

**SAIPEM MODERN
SLAVERY STATEMENT
2016**



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.

SAIPEM MODERN SLAVERY STATEMENT 2016

This statement describes the policies and the actions taken by the Saipem Group¹ in the last year to develop measures and enhance the systems and processes it already has in place to ensure the respect for Human and Labour Rights and to prevent modern slavery and human trafficking in its business and supply chain. This document is published in line with the UK Modern Slavery Act 2015.

ABOUT SAIPEM

Saipem is one of the global leaders in drilling services, as well as in engineering, procurement, construction and installation of pipelines and complex projects, onshore and offshore, in the Oil & Gas market.

Saipem has distinctive competences in operations in harsh environments, remote areas and deep-water and provides a full range of services with contracts on an 'EPC'² and/or 'EPCI'³ ('turn-key' basis) as well as distinctive capabilities and unique assets with highest technological content.

60
YEARS

PRESENCE IN THE INDUSTRY

68

COUNTRIES IN WHICH WE OPERATE

120

NATIONALITIES

40,305

EMPLOYEES

OUR POLICY AND COMMITMENT

Saipem's regulatory system is based on, and is consistent with, the general framework, which comprises: legal provisions, the Articles of Association, the Corporate Governance Code, the CoSO Report, the Organisation, Management and Control Model (OM&C Model⁴), which includes the Code of Ethics and the internal control system over financial reporting. The OM&C Model is implemented by Saipem, in order to prevent the commission – in the interest or to the benefit of the Company – of offences punished by the Italian Legislative Decree No. 231 of June 8, 2001, among which are listed crimes against human and labour rights such as crimes against individuals, protection against child prostitution and child labour exploitation and, more recently, crimes connected with unlawful intermediation and labour exploitation.

CODE OF ETHICS

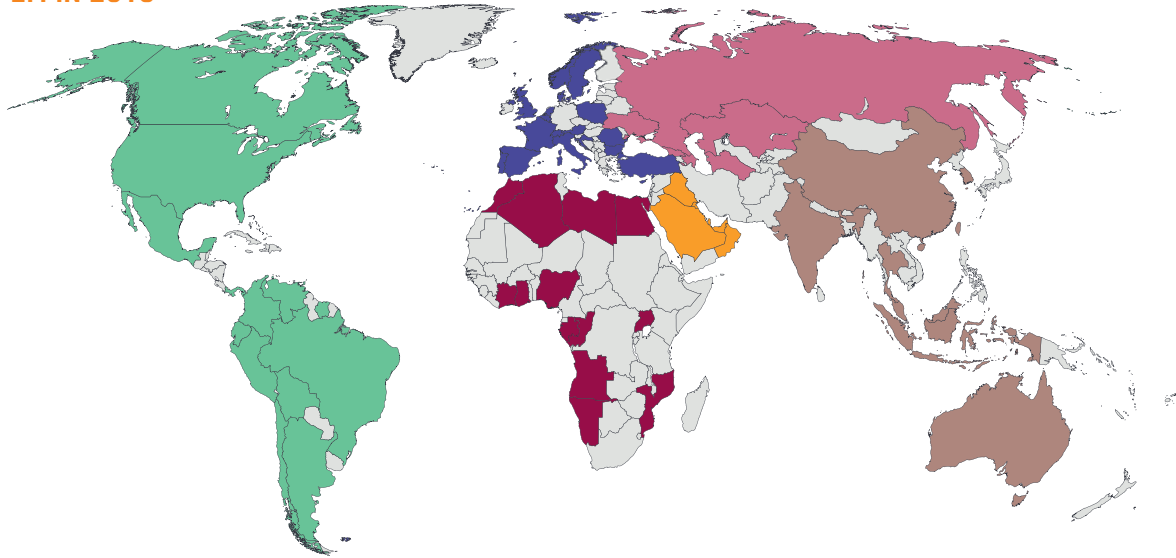
Our Code of Ethics sets out the principles and commitments undertaken by the Saipem Group in order to adhere to ethical business practices and to comply with legal

requirements. The Code of Ethics states the rejection of any form of discrimination, corruption, forced or child labour and the promotion of Human Rights. Particular attention is paid to the acknowledgement and safeguarding of the dignity, freedom and equality of human beings, the protection of labour and of the freedom of trade union association, of health, safety, the environment and biodiversity, in accordance with International Institutions and Conventions. In this respect Saipem operates within the reference framework of the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the ILO and the OECD Convention and the UN Global Compact principles. The Code of Ethics applies to all Saipem directors, statutory auditors, management and employees and by all who operate in Italy and abroad to achieve Saipem's objectives, as well as by third parties with which Saipem collaborates. Saipem' Code of Ethics states the undertaking of Saipem to collaborate with third parties with suitable professionalism and who are committed to sharing the principles and contents of the Code of Ethics and who promote the establishment

 [Code of Ethics](#)

(1) The Saipem Group refers to the parent company Saipem SpA and its consolidated subsidiaries as identified in the 2016 Annual Report.
(2) EPC (Engineering, Procurement, Construction) a type of contract typical of the Onshore Engineering & Construction segment, comprising the provision of engineering services, procurement of materials and construction.
(3) EPCI (Engineering, Procurement, Construction, Installation) a type of contract typical of the Offshore Engineering & Construction segment, which relates to the realisation of a complex project where the global or main contractor provides engineering services, procurement of materials, construction of the system and its infrastructure, transport to site, installation and commissioning/preparatory activities for start-up of operations. For additional information www.saipem.com.
(4) In accordance with Italian Legislative Decree No. 231 of June 8, 2001, the Organisation, Management and Control Model provides, according to the nature and size of the organisation as well as the type of business conducted, measures capable of preventing offences identified by the Decree and relevant for the Company.

SAIPEM IN 2016



AMERICAS

Employees (No.)	3,083
Goods and services ordered (€ mln)	332
Qualified Vendors (No.)	8,495

AFRICA

Employees (No.)	7,905
Goods and services ordered (€ mln)	679
Qualified Vendors (No.)	3,482

MIDDLE EAST

Employees (No.)	9,219
Goods and services ordered (€ mln)	1,533
Qualified Vendors (No.)	3,528

FAR EAST AND OCEANIA

Employees (No.)	6,967
Goods and services ordered (€ mln)	506
Qualified Vendors (No.)	3,272

CIS

Employees (No.)	3,169
Goods and services ordered (€ mln)	468
Qualified Vendors (No.)	1,981

EUROPE

Employees (No.)	9,962
Goods and services ordered (€ mln)	2,146
Qualified Vendors (No.)	9,201

of long-lasting relations for the progressive improvement of performance while protecting and promoting the principles and contents of the Code.

The Code of Ethics provides the appropriate channels that allow an adequate information flow in order to investigate any report related to the violation of the Code of Ethics.

In order to facilitate the reporting flow, Saipem has set up specific communication channels set out in the Whistleblowing procedure published on the Company Intranet and Internet Sites and accessible to all Saipem employees and third parties. All reports are fully investigated and appropriate remedial actions taken.

Whistleblowing procedure

HUMAN RIGHTS POLICY

Saipem's new Human Rights Policy sets out our commitment to respecting human rights and complying with laws, rules and regulations governing human rights in the countries in which we operate. This includes specific provisions addressing slavery, human trafficking, forced labour, child labour and upholding each employee's right to the freedom of association. The Policy applies to all Saipem people and has been distributed company-wide.

Human Rights Policy

SUSTAINABILITY POLICY

Saipem's Sustainability Policy reinforces the commitment to upholding internationally recognised Human Rights and to promoting this commitment in business activities carried out with partners or entrusted to

Sustainability Policy

contractors and subcontractors. Everywhere we operate, we strive to contribute to the creation of the socio-economic conditions required for the effective enjoyment of fundamental rights and promote the professional growth and well-being of our resources.

RISK ASSESSMENT

As an international industrial group operating in 68 countries in every area of the world, Saipem is aware of the role it can play in the economic contexts and the risks that are associated with its activities including risks related to the Human Rights and Human trafficking issues.

To this end, Saipem performed a thorough country-based risk assessment encompassing several labour rights-related indicators provided by international organisations, international NGOs and trade unions. The risk assessment led to the distribution of the countries in which Saipem and its suppliers operate into three distinct categories related to the risk of abuse of human/labour rights, thus identifying high, medium and low risk countries.

In addition, for each country where Saipem is operating, an in-depth analysis of legislation in force has been carried out for four distinct labour rights domains (i.e. non-discrimination in employment and occupation, child labour, forced labour, freedom of association and collective bargaining).

MANAGING OUR PEOPLE

Our Code of Ethics recognises the importance of acknowledging and safeguarding the dignity, freedom and equality of human beings, the protection of labour and the freedom of trade union association, health, safety, the environment and biodiversity.

Equal opportunities are offered to all our employees, in the selection, hiring, training, compensation and overall management, avoiding any form of illegal recruitment, mistreatment, forced or child labour and guarantying a fair statutory and wage treatment exclusively based on merit and expertise, without discrimination of any kind. Any behaviour constituting physical or moral violence or harassment is strictly forbidden without any exceptions.

Saipem guarantees its employees, based on specific local circumstances, different types 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.

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. Our industrial relations model has focused on ensuring the harmonisation and optimal management of relations with trade unions, employer associations, institutions and public bodies in line with Saipem's policies.

PERSONNEL HIRED THROUGH MANPOWER AGENCIES

For certain specific contexts, and mainly to comply with domestic legislation, Saipem is supported by local manpower agencies to recruit local employees, especially skilled blue collars.

In the framework of its human and labour rights commitment, Saipem has in place a rigorous process in the selection of manpower suppliers, which are considered strategic partners in order to identify and properly manage highly skilled Oil & Gas professionals. With a view to promoting fruitful cooperation, Saipem proactively engages these important

OUR PEOPLE IN NUMBERS

Employees	40,305
People employed locally	80%
Women	11%
People hired through employment agencies	5,643
Local managers	45%
Employees covered by collective bargaining agreements	58%

 *Source: Sustainability Statements 2016*

stakeholders. For example, in addition to day-to-day interactions, Saipem organised 2 workshops (1 in the Middle East and 1 in Europe) for representatives of qualified manpower agencies to further strengthen their understanding of Saipem's expectations and policies.

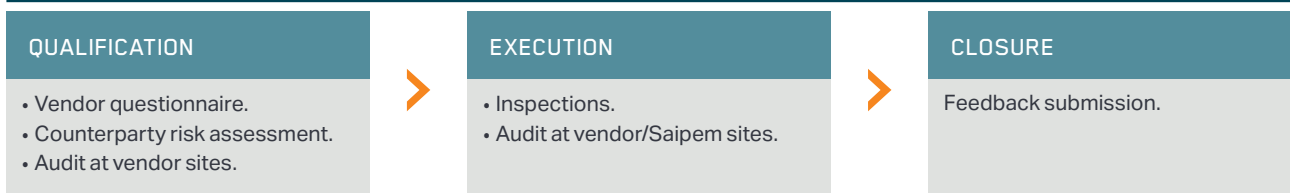
In addition, a monitoring system of how manpower agencies manage sensitive processes such as recruitment practices has been implemented; this is performed through audits at the vendor's premises and phone interviews with personnel. Audits are carried out to verify compliance with ISO 9001, the ILO Maritime Labour Convention 2006 and the Code of Ethics' requirements, while personnel interviews are conducted by phone when the employees are in their off-duty period.

 *Read more in Saipem Sustainability 2016.*

MANAGING OUR SUPPLY CHAIN

Considering Saipem's international orientation as an industrial Group and the extent of its activities, it has a highly complex supply chain and relied on almost 30,000 suppliers in 2016. Therefore, as a preliminary step, our activities to address Human Rights risks within our supply chains have primarily focused on our Tier 1 suppliers. The Saipem ethical supply chain management system consists of different

SAIPEM ETHICAL SUPPLY CHAIN MANAGEMENT SYSTEM



The graph provides a comprehensive overview of the process. Not all points described are mandatory for every commodity code or vendor country.

interrelated phases as represented in the figure above.

As per Saipem standard templates, vendors are required to declare receipt and acknowledgment 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. If local requirements and standards do not exist or are inadequate for managing the above risks, the parties agree to operate in accordance with relevant internationally accepted best practices. 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

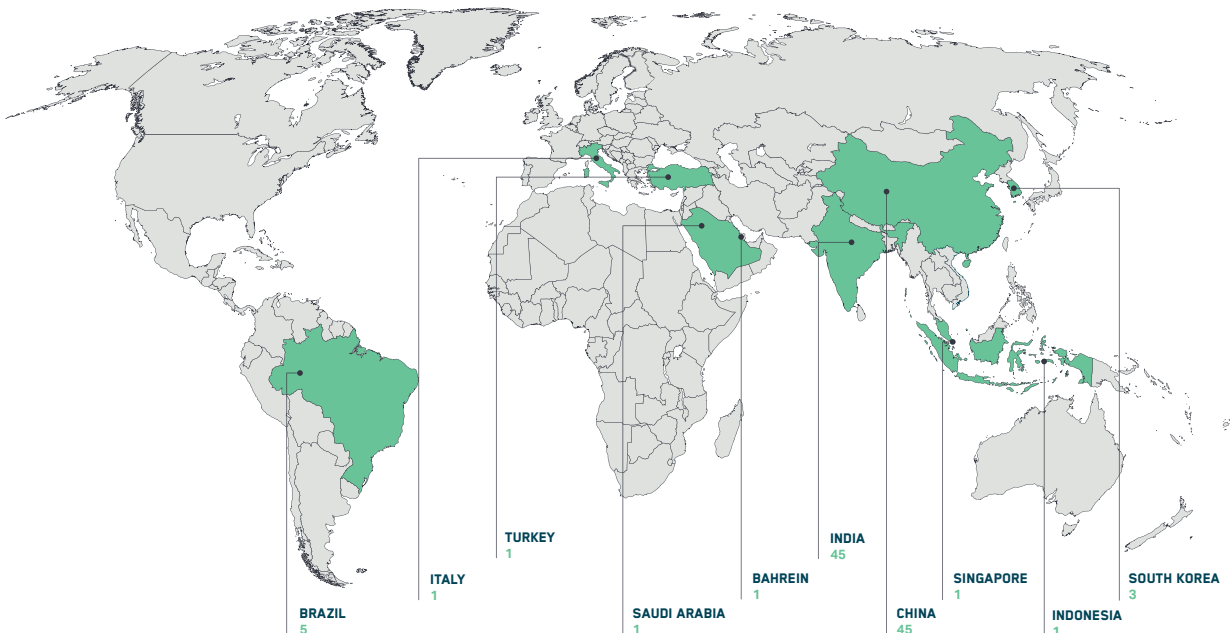
affiliates, vendors are requested to accept the OM&C Model and the Code of Ethics.

QUALIFICATION

As part of the entire procurement cycle, the vendor qualification process aims to evaluate vendor's 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 and the country of operation, assessed in terms also of the risk of human rights violations as described above, vendors must undergo document verification that also include:

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

QUALIFICATION AUDITS ON LABOUR RIGHTS



For specific commodity codes, vendors are subjected to a counterparty risk evaluation process which entails the analysis of economic, financial, technical, HSE, and organisational capabilities and the assessment of Anti-Corruption and reputational risks for Saipem. Depending on the supplier's criticality, the qualification process may require assessment visits which consist in an on-site verification of the vendor's activities, as well as of its technological, managerial, production, quality, labour rights, HSE and logistics capabilities.

EXECUTION

Prior to awarding any purchase documents, checks are performed to verify that vendors are compliant with technical requirements, integrity aspects and all authorisations as per applicable health, environmental and safety legislations; tender documents always include HSE requirements for vendors and the commitment to comply with the principles contained in Saipem's Code of Ethics.

As per Saipem standard templates, vendors shall declare receipt and acknowledge the contents of the 'Sustainability Policy' and the OM&C Model and are required to comply with the principles contained in the Code of Ethics (or the Model 231 for Saipem SpA); these documents are included in all standard contracts issued by Saipem. Termination of the contract is foreseen for any behaviour in breach of these documents.

CLOSURE

Vendor performance monitoring and control is carried out by means of a constant Vendor Feedback process, involving all stages of the relationship with the vendor and covering several aspects both technical and behavioural, including respect for Human and Labour Rights, employee management and protection in terms of health and safety.

 [Read more in Saipem Sustainability 2016.](#)

HUMAN RIGHTS TRAINING

Some internal training programmes on Human Rights have been implemented in recent years by Saipem:

- For different functions involved in the supply chain control system, such as Vendor Management, Post Order, and Health, Safety & Environment, in line

with its principle for the protection and promotion of Human Rights at the highest level in the Saipem Code of Ethics and in the Sustainability Policy, Saipem arranged a training programme which reiterates its commitment to respecting Human Rights and to promoting their observance by its suppliers and subcontractors. The training is targeted at both Saipem employees who manage relationships with suppliers and subcontractors. The central part of the programme concerns relevant Saipem topics, the same as those addressed in the ILO Fundamental Conventions: discrimination, forced/compulsory labour, child labour, safeguarding dignity (remuneration, working hours, disciplinary practices), freedom of association/collective bargaining and the protection of health and safety. The training highlights the role each employee can play in order to report or provide feedback on serious situations where Human Rights are not guaranteed and respected.

The training programme will be continued over the following years to reach all functions involved with the relation and control of the suppliers.

TRAINING IN NUMBERS

Participants since June 2016	147
Training sessions	13

- In 2013, Saipem launched an internal awareness training programme called HOPE (Human OPERational Environment) specifically addressed to internal Functions involved in Community Relations, Human Resources, Operations Management, HSE and Security. The programme is aimed at helping the Functions identify appropriate managerial and behavioural solutions in managing all Human Rights issues that may arise during their day-to-day activities. Therefore, it is specifically focused on each local context, analysing the social, ethical and cultural context of the area of operations, and it is designed to be interactive to guide the process of decision making in case of conflicts.

REPORTING VIOLATIONS

All Saipem employees and stakeholders must report any violations (or alleged violations) of the OM&C Model. Saipem has a Corporate standard that establishes the reporting process.

The Whistleblowing procedure can be used by our employees and other Saipem stakeholders, including vendors, to issue a report.

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, by Saipem SpA employees, directors, officers, audit companies and its subsidiaries and third parties in a business relationship with these companies.

Saipem has prepared various channels of communication, widely disclosed, in order to facilitate sending reports, including, but not necessarily limited to, regular post, fax, yellow box, email, and communication tools on the intranet/internet sites of Saipem SpA and its subsidiaries.

Any report is properly assessed by our Internal Audit Department to guarantee independent evaluation and action.

Evidence of reports received and analysed is published every year in the Sustainability Statements.

LOOKING AHEAD

Saipem is continuously committed to protecting and promoting labour rights in its business operations.

In particular, in 2016 Saipem developed a human and labour rights action plan.

This includes a series of initiatives to be carried out in the following years, including the ones described below.

A training programme on human and labour rights is planned for HR personnel, General and Branch managers, as well as Project Directors and Project Managers.

The objective of the training course is twofold and examines rights that must be recognised in the workplace from both a global and local perspective. On the one hand, it will reiterate the approach pursued by Saipem in the global management of employment relations. On the other hand, the training programme will focus on the main employment issues in each country by analysing how international labour standards have been translated into local legislation.

Saipem is in the process of exploring ways to strengthen the management of employee grievances taking into account the different national and operative contexts. This initiative builds on existing regulatory instruments encompassing both internal and external stakeholders.

The initiative plans for:

- a more systematic assessment of compliance with labour rights in the new vendor qualification process;
- extending labour rights training for employees to increase awareness and competency especially for functions involved in the control of the supply chain;
- collecting vendor feedback with regard to compliance with labour rights.

This statement was approved by the Board of Directors of Saipem SpA on June 27, 2017.

Stefano Cao
Chief Executive Officer

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Via Enrico Mattei, 20



Società per Azioni

Share capital: €2,191,384,693 fully paid up

Tax identification and Milan Companies' Register

No. 00825790157



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