

# saipem



## **Information Document**

PREPARED IN ACCORDANCE WITH ARTICLE 114-BIS OF LEGISLATIVE DECREE NO. 58/1998  
(CONSOLIDATED LAW ON FINANCE) AND ARTICLE 84-BIS OF CONSOB REGULATION NO. 11971  
OF 1999 AS AMENDED (ISSUERS' REGULATIONS).

## **2015-2017 Long-term Monetary Incentive Plan**

### **Introduction**

This Information Document, drawn up in accordance with Article 84-bis (Annex 3A, Schedule 7) of the Issuers' Regulations, has been prepared by Saipem Spa in order to provide its shareholders and the market with information about the proposed adoption of the 2015-2017 Long-Term Monetary Incentive Plan (the "**Plan**"), approved by Saipem's Board of Directors on March 10, 2015. In accordance with Article 114-bis of the Consolidated Law on Finance, the Plan will be submitted for approval by the ordinary Meeting of Shareholders convened on April 30, 2015 at a single call, to approve the annual accounts for the year ended December 31, 2014, and for the election of the company bodies (the "Meeting").

The Plan makes no provision for the allocation of financial instruments but only for the allocation of monetary incentives, to be determined partly on the basis of performance targets linked to the performance of Saipem's share in the three-year reference period (Total Shareholder Return).

This Plan applies to Saipem Spa and to its subsidiaries, and should be considered as being of "major significance" pursuant to Article 84-bis, paragraph 2 of the Issuers' Regulations, as it is intended for the persons referred to in Article 114-bis of the Consolidated Law on Finance, and in particular:

- i) the CEO of Saipem Spa who will be appointed after the election of the new executive body;
- ii) the "Critical Managerial Resources" of Saipem and of its subsidiaries, i.e. managers holding positions with the greatest direct responsibility for the company's results and managers with strategic importance who, on the date of allocation, were employed by and/or in service at Saipem and its subsidiaries, including the Senior Managers with Strategic Responsibilities of Saipem Spa.

This Information Document is available to the public at the head office of Saipem Spa: Via Martiri di Cefalonia, 67, San Donato Milanese (province of Milan), and in the "Corporate Governance" section on Saipem's website ([www.Saipem.com](http://www.Saipem.com)). It has also been sent to Consob and to Borsa Italiana SpA in accordance with the applicable legislation.

### **Definitions**

The definitions of some of the terms used in this Information Document are given below:

CEO	The Chief Executive of Saipem Spa
Beneficiaries	The beneficiaries of the Plan
Critical Managerial Resources	Managers of Saipem and of its subsidiaries identified during the annual implementation of the Plan as being in positions with direct responsibility for the company's results and as being of strategic importance who, on the date of allocation, were employed by and/or in service at Saipem and its subsidiaries, including the Senior Managers with Strategic Responsibilities of Saipem Spa.
Senior Managers with Strategic Responsibilities	Under Article 65, paragraph 1-quater of the Issuers' Regulation, this refers to persons with direct or indirect planning, coordination and control responsibilities within Saipem SpA, including the senior managers serving on the Executive Committee and all those reporting directly to the CEO.
Board of Directors	The Board of Directors of Saipem Spa
Executive Committee	The Executive Committee of Saipem Spa, which acts in an advisory function to the CEO in relation to key decisions for the company's business, and in relation to Governance and Compliance issues.
Saipem Compensation and Nomination Committee	The Saipem Compensation and Nomination Committee is formed entirely of non-executive independent directors. The composition of the Committee, its election, duties and functioning are all governed by specific regulations approved by the Board of Directors. It acts in a consultative and advisory capacity with regard to remuneration.
Saipem	Saipem Spa (head office Via Martiri di Cefalonia, 67, San Donato Milanese)
Subsidiaries	Subsidiaries of Saipem Spa pursuant to Article 2359 of the Italian civil code.
Awarded incentive	The monetary amount awarded to the Beneficiaries and eligible for pay-out at the end of the vesting period based on predetermined performance and retention conditions.
Paid incentive	The monetary amount paid out to the Beneficiaries at the end of the vesting period, on the basis of the performance achieved under the terms and conditions of the Plan.
Vesting Period	The period of three years between the date on which the incentive is awarded and the date on which it can be paid out.
Peer Group	The group of companies used for comparison with Saipem. The company's results are compared using predetermined performance parameters against six of the largest (in terms of capitalisation) Oil & Gas services international competitors, namely: JGC, Petrofac, Samsung Engineering, Subsea 7, Technip, and Transocean.

Regulations	The regulations approved each year by the Board of Directors, governing the conditions for each annual award of the Plan.
Total Shareholder Return (TSR)	Indicator measuring the total return on shareholders' investments, taking into account changes in the share price, and the dividends distributed on the coupon payment date and then reinvested in the share within a given period of time.
ROACE	Indicator representing the return on capital employed over a given period of time.
Saipem share	An ordinary share issued by Saipem Spa, and listed on the electronic stock exchange of Borsa Italiana S.p.A.

## 1. **Beneficiaries of the Plan**

### 1.1 The indication of the name of the beneficiaries who are members of the Board of Directors of the issuer, of the parent companies and of the direct or indirect subsidiaries.

The Plan applies to the CEO of Saipem Spa who will be appointed after the election of the new executive body.

If the Beneficiaries referred to in paragraph 1.2 include individuals who, under current regulations, are required to be named, including in relation to directorships held within subsidiary companies, the Company will provide the relevant information to the market in the communications issued pursuant to Article 84-bis, paragraph 5, of the Issuers' Regulations.

### 1.2 Categories of employees or collaborators of the issuer and of the issuer's parent companies or subsidiaries

Managers of Saipem and its subsidiaries identified as Critical Managerial Resources during the annual implementation of the Plan (currently, approximately 100 managers).

### 1.3 Names of beneficiaries belonging to the following groups:

#### a) general managers of the financial instrument issuer;

Not applicable.

#### b) other managers with strategic responsibilities of the financial instrument issuer not classed as "small" in accordance with Article 3, paragraph 1, letter f) of Regulation 17221 of 12 March 2010, if, during the year, their total remuneration (obtained by adding the monetary remuneration to financial instrument based remuneration) was higher than the highest total remuneration assigned to members of the board of directors or the management board and to the general managers of the financial instrument issuer.

Not applicable.

None of the Senior Managers with Strategic Responsibilities of Saipem SpA received, during the year, total remuneration that was higher than the highest total remuneration awarded to members of the company's Board of Directors.

- c) natural persons controlling the share issuer, who are employees or who collaborate with the share issuer.

Not applicable.

1.4 Description and number (separate for each category):

- a) of Senior Managers with Strategic Responsibilities other than those indicated in 1.3, letter b);

Saipem currently has 15 Senior Managers with Strategic Responsibilities.

- b) in the case of "small" companies as defined in Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, the aggregate number of all managers with strategic responsibilities within the financial instrument issuer;

Not applicable

- c) any other categories of employee or collaborator for whom different Plan characteristics are envisaged.

Not applicable

## **2 Reasons for the adoption of the Plan**

### 2.1 Objectives to be achieved through the Plan

The Plan was introduced in order to provide an incentive-based loyalty program for the company's critical managers, with the aim of strengthening their participation in business risk, improving the company's performances, and maximising value for shareholders in the long term.

In line with best international practices, the aim of the Plan is to fulfil the following objectives:

- a greater alignment with shareholders' medium- and long-term interests through the use of Total Shareholder Return;
- measure the efficiency of capital investment for all sources of finance, through the use of ROACE.

The Plan provides for a three-year Vesting Period, in line with international best practice in the industry.

## 2.2 Key variables, including in the form of performance indicators considered for the award of financial instrument based plans

The incentive levels are defined as a percentage of fixed remuneration, in line with the following principles of Saipem's remuneration policy:

- the remuneration structure for Management should be a balanced mix of: i) a fixed component commensurate with the powers and/or responsibilities assigned and ii) a variable component with a maximum limit designed to link remuneration to actual performance;
- consistency of overall remuneration compared with applicable market benchmarks for similar positions or roles of a similar level of responsibility and complexity within a panel of companies comparable with Saipem;
- variable remuneration of managerial roles that strongly influence Company results, characterised by a significant incidence of long-term incentive components through an adequate deferral of incentives over a time frame of at least three years, in accordance with the long-term nature of Saipem's business;

For details of performance indicators, see paragraph 2.3.1.

## 2.3 Factors and criteria used to determine the amount of financial instrument based remuneration

See paragraph 2.2

### 2.3.1 More detailed information

The amount of monetary incentives awarded to each beneficiary for a target level performance differs on the basis of the responsibility/importance of the role, from a minimum of 20% up to a maximum of 50% of fixed remuneration.

The performance conditions set out in the Plan are linked to the following parameters:

1. Total Shareholder Return (TSR) of the Saipem share, with a weighting of 60% measured on an annual basis over the Vesting Period in terms of positioning compared to the Peer Group.
2. ROACE with a weighting of 40%, measured on an annual basis over the Vesting Period in terms of actual results compared to annual budget.

## 2.4 Reasons underlying any decision to award on financial instrument based remuneration plans not issued by the financial instrument issuer

Not applicable

## 2.5 Considerations regarding significant tax and accounting implications affecting the definition of the Plan

The structure of the Plan has not been influenced by applicable fiscal regulations or accounting issues.

- 2.6 Support from the Special Fund to incentivize employee share ownership in companies pursuant to Article 4, paragraph 112 of Italian law no. 350 of 24 December 2003  
Not applicable

### **3 Approval procedure and timing for the award of instruments**

- 3.1 Scope of powers and functions delegated by the Shareholders' Meeting to the Board of Directors in order to implement the Plan

On March 10, 2015, with the abstention of the CEO Saipem's Board of Directors approved the Plan, at the proposal of the Compensation and Nomination Committee, and authorised the Plan's submission for approval by the Meeting of Shareholders pursuant to Article 144 *bis* of the Consolidated Law on Finance.

Following approval by the Meeting, the Board of Directors, exercising the authority to be granted by that Meeting, will implement the Plan, authorising: i) annual award of the incentive for the CEO; (ii) approval of the vesting Regulations (iii) the criteria for identifying the Beneficiaries; iv) any power to be granted to the CEO, so that Beneficiaries can be identified according to the approved criteria; (v) any other terms or conditions relevant to implementation, where these do not conflict with decisions taken by the Meeting.

- 3.2 Indication of persons appointed to administrate the Plan, and their duties and functions

The Plan will be administrated by the Executive Vice President – Human Resources, Organisation and Services for Personnel

- 3.3 Procedures in place for review of the plans, including in relation to any changes to the basic objectives

There are no procedures for changes to the Plan.

- 3.4 Description of methods used to determine the availability and award of the financial instruments on which the Plan is based.

The Plan makes provision for the payment of monetary incentives and does not provide for the allocation of financial instruments.

- 3.5 The role played by each director in determining the characteristics of the Plan; conflict of interests arising concerning the relevant directors

In line with the recommendations of the Governance Code for Listed Companies, to which Saipem adheres, the conditions of the Plan were defined at the proposal of the Compensation and Nominations Committee, which is made up entirely of non-executive independent Directors. The proposal to submit the Plan to the Meeting of Shareholders

pursuant to Article 114-bis of the Consolidated Law on Finance was therefore authorised by the Board of Directors (with the abstention of the CEO) on March 10, 2015, after the Board of Statutory Auditors had been consulted in accordance with Article 2389, paragraph 3 of the Italian civil code, by the deadline stated in the above provision.

- 3.6 Date of decision taken by the body with the authority to submit the Plan for approval by the Meeting, and date of proposal of the compensation committee, if applicable  
The Board of Directors decided to submit the Plan to the Meeting on March 10, 2015, following a proposal made by the Compensation and Nomination Committee on March 2, 2015.
- 3.7 Date of decision taken by the body responsible for allocation of the instruments and date of the proposal made to that body by the compensation committee, if applicable  
Not applicable
- 3.8 The market price for the underlying financial instruments, if traded on regulated markets  
Official price of the Saipem share on March 10, 2015 (date on which the Board of Directors decided to submit the proposed Plan to the Meeting): 9,50 €.
- 3.9 In the case of plans based on financial instruments traded on regulated markets, under what terms and how does the issuer take into account, when identifying the timing of the allocation of instruments in implementation of the plan, the possible timing coincidence between:  
i) the date of allocation or any decisions taken in that regard by the compensation committee, and  
ii) the diffusion of any significant information in accordance with Article 114, paragraph 1 of the Consolidated Law on Finance;  
for example, if that information is:  
a) not already public and able to positively influence market prices, or  
b) is already public and able to negatively influence market prices.  
Not applicable.

#### **4. Characteristics of the allocated instruments**

- 4.1 Description of structures of financial instrument based remuneration plans  
The Plan provides for the annual award of monetary incentives, which may be paid out after three years based on performance measured based in relation to predetermined criteria and other related conditions.



4.2 Period of effective implementation of the Plan, including with reference to any different cycles envisaged

The 2015-2017 award under the Plan is subject to a three-year Vesting Period. Accordingly, the Plan will be paid out in 2020 as shown below.

1) Incentive awarded in 2015 (paid out in 2018)	Performance and vesting period			2018 (pay out)
	2015	2016	2017	
2) Incentive awarded in 2016 (paid out in 2019)	Performance and vesting period			2019 (pay out)
	2016	2017	2018	
3) Incentive awarded in 2017 (paid out in 2020)	Performance and vesting period			2020 (pay out)
	2017	2018	2019	

4.3 Plan Terms

The three-year Plan will conclude in 2020, at the end of the Vesting Period for the third and last award in 2017.

4.4 Maximum number of financial instruments allocated in each tax year in relation to named individuals or specified categories.

Not applicable

4.5 Terms and conditions for implementation of the Plan, with details of whether the effective allocation of the instruments is subject to specific conditions being met or given results being achieved, including performance-related conditions; description of such conditions and results

Plan performance conditions are checked annually and upon conclusion of the three-year vesting period based on careful verification of results effectively achieved by the Compensation and Nominations Committee, in support of the decisions taken by the Board of Directors in this regard.

The performance conditions set out in the Plan are linked to the following parameters:

1. Total Shareholder Return (TSR) of the Saipem share, with a weighting of 60% measured on an annual basis over the Vesting Period in terms of positioning compared to the Peer Group.
2. ROACE with a weighting of 40%, measured on an annual basis over the Vesting Period in terms of actual results compared to annual budget.

<b>Parameter</b>	<b>Total Shareholder Return</b> <i>(annual vs peer group)</i>  Indicates the capacity to create value for shareholders in terms of dividends and price change	<b>ROACE</b> <i>(annual vs budget)</i>  Indicates return on invested capital measured in comparison to annual budget
<b>Weight</b>	<b>60%</b>	<b>40%</b>
<b>Peer Group</b>	JGC, Petrofac, Samsung Engineering, Subsea7, Transocean, Technip	

TSR measures the total performance of a share as the sum of two components:

1) capital gain - the ratio between the variation in the share price during the reference period, i.e. the difference between the price recorded at the end of the period (calculated as the average price between 15 December of the reference year and 15 January of the following year) and the price recorded at the start of the period (the average of the prices between 15 December of the preceding year and 15 January in the reference year), and the price recorded at the start of the reference period (the average of the prices between 15 December of the preceding year and 15 January of the reference year);

2) dividends reinvested: the ratio between the dividend per-share distributed in the reference period and the price recorded at the start of the reference period (calculated as the average price between 15 December of the preceding year and 15 January of the reference year), weighted to reflect the ratio between the price recorded at the end of the reference period (the average of the prices between 15 December of the reference year and 15 January of the following year) and the price recorded on the coupon payment date, as the dividends are considered to be reinvested in the share on that date.

If several dividends are paid out in the reference period, the "dividends reinvested" component is interpreted as the sum of the individual performances of the reinvested dividends.

The calculation is made annually in local currency, using as a starting point the trading month between 15 December in the previous year and 15 December in the reference year, and as the endpoint, the analysis of the trading month between 15 December in the reference year and 15 January in the following year.

ROACE Return On Average Capital Employed, calculated as the ratio between the net result before minority interest, plus net finance charges on net borrowings less the related tax effect and net average capital employed. The tax rate applied on finance charges is 27.5%, as per the applicable Italian tax legislation.

The scale used to determine the annual multiplier for each parameter, based on positioning within the Peer Group of the TSR and the annual result for ROACE vs. Budget is as follows:

TSR Positioning (Weight 60%)	%	Range ROACE Vs Budget (Weight 40%)	%
1 <sup>st</sup> place	130	> +10%	130
2 <sup>nd</sup> place	115	≥ 0% / ≤ +10%	100
3 <sup>rd</sup> place	100	≥ -10% / < 0%	70
4 <sup>th</sup> place	85	< -10%	0
5 <sup>th</sup> place	70		
6 <sup>th</sup> /7 <sup>th</sup> place	0		

At the end of the Vesting Period, the final payment multiplier used to determine the incentive to be paid out is determined as an average of the annual multipliers to be applied to the awarded incentive. This incentive may be paid out at percentages from zero to 130%; no pay-out is made for a placing outside the top 5 in the comparative TSR rankings or for ROACE results Vs. budget greater than or equal to -10% in at least one year of the vesting period.

Finally, the Plan provides for clawback mechanisms enabling the recovery of variable remuneration already paid out and the withholding of deferred variable remuneration, where such remuneration is based on data discovered to be demonstrably incorrect, as well as in cases where beneficiaries are found to have deliberately altered data relating to the achievement of targets, or to have achieved targets by adopting behaviour in violation of the law, regulations, the Company Code of Ethics or Company regulations, without prejudice to any other action allowed for by the law in defence of the Company's interests.

4.6 Indication of any restrictions on the availability of instruments allocated or on instruments related to the exercise of options, with specific reference to the terms within which the subsequent transfer to the company or to a third party is permitted or prohibited

Not applicable.

4.7 Description of any termination conditions relating to the allocation of plans, in the event that beneficiaries carry out hedging transactions that enable the neutralisation of any prohibitions on the sale of the financial instruments assigned, including in the form of options or financial instruments arising from the exercise of these options

Not applicable

4.8 Effects of end of office or termination of employment

In the event of consensual termination of the Beneficiary's contract of employment, or where Saipem loses control of the Subsidiary in which the Beneficiary is employed, or of the company (or business unit) within which the Beneficiary is employed being sold to a

non-subsidiary, taking place before the date on which the Board of Directors determines the final pay-out percentage, the incentive will be paid out to the beneficiaries in proportion to the period elapsing between the date of allocation and the occurrence of any such event, and in relation to the final results achieved during that period. In the event of the death of the Beneficiary, his/her heirs will retain the right to receive the full amount of the awarded incentive.

If the contract of employment is terminated unilaterally during the Vesting Period, the incentive will not be paid out.

For the CEO, in the event of non-renewal of office, pay-out of long-term incentives will take place at the end of office based on the Plan performance conditions and in accordance with the applicable Plan regulations.

4.9 Possible causes of cancellation of the Plan

There are no causes of cancellation of the Plan.

4.10 Reasons relating to the possible "redemption" by the Company of financial instruments covered by the Plans as provided for under Articles 2357 et seq of the Italian civil code; the beneficiaries of the redemption, specifying whether the redemption only applies to certain categories of employee; effects on redemption of termination of the contract of employment

Not applicable.

4.11 Loans or other benefits to be granted with the purchase of shares, under Article 2358 of the Italian civil code.

Not applicable

4.12 Expected obligation for the Company on the vesting date, as determined on the basis of the already-defined terms and conditions, both of the total amount and in relation to each instrument in the Plan.

The expected total spend on the allocations set out in the Plan is approximately €14 million, if a target performance (100%) is achieved in each vesting year.

4.13 Share dilution effects caused by remuneration plans

Not applicable.

4.14-4.23

The section relating to the allocation of shares and stock options does not apply.

4.24 Issuers of shares shall attach Table 1 to this Information document:

Not applicable.