility on Sustainability Statements", as well as to the reliability and completeness of the information and data presented in the Sustainability Statements.

Our examination has entailed a lower extension of work compared to the work to be performed for a reasonable assurance engagement in accordance with ISAE 3000 and, as consequence, we may not have become aware of all the significant events and circumstances which we could have identified had we performed a reasonable assurance engagement.



Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the "Sustainability Statements - Sustainability Performance 2015" included in the "Annual Report 2015" of Saipem Group as of December 31, 2015 is not in compliance, in all material aspects, with the reporting principles stated in the paragraph "Methodology, criteria and reporting principles" of the Sustainability Statements.

Other matters

The Management restated certain comparative data related to the prior years with respect to the data previously presented and subject to our limited assurance, on which we issued our auditor reports on April 8, 2014 and on April 2, 2015. We have examined the method used to restate the comparative data and the information presented in the explanatory notes in this respect, for the purpose of expressing this report.

Milan, April 6, 2016

Reconta Ernst & Young S.p.A.
Signed by: Pietro Carena, Partner

This report has been translated into the English language solely for the convenience of international readers.